Q4 2010
Strategic Overview
(Check Against Delivery)
Ed Clark, Group President and CEO

Thank you Mushtak, and thanks everyone for joining us this afternoon.

Colleen will be up shortly to discuss our fourth quarter results in detail. I'll start by sharing my thoughts on the quarter and the year, and then provide some thoughts on how we think 2011 is shaping up.

This quarter marked a good finish to a great year for TD, with our outstanding retail franchises leading the way. Total adjusted retail earnings were $1.2 billion, up 22% over last year. Both our Canadian and US Personal and Commercial businesses delivered double digit growth versus last year and our Wholesale bank delivered another strong quarter. Overall, this was a strong performance compared to last year, despite the ongoing economic uncertainty. That said, there were a few items this quarter that investors and analysts could not have foreseen. Expenses in both our Canadian P&C and Corporate segments were higher this quarter and Colleen will provide some more context on this later. Fundamentally, our underlying results were in line with our expectations and were not dissimilar to last quarter.

I also want to briefly comment on a business decision we made this quarter. We reached an agreement with the Canada Revenue Agency (CRA) that provides resolution to a number of previously discontinued Wholesale Banking strategies that had been reassessed by the CRA. This agreement resulted in a $121 million income tax expense for the quarter. I'm pleased with this outcome, which is consistent with our approach of focusing on our core franchise business.

Let me now look back on 2010 in a bit more detail.

Another year of records

It's clear 2010 was a year of significant growth for us, despite the weak economy, low interest rates and an increasingly complex regulatory environment. Total adjusted earnings crossed the $5 billion mark for the first time. Our retail operations had record adjusted earnings of $4.8 billion, solidifying our position as a top-tier North American retail bank.

Adjusted earnings per share rose 8% and are back to the record levels we saw in 2007. That achievement is even more impressive when you consider that our share count is significantly higher driven by the shares we issued during the economic downturn and through acquisitions.

All of our franchises made strong contributions this year.

- TD Canada Trust had an outstanding year filled with records and industry recognition. TDCT is recognized as 'the' leader in delivering customer service and convenience. With the introduction of 7-day banking at over 25% of our network, we continue to show our commitment to our customers and to our model. At the same time, TDCT is a spectacular business success. In the last ten years, it has proved to be a premier retail franchise with a tremendous growth story and in 2010, it again produced record earnings.

- Our Global Wealth segment had strong momentum all year long, supported by improving equity markets. Earnings are now almost back to 2008 levels. We continued to do a great job at gathering assets, as we finished the year in the No. 2 spot in long-term mutual fund sales in the industry. We also continued to extend our leadership in the online arena. We recently introduced a Global Trading platform which allows our clients to trade on multiple exchanges and in multiple currencies.

- TD Bank, America's Most Convenient Bank, surpassed the $1 US billion mark in adjusted earnings – a great milestone for our US team. We delivered strong organic growth with the opening of 32 new stores; we grew deposits and continued to support our customers through lending. As a result, we have taken market share. We've also grown our footprint by 23% with some key acquisitions. We like what we've seen from these recent additions to our franchise. We have the scale we need to compete. We'll continue to grow our earnings while we navigate through the economic and regulatory headwinds in the US.

- After a record year in 2009, the Wholesale team delivered another impressive year ahead of our expectations, with almost $1 billion in adjusted earnings. This is a great testament to our client-focused strategy. This strong performance was achieved despite a tougher operating environment.

The year reflects our philosophy, which remains the same. Invest in the businesses, run simple and transparent strategies and focus on growth without going out the risk curve.

Our success was recently recognized by *Euromoney,* when the magazine named TD the Best Bank in North America for the second consecutive year.

Recently, two great TD leaders have moved into advisory roles where we can continue to tap into their knowledge and wisdom. I want to thank Bernie Dorval, who headed TD Insurance, and Bill Hatanaka, who headed Global Wealth Management for their great contributions. I look forward to getting their advice in the future.

As in the past, this great year was underpinned by TD's more than 81,000 employees, who work tirelessly to make it all happen. In a year filled with challenges and uncertainty, our team really came through for our customers and shareholders. I'm really proud of everyone's contributions bank-wide and want to thank all of them on behalf of the Board and the entire Senior Executive Team.

Outlook for 2011

Our focus on customers and clients really proves you can grow your franchise, take market share and deliver a premium growth platform despite a tough macroeconomic climate. When we look to 2011, we think it's pretty clear that challenges and uncertainty will be continuing themes.

The global economy is on the mend, thanks in large part to the swift and co-ordinated actions of governments and central banks around the world. But there are still major structural issues that remain unresolved and the recovery has been sluggish.
Challenges such as the U.S. housing crisis and global trade imbalances are undermining investor and consumer confidence about the future. They are also acting as a drag on the recovery. Everyone's eyes are drawn to the macroeconomic environment, which continues to be weak and uncertain.

Compared to a quarter ago, our outlook for the global economy has become more negative largely because of the debt crisis affecting much of Europe. We've said before we aren't worried about direct sovereign risk to TD. But what makes us cautious is the potential impact of this crisis on the global economic recovery. However, on the ground, at an operational level, our businesses and our clients are telling us conditions are improving.

Still, most expect interest rates to remain low. At the same time, we don't expect declining PCLs to provide the same degree of tailwind that we saw in 2010. We're also facing a cooler housing market in Canada and the impact of new regulations in the U.S., which have already impacted our fee-based revenue.

But despite all this, I'm confident we have the team, the experience and the strategy in place to manage through these challenges and continue to outperform.

Let me say a few words about the proposed capital and liquidity rules, as I know they're on your mind. Let me start with liquidity. As you know, we have always been very prudent in managing our liquidity. We can easily meet the proposed rules immediately. As for capital, there are many moving parts so we cannot give you precise estimates until we get clarity on certain items.

But here's what I can tell you:

- We have strong capital position at 12.2% today and a proven ability to generate capital from our operating businesses. We will increase dividends in line with earnings growth over time.
- The new market risk rules come into effect in December 2011 - our market risk RWA is expected to be 3 to 4 times the current level of $4.5 billion.
- Our move to Basel 2 in the U.S. is a positive while IFRS will have a negative impact. Both numbers are still preliminary.

- Our risk weighted assets will increase due largely to new counterparty credit risk RWA related to derivative counterparties. Again, there are still relevant details to be finalized, before we can comfortably comment on the impact.
- What we do know is that the deductions for substantial investments will impact TD due to the size of our TD Ameritrade investment. We will get some basket relief for the deductions which will grow as tangible common equity grows. We presently disclose all the items that you need to reasonably calculate the impact on this front.

What's important to keep in mind here is that even if we use conservative estimates for all the moving parts, we feel very confident that we will not need to issue capital in order to meet the proposed rules. The real question is how much excess capital we will have. We need more clarity on the final rules and guidelines before we can be more definitive about the exact amount.

But I know that there is another issue that investors and analysts would like us to address. Can we meet the proposed rules in 2013 without the benefit of the phase-in deductions. The fact that we could meet that test, doesn't meet we should tell you we will. We don't think that the industry should be working towards a higher level of capital standard than agreed to in the proposed rules. Canadian banks are already well capitalized, have strong organic growth engines and have already displayed the ability to manage through a major economic crisis. Ultimately it is not in the best interest of investors for us to hold all of this excess capital and not benefit from the globally approved phase in of deductions. Clearly holding all that capital upfront would have a negative impact on shareholder returns.

It would also not be helpful from a public policy perspective if the industry led an "arms-race" to self-impose guidelines more severe than the current proposed rules. There is a risk that by pushing on this target the industry forces regulators to adopt this new target. While it may feel good to state the obvious, that Canadian banks could go faster than European banks, is it helpful to solving the issues in Europe to unilaterally declare a higher test than the carefully negotiated balanced solution we now have?

In addition, from a North American perspective, it is hard for me to see the advantage of overcapitalizing our banking system. This will come at the cost of reducing our ability to support loan growth, or alternatively buying franchises like South Financial or Riverside, where we have been able to unlock the lending arms of these institutions to support their customers and clients.

Finally, I want to reiterate that our dividend policy is linked to the Board's outlook on long-term, sustainable earnings rather than our capital levels. As we've said previously, we hope to be in a better position to give you some guidance during our Q1 2011 earnings call.

2011 will definitely be a challenging and uncertain year, but in a sense, we're used to that. We've continued to deliver sustainable, long-term growth and have consistently proven that our strategy of focusing on high quality, reliable and lower-risk retail earnings is the right one. We remain committed to delivering 7-10% adjusted EPS growth target over the medium term, as we have in the past. As to 2011, we expect that we can at least meet this goal.

With that, let me wrap up.

We had a good quarter which capped off a great year for TD. Our Canadian P&C business performed very well, even as we've seen moderation in the pace of volume growth. Our U.S. P&C business delivered strong results despite macroeconomic challenges. I'm confident we've built a competitive U.S. growth platform focused on long-term profitability. Wholesale delivered strong results which surpassed our expectations and Wealth Management continued to build on its momentum.

I'm truly proud of TD's many successes in 2010 and I'm looking forward to 2011.

Now, let me turn the call over to Colleen.

Call Closing

Let me close with a few key points.

First, we had a great year, anchored by impressive results from our retail businesses on both sides of the border. We're very pleased with the growth and record levels of profit we delivered in 2010.

Second, although we're still cautious about the economy and its impact on our businesses, as we look into 2011, we've proven we can outperform. In spite of all the ongoing uncertainty, I know we'll continue to grow and deliver for our shareholders.

Third, we've succeeded by keeping our business model intact, focusing on our customers and investing across our franchises to build for the future. That's exactly what it will take to succeed in the year ahead and I'm confident TD and its incredibly dedicated employees will continue to get the job done.

Thank you.

Caution regarding Forward-Looking Statements

From time to time, the Bank makes written and/or oral forward-looking statements, including in this document, in other filings with Canadian regulators or the U.S. Securities and Exchange Commission, and in other communications. In addition, representatives of the Bank may make forward-looking statements orally to analysts, investors, the media and others. All such statements are made pursuant to the "safe harbour" provisions of, and intended to be forward-looking statements under, applicable Canadian and U.S. securities legislation, including the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, statements made in this document, the Bank's 2010 Management's Discussion and Analysis ("MD&A") under the headings "Economic Summary and Outlook" and, for each business segment, "Business Outlook and Focus for 2011" and in other statements regarding the Bank's objectives and priorities for 2011 and beyond and strategies to achieve them, and the Bank's anticipated financial performance. Forward-looking statements are typically identified by words such as "will", "should", "believe", "expect", "anticipate", "intend", "estimate", "plan", "may" and "could".

By their very nature, these statements require the Bank to make assumptions and are subject to inherent risks and uncertainties, general and specific. Especially in light of the uncertainty related to the financial, economic and regulatory environments, such risks and uncertainties – many of which are beyond the Bank's control and the effects of which can be difficult to predict – may cause actual results to differ materially from the expectations expressed in the forward-looking statements. Risk factors that could cause such differences include: credit, market (including equity, commodity, foreign exchange and interest rate), liquidity, operational, reputational, insurance, strategic, regulatory, legal, environmental, and other risks, all of which are discussed in the 2010 MD&A. Additional risk factors include the impact of recent U.S. legislative developments, as discussed under "Significant Events in 2010" in the "How we Performed" section of the 2010 MD&A; changes to and new interpretations of capital and liquidity guidelines and reporting instructions; increased funding costs for credit due to market illiquidity and competition for funding; and the failure of third parties to comply with their obligations to the Bank or its affiliates relating to the care and control of information. We caution that the preceding list is not exhaustive of all possible risk factors and other factors could also adversely affect the Bank's results. For more detailed information, please see the "Risk Factors and Management" section of the 2010 MD&A. All such factors should be considered carefully, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements, when making decisions with respect to the Bank and we caution readers not to place undue reliance on the Bank's forward-looking statements.

Material economic assumptions underlying the forward-looking statements contained in this document are set out in the 2010 MD&A under the headings "Economic Summary and Outlook" and, for each business segment, "Business Outlook and Focus for 2011", as updated in subsequently filed quarterly Reports to Shareholders.

Any forward-looking statements contained in this document represent the views of management only as of the date hereof and are presented for the purpose of assisting the Bank's shareholders and analysts in understanding the Bank's financial position, objectives and priorities and anticipated financial performance as at and for the periods ended on the dates presented, and may not be appropriate for other purposes. The Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by or on its behalf, except as required under applicable securities legislation.