

the future matters



Marie Jobe
Customer Care,
GTA Central Region
Manager

Brigitte Dewar
Customer Relations Officer

By patiently and fairly investigating complaints in the Greater Toronto Area, Marie Jobe, Manager, Customer Care, helps preserve future relationships with TD Canada Trust customers. "I always try to empathize and talk to them as a person, not as a bank. We work hard to resolve their issues and determine why a problem occurred," says Marie, a focus that Brigitte Dewar, Customer Relations Officer at EasyLine, readily supports. Their work helps improve service by identifying trends and educating employees on ways to avoid future problems.

to our customers

We're dedicated to making financial services a truly comfortable experience for millions of customers in Canada and around the world.

1,005 branches • 2,567 ABMs • industry-leading branch hours • top-rated Web brokerage and banking services

With more than 13 million customers around the world, TDBFG must satisfy highly diverse financial needs, including personal, commercial, and wealth management services for individuals and capital markets expertise for corporate and institutional clients. Across the organization, it is our priority to pay serious attention to what counts to all of our customers and to provide a comfortable service experience.

To do so, we develop innovative products and services, complemented by straightforward information and advice, to deliver the right financial solutions. We continually improve the ways that customers can access our services, while ensuring the highest level of safeguards are in place to protect their interests. We also focus on providing warm, personalized service, based on fundamental standards of integrity, respect, and professionalism. Finally, we measure our success at achieving customer satisfaction so we can seek constant improvement.

All of our efforts in 2003 were designed to give our customers confidence that they can build successful and secure futures for themselves, their families, and their businesses.

Achieving Financial Goals

Introducing New Services

With a service menu ranging from lending, savings, and insurance products to wholesale banking and investment management, TDBFG is among the most diversified financial companies and a leader in many areas. For example:

- TDBFG ranks as one of the top online financial services providers, with more than 4.5 million online customers.
- Our Personal and Commercial Banking franchise, TD Canada Trust, is well-known for industry-best branch hours – open an average of 14 hours more each week than our major bank competitors – and consistently receives awards for delivering a comfortable customer experience through its various service channels.

- Wealth Management, which comprises our mutual funds, discount brokerage, financial planning, and investment management businesses, is one of Canada's largest asset managers, advisors, and distributors of investment products.
- Our Wholesale Banking operation is a leading Canadian franchise serving corporate, government, and institutional clients around the world.

TDBFG's main operating areas continued to introduce innovative new services for customers during 2003. Here are some highlights:

- TD Waterhouse launched an enhanced version of its premier Internet brokerage service, WebBroker, with simplified account-viewing and order-processing.
- TD Mutual Funds introduced new funds and portfolios within the TD Guaranteed Investment Funds II line-up to provide new growth and security choices for investors.
- At TD Canada Trust, a number of highly competitive products were launched, including the TD Gold[®] Visa[®] Travel Card, which lets cardholders earn and book virtually any type of travel with no restrictions or blackout periods.
- TD Securities continued to develop specialized products tailored to individual clients, particularly taking advantage of market opportunities to provide sophisticated foreign exchange and financial hedging services.



Above: TD Securities investment bankers work as a team to help clients satisfy their current and long-term business growth objectives.



Left: Customer Service Representative Delilah Campos reviews banking account options with a new customer. **Centre:** TD Securities Debt Capital Markets traders execute transactions for corporate, commercial, and institutional clients around the globe. **Right:** Barb Verkuylen and Lolita Lo deliver industry-leading customer service at their Richmond, B.C. branch.

Planning our Retail Network

After nearly two years of carefully planning the integration of TD Bank and Canada Trust and two more years spent combining our products and services, systems, and branches, we are now in the final stages of the largest merger of its kind in Canada's history. We are proud that, despite the inevitable mistakes that occur during such a massive undertaking, today we are well positioned to offer a truly better banking experience to our customers, thanks to the hard work and dedication of our employees.

We remain focused on building a better bank by continuing to introduce better product and service options. To help us continue to expand our retail banking focus, in 2003, we announced the acquisition of 57 Laurentian Bank branches in Ontario and Western Canada. This is an excellent opportunity to grow our market presence, and in 2004 we will apply the extensive knowledge we gained during the TD Canada Trust merger to make the Laurentian Bank integration as comfortable as possible for customers and employees.

During 2003 we consolidated some additional retail branches as part of the TD Canada Trust integration. These mergers involved locations that were in close geographic proximity and, where two branches had different operating hours, the new branch adopted longer hours of operation. When doing so, we notified customers personally and in writing at least 120 days in advance of the location closure and we worked hard to reduce the impact on our customers. We also made the difficult business decision to consolidate our Sobeys in-store locations in Atlantic Canada and Wal-Mart outlets across Canada. While some staffing reductions resulted, we minimized the overall impact through natural attrition and managing our hiring levels in advance. Each employee who lost a position was provided with a severance package that met or exceeded industry standards. For a full list of facilities that were opened, closed and relocated in 2003, see pages 46–47.

Listening to Our Customers

At TDBFG, we have clear and open communication channels in place so we hear what customers want and they can help us understand how we can serve them, as well as make it as easy as possible to resolve their problems or concerns.

Resolving Customers' Problems

To ensure that problems are addressed in a consistent and comfortable way, we have a comprehensive Customer Problem Resolution Process in place, which is described in our *If you have a Problem or Concern...* brochure. Since we improved this process in 2002, we have continued to work on making the problem resolution experience a comfortable one for our customers. In 2003, examples of initiatives included:

- *Additional training for employees:* We provided the "I Can Help" training program to all retail branch and telephone-banking employees – in excess of 20,000 – to further develop their customer problem resolution skills.
- *System for recording customer problem files:* Last year we began an extensive project to create a specific computer system that employees at all levels could use to better record, manage, and track the resolution of customers' problems. The system, once fully implemented, will allow us to make improvements to processes, products, and services based on customer feedback.
- *Measuring satisfaction with TDBFG problem resolution:* For the last few years, we've been regularly calling customers who recently encountered a problem to solicit feedback about their experience. In 2004 this program will be expanded and enhanced to help us better understand customer irritants and how we handle and solve problems. In 2003, our activities were designed to help achieve satisfaction objectives (e.g., "I Can Help" training). Our results so far indicate that, although we still have room for improvement, we are moving in the right direction.



Above: Reader's Digest Vice President Larry Thomas (right) presented the Most Trusted Brand award to Andrea Rosen (middle right), President, TD Canada Trust, and other TDBFG executives.

The majority of customer problems are resolved by the front-line employees and management of the business unit where the customer deals. However, for problems that remain unresolved, customers can contact the TD Office of the Ombudsman. Appointed by and reporting directly to TDBFG's President and CEO, the Ombudsman acts as an independent intermediary between customers and TDBFG, striving to resolve all problems fairly and impartially.

In 2003, 285 new files were opened for investigation by the Ombudsman's office, dealing with processing and transaction issues across TDBFG's product base. In almost half (45%) of these cases, the TD Ombudsman ruled in full or partial agreement with the customer. Investigations opened by the Ombudsman were up last year from the 153 investigations opened in 2002, in part due to greater awareness of the Ombudsman's services. The number of contacts with the Ombudsman's office, however, remains small relative to the number of TDBFG customers and the millions of transactions processed every day by our various businesses.

The Ombudsman's office analyzes customer problems they receive to proactively inform senior management of changes needed to reduce or eliminate problems related to that activity. These "lessons learned" help us to improve the overall service experience for our customers.

More info: td.com/comments.html If you have a Problem or Concern brochure td.com/ombudsman_report.html TDBFG Ombudsman's annual report



Above: TD Waterhouse Business Development Associate Paulo Martins advises a client on market considerations and investment choices. **Right:** Our problem resolution brochure lets customers know there are multiple avenues open to them for raising issues with us.

TD Canada Trust ranked highest of any bank in branch access and convenience and computer-based banking in an independent 2003 survey of 10,000 Canadians by the Synovate research firm, and earned the highest rating among the big five banks in financial products and valuing its customers' business.

Removing Customer Service Obstacles

Creating a more comfortable experience for our customers continued to be a priority in 2003, achieved in part through a company-wide emphasis on process improvements. We invited employee input through cross-Canada focus groups to identify the greatest impediments to providing excellent customer service. Their feedback was used to prioritize our efforts.

By the end of 2003, we had successfully eliminated 86% of the customer service obstacles identified as most significant by our employees. Here are a few of the improvements completed in 2003:

- Creating an environment where customers can bank at the branch of their choice through continued enhancements to our branch-to-branch banking capability, including renewing mortgages, making changes to loan and mortgage payments, and certifying cheques.
- Streamlining processes to make it more efficient for customers when obtaining a loan or mortgage, purchasing creditor protection, making Visa payments, and purchasing mutual funds.
- Upgrading technology in branches to deliver a more consistent customer experience.

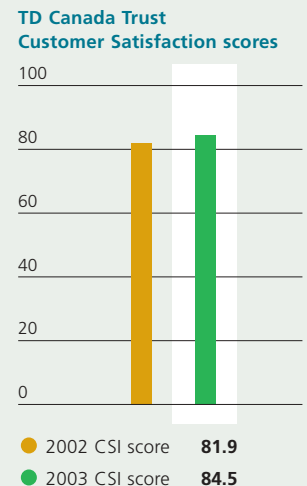
Protecting Our Customers

Essential to delivering a comfortable banking experience is upholding the highest standards of privacy, security, integrity, and professionalism.

Raising Customer Satisfaction

To ensure we are providing customers with a comfortable banking experience, TD Canada Trust monitors the quality of customer service through our Customer Satisfaction Index research (CSI). Throughout the year, customers are surveyed within a few days of a banking experience in our branches, telephone or electronic channels, or business banking services to gauge our performance. Each year, we set aggressive targets, linking customer service levels to employee compensation.

In 2003, we surveyed more than 286,000 customers and, on a corporate composite basis, we surpassed our 2002 results as well as our 2003 target. Among the categories on which we performed particularly well (exceeding scores of 95%) were treating customers in a respectful manner, processing transactions quickly and accurately, and handling customer requests. CSI research shows that we need to focus on improving our ability to explain services in a way that is easy to understand and providing advice based on customer needs.



Privacy

TDBFG has had a formal Privacy Code since the early 1990s, and our policies and practices comply with federal and provincial privacy laws about the collection, use, disclosure, and protection of personal information. Our Corporate Privacy Office develops and oversees effective privacy initiatives across the organization, and an executive privacy council, as well as management committees, continually review Bank operations to ensure compliance.

In 2003, "identity theft" (the act of stealing another person's identity and using that information to impersonate and gain access to his or her accounts) continued to be one of Canada's fastest-growing crimes and one to which TDBFG was not entirely immune. A small number of our customers fell victim to this crime, and it became apparent that we needed to take steps to respond.

Through a brochure mailing in spring 2003, a tip sheet developed for branches for use with customers, and promotion of the Canadian Bankers Association's *Safeguarding Your Money* booklet, we tried to raise awareness of this issue for our customers and the public at large. An enterprise-wide project team was set up to further enhance our existing controls such as developing methods to spot identity theft in progress and implementing procedures to respond more quickly and effectively to potential incidents.

More info: td.com/privacy

Information Systems Security

Keeping information systems secure is a fundamental policy within TDBFG. We ensure that all employees are aware of the procedures that must be taken to safeguard customer data and the systems that store it, outlining their responsibilities in their employment agreements.

A dedicated team of more than 60 security professionals have specific responsibility for ensuring that there are thorough security standards to protect our systems and customer information against unauthorized access and use. This group keeps up to date with ever-evolving security issues, tools, and methodologies and ensures that appropriate security controls are built into our procedures and software. They also facilitate efforts to minimize service disruptions to customers in the event of virus hits on computer systems.

More info: td.com/security

Anti-Money Laundering

TDBFG has comprehensive policies and programs in place to combat the serious international problem of money laundering, estimated at \$17 billion per year in Canada alone. Working closely with industry and government organizations such as the Financial Transactions and Reports Analysis Centre of Canada, we build our deterrence and detection infrastructure on an ongoing basis with employee training of anti-money laundering procedures, risk management measures, and sophisticated tracking tools to monitor unusual transaction activity.

TDBFG implements the Canadian government's *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*. The Act sets out requirements for financial institutions, including client identification; retention of files; and reporting and record-keeping requirements for large cash transactions, suspicious transactions, and international electronic funds transfers. TDBFG also participates actively in the Canadian Bankers Association's Bank Crime Prevention and Investigation Office, whose purpose is to protect bank customers against financial crime including money laundering and credit and debit card fraud.

FCAC Consumer Protection

TDBFG fully supports the efforts of the Financial Consumer Agency of Canada (FCAC), a federal agency working to protect and educate consumers of financial services. The FCAC provides information about important financial industry issues through its Web site and publications. It also oversees federal consumer protection measures, which include laws and regulations about clear and timely disclosure of charges, terms, interest rates, and conditions; acceptable sales processes; customer problem resolution procedures; and branch closures. TDBFG works hard to ensure compliance with these measures at all times, in part through organization-wide training and employees dedicated to instituting and monitoring compliance initiatives. We want to help customers make informed choices and are committed to respecting their right to freely choose financial products, services, and providers and to supplying information that allows them to fully understand what they are purchasing.

More info: fcac-acfc.gc.ca FCAC consumer resources
td.com Brochures on tied selling, problem resolution

Putting Investor Interests First

During 2003, American investors became aware of alleged controversial trading practices within the U.S. mutual fund industry, including late trading and market timing. These activities are intended to take advantage of short-term market movements to benefit a few fund-holders at the expense of long-term investors.



Above: Information Technology Security Analysts Cameron Yardy and Joan Clark help safeguard Bank computer systems from unauthorized access, computer viruses, and service disruptions.

TD Mutual Funds has policies and procedures in place to discourage these practices and to ensure that we manage our fund family for the greater good of TD fund owners as a whole. To avoid late trading, we do not accept trades after 4:00 p.m., and our systems are designed to roll forward any trades received after that time. We also have short-term trading fees in place on most series of units in our international and sector funds to discourage market timing activity. All of such fees paid by investors are provided to the appropriate funds and are not retained by TDBFG.

Employee Conduct

As a condition of employment, all TDBFG employees are bound by our Guidelines of Conduct and General Regulations. These policies contain the standards that govern the way employees deal with each other, customers, and shareholders. They clearly define organizational expectations and state the fundamental principles and behaviour expected of all employees to uphold the highest standard of ethical business and personal conduct at all times.

We have an annual online attestation process in place to ensure all employees sign and acknowledge their understanding of and compliance with these and other key policies (namely, the "Respect in the Workplace," "Internet, Email and Electronic Media," and "TD Privacy Code" policies). Any breach of these policies included in the annual attestation is considered a serious offence that may lead to dismissal.

Industry Codes of Conduct

TDBFG also adheres to industry-level codes including:

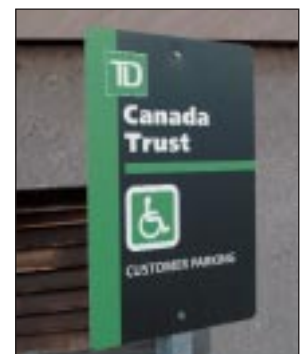
- *The Canadian Code of Practice for Consumer Debit Card Services*, which outlines industry obligations and the rights and responsibilities of consumers when using their debit cards in Canada;
- *Principles of Consumer Protection for Electronic Commerce*, which provides a framework for commerce over open networks, including the Internet;
- *Code of Conduct for Authorized Insurance Activities*, a set of minimum standards for bank representatives who promote authorized insurance products in Canada; and
- *Model Code for Bank Relations with Small and Medium-Sized Businesses*, which sets out minimum standards for bank dealings with small business.

Serving Customers with Diverse Needs

Ensuring Access to Financial Services

At TDBFG, we're committed to offering products and services that are accessible by all Canadians, including those who would not otherwise have easy access to financial services. We continue to implement initiatives in this respect and recognize there's still work to be done as we try to develop the most suitable, up-to-date solutions for various accessibility challenges.

- For visually impaired customers, we offer monthly personal account statements in either Braille or larger font on request. Many customers with disabilities appreciate our EasyLine™ telephone banking service as a convenient way to manage their personal finances. We also have TTY terminals – teletype devices that use written text for communication with our Deaf and hard-of-hearing customers.
- We offer a low-fee Value Account as part of our commitment to the Government of Canada to ensure that all Canadians, including those with modest or no income, can access affordable, flexible banking services.
- For customers 60 and over, we provide the Plan 60[®] chequing account, which features free services and discounts including no monthly fee and unlimited full-serve or self-serve transactions.
- TDBFG complies with new Government of Canada accessibility regulations. Effective September 30, 2003, the Access to Basic Banking Services (ABBS) regulations spell out identification requirements to open new personal deposit accounts and cash federal government cheques.
- Most of our ABMs are wheelchair-accessible and incorporate lower screens and buttons, plus partial shelves to accommodate wheelchairs. In 2004, we will be introducing Braille keypads at some 100 ABMs across Canada. We're also working on meeting the recommended guidelines of the Canadian Standards Association's Barrier Free Design for ABMs (B651.1) by October 2006. With a network of over 2,500 ABMs across Canada, it is a multi-year endeavor. Action plans are being developed to boost ABM accessibility with audio capability, larger text fonts on screens and receipts, graphic textile (raised letters), and other features.
- Every facility that is newly opened or renovated is done so with accessibility issues in mind. For example, we design barrier-free teller stations and include greeter desks that provide barrier-free, sit-down service. In the past two years close to a third of our branches – 163 in 2003 and 150 in 2002 – have been renovated and now provide ease of access for most groups. And all new branches and facilities opened include disabled-accessible door operators, vestibules and washrooms; wheelchair-friendly ramps, vaults and service areas; side-access ABMs accessible from wheelchairs; and, where parking is provided, at least one parking space designated for the disabled.



Above: Our ABMs and branches are designed to be accessible to all customers.

Ensuring that all our branches across Canada provide barrier-free accessibility is an evolutionary process, as we face challenges in some locations such as older branches, which were built to standards that are now outdated. We are committed to continually improving our places of business to provide enhanced accessibility.

Responding to our Multicultural Communities

We recognize that Canadians come from a variety of backgrounds and we try to tailor our services to mirror the distinct needs of each community.

In certain geographic areas we actively recruit employees who can serve customers in their language of choice, and offer ABM service in Chinese, Italian, and Portuguese, in addition to French and English. To meet the needs of Canada's growing Asian community, we provide Mandarin and Cantonese EasyLine toll-free numbers, offer a range of our product and marketing information in Chinese, and have over 110 Chinese-oriented branches.

To serve members of Canada's Aboriginal communities, TD Bank and Saskatchewan Indian Equity Foundation Inc. (owned by the member nations of the Federation of Saskatchewan Indian Nations) formed a strategic alliance in 1996 to create **First Nations Bank of Canada**. First Nations Bank is a financial institution conceived and marketed by Aboriginal people, for Aboriginal people, with approximately 75% of the staff of Aboriginal descent. It is the first Canadian bank with exclusively Aboriginal common share ownership.

First Nations Bank offers a full range of personal and business banking services – including loans, mortgages, investments, transaction accounts, and cash management services – and has been growing steadily since inception, attracting Aboriginal clients as well as contributing to Aboriginal economic development.

In 2003 First Nations Bank opened its fourth full-service branch, in Winnipeg, Manitoba. Other branches are in Saskatoon, Saskatchewan; Walpole Island, Ontario; and Chisasibi, Quebec. In an effort to provide access to financial services in small rural Aboriginal communities, First Nations Bank operates two Community Banking Centres in conjunc-

tion with local bands on reserves in Nemaska, Quebec, and Dillon, Saskatchewan. These "mini-bank" facilities provide basic deposit and withdrawal services.

More info: firstnationsbank.com

Advancing Small Business Goals

TDBFG has the second largest portfolio of small business customers among Canadian banks – more than 540,000 across Canada.

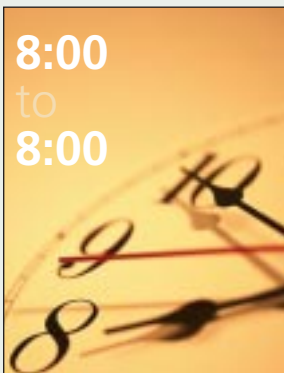
Whether it's access to day-to-day operating accounts with service plans, credit, cash management services, payroll solutions, or business planning tools, TDBFG serves the needs of small business with a comprehensive range of products and services. Our dedicated support staff comprise small business specialists, financial advisors, and account managers.

Financing Initiatives

For small businesses that require financing to start up or grow, we offer a number of innovative products and programs, sometimes through collaboration with governments and local organizations. Our application process and information requirements are streamlined and easy to understand – in many cases, it takes only minutes to approve business credit up to \$20,000. For larger amounts, credit decisions are made within 24 hours 95% of the time.



Above: First Nations Bank services are available through its locations as well as all TDBFG branches and electronic banking channels.



Industry-Leading Branch Hours and Web Services

Extended service hours offered at TD Canada Trust branches are an important part of our comfortable banking philosophy. By offering early morning, evening or Saturday service at many locations, we are helping our customers manage their financial needs despite their busy schedules. As a result, our hours of service continue to distinguish us from our competitors, and TD Canada Trust branches are open an average of 49 hours per week compared to a 35-hour average at our major bank competitors. Of course, in individual markets it may be appropriate to reduce service hours based on customer demand. In these cases, customers can receive after-hours service through nearby locations or our convenient electronic channels including ABMs, EasyLine, or EasyWeb.

Our EasyWeb service was once again rated a leader in Canada and among the top banking channels for retail and small business in the Western hemisphere, in studies released in 2003 by Forrester Research and U.S.-based Speers and Associates.



Left: A TD Canada Trust outlet promotes its Portuguese and Italian language customer services. **Right:** A range of our product and marketing information is made available in Chinese.

In 2003, we authorized over \$11.9 billion in financing of \$500,000 or less to businesses in Canada. Approximately \$4.7 billion in financing was under \$100,000. Ongoing credit offerings include secured and unsecured loans and lines of credit, farm mortgages and improvement loans, and business mortgages. New or renewed small business financing initiatives in 2003 consisted of the following:

- TD Canada Trust continued its participation in the federal government's *Canada Small Business Financing Loan* program. Businesses with annual revenue of \$5 million or less can apply for loans up to \$250,000 to finance up to 90% of equipment, leaseholds, or property purchases. We experienced a 9% growth in the number of these loans provided last year as well as a 30% increase in new credit funded.
- Through group creditor insurance offers, TD Canada Trust offered approximately 200,000 small business owners over-the-phone loan approvals, as well as Visa card and merchant services, business chequing, business savings, and credit insurance group offers.
- We renewed our involvement in the Manitoba Start program, offering a three-day business planning workshop and government-guaranteed loans up to \$10,000 to Manitobans who are either ready to launch a new business or who have been in operation for less than six months.
- TD Canada Trust continued to offer and promote via advertising the 1% Below Prime Small Business Loan program as part of the Ontario government's Small Business Investment Tax Credit (SBITC). The loan offers a special no-hassle low rate for companies with less than \$500,000 in total assets and gross revenues.
- Participation in the P.E.I. Entrepreneur Loan Program was extended, offering government-guaranteed loans up to \$25,000 for new or existing small businesses in Prince Edward Island with sales up to \$1 million. Also, students operating a business in P.E.I. are able to apply for a \$3,000 government-guaranteed loan for the summer months with full repayment due October 31st of the year in which the loan was made.

Special Services for Small Business

With longer branch hours than our major competitors and EasyLine and EasyWeb, our convenient phone and highly rated Web banking services, we make it easier for busy small business owners to take care of their financial affairs around the clock. And we continue to find ways to enhance our processes and efficiency so we are better positioned to retain and attract customers, increase loyalty, and grow our business.

- In 2003, we installed 96 new Business Service Wickets (BSWs) in branches across Canada to provide dedicated small business service. This increases our total number of BSWs to 423 – almost half of our branches.
- Customer Panel processes are now available through which the branch manager meets with four to five business owners who form a panel to hear firsthand what customers like and don't like regarding our services and what suggestions they have for how we can improve.
- New employee training courses focused on small business banking were developed last year, both to enhance the existing product knowledge of our small business specialists and to help retail staff better understand the special needs of this customer segment.
- We have made a significant investment in our credit infrastructure to improve delivery, starting in 2004, of small business products through the retail branch platform.
- Tax payment and filing service is now available on EasyWeb, allowing the processing of payments such as payroll source deductions, GST, provincial sales taxes, and corporate income tax, with a single sign-on through a personal or business account.
- Last year we also provided business customers with greater accessibility to their funds. Using EasyWeb or Wireless banking, they can now transfer funds from business to personal accounts, between separate profiles, and between Canadian and U.S. dollar accounts in real time, and view all of their business and personal transactions at the same time.
- During Small Business Week in October 2003, we participated in some 20 initiatives across the country in recognition of this important customer segment. Activities included sponsoring and making presentations at business seminars, trade shows, and other events.

More info: tdcanadatrust.com/smallbusiness



Above: Customer Service Representative Myra Viola is ready to serve busy customers at a dedicated small business wicket.