Real Matters – Second Quarter 2019 Conference Call

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REAL MATTERS

CORPORATE PARTICIPANTS

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Daniel Chan, *TD Securities*

David Ridley-Lane, *Bank of America Merrill Lynch*

Gavin Fairweather, *Cormark Securities*

Robert Young, *Canaccord Genuity*

Steven Li, *Raymond James*

PRESENTATION

Operator:

Good morning. My name is James, and I will be your conference operator today. At this time, I'd like to welcome everyone to the Real Matters Second Quarter 2019 Conference Call. All lines have been placed on mute to prevent any background noise. And after the speaker's remarks, there will be a question-and-answer session. [Operator Instructions] Thank you. I'd now like to turn the call over to the Vice President of Investor Relations and Marketing, Lyne Fisher. Please go ahead.

Lyne Fisher:

Thank you, operator, and good morning everyone. Welcome to Real Matters financial results conference call for the second quarter of fiscal 2019. With me today are Real Matters' Chief Executive Officer, Jason Smith; and Chief Financial Officer, Bill Herman.

This morning before market open, we issued a news release announcing our Q2 results for fiscal 2019 for the three and six month period ending March 31, 2019. The release, accompanying slide presentation as well as the financial statements, and MD&A are posted in the Investor Relations section of our website at realmatters.com.

During the call, we may make certain forward-looking statements, which reflect the current expectations of management with respect to our business and the industry in which we operate. These forward-looking statements are based on management's experience and perception of historical trends, current market conditions, expected future developments, as well as other factors that we believe to be appropriate and reasonable in the circumstances.

The forward-looking statements reflect management's belief based on information currently available to the management and should not be read as a guarantee of the current or timing of any future event, performance, or result. Forward-looking information is subject to risks, uncertainties and other factors that are difficult to predict and that could cause actual results to differ materially from historical results or results anticipated by the forward-looking information.

A comprehensive discussion of the factors which could cause results or events to differ from current expectations can be found in the Risk Factors section of the company's Annual Information Form for the year ended September 30, 2018 under the heading Important Factors Affecting Results from Operations in the company's MD&A for the three and six months ended March 31, 2019, each of which is available on SEDAR and our website.

As a reminder, we refer to non-GAAP measures in our slide presentation including net revenue, net revenue margins, adjusted EBITDA and adjusted EBITDA margins. Non-GAAP measures are described in our MD&A for the three months and six months ended March 31, 2018 where you will also find reconciliations to the nearest IFRS measures.

With that, I'll now turn the call over to Jason.

Jason Smith:

Thank you, Lyne, and good morning everyone, and thank you for joining us on the call today. Today we reported consolidated revenues of $63.3 million and adjusted EBITDA of $2.8 million, in the second quarter of fiscal 2019.

While our U.S. Appraisal revenues were up modestly, this increase was offset by a decline in our U.S. Title and Canadian segments. The U.S. mortgage origination market was down an estimated 15% in the second quarter relative to the comparable period in 2018. While purchase transactions grew modestly, the refinance market declined on a year-over-year basis. Increased margins in our U.S. Appraisal segment were the principal driver behind the significant increase in our consolidated adjusted EBITDA and adjusted EBITDA margins on a year-over-year basis.

We were pleased with the performance of our U.S. Appraisal business in the second quarter. We recorded market adjusted volume growth of 15% year-over-year, and we gained share with all of our Tier 1 lenders that are live in the main origination channel on a sequential and comparative basis.

I'm also very happy to report that we launched the sixth Tier 1 lender during the second quarter, which means we are now live with all six Tier 1 lenders. We believe we are the only provider delivering appraisals to all six Tier 1 lenders for mortgage originations.

It's been a multi-year journey to get to this point, starting with the launch of our first Tier 1 lender in 2015, we've made great strides since then successfully winning each Tier 1 lender and progressively growing share based on our ability to outperform competitors on a consistent basis due to our platform and network of field professionals.

As you know, the Tier 1 lenders represent a focal point of our long-term strategy, given their size and strength, and so this milestone is an important marker of how we are executing on our strategy. We also launched two new top 100 lenders in U.S. Appraisal in the second quarter, and we continue to gain share in the channels that

matter to us, principally origination, at a rate that puts us on track to achieve our long-term market share objectives of 15% to 20% by September 30, 2021.

From an operations perspective, we were ranked at the top of all Tier 1 lender scorecards in Q2, and this achievement is translating into additional market share. We also expanded U.S. Appraisal net revenue margins, and nearly doubled adjusted EBITDA during the quarter which Bill will speak to during his remarks.

In our U.S. Title segment, Q2 revenues were down 9% year-over-year. However, we recorded market adjusted volume growth of 11%. As I mentioned earlier, we believe the total U.S. mortgage origination market was down 15% year-over-year due to lower refinance activity which are the mortgage originations that our U.S. Title segment currently addresses. We believe that we have now passed the inflection point on a year-over-year comparative basis for refinance related activity. We saw lower interest rates in March for a short period, but that did not have an impact on our second quarter results, given the lag between applications and closings. We expect to see that play through in our third quarter results. We went live with one new top 100 lender in U.S. Title during the second quarter, and the sales pipeline continues to be strong. In our Canadian segment, second quarter revenues were down 22% year over year. A weaker Canadian dollar contributed to the decline, and higher appraisal volumes from increasing market share with certain Canadian clients was offset by a weaker mortgage origination market in Canada.

With that, I'll hand it over to Bill. Bill?

William Herman:

Thank you. Thank you, Jason, and good morning everyone. Turning to slide 4 and slide 5 for a closer look at our financial results. As Jason stated earlier, consolidated revenues were down 4% in the second quarter of fiscal 2019, compared to the same quarter last year due to lower mortgage market activity which we estimate declined 15%. Revenues in our U.S. Appraisal segment were up a modest 0.5%. However, U.S. Title and Canadian segment revenues were down 9% and 22% respectively on a comparative basis. In our U.S. Appraisal segment, we serviced higher origination volumes due to strong market share gain, most notably with our Tier 1 clients. As a result, average revenue per unit increased in the second quarter as we serviced a greater proportion of higher priced origination volumes and a lower proportion of home equity and default volumes, which are lower priced services. U.S. Appraisal transaction cost declined 3% year over year versus the 0.5% increase in revenues over the same period.

Net revenue was up 13% to $10.6 million and net revenue margins increased 24.6% in the second quarter of fiscal 2019 from 21.8% in the second quarter of fiscal 2018, an increase of 280 basis points. The net revenue margin improvement was largely the result of the network effect and increased competition and efficiencies within our network.

To put this into perspective, when we achieved a similar amount of net revenue in our U.S. Appraisal segment in the third quarter of 2018, net revenue margins were only 20.9%. As has been the case in the past, as we onboard new appraisers to scale and satisfy the volume ramp in the spring, you can expect a slight decline in margins in the third quarter of fiscal 2019.

That said, we're very pleased with the progress we've made to-date as we marched toward net revenue margins of 27% which we believe is achievable with a doubling of volumes. Operating expenses in our U.S.

Appraisal segment declined to $5.9 million from $6.9 million in the second quarter of fiscal 2018, which with higher net revenue contributed to the 90% increase in adjusted EBITDA year-over-year. Adjusted EBITDA margins in our U.S. Appraisal segment increased to 45.1% in the second quarter of fiscal 2019, up from the 26.8% we posted in the second quarter of fiscal 2018.

Lower payroll and related costs was the primary contributor to the decline in operating expenses, the result of lower estimated market volumes and the integration of certain operation carried out in fiscal 2018. In our U.S. Title segment, second quarter revenues were down 9% year-over-year, while transaction costs declined 2% by comparison. This resulted in net revenue margin compression of 340 basis points. Our U.S. Title net revenue margins declined to 56.8% from 60.2% in the second quarter of fiscal 2018, due to lower margins on rate refinance and home equity volumes we service in this segment. This decline is also a reflection of it, being early days for our network management strategy in our U.S. Title segment.

Operating expenses in this segment declined to $7.6 million from $8.7 million in the second quarter of fiscal 2018 and adjusted EBITDA decreased to $0.8 million from $1.1 million in the same quarter of last year. In Canada, while revenues declined in the second quarter of fiscal 2019, we leveraged our network and expanded net revenue margins 20.1% from the 18.8% we posted in the second quarter of fiscal 2018.

Canadian operating expenses were flat with the second quarter of fiscal 2018 and adjusted EBITDA declined to $0.4 million from the $0.7 million reported in the same quarter last year. So putting this all together, second quarter consolidated net revenue declined modestly to $20.1 million from the $20.5 million reported in the second quarter of fiscal 2018, due principally to the $1.4 million decline in net revenue earned in our U.S. Title segment from lower refinance volumes.

However, consolidated net revenue margins increased to 31.7% from 31% in the second quarter of fiscal 2018, due to healthy net revenue margin expansion in our more mature U.S. Appraisal business, despite the contraction in our U.S. Title segment. As a result of the solid performance in our U.S. Appraisal segment consolidated adjusted EBITDA increased to $2.8 million from $0.3 million in the second quarter of fiscal 2018. Consolidated adjusted EBITDA margins were 13.8% in the second quarter of fiscal 2019 compared with 1.5% in the second quarter of 2018.

Turning to the balance sheet, we had cash and cash equivalents of $63.5 million at the end of the quarter down $4.5 million from September and we continued to purchase shares under our normal course issuer bid, purchasing approximately 1.4 million shares at a cost of about $4.7 million in the second quarter of fiscal 2019. Since March 31, 2019 we have purchased an additional 466,000 shares under our MCIB.

With that, I'll turn it back over to Jason. Jason?

Jason Smith:

Thanks, Bill. To summarize, we were pleased with our performance in the second quarter, particularly in our more mature U.S. Appraisal business where we recorded 15% market adjusted volume growth, increased our market share with our largest client in the main origination channel and went live with the sixth and final Tier 1 lender. Our net revenue margins in U.S. Appraisal were up 280 basis points and adjusted EBITDA nearly doubled in this segment. In U.S. Title, we are seeing positive momentum in our sales cycle and remain

optimistic about our growth prospects. The short term decline in interest rates in March will have a pull-through effect in our Q3 closing volumes.

While the spring purchase market is off to a better start than last year, we're still cautious as we move – watch moves in the 10-year Treasury yield which is a leading indicator of refi market activity. We believe that we've hit low for refinance activity, and that U.S. mortgage market headwinds are largely behind us, which should make the third quarter an easier compare period. Overall, we're feeling good about the business, and we continue to focus on the things we can control, like operational performance and building scale to drive market share growth. Our fiscal 2021 market objectives are well within sight.

With that, operator, we'd like to open it up for a few questions now.

Operator:

[Operator Instructions] And your first question comes from the line of Thanos Moschopoulos from BMO. Go ahead please. Your line is open.

William (Bill) Cocks:

Hey, guys. It's Bill stepping in for Thanos. Thanks for taking my questions. I guess first off in terms of EBITDA margins, U.S. Appraisal was particularly strong while tittle was a little light. How should we think about margins evolving through the back half of the year?

Bill Herman:

Sure. Bill – it's Bill. I think what you're going to see is really a continuation in the Appraisal side of the house of those margins holding patterns around the 45% level for the balance of the year. As we think of Title, there's a bit of a nuance to Q3, in that – with the decline in interest rates that occurred in our second quarter the volumes attributed to it, and then therefore the revenue that we earned from it will find its way into Q3. So we see a bit of an uptick coming through in the Title business in our in our Q3 results, but moderate back down to a level more consistent with our Q2 performance in the Q4 period. So hopefully that's – hopefully that's helpful.

William (Bill) Cocks:

Great. Yes. That's very helpful. Now you mentioned dissipating headwinds in the mortgage market and we've seen the MBA revising their spring quarter estimates upwards recently. In your opinion, is this based purely on interest rate levels? Or is – are you seeing anything else at play that might be helping drive those headwinds back down?

Jason Smith:

Yeah, I think it's largely interest rate driven from what we see our Appraisal business benefits from both purchase transactions and refi transactions, and we're seeing a stronger spring market this year than we saw last year. So that's driving our Appraisal business, and we're bouncing around the lows on the refi market notwithstanding the drop in rates that happened in March, they came back up, but on a compare period going forward the headwinds are gone. So we think that we're in a stable market. We're not anticipating rates to drop further, if they do that, that would be additive to the business, and it's we're focusing on what we can control within our clients and our operations.

William (Bill) Cocks:

Okay. Great. For the two new top 100 lenders in Appraisal, were they non-banks or were they banks?

Jason Smith:

They were a mix.

William (Bill) Cocks:

They're mix. Okay. Great. And I guess just one last one. Any new lessons learned on the Title space now that you can live with Title 2.0 for a while, whether on the product side or the potential sales cycle?

Jason Smith:

I think we've got the strategy right. We've launched another Tier 2 lender in the quarter. And we're laser focused on ramping to our Tier 1s, when rates drop, it's certainly in – and volume comes up it's – lenders look at their vendors and realize and start to see where they might have scale issues or value problems. So I think we certainly have seen an increase in our pipeline activity going forward. I think we have the right strategy to win in Title.

William (Bill) Cocks:

Okay. Perfect. All right. Thanks a lot for taking my questions. I'll pass the line.

Jason Smith:

Thanks, Bill.

Operator:

Your next question comes from the line of Daniel Chan from TD Securities. Go ahead please. Your line is open.

Daniel Chan:

Hi, guys. Good morning and congratulations on the quarter.

Jason Smith:

Thank you.

Daniel Chan:

For – in your MD&A, and I think you said this in the – in your prepared remarks as well. You said the average revenue per unit in the U.S. Appraisal market increased. Can you talk about what drives that and how you see that progressing going into the seasonally strong quarters?

Bill Herman:

Sure. So really the uptick there Dan was really the mix of services that we supplied in the quarter, certainly the origination channel was more also – so relative to HELOC. And so this is – the origination channel services is a full appraisal that obviously carries with it a higher amount of revenue on a per unit basis versus it's compare of the HELOC home equity type activity. So our views are for continuation of stronger and – continued strong origination activity, as we think forward. HELOC – probably continuing its downward trend is our view, but at this

moment, I suspect them with that as the backdrop we'll probably have a continued lift in the amount of revenue per unit that you would see come through in our Q3, and in follow on Q4 results.

Daniel Chan:

Okay. That's helpful. And then I also wanted to ask about one of your major competitors, national competitors, that said that they would transform the AMC business at the end of December, it's been a few months now, so just wondering, if you're seeing their aspirations to bring more technology and automation come into your discussions with your – some of your major customers? And whether you see that having an impact on your business over the next – over the remainder of year?

Jason Smith:

Thanks. It's Jason. No, look – I think we're operating with our strategy. We're number one ranked with our lenders specifically the Tier 1 lenders. And we've been gaining share. We actually gained additional share post quarter end, and we're executing our – through our strategy and execution where we're seeing the results that we're looking for. So I would say no change from that perspective from a competitive perspective.

Daniel Chan:

Okay. Thank you.

Operator:

Your next question comes from the line of David Ridley-Lane from BoA. Go ahead please. Your line is open.

David Ridley-Lane:

Thank you. The number of U.S. appraisers continues to decline. Wondering if you're having any difficulty in recruiting and retaining appraisers in the network?

Jason Smith:

Thanks for the question, David. It's Jason here. We're not actually, I think – our model is to put more money in the pockets of the right appraiser, to concentrate volume to make them more productive, and that's – that has helped us engage. So I think we handled the increase in volumes in the spring market very well because of that. And it's our very low variable cost to serve, and our technology that affords us that. So with that model we do not anticipate a concern in terms of the number of quality appraisers on an independent network that we need in order to service the market including on a doubling of volumes through to 2021.

David Ridley-Lane:

And then on a separate topic, if you look at over the last 12 to 24 months, I mean CoreLogic made a series of acquisitions. They did seed some market share. The most recent results which would seem to indicate that's – their market share is stabilizing. Did you – in retrospect looking back – did you benefit from some of that market dislocation over the last 18, 24 months? Thank you.

Jason Smith:

Yeah. So we just launched in the second quarter a – our last Tier 1 bank which is significant. That revenue is very early days, typically a lender will start off with less than 5% of their volume, and then scorecard you in the next quarter, look at your performance so on and so forth. So I think we have not seen the benefit in our revenue yet with respect to that. However, we are live with a number of Tier 1 banks, and we are seeing share gains across the board, and as I stated earlier, we had market share expansion with our customers after the quarter end as well. So I think that, that will continue based on the fact that we're number one ranked on quality and service across the board with our clients.

David Ridley-Lane:

All right. Thank you very much.

Jason Smith:

Thank you.

Operator:

Your next question comes from the line of Gavin Fairweather from Cormark. Go ahead please. Your line is open.

Gavin Fairweather:

Hey, guys. Good morning.

Jason Smith:

Good morning.

Gavin Fairweather:

Congrats on the quarter. I wanted to start on an Appraisal net revenue margins, I mean they've really gone up by about 400 basis points since Q4 levels, during the MD&A you talk about a doubling of Appraisal volume, and that moving net revenue margins to 27%, but you're almost at 25% in the quarter, so I guess it begs the question, as Appraisal continues to grow do you expect that pace of net revenue expansion to moderate a little bit? Or is there maybe upside to that 27%?

Jason Smith:

Very well, I'll take the first part of that. With sort of market share expansion continuing, we're always very thoughtful to have capacity in our network such that we can handle the volume that our customers want us to service, and those are opportunities for us to grab sustainable market share over the long run. And so we're always – with being in a market share expansion phase, we're certainly thoughtful to that. We think that in 2021 the 27% number is correct. However, if we were to plateau with respect to market share after that, and on a flat market, I

think we would – we could see some expansion beyond that. But I think we're modeled right, where volume falls in the country you know can, can affect it slightly in a quarter how quickly volume moves up or down in the quarter. So I think we're directionally right, and I think that it'll be that march up to the 27% in 2021.

Gavin Fairweather:

Okay that's helpful. And then just given the change in rates obviously you've seen a surge in volume here particularly on the refi side.

Jason Smith:

Yes.

Gavin Fairweather:

Maybe just, just for color, if you could provide a bit of a compare and contrast on how your network managed model plays through versus the traditional model in this type of environment?

Jason Smith:

That's a great question. So I mean if you if the fact that we have a variable network i.e. independent contractors and we have them at different load levels across the country, we can scale up and down much easier than if we had a fixed staff model that was optimized and the ability to hire or train of course staff appraisers in a volume that's growing is difficult because those independent contractors are being well fed. So the fact that we put more money in the pocket of the right appraisers and the fact that we have an independent network plays well in markets that move up or down very quickly in terms of the competitive advantage, and that we're able to maintain our service levels, we're able to, to widen the performance relative to traditional competitors, and that we can scale and add that volume up and down. So there are great market share expansion opportunities in terms of when the – when markets move up quicker than was planned or anticipated.

Gavin Fairweather:

Okay that's it for me. Thank you.

Operator:

[Operator Instructions] And your next question comes from the line of Robert Young from Canaccord Genuity. Go ahead please. Your line is open.

Robert Young:

Hi, yeah, good morning. Previously you had said that you had overbuilt the network a little bit and there was some room to catch up, and so just based on the comments you just had with the last question and your view of the market, like when do you think the next time you would need to have a material increase in the operating business?

Jason Smith:

Yeah, great question, because last year certainly the market not springing at this time and seeing a purchase market and seeing a purchase market had us behind a little bit on our net revenue margins i.e. we had extra capacity in the network. I think from what we're looking at going forward for the next two quarters, we're much better prepared for that this year. We would see a slight degradation for the next two quarters from where we're at, but that would be very small is how we're thinking about it. So that's all directly related to capacity. I think we factored in thoughtfully there market share expansion opportunities and the seasonality of the market going forward. So we're focused on the long-term winning that long term market share and as the volume grows and doubles we'll see ourselves with a 27% margin level that we laid out.

Robert Young:

Okay. And then maybe digging into this the Tier 1 launch that went live in Q2.

Jason Smith:

Yeah.

Robert Young:

I'm assuming that means that generating revenue would be the first thing, and then I think you laid out a bit of a generic ramp expectation. Is there any reason why we wouldn't think of this new Tier 1 as following previous ramps?

Jason Smith:

To your first question is yes, they are generating ramp up live and generating revenue in Q2 that just passed. And yes we think that they would ramp in a similar fashion to the other Tier 1s that we've gone live with.

Robert Young:

I suppose it's still too early to have gotten a scorecard out of them, like have you gotten any feedback from this new tier 1 on how parts – how your performance has been to date?

Jason Smith:

The feedback is that our performance is very strong and we very much look forward to our next review meeting with them.

Robert Young:

Okay. You said that there was a bit of share gain post the quarter. Would that have been driven mostly by this Tier 1 launch or would you say it's more broad-based?

Jason Smith:

More broad-based.

Robert Young:

Okay. One more question. In the deck, I don't want to put words in your mouth, I think you said spring purchase market is off to a good start. I'm just wondering maybe if you could talk about how well you see your Tier 1 bank customers participating in that? I mean, one of the one of the things I think investors have been looking for is the large Tier 1s getting active in purchase origination and wondering if you could just provide us your view on that?

Jason Smith:

Yeah. It's early in the spring, but I would say that we've seen robust and encouraging signs from our – from regulated banks. I think it's too short of a period of time to sort of lock that in as a trend. But we are seeing that play out. You saw some of it in certain lenders that reported last quarter where they had strength on a year-over-year basis relative to the rest of the pack. So I think that there's this sign of turning on the heat, and we're certainly seeing that in some of the numbers. But it is early in the market. And maybe you need to give it some more time to see if that trend has moved upwards.

Robert Young:

Okay. And maybe just two more quick questions. Is the Tier or the top 100 lenders, the two that you added in the quarter, how many should we think of as being remaining. I mean, you use the number 60, I think you're above that now, but realistically – could you get to 100 or is there a realistic number of the top 100 you'd be targeting?

Jason Smith:

Yeah. So the lenders move around in the rankings from time to time, and I think we're focused on good quality large and growing sustainable lenders regardless on whether or not they're a bank or non-bank. So I think to that end we would never see a 100 out of 100, some come and go all the time, and so there are still clients for us to win there, and share to gain, and we're laser focused on those. So I would expect to see more new client wins going forward.

Robert Young:

At this point, is the opportunity greater in growing the wallet share with those existing top 100 or...

Jason Smith:

Sure.

Robert Young:

...is it better adding to the number of customers at this point now that you've got all the tier ones in a good chunk of the tier top 100?

Jason Smith:

Oh, for sure. I mean, we could double our market share and achieve our 2021 objectives without adding any new clients based on the current customers even share of the market. So we've got that runway, and we focus on operational performance which launches it. But I think there's additional clients for us to be additive to that.

Robert Young:

Okay. Last one from me and I'll pass the line you talked about the lag in the Title business. I just wondered if you could maybe describe that a little more. You said that the rate benefit that you've seen in March is likely to impact Q3 and then moderate down in Q4 based on what you see now, and what is that lag and maybe you could just talk a little about that and I'll pass the line?

Jason Smith:

Sure. On the Title side of the business when rates drop it spurs refi activity. And so we'll see new orders come in and we certainly saw that in March, and however, they may take into the next month before the deal will actually close when we recognize the revenue. So that certainly – that activity in March is not in our Q2 numbers and will play forward into our Q3 specifically in April, I think rates have moved back up since then and back to where we were expecting them to be, which is still not a headwind from a year-over-year perspective, and we'll watch them closely. But you know our view is when we go into Q4, is that we sort of stay in the rate scenario that we're in now or even a little bit stronger, a higher rates versus lower. If we see rates go lower, we see that pick up again, but that's how the new order volume with a delayed closing and the recognizing of the revenue plays through on our numbers.

Robert Young:

Okay. Thanks. I'll pass the line.

Operator:

And your next question comes from the line of Steven Li from Raymond James. Go ahead please. Your line is open.

Steven Li:

Thank you. Hey, guys. Do you have an Appraisal market share for the quarter?

Jason Smith:

We don't, we will be updating that at the end of the year, but our 15% market adjusted growth is proxy for that.

Steven Li:

Right. Okay. That's good. And also, Jason, your early Tier 1 customers in Appraisal, the ones that have been live with you for a couple of years now, do you continue to add market share? Or has it started to plateau?

Jason Smith:

Now, we've continued to drive market share within our client base, absolutely.

Steven Li:

So even – so- even though they've been with you for a few years now?

Jason Smith:

That's correct.

Steven Li:

Okay. And the...

Jason Smith:

There's other channel – there's other opportunities. So we're focused on – you know new opportunities with our clients, our amazing performance opens up doors and pushes that market share discussion. So especially in a competitive market – purchase markets like this spring. So no we – we will continue to move forward.

Steven Li:

Okay. And then when we think of Tier 1s mortgage market share – have you seen any kind of recovery there? Or still to...

Jason Smith:

Yeah, we've seen some encouraging signs here in the last little while, but not long enough to sort of state a trend. And it – and I would sort of make that comment about regulated banks and in total, but certainly early days to lay out a trend there.

Steven Li:

All right, that's helpful. Thank you.

Operator:

And there are no further questions in queue. At this time, I turn the call back over to our presenters for some closing remarks.

Jason Smith:

Well, thank you, operator. That wraps things up for today. Thank you for joining our call. Have a great day.

Operator:

This concludes today's conference. You may now disconnect.