TD BANK GROUP

RBC CAPITAL MARKETS CANADIAN BANK CEO CONFERECE

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PARTICIPANTS

Bharat Masrani
TD Bank Group – Group President and CEO

Darko Mihelic
RBC Capital Markets – Analyst

PRESENTATION

Darko Mihelic – RBC Capital Markets – Analyst

Every bank starting off differently. I think in the case of TD, I'd really like to start to dig into Canadian P&C banking as the first place to go. And so maybe just starting, maybe what's your outlook for 2017, and perhaps weave into that the results of the Canadian P&C from last year and what we should expect into 2017. You've lowered your P&C earnings growth guidance to mid-single digits. So I think there's a lot of interest in that. So maybe you can start with that. It's a pretty wide open to start.

Bharat Masrani – TD – Group President and CEO

Let me start with the last point you made on the growth target for our Canadian business. I think it was a couple of years ago, we said, we think over the medium-term the growth in that business should be in the 7% to 10% range. And then as you know, couple of months ago we said it would likely be more in the mid-single digits rather than the target we've set out.

I think the important part to note is in the target that we had talked about a couple of years ago, there were certain expectations in the economy. We were actually thinking of a couple of rate hikes at the time. I think oil hadn't hit as badly yet, so a lot of things have changed. And from a macro perspective, the GDP growth in Canada is expected to be muted. I don't think there is an expectation that short rates are going to go up in any dramatic fashion. Although things may change, who knows these days. So in aggregate, we feel it is appropriate to talk of a target that is in the mid-single digits.

Overall, we have, without a doubt, experienced some margin pressure in Canada, and that is to be expected, given the size of our book, the way we manage our margin with tractoring our deposits. It was not long ago, I think, two years or three years ago, when TD was having some of the best margins, relatively speaking, and that felt good. But as time goes by, if the rates remain low over a sustained period, then lower rates are going to catch up, which they have. But I'm pleased to report that on an absolute basis, TD still has some of the best margins in our Canadian business. So that gives you a bit of context as to how we are thinking about the business.

I think regarding 2017, I feel good. I mean, we do have a premiere franchise. We have the size, the profile, the scale, the brand that we have for our Canadian business, it's second to none, my view is. We're getting very good volume growth right across the franchise. There are certain markets where voluntarily we don't have as much growth, but that's a good thing. But overall, I feel pretty good about how that business is progressing, and we should see better growth out of that business than we did in 2016, because some of those margin pressures will start moderating, just the way the tractors work. So that will play out. And I think so I feel that we are doing the right thing for the business, and given the size of the business you should expect some of those things to play out over time.

Darko Mihelic – RBC Capital Markets – Analyst

So you mentioned the margin pressure in the tractoring being the cause of some of the issues there. But we are seeing on the mortgage front some change in pricing, and I think you led the away with the change in the TD Bank mortgage rates. So can you talk about your outlook for mortgage pricing and the product itself in Canada, and then specifically for TD?

Bharat Masrani – TD – Group President and CEO

So pricing for mortgages, a lot of factors go into it, one of them is the funding cost for banks. And as much as the retail sort of funding market is relatively stable, the wholesale markets have shifted quite a lot. So if you look at overall funding cost on a blended basis, they are higher than they were before, and you're seeing that play out. And there is also the competitive positioning for various banks as to how they're positioned in the market. So without a doubt, there is upward pressure on mortgages and you've seen us do that. And my view would be, unless you feel that rates are going to go even lower, generally speaking, I'd say that we've been through a very low cycle, and now we are probably entering more of a moderate cycle from a mortgage rate perspective.

And on the product side, I'm sure, Darko, you'll ask me this or some people in your audience, there have been a lot of changes, lot of changes in rules and regulations, how the insurance product is going to work or is working now. And that without a doubt has had an impact on not only volumes, but I'd say a particular segment of the mortgage business. If you look at first time home buyers who rely more on the insured product, they have been impacted more, or will be as these things play out over time. And can you see more different type of products emerging to help them out, probably could you see certain programs from provinces, looking at a particular segment because they'd like to find ways to help first time home buyers, perhaps. So I see some uncertainty as to how those products would evolve. But I can see some changes as to how these products are going to be offered given these are major changes in the Canadian home financing regime.

Darko Mihelic – RBC Capital Markets – Analyst

So in the context of a relatively slow, but not awful GDP growth from Canada, mid-single digit growth is what we're sort of expecting out of TD's Canada P&C, embedded in that must be some view on credit which doesn't seem like it really affected you last year. I just wanted to set the tone for 2017. We really shouldn't – and oil didn't impact the consumer much, what's your view on PCLs for Canada?

Bharat Masrani – TD – Group President and CEO

Stable. Some of our numbers, many of you have asked me this before, your numbers are higher and how come, what's going on, is there a fundamental credit issue? But as you would expect, if your volumes are up, then your PCLs are going to go up because you're going to build reserves against those. And so I think overall, we are finding the credit environment to be relatively benign. I don't expect major changes to that.

Last year, we did experience some elevation in what I'd call the oil-impacted parts of Canada. That appears to be stabilizing. Again, there is a lag effect on those as you would expect. But overall, given the size of the Bank, and the size of our portfolios, I would be surprised if those issues turn out to be major issues going forward. But these are all forecast if oil were to behave in unpredictable ways over the next few months things could change. But based on what you see now, it looks like from a credit environment, I see more stability. It might be pockets here or there, certain asset classes might behave a little differently than others, but from an overall main perspective, it seems like a fairly stable credit environment.

Darko Mihelic – RBC Capital Markets – Analyst

So we've had to adjust now to a lower expectation of growth out of Canada P&C. And yet, you maintain your EPS growth expectations or aspirations, let's call them, for 2017. So implicitly, we must be assuming bigger growth out of the U.S. So maybe – and what's changed for me is, well, we've got a Trump Presidency, we've got rising rates. So implicit, at least that's what I thought, it's the view higher rates will help the U.S. earnings in 2017. Am I right in thinking of that way, and can you share with us your sensitivity to rates for a 100-basis point improvement in rates?

Bharat Masrani – TD – Group President and CEO

So what I said is, we've had a medium term growth aspiration in the Bank, this is all of TD Bank Group of 7% to 10%, over the medium term, that's what we should earn or show growth. And what I shared in our Q4 call was, given some of these tailwinds that we're seeing out of the U.S., we're seeing the rates being firmer, you're seeing sentiment changing. I think some of the sort of policy platforms that we are hearing out of the new administration that will take office in a couple of weeks, the talk is that there is going to be corporate tax reform, there is going to be more infrastructure spending, there's going to be less regulatory burden for industry in general, not just for banks – all that is stimulating to the economy. And so my point was that, listen, if those factors that have already played out to some extent in the bond market were to continue, then we've got a very good chance of in 2017 to come within our medium term growth targets for net income.

And so without a doubt, the U.S. is seeing good momentum, and we've seen that in our numbers, we've talked about it for a while. And so that is a result of having the diversity in our business mix we've talked about for many years. Many years ago, I remember, when I was running the U.S., there were questions – are you guys doing the right thing, shouldn't it be the way that you should grow your business there? And our view was there over the long-term to have that diversity, and especially focused on retail, which is what we have. We have the scale now in the U.S., the brand, and all that in combination should help us when markets behave the way they're currently behaving, where we have moderating growth in Canada, but probably the sentiment in the U.S. has changed quite dramatically. And you're seeing that playing out, in our view, that if these things do sustain themselves, then we have a fighting chance of hitting that medium term growth target.

Darko Mihelic – RBC Capital Markets – Analyst

And what's the major lever for the fighting chance? I mean, is it rate sensitivity, is it something that we should expect to see? I mean, if we do see – we've already seen one, we see two, three more, can you talk about the rate sensitivity and how much it would help your earnings, if we saw rates rise?

Bharat Masrani – TD – Group President and CEO

Well, rates without a doubt – I mean, we are a deposit heavy bank, that's been our core competency on both side of the border, that's what TD does. And for a while, it looked like, that product was probably not as profitable as folks had experienced previously. But when rates start to moderate, which is what we are seeing now in the U.S., then you can see the power of that particular strategy.

So yes, rates will play a meaningful role in that, but I will underestimate the sentiment around loan growth. I mean, when you have corporate tax reform or infrastructure spending or regulatory burden lessening, it is a stimulant to the economy, and where we are in the U.S., we are on the Eastern seaboard, Maine to Florida – I don't have to tell you folks exactly whether the scale of our operation – is that when the sentiment turns it is going to be helpful to us. Now, we should be careful in a sense that rising rates from where we have been is very positive. But if these rates turn out to be – go so high and so quick, then it's going to be negative to the economy because we might get into a slowdown of some kind.

So you want to make sure that this is within reason that where it stays. And I think given what we're seeing now, it looked like that's where we're headed. Because there is, on the one hand, the employment numbers out in the U.S. would suggest there is no slack, but on the other hand there seems to be a lot of pent-up slack that is now getting used up.

Darko Mihelic – RBC Capital Markets – Analyst

Okay. And so when we look at the U.S. business considering all of these things, there is a change of leadership happening there. Can you talk about strategy for the U.S. on a go forward basis here? What's your longer-term vision of – is there anything that you might tweak here in a stronger U.S. environment?

Bharat Masrani – TD – Group President and CEO

It's the same strategy. We laid out the strategy when we entered the United States 10 years ago, that we want to have a retail-oriented business that is of scale, a profile, brand, and that fundamentally delivers service and convenience. And I think over time, we have built that, we continue to deliver against that strategy, and we do now have, like we have 9 million Americans who bank with us now from Maine to Florida. So we have the scale, but the flip side is that it is a young franchise. We started in the U.S. 10 years ago, we've been in Canada 160 years. So our franchise is young, our depth of relationships is probably not as much as we would like it to be. When folks come to TD for their chequing accounts, which they routinely do, why would they not come to TD for their credit card or mortgages – and we are making great progress in that respect. So our strategy is to organically grow our franchise by deepening those relationships, by attracting new relationships if you look at households per store, I mean, in your households we are attracting to the franchise, very impressed with what the team is doing in the U.S. and I don't expect that to change.

So well, I don't think there is any change of strategy with respect to the U.S., it's all about execution. We want to organically grow our franchise, which we've shown we can, but that doesn't mean we won't look at acquisition opportunities if they were to present themselves, I've been saying this for a few years now. And we have done a few deals, if there are more deals available, for example, on the credit card space, partnership deals – would we look at them very seriously? Of course we would, because our experience has been excellent in that area. We like the risk-adjusted returns. Our balance sheet is such that we can afford to have more assets on our balance sheet. Would we look at asset generating capabilities if they were to present themselves? I said, yes, we would. And finally, we are organically growing right through our franchise, but I would like to see more in the southeast of the U.S., because I think there is more opportunity there. So acquisitions, if they were to strategically make sense, timing wise makes sense, financially makes sense. We would look at them seriously as well, but not at the expense of organic growth. I think that's the core part of our strategy that we have delivered to date. I'd expect us to continue to do that.

Darko Mihelic – RBC Capital Markets – Analyst

And then maybe turning to the cost side, because cost control is a very big thing these days. And in your case, you've drawn down just over 70% of your restructuring provisions, you've guided to some very big run rate savings, and, talking about $600 million of run rate savings. So can you talk about the level of savings that you've achieved so far, and what you think will happen in 2017? And more to the point, I suppose, for this crowd, how much do you think falls to the bottom line?

Bharat Masrani – TD – Group President and CEO

So you're right. That's what we guided, that's the number we talked about, and the good news is we are on track. I think most of it has already been realized, and there's a small part that was in 2017, I expect us to deliver that. But the same time I did say that you should not expect the whole number to fall to the bottom line because we have certain investment needs that are critical for the bank going forward, and we always had that in the Bank. So what have we been doing in the mean time? Well, we've delivered positive operating leverage, I think over 2% for the overall bank in 2016, without compromising on having those capabilities available to our customers. If you look at the examples of what we've done on TD MySpend, on WebBroker or TDForMe, these are examples of the digital transformation from a customer end that we've been able to deliver on a consistent basis.

If you look at what we're doing internally in transforming how we deliver services to our customers, one example that comes to mind is what we've done in TD Insurance on the claims side, that's a totally digitized process now. And that's an important part of our business because in that business our customers will be paying premiums to us for many, many years. It is only during the claims process when it's a moment of truth. And for us, that was critical to get that right and to digitize it so that we can provide a seamless service to our customers. So those are the types of investments we'll continue to make, and at the same time, delivering what we are from a bottom line perspective. So I think, I'm very happy with – not I think – I know I'm very happy with what we've been able to do with having restructured parts of our business, which was absolutely necessary, and making those investments and generating the growth and the positive operating leverage that we have.

Darko Mihelic – RBC Capital Markets – Analyst

So when you tie it all in – capital, very high capital ratios across the board in Canada, I think we're sort of looking at 10% as being a level that's sort of table stakes. Is that comfortable for you? What is your priority for deployment, how much can you generate in a year?

Bharat Masrani – TD – Group President and CEO

I think, generally, we generate, I don't know, 10 basis points to 20 basis points a quarter, but there is always some volatility on this. In our own case, last quarter, one factor that comes to mind is how student loans are sort of treated under the capital regime. So just by way of background, the student loans we have are essentially guaranteed by the U.S. But when these get rated, they get rated on a term certain basis, and if the U.S. decides for whatever reason, they've extended some of those terms, not at any economic cost to the holder of the paper, then the rating agencies start reacting, and then they react and downgrade some of those papers, some of those securities. And when they do that, it costs us capital. So those are factors that will play once in a while, in some quarters they will be there, some other quarters they may not be there. The good news on student loans is that, I think next year or the year after, the rules are changing around that where banks can look through the rating and to the fundamental assets and do they make sense or not and rate them accordingly.

So when we have a situation like that, it's a temporary blip in capital, but then we get it back, once those rules just kind of adapt to a particular circumstance. But generally speaking, I think that's how we are looking at it, we think we have a good organic capital generation capability, and we've shown that.

So how we use that capital? I've said this many times before that our key focus is to make sure, and this is in this particular order, that we would want to support all our core businesses. If there is any need in our businesses, that get top priority on use of capital that they would need. Secondly, that we would also deploy capital where we thought we had a capability gap and the acquisition of Epoch comes to mind. There not that we had a gap or such, but it was going to take long for us to build up the brand in U.S. and international equities. And with our aspirations to build our wealth business in the U.S., we thought it was important to accelerate that, and we deployed our capital to acquire Epoch. We also look at acquisitions, some opportunistic, I think Aeroplan comes to mind, where we deployed our capital. And also strategic acquisitions, like the card business in the U.S. or if you were to acquire a small-ish type of bank on the southeast. And when we go through all that and say, hey, there is no use for the capital over the next little while, then we may consider capital action such as a buyback or the tax.

So that's how we think of capital, but overlaying all this is what the regulatory environment might be. Few years ago that was a bigger issue than appears to be the case now. There is more predictability. Also, whenever I say that, I regret it, because there are more changes coming. But I think generally, we seem to be getting towards the end of those changes. So that's how we look at capital. I think where we are is terrific for the Bank, the kind of risk we are carrying, type of businesses we have. The volatility or the lack thereof in our earnings that we have and us being where we are, we're very comfortable with that.

Darko Mihelic – RBC Capital Markets – Analyst

How if we take the opposite into that, is 11% too high? I mean, it sounds like the buyback is a release valve for extra capital. If you hit 11%, which is presumably possible if you're doing 15 basis points to 20 basis points a quarter, should we start to consider bigger buybacks?

Bharat Masrani – TD – Group President and CEO

It will depend on what I just went through.

Darko Mihelic – RBC Capital Markets – Analyst

Sure.

Bharat Masrani – TD – Group President and CEO

It would depend on, do we have needs to grow our business, do we have acquisition opportunities, are there any capability gaps. And yeah, if all of those were to exhaust themselves, and we think that based on our balance sheet that, that particular number is too high, then our valve would be buyback. So it's not an unreasonable way to look at it, but there are a lot of ifs there that would have to play out in our expectation of the economy and what the macroenvironment would be. But, we've always said this is consistent with what I had said over the past few years.

Darko Mihelic – RBC Capital Markets – Analyst

But is 11% too high?

Bharat Masrani – TD – Group President and CEO

Hard to say. Like, I mean, is 10.8% too high?

Darko Mihelic – RBC Capital Markets – Analyst

Yeah, fair enough.

Bharat Masrani – TD – Group President and CEO

I mean, I think we get into the...

Darko Mihelic – RBC Capital Markets – Analyst

The nitty-gritty.

Bharat Masrani – TD – Group President and CEO

I think the bigger issue there, actually this will be an interesting topic of discussion is that, as these capital levels have increased so dramatically over the past, since the financial crisis, I think, you can see a bit of international debate occurring now. Great – all these banks have twice the capital than they did in 2007 or 2006 and all that. Well, what does that mean? We've created these buffers, what does it mean? Will you let me use it in times of need, or it is a special circumstance, and I think this is where markets will play an increasingly important role.

So I think the level of capital is probably – listen, I don't want to sound insensitive here, the level of capital is probably yesterday's story. I think today's story is going to be, okay, so you created all this capital, and if there was a need in the market or a particular institution, how would that play, how would that movie play out. I think that is an interesting debate, and I see some of the regulators talking about it including our own, and we'll see. I mean, we've seen certain situations in Europe that, say, while it's interesting, its so new, are these buffers really buffers, or are they permanent capital, or how are the – the use of that capital is going to be a bigger story, I feel. I might be wrong on that.

Darko Mihelic – RBC Capital Markets – Analyst

So I got a couple of questions here from the audience, I'd like to just dive into them. One question is, with the shift to more online and mobile banking, how does TD adapt its branch strategy? And specifically how important is it to be open on Saturday and Sunday, and what does the branch of the future look like?

Bharat Masrani – TD – Group President and CEO

Yeah. Great question. So we are adapting. You would expect TD to adapt, that's the core strength of the Bank. There have been lot of environmental changes over many, many years in banking, and I think TD has consistently been able to adapt. And my view is, this time it's no different. I mean, if you see what's happening, for example, in the digital space, this might be news to many of you, but out of the 24 million customers we have in North America, 11 million are digital and/or online customers of the Bank. So we are a very large digital bank, just again, given our history and the number of physical locations we have, people would be surprised with the statistic.

So we are already adapting. If you see the type of transformation we have undergone over the past few years in our offerings, what we have, I talked about TD MySpend, which is a relatively new offering. It got introduced last May in Canada, which is where – this is a tool, an app that allows people to manage their personal finances more effectively. This is something that we introduced in May, and today, we have more than 800,000 users. And the whole country is 36 million people. And so it tells you that the power of the TD brand and the trust we have developed also so many years that we are able to have offerings in this new medium quite effectively. There is a new offering that got introduced two or three months ago. It's called TDForMe which allows personalized offers. If somebody were to just look around a subdivision for a potential home purchase, you'd get an offer from TD, saying hey, here is your mortgage specialist, and this is the type of mortgage that would make sense for this type of home that you're looking at.

So these are all the offerings that are actually addressing what, I think, the question is saying, how do you make that a very much part of TD? And I think we are. With respect to our physical distribution, we don't think of it as sort of different from a distribution perspective, but we look at it as omni-channel because the same customer that is using TD MySpend sometimes would like to use one of our branches or stores in the U.S. or whatever the case might be. And we are transforming those as well. I mean, when I was in the U.S., when we had a store, it was one size, it's 5,200 square feet, so many ATMs, that's where the teller wickets would go, this is the entrance and all that. Today, we got seven different models in the U.S., and frankly in Canada as well, as to how our physical locations are being transformed.

Now, you have self-service branches, where there are no tellers. I was in Calgary and we have two of those over there, where there is no teller, there is actually a sales office, but it's TD. So the needs, I mean, the evolution of how we are actually engaging with our customers is changing at a rapid pace, and the great news is that we are adapting to that. So I think you'll see a lot of changes in this respect, but I think fundamentally, what we are is that we are a bank of financial services provider. We provide the trust, the confidence to our customers, and whatever new thing that our customers want, we are providing very effectively.

So on why does it make sense to be open on Saturday? I mean, you'll be surprised on the type of volumes we see on a Saturday. Some of our locations have highest sales coming on a Saturday. And this statistic might surprise you as well – 80% of sales, in excess of 80% of sales, come through physical locations. So we hear a lot about the digital space, and yes, that's growing phenomenally well. But let's not underestimate the power of the physical distribution, and so we want to be careful that as we start transforming this, that we'll do it in a manner not to give up what we have, which is a great strength and a sales machine through our physical locations.

Darko Mihelic – RBC Capital Markets – Analyst

So embedded in that answer was your willingness to try out new offers for customers in the FinTech space and really develop – be in the cutting edge, let's say, with disruptive technology. So before we pass it over to you for closing remarks, just wanted to get your view on your spend on FinTech or technology. How much of that spend on technology is really for things like TD MySpend and the future of banking versus what's legacy required kind of expenditures? And then maybe if you can just briefly tell us, what do you think is going to be the most disruptive technology in the next couple of years.

Bharat Masrani – TD – Group President and CEO

When you think about technology and, by the way, this is no different than what it was 10 years or 15 years ago. People seem to think that FinTech is a new phrase, but any change or newer technology, and technology by definition is changing, I think what we've seen over the past couple of years, three years is the pace of change has accelerated, and hence the phrase FinTech has come into being. So this has been the case. And again I'm simplifying, but essentially there are three components of technology spend.

One is what you'd call maintenance. You buy a car, you got to maintain it. And so there is the general maintenance, and all that being spent, a lot of money maintaining their plan, as they should. The second part comes in, what I would call, enhancing the customer experience. So this is where TD MySpend comes in, TDForMe comes in, innovation in the product space, innovation in the card space, the whole payments ecosystem, as we like to say, that is changing quite dramatically. But that is at the customer end, all these changes are occurring. And the third component, which not much gets talked about is transforming the delivery of banking services to customers, both from an effectiveness perspective, service perspective, and as importantly from a cost perspective.

So these are the three large buckets that we look at on a consistent basis. And at the bank, I think the part that, which actually straddles all three together is an initiative we introduced about three years ago, and we said, we're going to have a huge amount of focus and make sure we're delivering on time is essentially something called DASH, which is looking at four major components where we can transform the way we do business, omni-channel – how can we have a seamless experience for all our customers as to whether deal with us digitally, through a branch, through the phone, through a store, and on the same product and for the same customer, so what we call omni-channel experiences.

Second part, which again straddles all three is digitization and automation. What can we do to digitize and automate, given these newer technologies are allowing us in how we deliver these products, and frankly, the effectiveness of the delivery. The third one is what we call mobile for everyone. And mobile for everyone is critical because today we're spending meaningful amounts to digitize all our branches in Canada and the United States, where all of them will be Wi-Fi enabled, all our branches will have iPads that our people can demo all the products we have, that people can use at home or whatever the case might be. And that is critical. And then the fourth one is data analytics. What we can do, because as a bank, think of the amount of data we have versus any other enterprise in any industry. And how do we organize, how do we manage that data, how do we sort of create personalized experiences using that data. So all that together is what we do. This is where when I talked about, that when we took the charge and there will be investments, those are the types of areas where we're making those investments.

So that's what we are doing. I think your last question on that, what's the thing that is going to make this, what's going to be the profound change that will occur over the next little while. I think all these will move at different speed, but everything is going to be important. I don't think there is going to be one that will do it.

I think the one, the headline that will probably hit because it's fascinating to watch, because you'll see it on TV, we see these cars, I mean, I was in California many weeks ago, I mean, it is eerie to – I mean, you're driving a car and there's a car next to you that is there's no human being in it, and it's kind of driving. And so artificial intelligence comes to mind. I think, what's happening in the payments space, like, I mean, do I see a world where even without a phone you can make a payment, I can, I mean, I won't be shocked if it happens. So I think it's going to be this headline grabbing thing, and everybody will be focused on that.

But my view is, don't underestimate this three or four things I talked about at the backend, as to how that is transforming banking and generally industry also in every sector. I think that's fundamental change occurring there. But I think the headline grabbing would be more on the payment side and artificial intelligence, which will be nice to see the robots doing things, maybe analyst will be done by a robot, who knows, and a lot of things will happen.

Darko Mihelic – RBC Capital Markets – Analyst

I've already seen it. So with that we're at the end of our time, Bharat. So maybe we throw it back to you for key messages you'd like to leave for the investors with us today.

Bharat Masrani – TD – Group President and CEO

Firstly, I'd like to thank our investors for your confidence in TD. I know, you've been supporters for many, many years and we appreciate that. As a bank, last year, we delivered very good results, 6% adjusted income growth. And I would say, a very challenging operating environment, especially for a business like TDs – a deposit heavy business and the like. I think the mix we have with U.S., Canada, 90% of our business is retail focused, although we have aspirations to grow our Wholesale business, but it takes a lot to move that percentage.

But I feel great, I feel we have the right strategies, we are executing well and we're delivering for all our stakeholders including our shareholders. So very happy with how the bank is making good progress. And I don't want to call it just a challenging operating environment, but certainly a changing operating environment. And I appreciate all your support. Thanks very much for having me.

Darko Mihelic – RBC Capital Markets – Analyst

Okay. Thank you very much.

Bharat Masrani – TD – Group President and CEO

Thank you.