TD BANK FINANCIAL GROUP
INVESTOR SESSION: FOCUS ON TD CANADA TRUST
MONDAY, OCTOBER 19, 2009

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FORWARD-LOOKING INFORMATION

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Some of the factors – many of which are beyond our control and the effects of which can be difficult to predict – that could cause such differences include: credit, market (including equity and commodity), liquidity, interest rate, operational, reputational, insurance, strategic, foreign exchange, regulatory, legal and other risks discussed in the Bank's 2008 Annual Report and in other regulatory filings made in Canada and with the SEC; general business and economic conditions in Canada, the U.S. and other countries in which the Bank conducts business, as well as the effect of changes in existing and newly introduced monetary and economic policies in those jurisdictions and changes in the foreign exchange rates for the currencies of those jurisdictions; the degree of competition in the markets in which the Bank operates, both from established competitors and new entrants; defaults by other financial institutions in Canada, the U.S. and other countries; the accuracy and completeness of information the Bank receives on customers and counterparties; the development and introduction of new products and services in markets; developing new distribution channels and realizing increased revenue from these channels; the Bank's ability to execute its strategies, including its integration, growth and acquisition strategies and those of its subsidiaries, particularly in the U.S.; changes in accounting policies (including future accounting changes) and methods the Bank uses to report its financial condition, including uncertainties associated with critical accounting assumptions and estimates; changes to our credit ratings; global capital market activity; increased funding costs for credit due to market illiquidity and increased competition for funding; the Bank's ability to attract and retain key executives; reliance on third parties to provide components of the Bank's business infrastructure; the failure of third parties to comply with their obligations to the Bank or its affiliates as such obligations relate to the handling of personal information; technological changes; the use of new technologies in unprecedented ways to defraud the Bank or its customers and the organized efforts of increasingly sophisticated parties who direct their attempts to defraud the Bank or its customers through many channels; legislative and regulatory developments; change in tax laws; unexpected judicial or regulatory proceedings; the U.S. securities litigation environment; unexpected changes in consumer spending and saving habits; the adequacy of the Bank's risk management framework, including the risk that the Bank's risk management models do not take into account all relevant factors; the possible impact on the Bank's businesses of international conflicts and terrorism; acts of God, such as earthquakes; the effects of disease or illness on local, national or international economies; and the effects of disruptions to public infrastructure, such as transportation, communication, power or water supply. 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PRESENTATION

Tim Thompson - TD Bank Financial Group - SVP - IR

Well, good afternoon, everybody. For those who don't know me, I'm Tim Thompson. I'm Head of Investor Relations here at the bank. Thank you very much for joining us today. We really appreciate you taking time out of your busy schedules to listen to our presentations and to engage in dialogue with us. Some of you have traveled from out of town to be here. A very special thanks to you. We really appreciate it.

So a more formal welcome to our TD Bank Financial Group investor session with a focus on our flagship business, TD Canada Trust. This is the first in a series of investor sessions we aim to host, with a goal of providing a better understanding of the strategies, dynamics and priorities of each of our major businesses. It's also an opportunity to meet each leadership team. We're very excited about today's event and we hope you'll find it informative.

Note that these sessions are not intended to be an update on financial performance or provide a financial outlook for the coming quarter or year. In this inaugural session you'll hear from the TDCT leadership team, who will focus on our Canadian personal and commercial bank. To ensure an adequate time for focus, we aren't covering related wealth and insurance businesses at this session. They'll be considered for future sessions.

So, turning to page three, the legal stuff. Before we get started, let me remind you that this presentation contains forward-looking statements and actual results could differ materially. These statements are intended to assist your understanding of our financial position for periods presented and our strategic priorities and objectives, and may not be appropriate for other purposes. Certain material factors or assumptions were applied in making these statements. For additional information, please see our latest annual report and quarterly report available on td.com. These documents include a description of factors that could cause actual results to differ.

So, turning to page four, our agenda. First today we're going to start with Tim Hockey, Group Head, Canadian Personal and Commercial Banking, who will give an overview of the business. Then we'll move to our distribution and direct channels, followed by a short Q&A session for some dialog around the first three presentations. We'll then continue on with products, operations and business banking, followed by a longer Q&A session with all the presenters up front. I'll ask Tim to offer some closing comments before we finish today. We plan to wrap up no later than three. Some housekeeping items. One, for the people in the room, the washrooms, if you haven't found them, they're back out the corridor, all the way down the hall and on your left-hand side.

We'd love to hear your feedback on today's session. Please fill out the survey. Your comments will help us do a better job at serving your needs in the future. For those of you here in person today, you'll find the survey in your green folder you would have found on your chair when you sat down today. At the end of the session, please put your completed form in the box on your way out. We'll have it at the exit. If you grab the survey now you can fill it out as we go through the afternoon.

For those of you joining us on the webcast, you may receive an email from us asking for your feedback. Instructions for returning that will be included in the email. So, just before we begin, if you have your mobile phone or Blackberry, please make sure they're on mute as a courtesy to our presenters and the rest of the guests in the room. All right, with that, I'll turn it over to Tim Hockey. Let's get started.

Tim Hockey - TD Bank Financial Group - President & CEO, TD Canada Trust

Thank you, Tim. First of all, I'd like to welcome everybody here as this is the first time, a bit of an inaugural session that we're actually doing a deep dive into the Canadian banking business here at TD.

So I wanted to make sure everybody recognized that we wanted to share some insights as to exactly what makes us the leading personal and commercial bank in Canada.

In a few minutes you'll hear from each member of the TD Canada Trust leadership team and they will be providing you more of a view on how their areas of focus will be -- are driving our overall strategy. But before I turn it over to them, I wanted to share my thoughts on TD's Canadian banking business. To start at the end, as they say, here are four key messages that I hope you'll take away from today's meeting.

First of all, TD's Canadian banking franchise, which is based on providing leading customer service and convenience, is a powerhouse that consistently drives strong results through good times and bad. We constantly improve the way we engage our people and run our businesses. We are always investing in our business to grow the franchise for the long term. And this is very important. We believe this business is a game of inches played out over many, many years. We've stayed true to our customer experience brand over the past decade. It's this consistency of focus that has and will continue to deliver growing shareholder value.

This slide talks to the what and how we deliver on our strategy. Our mission is to relentlessly focus on being the better bank by providing a uniquely comfortable banking experience. To us, this means, first, we continue to be the leader in providing the best customer experience in Canadian banking. It's our strategy. It is our brand. But more importantly, it's who we are.

Convenience is the second element of what we stand for. By providing and continually improving easy access across all touch points, branches and hours, we have solidified our leadership in the convenience space in Canada. And it's the integration of all of TD's businesses that has allowed us to provide our customers with full service banking, giving our customers the right solution at the right time, whether it's within retail or wealth or commercial or anywhere else in the TD family.

The tight integration of our businesses makes this easy for our customers. And no matter what the project, business strategy, initiative or experience, we are delivering we focus on operational excellence in everything we do. Investors, customers and employees demand constant improvement year over year, and so do we.

And although we don't tend to talk a lot about TD's culture externally, especially not to a group of investors who are more interested in the hard numbers, we actually believe our culture is a fundamental differentiator in how we deliver our business. Employees are team oriented, very customer focused and results driven. This balanced approach helps TD to be the better bank.

Turning to slide seven, the results of sticking to our strategy are very clear. Over time we deliver consistently great numbers. And I'll highlight a few. Starting with the top left chart, you can see that we've consistently delivered strong revenue growth. In fact, our five-year compounded annual growth rate is just over 9%, outperforming the peer average by over 3 percentage points.

The chart on the top right shows that our net income has a growth rate of over 13%, exceeding the peer average by 1.5 percentage points, and we continue to outperform in 2009. And supporting that growth, the chart on the bottom shows that over the past three years we've had a better efficiency ratio than the peer average. That's in spite of the investments for the future that we've made, which includes adding far more branches than any of the competition.

Before I introduce the team, let me touch on the credit performance, an area of interest in these challenging times. A detailed review of the Canadian loan portfolio and credit metrics was provided with our Q3 results in August. There was a chart with this information in the appendix of the presentation deck. And we will update this information when we announce our fourth quarter results.

The comments about the credit environment made at that time are still relevant. We continue to have nominal losses in the real estate secured lending portfolio; the largest by far segment of our loan book.

The areas of vulnerability continue to be the unsecured personal portfolio, lines of credit and credit cards. There will likely be a trend in this direction in these portfolios until we see a sustained turnaround in the economy.

In commercial lending, our book has held up very well to date and is diversified across many industries. That said, we indicated that we saw some early signs of deterioration. And obviously trouble with business loans, you'll know, tends to show up later and lag the rebound in the economy. Despite these increases in loan losses, as I said earlier, we've been able to grow our earnings throughout this year.

When I turn things over to the rest of the TD Canada Trust leadership team, you'll see how each of their areas is very vigilantly focused on supporting our customers experience brand. In fact, we're presenting to you at a very interesting time. 2009 has clearly been defined by the turbulence in the financial sector and markets. And having seen our results up to Q3, you know we've come through this uncertainly with momentum on our side. Our results, frankly, have been terrific.

I believe a big reason we fared so well is because we take our approach to the customer experience so seriously. In fact, a year ago, at about this time, just as we were staring at financial Armageddon, we set out and we stuck with three pretty simple and very important principles. We won't overreact and we won't underreact. We will stand by our customers in good times and bad. And we won't let a crisis go to waste.

It's because of our consistent strategy that we've been able to be successful despite the turmoil. You're going to hear how we've been recognized for our leadership in customer experience, how we've stood by our customers, coordinated or continued to invest in our businesses, and gained share by making good loans in bad times.

Let me now introduce the TDCT leadership team. I'm incredibly fortunate to work alongside a group of such talented and experienced leaders. They are the people who are accountable for driving such great results. Let me take a minute to tell you a little bit about each of them. Together, we have combined industry experience of over 164 years in various businesses and leadership roles. We actually figured out that that makes us collectively more experienced than Canada is old.

First you'll hear from Kerry Peacock. Kerry leads our branch banking network in Canada of over 1,100 branches and more than 23,000 employees. Over her many years at TD, Kerry has held senior leadership roles in retail, commercial banking, as well as our corporate office.

Next, Brian Haier is in a newly created role, which is responsible for growing, developing and integrating our direct distribution channels across North America, including ABMs, telephone and Internet banking. Prior to this role he led TD Canada Trust retail distribution network. He's a TD veteran who has also held several leadership roles in other areas of retail banking as well as HR.

Shailesh Kotwal is our newest member of the TDCT leadership team and has been with us just about a year now. Shailesh leads our products and services team and brings extensive financial services industry experience and perspective from working with many global firms.

Margo McConvey leads our operations and technology team and has previously held executive roles in wealth, business banking and retail distribution. While you would say that not typically a business that we would highlight at an investor conference, we believe that the execution in noncustomer-facing roles, process improvement and the ability to leverage technology is critical to our success.

And finally, Paul Douglas leads our business banking group, including commercial and small business. Another longtime TDer, Paul has held several executive roles in TD securities in the bank's corporate office. He has an impressive track record, which is evident in the rapid growth of TD's business bank. With that, I'll now turn it over to Kerry and Brian to discuss retail distribution.

Kerry Peacock - TD Bank Financial Group - EVP, Branch Banking, TD Canada Trust

Thanks, Tim. I'm going to start with an overview of the distribution network. So we have a comprehensive network that offers integrated services to our customers across multiple channels. You can see with the over 1,100 branches, we have the second largest branch network in Canada. On the online front, we have more active customers than anyone else in Canada and our phones answer more than 27 million calls a year.

Today, the bulk of our activity is still done through the branch network, but we're seeing growth in the other areas. We're up to 12% of our sales now happening through the phone channel and our online group is doing 21% of our service transactions. We expect to see this grow as Brian and his team invest more in the direct channels, who you'll hear more from in a minute. I think bottom line we think we're very well positioned in all our channels in Canada and that's a competitive advantage.

So let me turn to our business priorities. I think what's interesting about this is if we were having this meeting five years ago, I think these business priorities would be the same. How we execute on them has evolved, but our priorities are consistent. The customer is at the center of everything we do. We're all -- we're never satisfied. We're always trying to improve. And we keep the customer front and center.

We own convenience through disciplined investment in our points of distribution. And we run a pretty tight operating environment and that gives us the money to be able to invest for the future. We also eliminate channel conflict so that our employees can do the right thing for the customer, regardless of what channel they work in. And we try to create an environment where all of our employees have the opportunity to be successful. We give them a clear line of sight on what success looks like. We work with them to hit those goals. And then our measurement rewards them for that. So let me give you a little bit more color on some of these. I'm going to start with the customer experience.

So for us, we've been on this customer experience journey for over ten years. And it is definitely a long term journey. It's one that starts with what gets measured gets done. So this kind of gives us some of the highlights of the measurement. Back in 1997, Canada Trust started with the Customer Satisfaction Index. When we integrated TD and CT, we took the learning from that and implemented the same measurement system across the integrated channels in 2001.

But we don't stop there. In 2003 we extended that to include what we would call our side counter or the platform side for the US where we do the accounts and mortgages. Then again in 2007 took the bar up. We went from our CSI, which is really kind of a transactional measure, to what we call our net promoter, our Customer Engagement Index.

On that we ask our customers are they likely to recommend us. We subtract those who aren't from those who are and that's the net promoters of our brand. That gives us -- kind of moves away from that transactional customer satisfaction to a better measure of how are we connecting with our customers and what's their level of loyalty.

But we haven't stopped there. In 2008 we added a Customer Engagement Index for our noncustomer-facing people, which Margo will talk to you a bit about. And to keep that momentum going, in 2010 Shailesh is adding it with the product team. So you'll hear about that as well.

And it's not just about measurement. It's also about alignment. Since 2001, everyone in our organization has had incentive compensation lined up to our customer experience metric. So, for example, today in my group the front-line people have between 20% to 50% of their incentive comp driven by the CEI for their branch.

So we measure it, we reward it, but you also have to have programs that help your employees understand what our customers value and what they can do about to deliver on that value. And those programs are things that evolve as we learn. Thought I'd stop and give you a little anecdote on one. Something that we started as moments of truth in Canada and we borrowed from our friends in the US to have WOW! moments.

So in this program our employees recognize each other for when they have exceeded a customer's expectations. And so one of the WOW! stories that I saw recently was one of our people was out shopping at a retailer. The person in front of them in line was using a TD Canada Trust access card and was having trouble paying.

So our employee identified themselves as, I work with TD Canada Trust. Can I help? So, to make a long story short, a couple of phone calls later, able to address the problem, and the customer was able to make their purchase. And it's just an example that I wanted to share with you that I think kind of captures the passion for the customer that our employees have, even when they're outside the organization, they're there trying to improve a customer experience.

So we think this is a real advantage for us. And so what -- I know you're probably asking what does it do for us. Well, I think if we turn to the next slide, our customers are telling us that our efforts are improving the experience we're delivering. 22% -- a 22 percentage point improvement in our net promoter score since 2001.

I liken the gain on this to a golf game. When you're shooting 100 or more, like me, it's easy to take five strokes off. When you're shooting at 80, it's a lot more difficult. And that's where we are on the customer experience continuum. We're at a place where it's exponentially more difficult to keep improving, but we manage to keep doing that because we stay focused on it.

And we know it translates into bottom line results. Advocates of our brand purchase more, they're less likely to leave, and they refer others. The average account balance of a promoter is ten times that of a detractor. And detractors are twice as likely to leave as promoters.

So let me turn -- we think it's a competitive advantage but I think our external benchmarks would reinforce that. We've won J.D. Power all four years it's been offered in Canada. We've come out top on Synovate five of the last five years. And SQM, which does a customer satisfaction for the phone channel, we've won four of the last five years. We have a great customer experience but we know we have to keep improving and we stay focused on doing that.

But let me turn from our comfortable customer experience to convenience. On slide 17, we own convenience while delivering our uniquely customer -- our unique customer experience and we haven't compromised productivity or profitability to get there. Over the last five years we've opened 158 branches, which is one in three of every new branch opened in Canada. We'll open 24 this year and at least another 15 next year.

But for us, convenience doesn't end with the branches. It's also about what hours we're open. So in 2008, although we already had a leadership position on hours, we decided to invest in expanding that. So we now have 59% more hours than our peers. We've exceeded all the metrics on our business case. And just to give you a flavor for that, the branches that added the most hours have seen an 8% lift in profitability and a 23% lift in net new customers.

So I know Tim already mentioned the efficiency ratio, but I had to put it on my slide too because I don't think we should go through this without noticing that we were able to make this investment in our points of distribution while reducing our efficiency ratio by 10.9 percentage points and increasing the gap on the efficiency ratio between us and our peers.

I think part of why we're able to do that is because we take an integrated approach. So on slide 18, on the integrated front, we work to make sure our customers can get the product and services in any channel they wish. And that helps us better leverage the investment we make in our channels. In the branch, our strong net volume can be attributed to things like our core products of checking, savings and mortgages.

But it can also be attributed to work that we do with our partners. You can see on the slide that 26% of our net volume reflected referrals that we sent to our wealth network and another 5% to the business banking area. It's all driven because we have a very disciplined referral process that rewards and recognizes our people to send referrals back and forth so we can serve the customer where they want to be served.

So at the bottom of this is an -- employees who are aligned on working together as a team, like Tim mentioned. So let me turn to the employee experience. I think for me particularly, I think for all of us, this is fundamentally a people business. And so we need to be continuously improving the employee experience.

I firmly believe that if you've got engaged employees, they can deliver a better customer experience. That translates into loyal customers and that gives us superior bottom line results. We survey all of our employees twice a year on what we call TD Pulse. We ask them 21 different questions and one that gives us the Employee Experience Index. And it's -- that number has gone up the last 15 times in a row. And 85% of our employees take the time to complete that survey and participate in our action planning.

I think that speaks to the culture that Tim mentioned. We work hard to foster an open and transparent culture. I think for me, running the branch banking, my worst nightmare is if somebody out there won't tell me what's really going on. So having our employees participate in these kinds of surveys and in our ongoing blogs and all the other ways that we get two-way dialog is important.

I think I have time so I'll tell you one little anecdote on that front that I think speaks to our open culture. When I first -- one of the jobs I had before this one I was running our branches in British Columbia. Day two on the job, I'm up in front of a group of what we would call managers of customer service. So these are the people who supervise our tellers. So there's about 140 of them in the room.

In a Q&A session, I think like the second question, somebody stands up and says, okay, so, you're new. What value are you going to add? And I think in our organization, what I think is special is it's okay for that person to ask that question. And I'd want them to ask that question. So it gives you a sense of the kind of dialog that we're comfortable with that I think gives us a competitive advantage because we can work with our employees to deliver on that customer experience.

So just before I hand it over to Brian, let me just summarize. I think that both points kind of speak for themselves. But I think at TD Canada Trust, nothing is more important to us than the customer experience. We continue to grow our points of distribution through disciplined investment. We work as a team to make sure we put the right person in front of the right customer in the right channel. And we couldn't deliver it without our engaged employees that we work hard to make sure we create an environment where they can succeed in. So on that note I'll hand it over to Brian to talk to you about the direct channels.

Brian Haier - TD Bank Financial Group - EVP - Direct Channels & Distribution Strategy

Thank you, Kerry. It's a thrill to be here to talk to you about a new approach that we're taking at TD to three of our channels. And on this first slide here I'm going to talk to you about the approach we're taking to something we call the automated banking machines in Canada, or ABMs, automated teller machines, or ATMs in the United States, the phone channel and the online channel. Together we are referencing these now as the direct channels.

And for about the last five months or so that this group has been together, we have been focused on three main things. And you're going to hear the word customer again. We very much are focused on creating an even more integrated, seamless, effortless and legendary customer and client experience for TD Canada Trust, the main session that we're talking about today, for TD wealth management, for TD insurance and for TD Bank, America's most convenient bank.

We want to do this across each of these four businesses and across every one of our channels, not only including the direct channels but also including the branches that Kerry talked about in Canada, our investor centers in Canada for wealth management, and our store network inside the United States. This is our mission and we are beginning this multiyear journey in 2010.

We also believe that there is a chance, which I'll get into in a moment, to increase revenue in each of these channels by building sales capabilities that in some cases exist in one part of the organization. And we can learn and apply that to other parts of the organization.

And there's no doubt that by trying to leverage our scale and maturity across the enterprise and across North America, there is the chance to maximize cost savings and take expenses out. This is a multiyear journey that we have just started in on the latter part of 2009. And we do believe we can do this across North America.

Now, let's drill a little bit deeper into what the opportunities are in each of the channels. On slide 23 we'll start with the ABM or ATM channel. And on the revenue side of things in TD Canada Trust, we have been piloting an experimenting with relatively simple sales that can occur at an ABM. Probably all of you have used an ABM or ATM. Well, in the last six months we've successfully piloted the sale of credit cards. That is an example of increasing revenue in a channel that previously had not been able to do that. We expect to be able to continue that in 2010 and perhaps apply that in the United States.

There is also the opportunity that by taking a North American wide approach to vendor management that we can drive cost synergies out of this business. This is a heavy cost business. You think about the labor involved with moving cash, servicing machines, picking up deposits and bill payments, et cetera, there is the opportunity to do that in North America.

In the phone space, you heard Kerry reference the fact that within TD Canada Trust distribution today, 12% of the total revenue from sales comes from our phone channel in Canada. We have the opportunity to do even better in that and we have the opportunity to apply that in the US where within TD Bank, America's most convenient bank, we do not have sales capability on the phone today. That is something we are going to start to build in 2010.

On the cost side of things, increasingly we are going to take a shared services approach across the entire phone channel for the four businesses to increase productivity, maximize cost savings and just drive greater synergies. In the online space, this is probably the part of the distribution network that is undergoing the fastest and most rapid change. And any of you that have teenage kids who sleep with their phones and you can strike the fear of God in them if you try to take it away from them, knows that the emergence of the millennial generation will do things differently than some of us aging baby boomers do it.

Today our online capability across the enterprise does a wonderful job of providing service capabilities, transferring money, paying bills, getting quotes, et cetera. It's relatively small in terms of contributing to the revenue stream and sales stream. We think that by building sales capabilities we can dramatically increase the amount of revenue coming from online. We think we can do this across the enterprise.

We want to focus in two main areas. One, making it easier for customers who want to join us as new to the bank customers to onboard with us. And secondly, better sales capability is going to allow us to deepen relationships with existing customers. We also think that better integration of domains across the enterprise in the online space can improve the customer experience.

On the cost side of things, there's no doubt that as we build greater capability, some of the transactions that may be occurring in Kerry's branch network in Canada or our store network in the United States will migrate to these channels. But I don't want you to misunderstand me. We fully expect stores to be around in the United States and branches in Canada for a long, long time. Just what gets done with them may change.

To close, I want to leave you with one point. And I'm fighting a cold so I'm sorry. We have four businesses focused on retail doing business in two geographies, the United States and Canada, but very much we are one TD. We will create an even more integrated experience across the enterprise for our customers and our clients. And with that, I'd like to conclude and turn it over to Tim for the Q&A. Thank you very much.

QUESTION AND ANSWER

Tim Thompson - TD Bank Financial Group - SVP - IR

Great. Thanks, Brian. So, Kerry, Tim and Brian, if you guys can just come to the front. So as I mentioned earlier, we're going to take a few questions now just to break up the presentation flow here. So don't worry if we don't get to your question. We will come back to you. As I mentioned, we have a bigger Q&A session at the end.

Also, if you can keep your questions focused on Canadian P&C, that'd be great. I know you probably have lots of questions and interest in different parts of the bank but we can take those off in a different session, if you don't mind. Also, just practically, if you could state your name and wait for the microphone to come. We want to make sure that people who are listening on the webcast can actually hear the question and who's asking the question. So with that, we'll have the first question. I saw one over here up front, George. Do we have a microphone?

George Trapkov - Acuity

Question for Tim. George Trapkov from Acuity. Can you talk about on your Canadian books, specifically in terms of net interest margin, how much of your book have you re-priced, how much do you have left and when do you expect the book to be fully priced for where the current credit environment is?

Tim Hockey - TD Bank Financial Group - President & CEO, TD Canada Trust

Sure. Sounds like your microphone was cutting in and out so I'll just restate. It's all about NIMs and what percentage of our book have we re-priced.

It depends on the business, but I would say we've largely done our re-pricing efforts, certainly on the commercial bank side, I think. And you'll hear from Paul a little later we've gone through an effort of re-pricing our loan book on the commercial side. We've just announced about a month ago now that we've re-priced our home equity line of credit book and that'll be effective just at the beginning of Q1. So that's done.

You know our re-pricing of new home equity lines of credit happened. It was a bit of an industry phenomenon back in the early part of the year. So we might have a few opportunities on the edges, but we're largely done.

Andre Hardy - RBC Capital Markets - Analyst

Hi. Andre Hardy, RBC Capital Markets. The slide that you shown the promoter scores and the 22 percentage points improvements, what's happened to the competition over that same period?

Kerry Peacock - TD Bank Financial Group - EVP, Branch Banking, TD Canada Trust

I'll take that one. So we measure net promoter by calling our customers who've been in over a 48-hour period and ask them five questions. I think others in the industry ask different questions and do look across. So I'm not sure we can give you a comparable on the net promoter.

So we can say, as we look at other measures like J.D. Power and Synovate and our Voice of the Customer, that we continue to improve and our competitors are improving. And when they're at the lower end, their improvement can be a little bit faster in terms of how they're gaining ground. But I'd say we still own this space and we continue to improve. I don't know if there's anything you guys would add?

Tim Thompson - TD Bank Financial Group - SVP - IR

Thanks. Any other questions at this point? Oh yes, over here.

Michael Goldberg - Desjardins Securities - Analyst

Thanks. Michael Goldberg, Desjardins Securities. Question for Brian. Can you elaborate on the sort of things that you'll be doing in order to get that revenue out of the online? You talked about it sounded like the new customer type of process and the impact that you think that that can have.

Brian Haier - TD Bank Financial Group - EVP, Direct Channels & Distribution Strategy

I think that in 2010 we're very much focused on building a strong foundation in our online space. So we are focused on building sales capabilities for our customers to more easily open accounts, get credit cards, get a real estate secured lending deal done. And we think that not only applies to new customers, but also to existing customers.

We think we can do that in TD Canada Trust. We think we can do that in TD Bank, America's Most Convenient Bank. So we are ramping up our investment in this space but we're going to do that within the efficiency ratio constraint that you saw Tim and Kerry speak about. That's really our most immediate plan.

Tim Hockey - TD Bank Financial Group - President & CEO, TD Canada Trust

The only thing I'd add on that, Michael, is that if you look at Canadian banks generally, I think Canadian banks are very good at branch distribution obviously in branch and I think TD in particular is very good. But we probably aren't as good as an industry at new to bank customers and opportunities over the Web. And so that tends to be a bit more of an expertise of the US based banks. And so we're planning on upping our game on that front.

Michael Goldberg - Desjardins Securities - Analyst

If I could just elaborate, do you have any goals as far as, as you called it, new to the bank customers that you'd expect to be able to complete this process online, which I suspect now is near zero, and what the impact of that would be.

Brian Haier - TD Bank Financial Group - EVP, Direct Channels & Distribution Strategy

Yes, I think the existing number would be near zero. If you look at some of the behavior that happens in the United States, which would probably be the most mature market here, depends on the product. You might be able to acquire mid teens in terms of new to bank checking accounts. You might be able to do a little bit more than that in credit cards. But very much it's going to differ by product, by offer, by population. And that's kind of the research that we're basing some of our investments around.

Tim Thompson - TD Bank Financial Group - SVP - IR

Just before we come back to the room here, just want to remind people on the Web or on the phones, if you do want to ask a question you can queue on the phone or submit your question by email. So just in the room here. Sorry.

Brad Smith - Blackmont Capital - Analyst

Great. Thanks. Brad Smith, Blackmont Capital. I guess, Tim, this probably is a question for you. The impressive revenue growth that you've had over the last five years, what you're planning for in terms of how you're positioning the division going forward with respect to growth rate of revenue considering your store advantage, your customer advantage, slower economic scenario perhaps, deleveraging, how's that going to affect, in your view, your revenue potential?

Tim Hockey - TD Bank Financial Group - President & CEO, TD Canada Trust

On the one hand, obviously the deleveraging of the Canadian consumer and, quite frankly, torrid pace of asset growth in Canada over the last number of years, you would expect and we certainly do expect a reversion to the mean. However, we like the fact that we have made, quite frankly, a disproportionate share of the investment that's been made in the Canadian space.

We have, as Kerry said, a very large number of the new branches and new branches just grow faster than less -- than mature branches. And as a result, we would expect to be able to continue to outperform certainly, as we have in the past, on the revenue front in Canada.

Brad Smith - Blackmont Capital - Analyst

Not trying to nail you down, but is there --

Tim Hockey - TD Bank Financial Group - President & CEO, TD Canada Trust

You won't.

Brad Smith - Blackmont Capital - Analyst

What are the -- what are the drivers as you see it in terms of driving your revenue growth? Is it economic expansion or leverage? I'm just trying to get a sense for how these factors interact to drive your revenues?

And just as a follow-up with respect to your profitability with such an impressive expense performance, efficiency performance, how's that going to play in? I mean are these revenues and profits going to start to converge?

Tim Hockey - TD Bank Financial Group - President & CEO, TD Canada Trust

Great question. What we didn't say in my opening comments but many of you heard individually in one-on-one meetings perhaps or quarterly calls, we have a pretty simple business model. And there's a reason why we chose service and convenience as the basis upon which to operate. And that is if you think about what retail banking is all about, why did we all as consumers first choose which bank to decide to deal with?

Pretty simple. Where was that branch relative to my home or my work? And in our case, how convenient is it for me to get to that branch with 59% more hours. So we think that we get more than our fair share of customers coming to us in the first place.

And then the second question you might ask yourself is and why do Canadian consumers leave their bank. Quite frankly, because we upset them. We deliver. Anybody at one point might fall over the tipping mark and actually get upset with their institution and go and try another one. So highest level of service, which quite frankly means we upset less customers than the competition, so we gain more and lose less. So from that simple model, our revenue growth stays high. That's the first thing.

On the efficiency ratio, I'm often asked what's our target. We don't have one other than one direction, lower. Because we expect our revenue growth to stay high and we won't invest more than our revenue growth rate. And so if it turns out our revenue growth rate stays high, we'll invest more in the future. That's the basic long term essence of this model, to keep paying for future earnings by reinvesting the revenue growth that we have.

Tim Thompson - TD Bank Financial Group - SVP - IR

Great. So we're going to go -- can you just hold that question till at the end? Sorry.

So let's take a pause and go back to the presentations now. But we'll come back to Jim right at the beginning of the Q&A session. Thank you. All right, so, can I have Shailesh up, please?

PRESENTATION

Shailesh Kotwal - TD Bank Financial Group - EVP, Retail Banking Product and Services, TD Canada Trust

Thank you, Tim. We have a very well franchised customer base here in Canada. We have over 10 million customers and that's one out of every three Canadians banks with us. 41% of Canadian adults does business with us. Most of them have multiple products with us. Makes for a great franchise.

We've got leading market share in most of our consumer products. And what's equally important is over the course of the last year we have added another 27 basis points to an already strong position in the marketplace.

We also continue to diversify our distribution mix. Just to give you an example, a few years ago our real estate lending business had about 55% of our originations coming from branches. So non-branch distribution was about 44%. That number now is well over 50%. Similarly in our auto lending business, which is exclusively focused on non-branch distribution channels, that business has continued to evolve. And I'll talk to you a little bit more later on about the growth in our auto lending business.

This is all part and parcel of our effort to offer products to our customers where they want them. Retail products are a significant contributor of TDBFG's revenue base. Last year will contribute about 35% to TDBFG's revenues. These are all every day banking products, quite simple, stable and relatively low risk.

Turning over to slide 27, for those of you following us on the Web, you will have heard up until now we are quite a customer focused institution. And our products and services group is very much part of that story. You've seen the details of our Customer Experience Index that Brian and Kerry and Tim talked to you about. It is a long journey in trying to build that information pool and learning how to use that information. It is our core competency.

And this year we are raising that bar, which I believe is an industry leading initiative. We're going to add a product dimension to how we manage and measure our customer experience. In fact, what's amazing is we're already benefiting from that information to drive great results.

We create value quite simply by offering products that are easy for our customers to understand and easy for our front-line staff to sell and service. Quite a straightforward model. This relentless focus on customer is only balanced by a very highly disciplined approach to margin management and operating efficiency. You heard a lot about that throughout this afternoon.

In fact, our ability to push capital down to individual product level helps us manage those margins and optimize on a risk adjusted basis. It's quite a discipline. And I'll tell you how we do this. Every month we have our entire product executive team get together with the senior management team to talk about the performance in their products.

They have to be able to talk about what's going on in their individual product portfolios. They have to be able to speak to what's going on in the marketplace and be able to walk and talk through what's happening in their portfolio margins. It is quite a discipline.

Now the reason we invest so much energy in this very interactive discussion actually makes for quite some interesting discussions is because we want our product executives to fully embrace -- they get the science behind margin management, but we also want to get -- want them to get the art behind margins and how it is all intertwined and wrapped around our customer experience. The importance of this stood out quite a bit earlier this year when we saw a lot of volatility in the marketplace and we were able to make the right tradeoffs between margins and volume gains.

I'm sure all of you are familiar with what happened to liquidity in the marketplace. And as that liquidity dried up, we saw a number of players, particularly in the non-branch channels, with some fairly strange pricing tactics. We were able to stick by our pricing discipline and were able to let go of some of those volumes and allow our growth to slow down a bit. It was a conscious move and we believe it was the right tradeoff to make at that time.

We also continue to make great progress in growing our underrepresented businesses. For example, we saw tremendous growth in our auto lending business. And we are pleased with the growth we are seeing in our credit card lending business, both with sustainable margins. Even in our more established real estate lending business, we are growing our business in underrepresented geographies.

Turning over to page 28, let me give you a clear example of how our customer focus is resulting in great products with strategic and meaningful differentiation in the marketplace. Our latest product, called Simply Save. Now, this was a product that was designed with our customer in mind. Let me give you some statistics.

Research showed that one out of four Canadian families, one out of four Canadian families, will have difficulty meeting an unplanned expense of $5,000. That same ratio, one out of ten families will have difficulty meeting with an unplanned expense of just $500. To make matters worse, what was startling was a staggering 92% of Canadians said they would love to save more but have difficulty getting started.

Simply Save was the answer. It's a product feature that links their checking account to their savings account. And every time the customer uses their access card for either a cash withdrawal or debit payment transaction, a pre-designated amount of anywhere from as little as $0.50 up to $5 get transferred from their checking account into their savings account.

Now, we've had phenomenal response to this. In nine weeks since we launched the product, we had well over half a million customers sign up in just nine weeks. And over that time, Canadians have saved almost $70 million, just through this particular initiative.

Now, that might seem small to you, but remember what I just shared with you about the data about average Canadian families. So the reason it was such a hit is because it was a very strong value proposition. And it was a very simple process that our customers were able to engage in quite well and frankly was quite easy for our front-line staff to sell and service that particular product.

Turning over to another example, credit cards. I'm sure many of you carry credit cards in your wallets on which you earn points. All of you know that earning points is great. Redeeming is quite hard. Lots of limitations. You can't use your points when you want them, seats are not available, the famous blackout periods that a lot of organizations have, you have to use them with only certain vendors. Lots of limitations.

And so we designed this product with our customers in mind. Our TD First Class Visa product addresses these needs in a very flexible reward program. Our customers are not locked in. They can use their rewards whenever they want, wherever they want. They're not compelled to use their points at laundry stores or grocery stores because they can't redeem them for travel purposes, for what they signed up for. They can use it, again, anywhere and everywhere that this -- that they choose to. Not only that, if they don't have sufficient points, they can top it up with a charge to their credit card. So it's a very flexible reward program and our customers are loving it. We have 185,000 customers, actively engaged customers on this product already. It was launched early last year.

With products like this, we have added 73 basis points of market share in our credit card business over that period. So it's bringing great results by bringing products to our customers that are easy for them to understand.

Let me show you a little bit about how this is driving our results. You'll see two graphs on there. Products like these that I talked to you about continue to help us with great momentum in our volumes. Not only that, this year we have accelerated that growth. In our lending businesses, the chart that you see on your left-hand side, we have accelerated growth this year to 12%. The deposit growth rate has also accelerated this year. Year-to-date our growth is almost 16%.

Our home equity line of credit is also a product that we strategically invested in some years ago. It continues to be a market leader, delivers high customer satisfaction, and generates healthy returns for our shareholders. We also made a decision to invest in our auto lending business. Until a few years ago -- let me just share with you a little bit of details here. A few years ago, auto loans, we used to finance less than 1% of new cars being financed in Canada. That number this year climbed to nearly 9%. And we will average about 7% growth rate in that particular business.

You heard a lot about margins. You see a fairly long period there, from 2004 to 2009, and as you can see, the green bar over there, I'm on page 31 for those of you on the Web, we've been able to maintain our margins relatively stable over a fairly long period of time. What's driving this is a leadership position in deposits. The significant margin that we have in deposit share versus our competitors gives us tremendous stability in our funding and we keep this funding strong even as we grow our higher margin lending products.

Equally important is our relentless focus on margins and efficiency, ultimately, as I said, allocating capital down to individual product levels. When we allocate capital down to products, it's not just at the gross product level, but we are able to allocate it down to individual product levels, thereby not only optimizing margins across product families but also at a fairly granular level within individual product categories. This requires a great deal of talented people and we spend a great amount of time methodically building our next generation of product leaders.

Let me turn over to page 32. In summary, we continue to focus on things that are proving successful for us, delivering great customer focus solutions that are easy for our customers to understand and easy for our staff to sell and service. We continue to have industry leading market share in consumer products. We have great momentum in our volumes that is fueling our top line growth, a high degree of discipline around margins and efficiency, and we continue to grow our underrepresented businesses. And with that, let me turn it over to Margo.

Margo McConvey - TD Bank Financial Group - EVP, Operations and Technologies, TD Canada Trust

Thank you, Shailesh. So as it relates to operations and technology -- sorry -- we support the delivery of all of TD Canada Trust products and services that we deliver through all of our channels. As you've seen every year, the businesses that we support in TD Canada Trust has grown. Our mandate is not to just support this growth but rather to make sure that ever year we're doing things better and doing things for less.

In terms of approach, generally speaking we don't like the risk associated with multiyear transformational projects. Nor do we like cyclical one-time cost cutting programs. Rather, to deliver our performance, we maintain a focus on -- a consistent focus on the capabilities and tools of continuous improvement, together with constantly leveraging people, process and technology.

As you can see -- there we go, that's better. As you can see, from the two charts on your right, our history of employing this approach has allowed us to support TD Canada Trust growth with 20% fewer employees in the back office and a reduction of a little less than 50% in our site footprint for the back office.

As it relates to technology, not surprisingly for a retail bank, it is an integral part of our strategy. From the pie chart that you'll see on your left, you'll notice that we think about technology in primarily two buckets, those that are in the customer facing delivery channels and those that deliver the overall efficiency and effectiveness for TDCT business overall.

With technology being an important enabler of TD Canada Trust's growth and performance, it is an area of continued investment for us. In this regard, our five-year compound annual growth rate in terms of development spend has been 11%. That's been inside of TD Canada Trust's total expense growth rate for the same period of 5.5%. One way we seek to ensure that we're getting value for our development dollars is a program we use internally called our goal methodology. In essence, it's a discipline to drive technology benefits in six-month increments. While this methodology does not fit everything we do, it is our practice bias.

Now I'd like to move on to our priorities. Traditionally when people think of the back office, rarely do they appreciate the direct connection to the customer experience. You get a customer payment, a credit authorization or even a collections action, over 75% of the time the support areas of our business play a role in the delivery of our customer experience. This perspective puts the customer at the center of the operations and technology business model.

It means that in addition to the service level agreements that are standard for businesses such as ours, in 2007 we've been measuring and holding our support areas directly accountable for their impact on the customer experience. To my knowledge, this direct linkage between the back office and their impact on the customer experience is unique to TD Canada Trust.

Our customer centric model has also led us to evolve our dominant process improvement approach to that of lean six sigma for both design and process improvement. This evolution and how we design and evaluate or improve our process continues to simplify the customer experience, as well as streamline our overall business. Our focus on the customer experience and lean continuous improvement not only delivers results for our customers and our businesses, but it also makes sure that our people are aligned and engaged in work that is both meaningful and impactful.

Let's just take a look at our results. So as Kerry noted, we know that advocates of our brand purchase more, are less likely to leave, and refer others. It was a watershed moment for us in 2007 when we met benchmark our back office with regard to the customer experience. What we learned is that while we were delivering high levels of service in terms of our service level agreements, we were in fact neutral and sometimes negative with regard to our impact on our customer experience.

As you can see from the top graph of this slide, since that watershed moment in 2007 we've achieved a four times level improvement in our support areas impact on the customer experience. We've done this the way we do most things, quite frankly. We measure it, we hold ourselves accountable, and we link it to our performance. This means that our back offices are now very -- sorry, performing very positively in both fronts in terms of the impact on the customer experience as well as delivering high service level agreements to our partners.

So what does this feel like in terms -- in practical terms? In the back office we take about two million calls a year. What it means now is that our people own solving customer problems. They are there in order to provide solutions as well as advice, not just to process transactions and to answer simplistic questions.

Moving on to the middle slide of this -- sorry, the middle graph of this slide, you'll see that the number of people we need to support TD Canada Trust's growth has consistently declined over time, while at the same time the engagement of our employees has risen. As we continuously -- as we continuously streamline our business and automate our processes, this delicate balance with regard to an engaged workforce is critically important to us.

To this end, our coaching and development focus as well as a robust reward and recognition program are very key in terms of striking this balance. However, by far the greatest link to our employee engagement has been our focus on getting our back office folks directly playing a larger role in our continuous improvement model.

Of course, we've done this by including training as well as support for our people. I just want to give you an example of what I mean by that. One of the things that we do in our fraud business is when a customer has been the victim of a skimming fraud, let's say, on their banking card, one of the things we need to do is reimburse the customer.

In this particular instance we had three of our front-line most junior fraud employees take a look at that process and decide that the four to five days on average it took us to reimburse our customers was really not the kind of customer experience that we should be delivering.

So with the support of their supervisor, they took one day. They sat down. They mapped out the process from end to end, really with the objective of just removing the waste and streamlining the process. Three people, one day, took what was a four to five-day process and turned it into 24 hours.

What was even better than that, though, once they had put that into place, and they're working across their teams, they were so energized and motivated by the impact that they could have they've now turned that 24-hour reimbursement into a 4-hour reimbursement.

So on its own this is, of course, just a small example. However, I do think it does give you a real sense of how we operate our business and the important role that our engaged and capable people play in terms of delivering our performance.

In terms of performance, when you look at the linkage between what I've talked about in terms of the customer experience, continuous improvement, and the engaged employee, obviously all of this only matters if we can link this into bottom line results.

So as you'll see on the bottom graph here, we've been able to achieve an 18% improvement in our cost to deliver our support services on all the customer transactions that we process. So this delivers on our mandate to achieve cost reductions that are sustainable but also in a way that's in keeping with our brands.

Up until this point I have been talking about operations and technology. I'd like now to switch gears and talk to you about our TD Helps program, which is a program that I've had the opportunity to lead but in fact takes this whole team in order to deliver. This initiative directly -- sorry. This initiative links directly to something that Tim mentioned in his opening comments with regard to our goals to stand by our customers in tough times.

Our TD Helps program has brought together virtually all of the businesses of TD Canada Trust to design and deliver a very purposeful program to take action to ensure that TD Canada Trust remains number one during -- with our customer service during these tough times. So to emerge stronger, we wanted to make sure that we were delivering solutions that matter to our customers right now.

So what do I mean by that? We want to be committed to continuing to lend, keeping our banking costs low, delivering customized solutions that help our customers with their cash flow and their debt management. And of course continue to support our communities. So earlier in the year when the impacts of the real economy were unfolding for our customers, we ensured that all of our front and our back office employees were trained across the country and equipped to provide these real solutions to our customers.

So what do these solutions look like? Tangibly speaking, it meant that we were able to put in the hands of our employees the ability to defer loan and mortgage payments on a short term basis. We were able to work on restructuring and debt consolidations in order to improve cash flow and reduce peoples' overall debt. Importantly, though, our people were given the decision-making ability to make sure that they could work with our customers who were struggling in tough times.

As noted on this slide, in this initiative we've obviously dramatically increased the number of credit specialists as well as our success in providing these solutions. And most importantly, we've helped well over 17,000 customers make their debt payments more manageable, stay in their homes, and get their financial lives back on track. We introduced a mirror program for our employees at the very same time.

So just to summarize, across TD Canada Trust we will continue our purposeful focus of standing by our customers who are experiencing financial difficulty. In operations and technology we will continue with our mandate to deliver a better customer experience at a lower cost. And we will do this in a way that's sustainable, delivering year-over-year improvement. We'll continue to leverage our tools and process design improvement in automation. And finally, we'll continue to focus on building the capabilities and tools as well as the engagement of our people all inside of our performance culture.

Thank you very much and I'll now turn it over to Paul.

Paul Douglas - TD Bank Financial Group - EVP, Business Banking, TD Canada Trust

Thank you, Margo. I'd like to preempt an obvious question for the Q&A. Yes, I represent 100 of the 164 years that Tim mentioned as experience in this group. So let's just get that over with right now.

So let me start by explaining to you what the business bank is at TD. Business banking provides deposits, credit and cash management services, as well as access to the payment system, to a full range of business clients, from the very small to the quite large. In addition, we sell products for TD securities, like derivatives and foreign exchange, and we provide referrals to our partners in retail, wealth and investment banking.

Small business banking is serviced through all the branches in the full retail network as well as telephone and Web channels. In addition, we have 337 small business banking specialists located across Canada in areas where business concentration warrants. Commercial banking clients have their day-to-day needs served in the same way as small business banking. But in addition they have direct relationship coverage by dedicated relationship managers located in 46 commercial banking centers and another 37 standalone locations across the country.

Merchant services is the business of the acceptance of credit and debit card payments. TD is the only bank that has stayed in this business and we view it as an important relationship tool for our clientele. In addition, merchant services gives TD a unique and balanced view in the debit and credit card space. Merchant services also enhances our deposit business.

One of the key areas of competition for any business bank, there are three. The number and quality of bankers that we provide, our appetite for risk, and our price. We consider ourselves conservative on risk but always competitive on both risk and price. We choose the quality and the -- a number of our bankers that we field as our competitive advantage. Simply put, we want the best bankers we can find and we want to put them as close to the customer as we can get them, able to deliver the bank.

In the past three years we've increased the number of small business banking specialists by 33%. We've increased the number of commercial bankers by 38%. And we've increased the number of locations where we have such specialists by 27% -- sorry, 23%. We continually focus on improving our platforms and our processes to improve both the client and the employee engagement.

The merger with Canada Trust did not bring much in the way of business banking market share. As a result, our business banking credit market share compared with our retail credit market share is smaller than we would like. And our goal is to increase that market share substantially, to bring it closer into line with retail.

Let's look at our medium term results. Loan volumes have grown steadily over the last five years and have resulted in a compound annual growth rate of 15%. You should note that the volume growth in 2008 was impacted by the transfer of the multi-unit residential business to business banking from where it was before in a retail product group.

Net of this transfer, volumes would have been $22 billion and the adjusted compound annual growth rate 8.3%. You should also note that in 2009 we grew our credit volumes despite the fact that the overall market has shrunk.

Deposit volumes have shown steady growth year-over-year and continue to be a source of strong business banking revenue growth. And as you can see, the business bank is more than self-funding. Revenue growth has slightly lagged volume growth due to competitive pressure and, more recently, as a result of the financial crisis. But remains strong with a compound annual growth rate of 8.3%.

Just to put these loan volume growth figures into context, if you look at TD's four largest peer -- competitors in the last three years, the growth rate -- ours is a little over 13% in the last three years. The growth rate of our competitors ranges from 2 to 7. And in the last year, our growth rate is approximately 9 and no other competitor has been in the plus side of the growth scale.

So I told you that we wanted to increase market share. Let's see how we're doing. The business bank continues to have a successful deposit focus, which has led to strong market share in deposits and a number two position in both small business banking, at just under 22%, and in commercial banking, at just over 21%. Our total credit market share, as I mentioned earlier, is smaller, is 14.6% and places us fourth in the marketplace.

We have been on a journey to prudently increase our credit market share over the last three years. And we're pleased with our performance against our four largest peers. We have seen an increase in our market share of 235 basis points during that timeframe against an average loss of market share for the four peer large group of 63 basis points. This gain is even more significant since 130 basis points has occurred in the last 12 months, which is consistent with our philosophy that we should stay with our clients in tough times. We believe that we're on the right path.

So what would I like you to remember from this other than my age? One, we're on a program to profitably and safely increase market share across all business banking segments. We choose to compete on the quality of our bankers and the service that they provide to their clients. We continue to add to their numbers and place them close to their clients, equipped to deliver the bank.

And our recent performance gives us confidence that we're on the right track.

And this concludes the formal part of the presentation. Now we'll go to the Q&A.

QUESTION AND ANSWER

Tim Thompson - TD Bank Financial Group - SVP - IR

Thanks, Paul. That's great.

Just while the presenters are coming up here, just a couple of things here. One, for people on the phone or on the Web, please feel free to queue -- send in your email questions through the Web or on the phone, just queue up in the phone question session.

Just a remainder if you're here in the room, if you want to ask a question, put up your hand, we'll get a microphone to you. Please state your name and then ask your question. Hopefully the microphone will be on when you do that.

Excellent. So with that, we'll open up for questions. And we're going to Jim first, Jim Bantis, back corner. Must be a great question because it's been brewing for about 45 minutes now.

Jim Bantis - Credit Suisse - Analyst

Thanks very much. Jim Bantis, Credit Suisse. On slide 7 when you look at the efficiency improvement over the past five years, TD Bank has gone from roughly about 59% to 48%, so an 11% improvement. And when you think of the next five years and you think of the initiatives that you're working on that were talked about today, increasing market share in business banking, the shared services, Brian talked about the new to the bank initiatives on the Web, structurally where could that efficiency ratio go five years from now, Tim?

Tim Hockey - TD Bank Financial Group - President & CEO, TD Canada Trust

Great question, Jim. I would say --

Jim Bantis - Credit Suisse - Analyst

Thanks. It took me a while to come up with it.

Tim Hockey - TD Bank Financial Group - President & CEO, TD Canada Trust

Great question but I get it all the time. And the answer is we really don't know other than the fact that it is lower. If you look around the world, a major European bank that has very much an efficiency focus would get that number in 40s, as in the 40-ish range. So every time we see a number that's not much lower we say, hey, we got tons of room to grow.

So it's very much -- and I think you -- hopefully everybody got the sense that this isn't a -- it's all about a one year or one quarter or just a revenue. It's about continually trying to be the better bank and lowering that number and continuing to reinvest to do that year in and year out.

Jim Bantis - Credit Suisse - Analyst

Tim, when I look at that same chart, your competitors have actually made almost equal gains in terms of about a 10% improvement. Using that golf analogy that was made earlier, was it -- five years ago was everyone shooting 100 and is now everybody shooting 80?

Tim Hockey - TD Bank Financial Group - President & CEO, TD Canada Trust

Yes, I'd say there's no question that it gets tougher. Using that same golf analogy. So would we see the same sort of decline rate and slope? Our models would say probably not. But I think that that would be the same for everybody.

Jim Bantis - Credit Suisse - Analyst

So maybe just to kind of nail it then, when you think of the industry has moved lockstep with you over the past five years, could TD be a differentiator versus its peers in this measure in the way they do things over the next three years given it's so hard now to improve?

Tim Hockey - TD Bank Financial Group - President & CEO, TD Canada Trust

Well, if we can continue to grow our revenue 3 points higher than the competition, I love that model because it drives this as almost a financial aftermath and yet we're able to reinvest more than our competition and still get a lower efficiency ratio. So again, back to what would we -- we're a growth company. This is all about finding opportunities to continue to grow faster than the competition, reinvest in next quarter, next years, next decade results and it's the gift that keeps on giving. And oh, by the way, your efficiency ratio drops.

Jim Bantis - Credit Suisse - Analyst

Thank you.

Michael Goldberg - Desjardins Securities - Analyst

Thanks. Michael Goldberg, Desjardins Securities. This one's probably for Shailesh. Some banks have chosen not to originate mortgages through the broker channel. And others, including TD, use the broker channel in addition to proprietary origination. Talk to us about why you use the broker channel, how you do it, the challenges it creates and the benefits you think it provides.

Shailesh Kotwal - TD Bank Financial Group - EVP, Retail Banking Product and Services, TD Canada Trust

Michael -- is this on? Michael, as I said in my prepared remarks earlier on, our strategy is to offer products and services at locations where our customers could do business -- prefer to do business with us. There is a segment of population, relatively small, that chooses to use that particular channel. That's the one they find the most convenient for them and we will continue to offer that product through that particular channel, balanced with our focus around managing and optimizing margins.

That's really what we focus on at the end of the day in terms of how we offer those particular sets of products. Looking for efficiencies and making sure that the products that we are offering, irrespective of channel of offer, meets our hurdle rates with respect to returns on a risk adjusted basis.

Tim Hockey - TD Bank Financial Group - President & CEO, TD Canada Trust

The only thing I'd add would be that we made a decision a few years ago, before Shailesh got there, that if we were going to continue to stay in that space, we would recognize it for what it is. And it is probably one of the largest contributors of net new customers to the franchise on a percentage basis, as Shailesh said, with literally a third of bankable Canadians, or even more than that, that have business with us. That's a great opportunity for us to make sure that those customers actually become, call it more franchise TD customers.

So our discipline on a risk adjusted basis is to make sure that that -- the originations of that channel are economically profitable to us. We do it in the broker channel. We obviously have a specialist sales force and of course a proprietary branch channel. And we do, I think, a very good job of making sure that we have each recognized for the unique contribution that they bring.

Tim Thompson - TD Bank Financial Group - SVP - IR

So just to be clear for our investors in the room, we're happy to take questions. We love our analyst friends, but investors, please feel free to ask questions as well. I think I saw Sumit over here.

Sumit Malhotra - Macquarie Capital Markets - Analyst

Sumit Malhotra, Macquarie Capital Markets. a couple of comments that were made, first of all, it sounds like your average products per customer is about between two and three. Also, I think Brian mentioned that there was going to be more integration between the retail businesses at TD. If we put those together, can you talk about where your average products per customer in Canada ranks against your competition and where you think a realistic goal can be for TD within the next three years?

Tim Hockey - TD Bank Financial Group - President & CEO, TD Canada Trust

Let me start and I'll throw it over to Kerry to talk a little bit about cross-sell and product penetration. The problem either as analysts or investors you probably have is you actually can't compare across different banks because everybody defines the denominator differently. Is it a product family, is it a household, is it a customer? We tried for my entire career, quite frankly, we've tried multiple times to try and compare us.

The most recent we did was a comparison with ourselves and Wells Fargo because Wells is famous for the products per customer metric and they're quite open with it and have a longitudinal series to check against. And I'd say when we use their math, as best we could figure it out because it's proprietary, we compare very favorably in terms of our growth rates. But there are some concerns with measuring cross-sell or product penetration on its face. So I'll throw it over to Kerry.

Kerry Peacock - TD Bank Financial Group - EVP, Branch Banking, TD Canada Trust

In the distribution network we don't use product per customer as a driver for our front-line team to avoid selling empty widgets. We keep the people focused on the customer experience as a primary driver. And then by having the ability for them to get recognized when they hand a customer off, whether it's to wealth or commercial, we get broader relationships.

So we don't directly incent it, but we're trying to get our people focused on building relationships with customers and the outcome, which we see in the marketing guys when they dig deep into the file is that we do pretty well compared to the rest on how deeply penetrated our customers are.

Tim Hockey - TD Bank Financial Group - President & CEO, TD Canada Trust

Sumit, just to add further color to that, it's less about the absolute number; it's the slope of the curve over a long period of time. And so because we were able to actually go back over a series of quarters, multiple years, we're, quite frankly, very comfortable that our slope is quite steep and on the way up because our model, as Kerry said, essentially incents on its -- in its primary structure the ability to have deeper customer relationships.

What we will not do, because we think it is dangerous, is to throw that out there as being a driver for compensation for measurement because you just get people striving for absolutely the wrong thing.

Sumit Malhotra - Macquarie Capital Markets - Analyst

Staying with that point, your commentary on underpenetrated businesses, if I think back five years, yourselves and Bernie laid out commercial banking, credit cards, insurance and auto as four areas where TD was underrepresented. Both in absolute terms and in market share, all four of those have done extremely well in that five-year period. So when we think about the terminology of underpenetrated businesses today, is it those same business lines or is it more of a geographic look we're taking here or is it new business lines all together?

Tim Hockey - TD Bank Financial Group - President & CEO, TD Canada Trust

Great question. I would say those same businesses, as Paul laid out for example, this is a, as I said earlier, game of inches played out over many years. And so as a result, it takes a while to get you to the level where you have dominance. And so we think we've got a lot of room to grow in many of our underrepresented businesses. But to your point about additional underrepresented business, it doesn't matter which part of the bank you are. We're constantly looking for those opportunities to grow faster than our sort of traditional rate.

You mentioned geographies. Quebec a number of years ago, it was very clear to us that our relative share inside the province of Quebec was low. And as a result, we've hyper-invested in Quebec as a growth opportunity over the last few years. So actually, I'll just ask each of the product heads to talk about how much they've grown in Quebec as an opportunity, starting with Paul.

Paul Douglas - TD Bank Financial Group - EVP, Business Banking

We're reasonably early in our market share growth in Quebec. But in the last few years we've opened two new commercial banking centers, one in St. Laurent, one in Laval. November 1st we'll open a new commercial banking center on the south shore and a significant number of those new bankers I quoted are in Quebec.

Kerry Peacock - TD Bank Financial Group - EVP, Branch Banking, TD Canada Trust

So for us, we're up over 25%. We had 80 branches in 2004. We have 104 now.

Shailesh Kotwal - TD Bank Financial Group - EVP, Retail Banking Product and Services, TD Canada Trust

Same thing with our real estate lending business we've added close to 50 mortgage specialists in that. And in fact, this year we will grow our real estate lending business in Quebec by close to 25% year-over-year.

Tim Thompson - TD Bank Financial Group - SVP - IR

Bryan, sorry, can't see back there.

Bryan Pilsworth - Foyston

Hi. Bryan Pilsworth from Foyston. Just a quick question. You talked earlier about that net promoter or that top customer was obviously a cherished individual. Could you tell us a little bit about how you guys get that customer from the bottom of the segment to the top? What is it -- I guess we're always trying to look for your secret formulas. You probably won't share it with us today fully, but if you can just sort of walk us through how you build that customer relationship, how you move them from one product to two product to three products.

Tim Hockey - TD Bank Financial Group - President & CEO, TD Canada Trust

Kerry?

Kerry Peacock - TD Bank Financial Group - EVP, Branch Banking, TD Canada Trust

Okay. So I think we focus on the relationship side and that helps them move to the products. And I mentioned a little bit you have to have programs that support the measuring of the customer engagement. And we keep adding new ones. So, for example, with the Customer Experience Index, we have the promoters and the detractors.

And so one of the programs we added was we now have all those detractors, we ask them if they'd be interested in speaking with someone. And those who say yes, we hand them off to the branch manager and the branch manager calls them so that we can find out what is it that would take it -- to move them from being a detractor to being a promoter.

And do the same thing -- like, we are learning from TD Bank, America's Most Convenient Bank, they had mystery shopping and we didn't. So we've been piloting mystery shopping this year, which gives you a more kind of quantifiable individual level experience to say how is that particular employee doing with the employee -- with their customer engagement. And so we piloted that this year and we'll roll it out in 2010.

So it's all those kind of program things to help our folks connect better with customers that help us drive it.

Adrian Mitchell - HOOPP

Adrian Mitchell from HOOPP. I have two questions for Margo. First of all, I was wondering if you could talk about use of outsourcing and offshoring in your areas and how that's changed since maybe 2004.

Margo McConvey - TD Bank Financial Group - EVP, Operations and Technologies, TD Canada Trust

Okay. So, outsourcing and offshoring are part of our business model since 2004. It's -- I'd say it's just one of the tools in our toolkit. We look specifically -- as we go through our process design and process improvement, we first look to make sure that we've actually leaned our processes, automated our processes, and then, depending upon the nature of that and its impact on the customer experience, we decide whether, in fact, we're best to do that or, in fact, there's someone in terms of a vendor who could do that for us.

In terms of a percentage of our work, though, outsourced, it really hasn't grown materially over 2004 and we don't anticipate any sort of changes in that regard in the near term.

Adrian Mitchell - HOOPP

Thank you. And I, too, appreciated the slides that you had in your commentary today. So I was wondering, I mean the things that you said sounded very reasonable, non-transformational projects, that kind of thing, continuous improvement. To the extent that you're able to, could you talk about where the choices that your area at TD has made are different than choices that other large Canadian FIs might have made?

Margo McConvey - TD Bank Financial Group - EVP, Operations and Technologies, TD Canada Trust

I don't think I can actually talk to the choices that other Canadians have made -- other Canadian FIs have made. One of the things I think that is unique to us are some of the things I did talk about and that's the fact that this is just a constant process for us we just keep going deeper and deeper on. And when I say deeper and deeper, I mean the sophistication of our capability continues to improve. The sophistication of our people continues to improve.

And I think one of the differentiators is we really do look to streamline the process before we add technology to it because that creates a real problem and do that first. And there's just a lot of opportunity to do that in an institution that's 152 or 153 years old.

Tim Thompson - TD Bank Financial Group - SVP - IR

So we have a question from the Web. It's from Mario Mendonca from Genuity. I'll just read the question.

Management has explained that the deposit franchise is important to the margin. What is the upside to NII, net interest income, from a lift in short term interest rates?

Tim Hockey - TD Bank Financial Group - President & CEO, TD Canada Trust

So, Mario, it's Tim. I'll take the question. The short answer is obviously with a very high degree of our deposits in core deposits, then there is an upside to that. We don't expect our outlook for interest rates is obviously -- as handed down to us by Don Drummond and we expect that that's still a fair ways off. So as a result, we're not planning on that in the short term as being an opportunity for revenue growth for us. But obviously, as it increased, there is an opportunity for NII gains.

Unidentified Audience Member

In terms of you outlined your -- Tim, you outlined your credit outlook on slide 8. Have we seen (inaudible - background noise) given the different businesses which you have, they have different moving parts. You've been reserving earlier in the cycle. Have we got into a point where we can see stable from here?

Tim Hockey - TD Bank Financial Group - President & CEO, TD Canada Trust

No, we don't think so. When it comes to the PCL for the industry, and us in particular, it is so closely correlated to the outlook on unemployment on the personal side and, as we said earlier, on the commercial side there's a lag effect even from that. So you can take a look at what you expect the unemployment rate to be and we don't believe that, whatever it is, in the high 8s now, that it's peaked yet. It'll probably continue to peak in first or second quarter. So as a result we would see our peak in p sales being sometime next year.

Unidentified Audience Member

On a different front, opportunities for growth, there were a number of players which have disappeared out of the lending market, in the different lending markets different. What are the -- and everybody was scared to lend. What type of revenue growth and what do you see or where do you see opportunities for growth in the next few years?

Tim Hockey - TD Bank Financial Group - President & CEO, TD Canada Trust

I'd say that overall there has been certainly opportunities to take share from the exits from the marketplace. And we've done that. As a result, I think Shailesh's example on auto was a great one, to go from 1% to almost 10% share in literally a year when entire categories of auto financing, like leasing, dried up for a period of time. But that's now moderated back down, as you said, to the middle single digits.

I take that sort of share gain and put it back in the context of the answer I gave on what do we expect revenue growth to be. It'll moderate. There was an opportunity for us to do exactly as we said, which was to power right through and continue to make good loans in bad times, just as we made no bad loans in good times, or few bad loans in good times. And so that'll probably moderate going forward.

Tim Thompson - TD Bank Financial Group - SVP - IR

So we have Jeremy using Coleen's microphone.

Jeremy Burge - Capital International

Jeremy Burge, Capital International, America's most convenient investor. I'm sorry, we sound a bit like NASCAR drivers. You've obviously been focusing on the positive things today, if that's what you're doing. But I'd like to turn it around and ask if we can have some anecdotal comments or even ranking of what you see the impediments are to achieving what you're doing. I guess some examples would be regulatory interference in terms of requirements for knowing your customer, breaking down silos between the groups even more, or even keeping up the speed with the changes that -- the way the clients whish to do business. If you could talk about those impediments.

Tim Hockey - TD Bank Financial Group - President & CEO, TD Canada Trust

Let me start with just an overall view and then talk to regulatory. The other guys can think about other issues, give them a bit of a head start. Our general philosophy, quite frankly, is when we are faced with headwinds or, quite frankly, faced with something that we point out and find out that it's, quite frankly, not very good, we actually view that as good news. And you might think that's strange. But again, you have to understand what our general operating philosophy is. We have to get better tomorrow than we were yesterday.

And so if everything was rosy from an internal operations point of view, that would be very hard to do. Margo's example of those three employees looking at one particular process that really was terrible from a customer experience point of view and then reengineering it on their own is a fantastic example where people with the right motivation, with the right intention, can find a process improvement. You do that across the organization and you have a huge opportunity.

When we're faced with headwinds from outside of the organization, like the regulatory environment currently, then clearly that's a tougher nut to crack. But if I can give some points to Shailesh and his team, we have very, very good product management people who can figure out, for example in the credit card business, if we're facing a code of conduct or interchange standards or any of the things that have been coming from our -- from our regulator or from the government, they find ways to say how can we then turn that around for an opportunity. But it will be tougher from a regulatory point of view going forward.

Shailesh Kotwal - TD Bank Financial Group - EVP, Retail Banking Product and Services, TD Canada Trust

Just to add to what Tim was saying, regulations are tough for everybody. But the thing is they affect everybody. And if you take the two components on the basis on which we compete, focusing on what our customers need, and if we keep focused on what is it that they're missing and what is it they're looking for, as long as the playing field is equal, which is what regulations will always, by and large, tend to do, then we feel comfortable in being able to operate and compete on that basis.

And the second basis on which we operate is our maniacal, almost, focus around margin management and risk adjusted returns. That keeps us in check with making sure that whatever it is that we do is in line with our overall expectation from a business performance standpoint. So it makes for a fairly good and well balanced business model.

Brian Haier - TD Bank Financial Group - EVP - Direct Channels & Distribution Strategy

I think that the area that I'm involved with, along with something that Margo's running with, are the first real beachheads, if you will, of trying to do something on an enterprise-wide level to become really the first truly North American bank. The great thing about our culture is that you can have all of these conversations, as difficult as they may be, and you have the debates and you leave the room and you agree on next steps. And I can give you some real examples of how this has worked.

So next week we will announce that we have a North American head for the ABM and ATM business crossing the two geographies in the United States and in Canada. And that's a very real signal from Tim and his counterpart in the United States, Bharat Masrani, that he believes in this. By the end of this month we will have taken the online teams from each of the four businesses, insurance, wealth management, America's Most Convenient Bank, and TD Canada Trust, and combine them into an enterprise-wide team.

And then we will assess, okay, we'll bring all these people together and there are still capabilities that you lack to respond to this growing need and then we'll add those capabilities. And even in the phone channel, which is critically important to businesses like wealth management and insurance, who are heavily reliant on that, probably more reliant on it than TD Canada Trust and America's Most Convenient Bank, who have branch and store networks, we've done some things on the shared services front where wealth has come to us and said we believe you should take the scheduling and workforce management, which is fairly sophisticated in the phone channel, and take that on in our behalf. There are very real signals of cooperation across the enterprise to really become the first truly North American bank.

Kerry Peacock - TD Bank Financial Group - EVP, Branch Banking, TD Canada Trust

I'd say, for me, part of it comes from, as Brian and his team get more success in terms of what things we can offer through direct channels, it's what are we going to be doing in the branches. I think we're very good at filling the order and we have been getting better at providing solutions. But I think that's an ongoing journey.

And as more self-serve transactions, if you will, are available through the direct channels, I think customers are going to be coming into our branches for more advice and help with complex products. So we've got to make sure our team is ready to handle that. And so that's a journey we've been on, but I'd say it's one that we need to stay on so that we're ready if that evolution happens.

Tim Hockey - TD Bank Financial Group - President & CEO, TD Canada Trust

Paul, did you want to offer a comment?

Paul Douglas - TD Bank Financial Group - EVP, Business Banking, TD Canada Trust

I'm very optimistic about our ability to achieve our goals. I don't think there's any financial or structural impediments. I think I would say, though, that when you have a business that's based so heavily on having experienced bankers in the field and you're growing as fast as we are, the biggest task is finding enough good quality people to do the job.

Tim Thompson - TD Bank Financial Group - SVP - IR

Great. We have another question from Mario. He's at home sick today.

We referred to seeing early signs of deterioration in the commercial lending credit performance. Can you add anything to that statement?

Paul Douglas - TD Bank Financial Group - EVP, Business Banking, TD Canada Trust

Well, Mario, I think you have to start with deteriorating from what. So the commercial bank has lost zero PCL on average for the last four or five years. And, yes, we have deteriorated from zero. The loan losses are still quite modest. I don't expect them to be a problem. And they'll be higher next year, but I don't think there'll be any significant problem.

Tim Thompson - TD Bank Financial Group - SVP - IR

Great. any other questions? Over here.

Stu Kedwell - RBC Asset Management

Stu Kedwell, RBC Asset Management. Just following on Jeremy's question, again the net promoter score, what role does online play in how you measure that? Do you get the same NPI in online as you do in the bank or -- and how do you think about that going forward?

Brian Haier - TD Bank Financial Group - EVP - Direct Channels & Distribution Strategy

We do measure it in the direct channels. We measure it in phone. We measure it in online. I think that we are -- we don't understand it, in all honesty, as much as we do in the face-to-face channels. It is far more volatile than you get in a face-to-face or voice-to-voice contact. But we do absolutely measure it. And increasingly, we recognize that the customer's perception, although heavily dependent in the face-to-face impression that TD Canada Trust creates, will perhaps become even more critical in that online venture.

We get measured on service against not only banks but against other retailers or other service providers. It's exactly the same online. Not only are customers assessing us against what other banks do, but they're assessing us against leading retailers. And you can't argue that in some cases, many cases, retailers do a superior job of keeping customers and clients informed through a buying process. So we are measuring it and it fluctuates and we will get much better at it.

Stu Kedwell - RBC Asset Management

And I'm just changing gears on the auto side. Now that you're -- in the last 12 months of growth, is there anything differently you're doing in that business and anything you've noticed that you wish you'd done from the get-go? Or how many of these customers are new to the bank, existing customers, things like that?

Shailesh Kotwal - TD Bank Financial Group - EVP, Retail Banking Product and Services, TD Canada Trust

So we are -- what we are just done is we have brought together two groups that used to face off against the auto industry, together, which we think will better streamline our value proposition to our first customer set, which is the dealership, and then their customer base, which is our ultimate customer.

There was quite a bit of destruction earlier this year, as we mentioned earlier on. That will moderate a bit over the coming years. But I think we are very well positioned, given the enhancements that we have done, in terms of our value proposition. Our measurement of that value to our first customer base will position us quite well, even as the industry normalizes, if you would.

Tim Thompson - TD Bank Financial Group - SVP - IR

Any other questions? Back to Michael over here.

Michael Goldberg - Desjardins Securities - Analyst

Thanks. The idea of increasing the automation of the customer signup process is kind of intriguing to me because what we've seen historically is that there's tremendous inertia in the way of customers. So if you're going to make it easier to sign up new customers, and other banks follow that pattern, do you expect that it's going to lead to a more customer movement over time? And what do you think the implications of that will be?

Brian Haier - TD Bank Financial Group - EVP - Direct Channels & Distribution Strategy

I think that we will make it easier over time and there's no doubt that the millennial population in particular is what everybody's focused on. And making it easier for them to bank with us online we hope will attract a greater percentage of those customers. We already know that we attract a greater percentage of those because of our strong market share and customer experience in our branches. We want to do the same thing online.

I can't really speak to what the other FIs in Canada are doing. I can speak to the fact that in other countries, it is easier to acquire a new customer online than generally it is in Canada and that is clearly where we want to go.

Tim Thompson - TD Bank Financial Group - SVP - IR

Back to Sumit.

Sumit Malhotra - Macquarie Capital Markets - Analyst

Sumit Malhotra, Macquarie Capital Markets. One more on NIM. To George's question, Tim, you answered that the bulk of the re-pricing had run it's course on the loan side. NIM in Canada Trust up 14 basis points in the last couple of quarters. If we think about the period in between where we stand today and short term interest rates rising, how should we think about NIM in this segment? Is there an opportunity for -- if it's not going to be loan re-pricing, can we get NIM improvement coming from deposits that may have been put on during 2008, early 2009, higher cost deposits running their course? Is there an opportunity for liquidity that may have been built up that may be more of a corporate or all-bank question for liquidity. But just wondering how we should think about NIM with re-pricing mostly behind us and short term interest rates flat.

Tim Hockey - TD Bank Financial Group - President & CEO, TD Canada Trust

Just to clarify, though, Sumit, the re-pricing, the very large part of the re-pricing won't take effect until Q1. And so --

Sumit Malhotra - Macquarie Capital Markets - Analyst

-- the HELOCs that you mentioned?

Tim Hockey - TD Bank Financial Group - President & CEO, TD Canada Trust

HELOC re-pricing. And so that's a fairly substantial boost obviously in that number. But the general structural or systemic trend in the low rate environment is to continue to slide down after that. But we essentially see it bumping around at the levels that we've got now, given either the interest rate outlook or opportunities to continue to re-price. But that is the biggest effect in Q1.

Ohad Lederer - Veritas Investment Research - Analyst

Ohad Lederer, Veritas Investment Research. You mentioned very briefly regulatory headwinds. I was hoping you could return to that theme, perhaps specifically talking about deposits and cards. We're certainly seeing some headwinds in Canada on insurance distribution, a little bit in cards. The headwinds in the United States are significantly more turbulent and for a different set of reasons. But should the US follow through on some of what we're hearing about, what's the risk to Canadian banks as a whole that Canada tries to play catch-up in a couple of years and how meaningful would that be for TD with an outsize position in personal banking.

Tim Hockey - TD Bank Financial Group - President & CEO, TD Canada Trust

Just the general flavor on regulation overall. Obviously there are different businesses that are impacted more so. I'll ask Shailesh to talk about credit cards in particular because that's one where the actual -- the regs have basically been made essentially public. There's talk in the industry obviously about impacts on interchange around debit and credit card and how that might be an impact.

We're not too worried about deposit regulation in Canada, which is -- which is great because they're obviously very good businesses for all of us, us in particular, being the leader. But we're finding that obviously Canada in particular is getting kudos for having had a very well run regulatory environment through the crisis. And as a result, we're finding our government is being very careful about what it is that they're asking us to comply with because they're not trying to fix woes that didn't actually happen in Canada.

So other than those few examples, which I can ask Shailesh to talk about, we think we're in pretty good shape.

Shailesh Kotwal - TD Bank Financial Group - EVP, Retail Banking Product and Services, TD Canada Trust

Let me take the easy one first. I think on the deposit side we've done a fair bit of homework to understand just practices that were prevalent in the US versus Canada. When you look at it from a rational standpoint, many of the pain points that the US government is trying to fix don't exist in Canada. So we think the risk is low in terms of deposit regulation coming in.

Credit card regulations, as we all know, are out already. And in a product category that is somewhat challenged from a profitability standpoint, there's little doubt in anybody's mind that it's going to put further pressure on the profitability of that particular product set, certainly in the short term.

But over time I think the players in the marketplace will try to figure out in terms of what that means from a profitability standpoint. It will mean some changes to come. But the good news is there's a fair bit of lead time that's been given to us and we'll keep watching the marketplace and react accordingly.

Rob Sedran - National Bank Financial - Analyst

Rob Sedran, National Bank Financial. Tim, you've mentioned at the outset that you have a pretty simple strategy. So it's a pretty simple strategy to imitate. Can you talk a little bit about the competitive environment and maybe explain why you obviously believe you have a sustainable competitive advantage?

Tim Hockey - TD Bank Financial Group - President & CEO, TD Canada Trust

Rob, I don't -- I think it's a simple strategy. I didn't say it was simple to imitate. Ten years ago when we started down this path, it was pretty clear that we set the toughest one to execute on. And again, many of you have heard this from me before. But there is only one of three ways any organization in any industry, period, let alone banking, can compete. You can decide to compete on price. You can decide to compete on product or product innovation. Or you can decide to compete on service.

And the fact of the matter is that the vast majority of organizations in any industry don't actually choose. They try to do all three things. And I think what that ends up with is a mediocre company. You try to compete on all three levels and you will actually just create something that isn't -- doesn't stand out from the competition. The difference is we chose. And we said very uniquely and very carefully that we are going to compete on the basis of service and convenience.

And you stick to that strategy. Doesn't mean that you're not competitive; you just don't lead with a price and a product situation. So here we are almost 10 years later and we own service and convenience in Canada. And we also have neck and neck lowest efficiency ratio. So what normally people would say as being a more expensive operating model clearly isn't. And so we don't think it's actually easy to execute on. Very easy to say, not so easy to execute on.

Does that not mean that the competition will try? Of course. And we all get paid to be paranoid. We all get paid to wake up every single day to say what is it that the other guy is trying to do to eat our lunch. But that's why we get paid. And we think we have the tools, we have the culture and we have the people that can actually execute on that day in and day out, quarter in and quarter out, and year in and year out.

Rob Sedran - National Bank Financial - Analyst

So of those three things, how concerned would you be in a recovery environment that some of your competitors may try to compete on price?

Tim Hockey - TD Bank Financial Group - President & CEO, TD Canada Trust

How concerned would I be? Sure. I mean there's always a price competitor at any point in time. Whether it be the Internet deposit businesses that came up a number of years ago, there are always new entrants in the marketplace. And as I said, every single planning period we've ever been on in our entire career, we've always talked about new entrants and new operating models.

And so we're not Pollyannaish, we don't believe that you just stick to a strategy because it's forever and ever and ever. You constantly have to look at what the operating environment is and what seems to be working. But we come back to what are we good at, what can we win on, and what do Canadian consumers value. And it turns out they value service convenience and they keep coming and rewarding us with their business as a result of that.

Tim Thompson - TD Bank Financial Group - SVP - IR

Any other questions? Okay, excellent. I'm going to ask Tim Hockey to come up just for a few closing comments and then I'll come back just for some quick housekeeping items. So, Tim?

Tim Hockey - TD Bank Financial Group - President & CEO, TD Canada Trust

Well, I think I sort of said it in the answer to that question, which is, I think, two months ago we celebrated our 10-year anniversary of the announcement of the TD and the Canada Trust deal. And when we look back on that, first of all, we were shocked at how fast time flies, I would say first of all. And the second thing, though, is there's a lot to be proud of over the last 10 years, but I can tell you right now that the year I'm most proud of is this past one.

And so why is that? Well, because what will obviously go down as one of the most challenging times in history we were able to show the power of our model. We were able to say that not just with a rising tide does TD Canada Trust do better and, as you know, literally one year almost to the day post staring at the brink of the financial abyss, TD Canada Trust in Q3 delivered record revenues, record earnings, record efficiency ratio, record employee satisfaction, and, if it's not clear to you already, the most important thing for our long term success is record customer satisfaction.

That sounds to me like it's a year to be proud of in the middle of a financial crisis. So if you've considered what it is that we will do, have done in the last little while, it's -- the key message is pretty much consistent, service and convenience. And we are a powerhouse franchise that will and has consistently delivered great results. We will continue to improve the way we do business.

It's not a single -- it's not a homerun game. It's a single. It's a game played out over many, many, many, many, many years. We invest in our businesses for the long term and again, if it's not completely clear, this management team is fixated on having the best service and convenience in the Canadian marketplace.

Thanks for your time and attention.

Tim Thompson - TD Bank Financial Group - SVP - IR

Okay, so, just to close here. So for everybody here in person, we really appreciate you coming out today. If you can fill out the survey form. And again, it's in the green folder. If you haven't filled it out already, if you could do so we'd really appreciate it. It's very important to us and helps (inaudible) our overall IR strategy.

A big thanks for everyone joining today, again here in the room and on the phone and on the Web. And thanks to our presenters. You guys did a great job. Really appreciate it.

If you have any questions about anything concerning TDBFG, the IR team is ready to help. Our contact details are in the back of the presentation and I think we know most of you, so contact us if you have anything.

With that, we'll end today's investor session. Again, thank you so much for coming.