# TD BANK GROUP
# BARCLAYS GLOBAL FINANCIAL SERVICES CONFERENCE
# SEPTEMBER 15, 2021

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Material economic assumptions underlying the forward-looking statements contained in this document are set out in the 2020 MD&A under the headings "Economic Summary and Outlook" and "The Bank's Response to COVID-19", for the Canadian Retail, U.S. Retail, and Wholesale Banking segments, "Key Priorities for 2021", and for the Corporate segment, "Focus for 2021", each as may be updated in subsequently filed quarterly reports to shareholders.

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## PARTICIPANTS

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*TD Bank Group – Group Head, U.S. Retail, TD Bank Group, and President and CEO, TD Bank, America's Most Convenient Bank®*

**John Aiken**
*Barclays Capital – Analyst*

## FIRESIDE CHAT

**John Aiken – Barclays Capital – Analyst**

Good morning, everyone. Soon to be good afternoon. I'm John Aiken here with Barclays. We are, ironically enough, closing off the Canadian portion of the conference with TD Bank and its Head of the U.S. operations, Greg Braca. Greg, I apologize, I don't have your official title in front of me, but I believe it's CEO of TD Bank U.S., America's Most Convenient Bank. How close was that?

**Greg Braca – TD – President and CEO of TD Bank, America's Most Convenient Bank®**

Perfect. Well done.

**John Aiken – Barclays Capital – Analyst**

Greg, before I start giving you my litany of questions. I was wondering if you'd like to start off with a couple of introductory comments to get us warmed up.

**Greg Braca – TD – President and CEO of TD Bank, America's Most Convenient Bank®**

Well, happy to do it, John. And it is, I guess, officially good afternoon now. Thanks for having us and I'm happy to offer a few intro comments on how we kind of see the state of play real time. I'd be remiss if I didn't say, John, I was hoping you and I were able to do this in person. And while this last year and a half has been just also dynamic on so many levels. I know I don't need to repeat that for this audience. From where we sit, and we have this natural approach of having the opportunity to see many, many different industries across a large section of the U.S. and the things that are going on. And certainly, coming out of the winter and into people getting vaccinated, we saw real time, whether it was through card spend, transaction volumes, debit swipes and things like that, just the reopening of the economy as you got into later in the spring and early summer. We all felt terrific about it because it was really at a pace to take off quicker than we could have honestly expected just a year ago this time.

So, you saw by all kinds of leading indicators, whether it was GDP and obviously, a very, very good stat earlier in the summer about the U.S. economy getting back to, in absolute terms, the size of pre-pandemic levels. And just getting some of those milestones, I know we are all a little bit concerned about the pace of inflation, but I also think we had an eye towards that. Some of this was transitory. And coming out of such a shock to the system from an unemployment standpoint, a disruption, businesses closing, people working from home, it would be hard to imagine that as the reopening trade came back on, that you wouldn't have some temporary dislocation and displacement. So, all good signs. What I would caution is that over the last, obviously, one and a half months is that and again, given the rise of Delta variant and the issues, we've seen sort of a pause and in some spaces or industries, a little bit of a tapping on the brakes. And we're watching how this plays out. We're seeing this real time in some of the August numbers and a little bit of a cooling and even some of a cooling from an inflation standpoint and certainly from an employment standpoint with the August data real time. As this plays out for us and the bank and financials in general, John, some of the things that I would call out is that we're seeing volumes begin to pick up and liquidity has just been so strong across the U.S. economy. And that pace of liquidity continued throughout our third quarter real time. Obviously, some of that liquidity has had a bit of a dampening effect and just a low level of rates on absolute loan volumes, and I'm sure we'll get into that in a little bit as well.

But overall, from a TD perspective, I mean, we're seeing that our portfolios have held up tremendously well. From a credit quality standpoint, we've seen the performance be quite strong from that measure. And we're quite bullish as we get into Q4 and into our fiscal '22, the prospects for further growth in many of our business lines. So just a little bit of a flavor of how we're seeing things real time. The one other area I would say that we're seeing in our business, but really from our customers real-time is that the dislocation from the folks that are looking for jobs and the folks looking to fill them is something we're all watching real time. And many of our customers are talking about the lack of ability to hire people, and that's putting a little bit of a damp on their own revenue and some of it is due to wages, some of it is due to folks not comfortable coming back into the job market yet, and you're seeing that play out from a participation rate. So, these are just a number of things that we're watching coming into the fall period.

**John Aiken – Barclays Capital – Analyst**

Great context. And so, this is almost a perfect time for us to have this discussion, considering that things had been going almost spectacularly well. And now we've got a little bit of confusion in the marketplace. But I wanted to expand upon your comments briefly. When you said in the last one and a half months, there have been a bit more caution. Is that more on the commercial side? Are you seeing that with your personal customers as well?

**Greg Braca – TD – President and CEO of TD Bank, America's Most Convenient Bank®**

Well, I'll start on the commercial side. Yes, this is really an industry-by-industry thing. And if you're seeing some of our industries have been full on and they're doing quite well. In fact, they're having trouble keeping up. And in fact, some of the holdback for some of them is the ability to find talent across a variety of segments. So, some customers doing quite well. In other businesses, you are seeing that retail pull back, whether it's restaurants or retailers because you don't have the economy fully back on. I'm sitting here in Midtown Manhattan right now, real time, and Grand Central is still unusually slow. And you don't have folks back in the labor market or at least showing up full time yet, and everything from restaurants to retailers continue to be slow. And those that want to expand hours or do different things, they too are having a hard time finding the right folks to fill many of the roles and the jobs they're looking for. I think that's the whole discussion around jobs, finding it, dislocation, people coming back in and entering the labor force, again, I think, is having a dampening effect.

In some areas around wholesale and commercial businesses, I'd say, even some of the supply chain aspects outside of jobs is having an issue too. Whether it's semiconductors or certain aspects of the supply chain have been slow and have been a little bit slow to recover, and you're seeing that in autos; from a car standpoint and that translates to less cars on lots and things like that. But I think you're seeing that across a lot of businesses.

On the consumer standpoint, I think you're seeing the recovery directly following the recovery in unemployment. And as you've seen unemployment come down, you've seen consumer spending come back up, and I think that bodes well. And even though we've seen a little bit of a pause over the last month for a variety of reasons, and even consumers at least holding a line a bit, I do think the level of liquidity that we're seeing real time in consumer checking accounts and balances because of a variety of reasons, including government support stimulus and enhanced unemployment and things like that, I think that level of liquidity bodes well for the next several quarters as consumers reenter the workforce or get back on their feet because checking accounts are obviously filling the gap.

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**John Aiken – Barclays Capital – Analyst**

Greg, my next question may be a little bit unfair. But the concept of the jobs being unable to attract talent is fascinating in this juncture. What do you think breaks the logjam? Is it going to be the expiry of the government support? Or is it going to be just a little bit more comfort with how the pandemic is evolving? Do you have any thoughts on that?

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**Greg Braca – TD – President and CEO of TD Bank, America's Most Convenient Bank®**

Yes. I think it's a lot of things. I'll cover maybe the 2 more obvious ones is, I think as people continue to get vaccinated as hopefully we get a break in this Delta surge that we've seen, and people feel more comfortable taking mass transit and basic things like that. People are comfortable with their kids returning to school, so they can go back into the workforce or show up in person. I think those are the things are all going to help the overall narrative. I also think that the expiry of enhanced unemployment, and you've seen that in different states throughout the U.S., where certain states expired, some of the enhanced unemployment earlier. You saw the labor participation rate creep back up pretty quickly. Now that much of that is done, I would expect to see some folks reentering the labor market as well.

But I also think you've got some new dynamics. And we call it the back-end effects coming out of COVID is that where certain jobs don't require people to come in physically, and folks are really reconsidering different opportunities, not just in their local city or in their community, but really across the U.S. in many cases. There are certain jobs. We're going to have to see how that mismatch plays out about where the jobs are and where folks are seemingly comfortable working from home and the desire to come back into a physical setting. I think that's going to play out over a longer term in all of us, not only at the bank but across many industries, but we are thinking about these things real time.

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**John Aiken – Barclays Capital – Analyst**

And then, Greg, you talked about liquidity in the system. And to me, this is something that's been fascinating in terms of the debate as to the deposits that you've been able to gather, both on the commercial and the personal side, how sticky do we think this is going to be going forward, not on an absolute dollar basis, but relative to trends we may have seen in the past?

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**Greg Braca – TD – President and CEO of TD Bank, America's Most Convenient Bank®**

I'll just give you a couple of stats, not that we're going to do a lot of that today. But if I just back out some of the TD sweep accounts and just think about our core business in commercial and consumer, I mean, we're up 15% year-over-year throughout Q3. Now while that sounds dramatically high, and that would be well above where we would be pre-COVID. It is coming down, like you would have seen us year-over-year for Q1, Q2, up over 20% year-over-year. And this is on a book of business of well over $200 billion. The size of the liquidity that's been in the system is just tremendous. And while it's getting a little slower, it's still year-over-year quite strong at 15% as we play out in the next couple of quarters and into fiscal '22.

But from TD's perspective, you know our history has always been not just what the normal market share would take. And the way we think about it is some of that excess liquidity is going to run down, but our expectation is to obviously take share as well. As we think about those strategies in our consumer and commercial businesses, we think for our business, some of that blunts the natural spend down that will occur in the economy.

**John Aiken – Barclays Capital – Analyst**

And Greg, your discussion was taking the sweep account deposits out, and I think that's completely fair because that is your organic growth. But we actually saw a decline in the average balances coming out of the Schwab sweep accounts. What are the expectations of the trajectory there? And how much of that drawdown actually was with the agreement that's in place where that allows Schwab to draw down? Or was this just what's happening with their customer base?

**Greg Braca – TD – President and CEO of TD Bank, America's Most Convenient Bank®**

This was part of the agreement that we saw. And as you'll remember, when we closed the transaction with Ameritrade and Schwab, the agreement was for Schwab and the new agreement we reached with them for a new 10-year agreement on the sweep deposits that annually, starting on July 1, every year, they would have the ability to draw down up to $10 billion. And you're seeing that play out in those July numbers. And annually, they'll have the option to pull up to $10 billion of those sweep deposits out, and we'll see what Schwab decides to do from there.

**John Aiken – Barclays Capital – Analyst**

Yes. I guess, the benefit is, is that the deposits are way higher than they were when that agreement was hedged. So that's to your benefit. Just Greg, one final thing on deposits. And I know you went into this in great detail on the third quarter call, but I would like to reiterate this, in terms of the change that you had in your personal deposit, I think it's called the Bank Essential where there is no overdraft charges. Can you walk us through what the value is to the customer and essentially what brought you to this proposition?

**Greg Braca – TD – President and CEO of TD Bank, America's Most Convenient Bank®**

I'd love to talk about this. And just by a little backdrop, when I talk about deposits in our core consumer and commercial businesses, those growth numbers are really without us paying up in terms of rate for CDs or high rate money market accounts. In fact, if I just look at core consumer checking balances year-over-year through Q3, we're up 25%. That just tells me not only are customers adding to their balances, but I know we're adding new customers and households, and that's really the strength of the franchise when I think about those core capabilities. When I look at that product set up, one of the things that we've always done quite well is how we face off with the community. And when I think about the community, it's also making sure that we're having products that align well to folks new to the banking environment for the unbanked, maybe underbanked or even folks that are maybe young that are turning 18 and want to establish a bank account or want to have a joint account with their parents and Bank Essential, this new checking account product is perfect to make sure that they have all of the access from an ATM and a debit spend, but they don't come with checks. And some consumers are completely digital. They don't need checks, and there's no ability to overdraft this account.

We know we've heard in the market a lot of discussion from a political position, from a regulatory position about overdrafts. This is something that we were talking about all the way back in the winter, about how do we make sure we continue to remain relevant for new folks coming into the banking community, whether they're unbanked or underbanked, and how are we making sure we're staying ahead of this narrative and continue to attract new customers in. Bank Essential has no overdraft feature to it, and we think this is just terrific for folks entering the banking system in some cases.

Why I would say is that, though, from our existing core customers and a lot of the banking community out there, they want that feature. They want to make sure overdraft is still a relevant product, but we want that option for folks that don't want to ever have to worry about paying that overdraft fee. We've got a product that fits well. In connection with that offering, we also made some changes to our overdraft products and terms and things like that. So, we've actually limited the number of overdrafts, a consumer can make in any one day that they'd have to pay for. And we've also increased the threshold before an overdraft fee would even kick in. And we just think this is smart in keeping with what we're hearing from our own customers and keeping pace with the market.

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**John Aiken – Barclays Capital – Analyst**

And then, can you give us some sense of what the feedback has been from your customers? Is this a pleasant surprise for them? Is this actually being embraced by the community? Are you seeing greater inflows because of this change?

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**Greg Braca – TD – President and CEO of TD Bank, America's Most Convenient Bank®**

It's only been a month since we rolled these changes out in early August. And what I would say to you, though, that just anecdotally, it's being picked up quite well. There is the segment of the population that really don't need checks, and they don't want the ability to overdraft their account, and it certainly makes sense. And even for a younger population, people turning 18 and things like that, we're finding this is also very attractive for them as well.

So, look, for us, this is how are we making sure that we've got the right products for all parts of the community and how we are staying current around that. So yes, the take-up has been good so far. And the other side to this is we also want to roll out more education around these kinds of things and how are we doing more online tutorials. And if somebody is overdrawn, how are we making sure that we're sending them a text link to how you can avoid these things in the future. Education is a big part of these changes as well.

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**John Aiken – Barclays Capital – Analyst**

Fantastic. Greg, one of the significant differences between U.S. banking and Canadian banking, which I have to constantly remind myself and the Canadian investors due to a certain degree is, the level of share of wallet that you have for your customers. And I know that TD prides itself in the U.S. based on the service levels that you provide, and that is an attractive proposition. How successful are you in terms of taking a customer who may be coming to you for this new deposit account and being able to expand into the product universe for them and hopefully cross-sell to a greater degree? How successful have you been in the past? And do you think that can accelerate moving forward?

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**Greg Braca – TD – President and CEO of TD Bank, America's Most Convenient Bank®**

If we go way back, and you'll remember that a lot of our early narrative a decade ago or more. And I always remind everybody in the U.S. from a retail and commercial and corporate banking standpoint in the U.S., we're about 15 years old in the U.S., 15, 16 years old. And a lot of the legacy banks from the U.S., really, our focus had been early days just on sheer market share take and it was basic products. And it was basic products around checking and deposit products and certain commercial and community lending capabilities as well, particularly around small business. Well, over the last decade, we've added a host of capabilities, and we're building out auto businesses and our mortgage capabilities and now cards and this is just talking around the consumer; never mind the commercial businesses that we've added a lot of capabilities and covered strategies around as well.

So when I think about those consumer capabilities, certainly a deepening relationship and how do we think TD is making sure that we're not only gaining fair share of that household, but we're the first that they come to for these other sorts of capabilities. So just recently, we've rolled out enhanced capabilities around our credit card. We call it the TD Double Back, Cash Card, where we're giving 2% cashback for relationship on any spend across any category, not just travel or dining, but anything that they spend. So, it's things like this, our mortgage business has certainly received a lot of attention, and we're adding a lot of capabilities real-time around mortgage and certainly, even the auto business. I mean, these are businesses that didn't exist just a decade ago. And certainly, we're a 50-state player. We cover the whole geography in the U.S. on our auto business.

So yes, we agree. We spent a lot of time thinking about deepening relationships, how are we thinking about digital and making sure we're facing off with the customer in all aspects. And some of those digital properties, when I think about more than 4 million of our customers now or what we would call mobile active customers in the U.S. and it's just a terrific stat how they're embracing and engaging with us, just not at the end of the month, but daily and customers, whether it's transfers or Zelle payments. And it's just proving that a lot of these strategies are working real time.

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**John Aiken – Barclays Capital – Analyst**

So Greg, along with the investments that you've made in your capabilities, is there any other lines that you're particularly excited about where I'm not looking for absolute growth because there's a lot of factors that are already controlled in terms of the macro environment and consumer preferences. But are there any product categories that you think you are very primed for outsized growth in market share, be it residential mortgages, the card, auto or even on the commercial side. Is there any area that's particularly got you excited?

You can say all of them!

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**Greg Braca – TD – President and CEO of TD Bank, America's Most Convenient Bank®**

Yes, I knew you were going to say that! So, I'll just give a couple. But I do really believe this, and we talk about this as a management team in the U.S. Given our relative age in the U.S., again, I keep mentioning we're 15, 16 years old, there's not one line of business that we honestly talk about that we say, well, we're going to just going to have to accept our fair share going forward of what the market gives us because we're at that critical scale. Every line of business that we talk about, we really do believe we can take outsized growth for a number of years to come. But just a couple I would point out. We're awfully excited about what we're doing around the wealth space. And that's not something we would have talked about at TD a lot in the U.S. Given how we've matured on the consumer side with nearly 10 million customers in the U.S. and given the aging of the population and the whole wealth conversation, we think it's just a business that's perfect for the investments that we have been making and the foundation that we built in the U.S. So, you're going to hear a lot more conversation about wealth.

You just asked me the question before about deepening relationships and wealth goes right to that discussion. How am I thinking about income replacement, retiring? What am I doing about my kids' education? How am I thinking about managing assets, and how can TD help me along the way? So, we're not just that checking account bank. And we're seeing great progress early days. We're hiring financial advisers. Real time, we're adding new capabilities all the time, both in the mass affluent and in the private banking space. And our customers are just taking it in real time, and it's been great to watch. So more to come on the wealth discussion.

Small business. Over the pandemic, it's funny. We're the largest SBA bank, Small Business Administration bank from Maine to Florida, bigger than any of JPMorgan, BofA, Wells, from Maine to Florida, we're the largest. And a program that received a lot of attention during the downturn was the BBB program or the Paycheck Protection Program. And we handled more than $12 billion of PPP disbursements to our small business customers for well over 120,000 customers, 120,000 customers we paid loans to in the first and second wave. And I'm just so excited about the things that we're doing real time in small business because it goes to community, it drives wealth discussions, and we're adding relationships real time. So just 2 areas that we're adding capabilities, coverage, and we think really plays to some of TD's strengths.

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**John Aiken – Barclays Capital – Analyst**

Greg, it's really interesting that you started off on wealth management because it's almost like you saw in my script that I was going to because I wanted to dive into this, and I don't want to front-run any particular announcement that you may or may not have coming down the pipeline because it does sound like there's a lot going on. But when investors think about TD's U.S. wealth management strategy, it is always being Ameritrade and kind of off to the side. And it gets even downplaying further now with Schwab and while you still have significant influence, it's not to the same degree. Can you extrapolate a little bit further in terms of what the strategy is for wealth management in the U.S., not giving away any state secrets that haven't previously been disclosed?

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**Greg Braca – TD – President and CEO of TD Bank, America's Most Convenient Bank®**

Sure. Well, just a couple of comments I would make is that I don't think it's any surprise outside of the relationship with Ameritrade and Schwab and doing a lot of referral business for customers that wanted online brokerage capabilities and things like that. Our actual wealth business and offering and capabilities and coverage and advice had been nascent at best in the U.S. And wealth is something that we know from some of the major competitors and players have been built up over decades and in some cases, the institutions we're competing against have wealth presence that have been built up over centuries and how they're covering the space and the things that they're doing.

But we also believe that our customers really wanted to hear from us and really wanted our view about "how can TD help me think through some of these challenges?" I pointed out earlier, "how do I grow assets? How do I think about money management? How do I think about retirement, income replacement, kids education, second homes," all of the natural conversations you'd have in a much more advanced and mature wealth capability? Well, quietly, over the last several years, we've been adding a lot of these capabilities from a product, a coverage, an ability to lend to various aspects of high net worth and mass affluent customers, and we've been building that product and coverage capabilities, including around asset management and in price.

Real time, we've also been adding financial advisors to the teams that aren't just resident in central locations, but really covering our retail and store coverage as well. Look, there's a lot more to be done as we manage the relationship with Schwab going forward. We think there's a lot of upside both on the mass affluent and brokerage side, but we also think that there's terrific upside for our own capabilities, building out our private bank and our own wealth offering at TD.

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**John Aiken – Barclays Capital – Analyst**

So, Greg, when we look at where you sit today with the wealth management offering and doing it organically, obviously, at least the question, what -- is there a potential acquisition down the road to try to jump-start that growth? But broadly speaking, in terms of M&A, one of the ongoing discussion is TD has at the total bank level, a significant level of excess capital, which leads to the conclusion that TD is going to make an acquisition because TD has been so acquisitive in the past, what are the priorities for inorganic growth from your perspective? Is it in-filling the branch footprint geographically? Is it looking at maybe assets that don't have a deposit component with it? Or is it potentially building out the wealth management platform? Is there a priority ranking? And I know you're not going to tell us that an acquisition is happening tomorrow. But how important is making an acquisition for propelling your strategy forward?

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**Greg Braca – TD – President and CEO of TD Bank, America's Most Convenient Bank®**

So, I knew you're going to ask this question because we are less than fortunate given our capital levels and liquidity, both at the parent and the U.S. I mean, these are things that we're very fortunate to be able to think through in a very serious way. And to your point, we've done this in the past, and we've had those levers. But when we pulled a lot of those levers early days, it was coming from a place where we didn't feel we had scale in the U.S. and what I'd say to you today is we don't feel like we have some of those pressures to compete in the U.S. that we would have had 10, 12, 14 years ago, and we needed some of that coverage and scale. Sure. Would we like a few transactions that fill in some of our locations throughout the southeast if they made sense? Absolutely, we'd like to consider those if they make sense for all the right reasons. Do we think that there's opportunities if the right deal came along for the right reason in contiguous markets or overlap markets that gave us a great new customer base or new capabilities? Sure, we want to stare those things down.

But if you see a lot of the deals that are getting done in the U.S. market right now, first and foremost, I would just point out that some of those big reasons for the levers they're pulling on why they have to make those transactions is because they don't feel they have a scale from an investment standpoint. One of the natural advantages I always like to remind everybody is that we've got a very large, well-capitalized parent. And we have very large businesses on both sides of the border. So, when Teri is making an investment in the Canadian retail business north of the border, and we can leverage on new digital capabilities down here, we're going to do that. If we're making investments down in commercial platforms here that maybe Paul Douglas will take advantage of north of the border, those would be terrific things that we get that scale on both sides.

And another big question, it always comes around most recently, is all the investment that's required around technology and cyber. We have a far larger North American base to be able to think about for support than just our size of a regional bank in the U.S., but notwithstanding all of those things, the way we really think about it and talk about this, it has to meet a lot of criteria for the lens for us to do a deal. Do we get to add new customers? Might we get new capabilities? Do we get to expand our product offering in certain things that we need to scale in? And first and foremost, does it pass the risk lens? And does it pass the financial hurdles? Just because we have this excess liquidity and capital, it doesn't mean we're going to run out, just do any deal for the right reasons. What you should consider us to be looking at everything that's available that comes in the market and for the right transaction, we're going to stare these things down hard, John.

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**John Aiken – Barclays Capital – Analyst**

Fantastic. And it's interesting because you touched upon a couple of things in that answer that leads to further questions. First and foremost, on the cost side, the technology spend, how active is the decision for spend in technology, how active or how combined is it between Canadian and the U.S. platforms? And how much synergies can you get? And I guess, the flip side of that coin is what percentage of technology spend really has to be in U.S. only? Like how much the advantage gets diluted away because there is still a border?

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**Greg Braca – TD – President and CEO of TD Bank, America's Most Convenient Bank®**

Sure. So the way I'd say this is we've always historically said from a core infrastructure, whether it was mainframe or as we're thinking about leveraging cloud capabilities or cyber or things like that, those are natural areas from a talent, from a technology, from an infrastructure, you want to leverage that over as large of a base as possible. And we've certainly benefited down here in the U.S. by some of those natural infrastructure conversations that have gone on over the last few years.

And then most recently, I think we've gotten far better at it aligning overall enterprise around how can we take core competencies or capabilities on one side of the border that we might think are best-in-class and bring them to another business without recreating the wheel. Digital, I think, is a perfect example, where we took certain capabilities that were north of the border, and we had very nascent capabilities that were immature down here in the U.S. and a few years ago. And we believe we've got a best-in-class digital platform for our customers down here in the U.S. that is now pretty much enterprise-wide. So, it's those sorts of things and capabilities that we're looking to leverage more often going forward.

And I think as you see us thinking about the digital-first capabilities or we're upgrading certain properties or abilities in the U.S., we will look inward. And if not, obviously, even partnering with fintechs these days, there's far more discussion around how we can think about leveraging outside capabilities as well. So, this is an ongoing conversation, but the good news is that we do get to leverage that North American capability. And we're certainly going to lever that more going on.

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**John Aiken – Barclays Capital – Analyst**

So Greg, continuing on expenses, we did see TD rationalize the branch footprint a little while back. I wanted to get what your view is in terms of where the branch sits today, what we could look for de novo expansion and whether or not TD is actively looking at how a branch will look like going forward over the next 5 to 10 years, particularly with lessons learning through to pandemic?

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**Greg Braca – TD – President and CEO of TD Bank, America's Most Convenient Bank®**

So you're right. Back in Q1, we announced that we were going to do a round of closures on stores. And the context I always try to put this in is that in with a network that was over 1,200 stores before we close the latest round, we have more than 1,200 physical locations from Maine to Florida in any given year. There was always 12 to 18 or 20 stores, what I would say, that we did some pruning around the edges because we had a lease maturity, the population movement didn't quite make sense or we had a newer location a mile down the road, and we were going to obviously make sure we were being efficient in a certain community or a town.

What we really did is this was part of a larger strategy that we had about what does that prune look like over the next 5 years? And given the pandemic, we said with the move and advancement, and we really do call this out. There probably has been a 2 to 3-year advancement in digital adoption from our core consumer base. That probably continues to stick even coming out of the pandemic. I mean, we saw far more uptake in digital sign-up, people who never wanted to engage either on mobile or on a laptop or a computer, now looking to engage with us that way. And you saw that the natural progression just really accelerated by maybe 2, maybe as much as 3 years-worth of normal progression during the pandemic. And what we said was, let's take another look at that pruning strategy, what's coming up over the next several years. And all we're doing is making sure that we're being smart around that and reinvesting some of that savings from that pruning back into other capabilities, whether it's new technology, digital, data or things like that, that our customers are looking for from us. So, in our mind, we didn't leave any critical community. We didn't vacate towns that we said were core to our strategy. It was really, we were moving or taking advantage of some leverage where we had other locations nearby.

And going forward, you will expect us, as far as the size and scope of those stores, you also ask that. Yes, we're still going to be investing in new stores. As a matter of fact, on the back end of this year, we've got some new stores we're opening through our southern footprint on the West Coast of Florida, Jacksonville and areas that we believe we are subscale. Now, what you'll likely see is many of those locations as we open them up from scratch, de novo, maybe they don't have the same square footage as they once did because of technology and digital engagement and things like that. But I will tell you, they'll be far more wired and connected across the organization than they would have ever been in the past.

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**John Aiken – Barclays Capital – Analyst**

Fantastic. And Greg, I mentioned before, TD's focus was on service for the customer. Can you give us a sense as to how your customer satisfaction has evolved through the pandemic, Net Promoter Score or anything else like that? But also, and I think almost more importantly, what has the employee engagement being like, both as they moved out of the office and slowly are coming back in? Has there been any change in the employee engagement playing morale?

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**Greg Braca – TD – President and CEO of TD Bank, America's Most Convenient Bank®**

Sure. So both, as you can imagine, is something we pay a lot of attention to just given who we are, but it's something that I think all companies are paying a lot of attention to and what the changing shifts are and patterns are, everything from customers to employment and what people are expecting. So, we're spending a lot of time thinking about these things, John.

On the customer side, I'm so pleased that the investments that we've been making over the last several years are just paying off tremendously. I mentioned already a few times about how we're seeing an advancement of a couple of years in digital engagement. We're seeing customers engage us in new and different ways in multiple ways, and that same customer would have done just 18 months ago. Now they want to deal with us digitally. If they're having other questions, they might engage with us on phone or then they're following up, now that they're feeling more comfortable with COVID and coming back out and seeing us in the stores. But I don't want to downplay the stores because as soon as we started getting through the vaccines in the springtime in the stores and the people felt it was safe to come back out, wow, we just saw a volume come right back into the physical setting, and it was just amazing to see that when it comes to life decisions or advice or other complicated or even everyday transactions, for some cases, you did see the flood back to physical.

As far as the customer receptions, our net scores the way we measure them internally and I know we did measure a lot externally by J.D. Power and other measures, we're quite pleased with the way we're facing off with our customers and community. And the other big measure is how do we see net inflows of net new customers. And just our brand is really, really resonating not only before the pandemic, but even now, and we're just seeing us take share in all of our key markets, and that growth in net new households and net new customers continued to be very, very strong. And it's just a great telling. It's a great telling sign that word-of-mouth is also passing new customers to us from our existing customer base. So that's terrific.

From the employee standpoint, I think you got a couple of things that we're thinking about real-time is, first, how do we get our folks back in some cases where we really want folks back in? Because when it comes to culture, we do believe while the evolution of work may be changing, and it may be morphing into something a little different than pre-pandemic as far as everybody in every single day. And obviously, we're going to work through that longer term. But what I would say is any great culture is going to find a way, coming out of this to get their people back in. And you're going to need regular connection points, and we're working through all of those things, including our own view on vaccinations and social distancing, short term, but hopefully, longer term at a minimum, we will definitely have a way to touch base with all of our people, depending on their role in person and get our teams together again. We believe collaboration on technology projects and new assignments and things like that certainly work better with teams in person.

And some of our commercial and corporate businesses, we like to think of them as apprenticeship programs for new people coming in and mentorship gets done in person as well. And you need to build those connections long term. But I think longer term, we'll also obviously be realizing that if you would have asked us 18 months ago, could 90% of our non-retail folks work from home, I think we would have taken our breath away. We are seeing that because of technology and connectivity. It is possible for certain aspects and certain job categories, at least part of the week to continue to work from home, and we'll be working through all of that in the near term.

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**John Aiken – Barclays Capital – Analyst**

Greg, that's great. Unfortunately, we have run out of time, but thank you very much for your open discussion. And as you alluded to at the outset, hopefully, we'll be in the same room doing this next year.