Bank Financial Group
Investor Relations

TD BANK FINANCIAL GROUP
CIBC EASTERN INSTITUTIONAL INVESTOR CONFERENCE
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DISCLAIMER

FORWARD-LOOKING INFORMATION

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The forward-looking information contained in this document is presented for the purpose of assisting our shareholders and analysts in understanding our financial position as at and for the periods ended on the dates presented and our strategic priorities and objectives, and may not be appropriate for other purposes. The economic assumptions for 2009 for the Bank are set out in the Bank's 2008 Annual Report under the heading "Economic Summary and Outlook" and for each of our business segments, under the heading "Business Outlook and Focus for 2009." 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 us to make assumptions and are subject to inherent risks and uncertainties, general and specific. Especially in light of the current, unprecedented financial and economic environment, such risks and uncertainties may cause actual results to differ materially from the expectations expressed in the forward-looking statements. 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. A substantial amount of the Bank's business involves making loans or otherwise committing resources to specific companies, industries or countries. Unforeseen events affecting such borrowers, industries or countries could have a material adverse effect on the Bank's businesses, financial results, financial condition or liquidity. The preceding list is not exhaustive of all possible risk factors and other factors could also adversely affect the Bank's results. For more information, see the discussion starting on page 64 of the Bank's 2008 Annual Report. All such factors should be considered carefully when making decisions with respect to the Bank, and undue reliance should not be placed on the Bank's forward-looking statements. Any forward-looking information or statements contained in this document represent the views of management only as of the date hereof. 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.

PARTICIPANTS

Bill Hatanaka	Group Head Wealth Management, TD Bank Financial Group
Darko Mihelic	CIBC World Markets – Analyst

QUESTION AND ANSWER

Darko Mihelic – CIBC World Markets – Analyst

We are very pleased to have Bill Hatanaka with us today. He is the Group Head of Wealth Management at TD Financial Group, and Chairman and Chief Executive Officer TD Waterhouse Canada. He is responsible for leading TDBFG's integrated wealth management business in North American and the United Kingdom.

It includes a discount brokerage, financial planning, private investment advice, private banking, private trusts, investment counsel, even some insurance services, mutual funds and asset management divisions. Bill joined in January 2003 as Executive Vice President of Wealth Management.

Before we begin, I would like to remind everyone that this Q&A session is being audio webcast and will be archived on the CIBC website. Let me also remind you that during this Q&A session, our participant may make forward-looking statements that are subject to a variety of risks and uncertainties.

Certain material factors or assumptions may be applied which could cause TD Bank's actual results in future periods to differ materially from the conclusions forecast or projections in these forward-looking statements. We will draw your attention to the slide regarding forward-looking statements up on the projector there.

And with that, we can launch into our Q&A now, Bill, welcome of course.

Bill Hatanaka – TD Bank Financial Group – Group Head Wealth Management

Thank you, Darko.

Darko Mihelic – CIBC World Markets – Analyst

And one of the things I have always enjoyed about TD's business is that it is very integrated with we hear Ed Clark speak and yourself, it is a very integrated approach. But what I was hoping that we could do this morning a little bit is maybe dive down into the little pieces of the business so we could get a bit of an overview of all the different chains with which you work with, all the way from the discount brokerage up to the mutual fund manufacturing.

If you could give us a bit of an overview, that would, I think, be helpful for guiding our discussion this morning.

Bill Hatanaka – TD Bank Financial Group – Group Head Wealth Management

Sure, Darko. Good morning, everybody. The -- we have -- I guess the best way to look at our Global Wealth Management organization is that we have three main business lines. Online is our online brokerage capability, and we conduct our online business in Canada, in the US with our partners at TD Ameritrade, and in the UK as well.

The second main business line would be our advise businesses. And that would be financial planning for the mass affluent, private investment advice, which is our full service brokerage equivalent, and our private client group, which is private banking, private trust and private investment counsel in Canada. In the US, as well, we have a mass affluent advise business and we have our private bank, very similar early days, but very similar to what we are setting up Canada.

And then, of course, we have TD Asset Management, which is comprised of our mutual fund organization in Canada and our institutional money management side as well. So, online brokerage, our advise capability, and our asset management businesses comprise the bulk of our overall revenues and profitability.

Darko Mihelic – CIBC World Markets – Analyst

And so, when we are to look at these three sort of -- I do not want to use the word silo, but let's just make it three sort of businesses --

Bill Hatanaka – TD Bank Financial Group – Group Head Wealth Management

Sure.

Darko Mihelic – CIBC World Markets – Analyst

-- or business groupings. Can we talk about the overall importance of each? Maybe you can list -- give us just - size it for us from a revenue earnings prospective perhaps. Is it equal amongst the three? Is one heavier than the other? Can you give us a bit of a feel for that?

Bill Hatanaka – TD Bank Financial Group – Group Head Wealth Management

Interesting enough, as we break out the revenues, all three of those business lines are basically similar in overall revenue size, so approximately 750 -- 750 in revenues being derived from each of those individual businesses on an annual basis. On the online brokerage side, we are -- the size of our online business is different in different countries, obviously.

In Canada, we have significant discount brokerage organization. We are a 45% market share, we are significant -- as significant on a transactional size, so this is a monster of an online business. In the United States, we have a great partnership with TD Ameritrade. TD Ameritrade is the number one transactor in the US with the lots of upside potential. And then, in the UK, we have a dual strategy in our online brokerage side. We are both an independent -- we are an independent online brokerage firm centered in Leeds and Manchester. And we also have a correspondent and joint venture relationships.

So, we have a joint venture with the Royal Bank of Scotland. So we are, in effect, the Royal Bank of Scotland's online brokerage firm. We have a 75% venture -- called Internaxx, which is an offshore online bank which is centered out of Luxembourg. And, we have a correspondent or white label business that we conduct as well on behalf of several industry participants in the UK. Our strategy there really is to make sure we gain critical mass in the UK.

So we have gone from rational disrupter over the last two years, to really becoming the incumbent over the last year or two. And as we set our strategy of focusing the hub in the UK, we are now starting to branch out into various different parts of Europe over a period of time, conducting a hub in the spoke strategy. So different country contexts on the online business, but very, very committed. We are very committed to the online brokerage business throughout the world.

On our advise side, we have -- we are just gaining initial critical mass within Canada. We have our financial planning side. And over the last five years we have moved from 275 planners to about 680 right now. Our planners are branch-based, they work inside the branch network, and they are part of our overall banking continuum. And they are there to serve our proprietary client audience and fulfill primarily, but not exclusively, proprietary product.

Our investment advice business, we have just a little bit over 700 investment advisers. That is up from about 400 five years ago -- top notch crew. And, we are continuing to build critical mass into the advise side of the business. So when -- so last business cycle, we did not actually have significant critical mass on our advise businesses.

Over the last five years we have been able to rectify that. And as we go into the next cycle, we will in effect, have critical mass in our advise channels for the first time ever. And then we have our private client group in Canada, as well, which is private banking, a very solid critical mass business; private trust, which is both estates and trust and we are one, two in both of those businesses; and then our private investment counseling businesses, and we run one, two in those businesses as well. So, we are very strong critical mass private client group offering within Canada that is very competitive, and amongst the top competitors throughout Canada.

In the United States we have our advise businesses as well. We have our financial advisory, which is our hybrid between planning and full service brokerage. That is in the very early stages -- about 100 advisers there. And we have our private bank. Again, private banking, private trust, and private investment counsel, coming together to service the complex needs of high net worth audience in the United States. So, those are our advise businesses.

With regard to TD Asset Management, we have a very strong mutual fund offering in Canada. We are the number two player in Canada amongst the Schedule A banks. We are the number four player in the overall industry, and that is up from sixth place three years ago. So, we have made significant progress in moving up the industry rankings on the mutual fund side. And on an institutional basis, we have a very strong investment management organization that caters to our institutional audience doing a great job, and number one player in that space as well.

So, we have good solid market share and critical mass in each of our individual businesses. And we work to bring them together to conduct that integrated offering that we are so dedicated to.

Darko Mihelic – CIBC World Markets – Analyst

Okay. I guess, embedded in there is a lot of questions with respect to where we see growth going forward in these three sort of business groupings. It has been a very volatile last couple of years with respect to equity markets and fixed income. So maybe sticking -- we will start first with the online business. We should presumably see trades per day ramp up here, but can we talk about margins? Can we talk about market share and competition in those businesses? And I think --

Bill Hatanaka – TD Bank Financial Group – Group Head Wealth Management

Sure.

Darko Mihelic – CIBC World Markets – Analyst

-- both in Canada and the US would be a great overview, I think. But generally speaking, what I would like to angle at is, what kind of a jump are we seeing in trades per day and let's see if we [inaudible] margins? Can you give us a hint of that at all?

Bill Hatanaka – TD Bank Financial Group – Group Head Wealth Management

Trades per day, although we do not break out trades per day on the online business in Canada, but I will tell you that there has been a prolific growth in client engagement and in transactions over the last couple of years. When we looked at our business three or four years ago, there were transactional volumes that we anticipated would happen quite some time out -- they are happening right now.

So there is an immense transactional market going on as we speak. And whether this -- the downtick in the economic cycle was part of it or not, what we have seen is a real uptake amongst the client audience in Canada and the US for the online brokerage capability. So it is driving transactions throughout the entire industry, and a prolific growth in transactional business within TD Waterhouse discount brokerage in Canada.

In the United States, TD Ameritrade is doing a great job. They are in the high threes or low 400,000 transactions per day, as they announced publicly, and really doing a good job of processing trades on a clean and efficient basis, very quickly and very accurately for a large client audience in the US. So the online brokerage space is a very, very -- a very significant growth business, not only in Canada, but in the United States, and very definitely in the UK and Europe as well.

In terms of market share, the -- well, let's talk about margins for a second. The online brokerage business in North America is a very lean and efficient business. It does not have an awful lot of variable comp that's paid to advisor intermediaries. As such, once you start to generate critical mass and you start to lay down your foundational cornerstones, the ability to generate -- to handle incremental trades on a very efficient basis is extreme. So, you are going to see very, very high -- very, very high pretax margins in the online brokerage business. Schwab is 35-ish, many other firms can get up north of 40, 45%, so there are -- it is a very efficient business once you gain scale.

In Canada, we have a very efficient critical mass business relative to our country. Our margins are extremely strong. And in the UK, as we gain initial critical mass there as well, our margins continue to trend up. They were not significant two or three years ago, but as we start to build critical mass into our business and start to double the number of transactions we have been doing, what we are finding is that our pretax margins have continued to go north very quickly. So, online brokerage is a very efficient business and one that we like very much.

Darko Mihelic – CIBC World Markets – Analyst

I can clearly remember, going back to the last bull market -- rampant competition. And what we were looking at was a period where we had explosive growth in online trading, but the price charged to the customer per trade was on a one-way downtrend to almost zero.

Do you see -- clearly, I do not think that is the case now, but do you see any possibility that resurfaces as that we had in [the past]? What would your response be?

Bill Hatanaka – TD Bank Financial Group – Group Head Wealth Management

I think that there are three basic ways to compete in the online brokerage space. One is service. You have got to have best-in-class service in many different ways to interact with your clients, and you have got to do it very quickly and very efficiently in a way that they want to interact with you, whether it is online or whether it is on the phone or a combination of both. So, client service is a critical competitive factor.

The second, obviously, is via your price. And what we have seen in the industry over the last few years is a significant downtick in the price per trade, but it has leveled off over the last little while. We were very aggressive about bringing the price points down in Canada over the last few years. We had in mind that if we could get the overall price point down below that 10 number, that we would start to see stream of consciousness trading from our clients, which is exactly what has happened -- much more frequent trading, I think in large part, due to a much lower price point.

Other industry competitors have followed us down with regard to price points, but I have seen the industry stabilize over the last year or so. So client service, price point, and the other one, I think, is functionality. I think you need not only the ability to conduct business on the equity side, but you have to -- as an organization in this industry, I think, we collectively have to work to enhance our capabilities on the fixed income side, on the option side, on the foreign exchange side. So, I think that what you will see in those areas is working to deepen the functionality in each of the businesses.

Now in the United States, as you know, a couple of firms went to the zero pricing model on the online brokerage side, and it was really an open ended question as to how that would impact the industry. I think the online brokerage industry in the US would say that there has been negligible impact to the business model. And when you take a relative satisfaction index, combining customer and client service, price point, and functionality, that there is a point in there where you can charge a reasonable price for excellent service.

Darko Mihelic – CIBC World Markets – Analyst

And maybe switching gears to the advisor business for a moment, the numbers that you speak of are quite actually dramatic growth numbers. 680 financial planners from 275, 700 advisors from 400, during a period of immense volatility. I have got to imagine that this was not an easy build.

Where did it come from? Was it poaching of other -- I should not use that word, but poaching others -- were you taking advisors from other rivals? Were these newbies to the business, and what is the impact then on these people? I would imagine that their books are smaller. So I imagine that you have more advisors, but the assets per advisor are lower.

Can we talk about the difficulties in doing that, and what should we expect going forward? Is this still in build, or are we at critical mass now and all you really want to do is just [grind up] the margins higher?

Bill Hatanaka – TD Bank Financial Group – Group Head Wealth Management

I think that the genesis of our build out on the advisory side is quite straight forward. We believe that in order to be able to conduct an integrated offering on a most effective basis, each of your component business units, when they are facing their clients, has to have significant and sufficient critical mass in order to be a significant player in that partnership. What we had in the past was a very powerful online brokerage side. We had a good private client group, private bank.

We had a very strong mutual fund side. But our basic IDA, or our IIAC registered financial planning and private investment advice side lacked critical mass. I think that when we set the strategy to continue to build out our advisory side as part of our overall strategy, it was very important that we had the full buy-in from, not only Ed, but the senior executive team. This is an allocation of our resources on a yearly basis to an advise business that did not have critical mass.

And what we worked to do was find a zone that we could continue to move forward, self fund that business and continue to grow on a timely basis. So neither too quickly nor too slowly, but for sure to find that consistent zone where we could go from non-critical mass to critical mass, and that is exactly what we have done.

So, we have constantly worked to build out those businesses. It is a significant upfront spend because the way we have gone about it is to both recruit externally and to build via a training program internally. When -- as we built, our training program and bring in strong men and women from outside of our industry who have shown proficiency in other areas of industry and want to come into our business, there is a significant upfront cost because you are paying salaries for a period of years.

You are investing significant amounts of money in training individuals from scratch. But what you get from that is the ability to collect top class men and women. You get to build quality investment process that you train on and then they take it into the field. And most importantly, if there is a cultural alignment. When you train people from scratch, you also have the ability to have that cultural alignment which I think is so important when you are building an integrated wealth management offering.

We supplement that by recruiting high quality competitive recruits from other firms in the industry, and we do that as well. So our philosophy is build by blending those two, and we have found it has been successful. The other part of that is you really have to stay committed and dedicated because during good times and bad, the upfront expense is -- the upfront cost is expensive. It is only now when we will start to reap the returns of the work that we have done three and four years ago.

Darko Mihelic – CIBC World Markets – Analyst

Suppose cyclically, what we should be thinking about is, we have gone through a very rough patch in equity markets. Typically, what you'll do in that situation is cut discretionary spending, maybe you will tighten up the grid a little bit, and now we are coming out, we are back to -- hopefully, knock on wood somewhere, we are on a bull market. And the significant upfront expenditures you are speaking of really not there anymore; we have the critical mass.

What kind of growth should we look at? How should you think about that? Should we think of -- say revenue growth of double digit, and then from an operating leverage point of view, it should be fairly wide?

Do you think in terms of that? Can you give us any idea of what we should expect from your division operating leverage wise in a rising equity market that we are in right now?

Bill Hatanaka – TD Bank Financial Group – Group Head Wealth Management

I think that rather than breaking out the individual numbers, the visual on it is that we have had salaries that we have been carrying for a period of time, and the revenues coming from those salaried individuals, or those individuals on draw, has been quite modest.

But as these markets start to repair themselves and the volumes start to go up, what you are going to see is that the salary component, or the compensation component remains relatively flat for a period of time, and the revenue just starts to increase and very prolifically.

So, that is kind of the model that is in place. But what -- the way we categorize it inside the firm is in both organizations, we've achieved bear market -- or, bull market critical mass some time ago. What we have been working to do is get to the bear market critical mass, where in the worst of times we can continue to invest in our overall advise based capabilities and make a buck at the same time, and that is what we are in the process of doing.

So there is good leverage in our advise based businesses, but again we are just at initial critical mass. And I think that the real upside comes from building on this initial critical mass going forward in the future.

The main thing we wanted to do, though, as we went through this valley that we have all been through, and we had no idea how long the valley was going to be or how deep the valley was going to be, we wanted to make sure that we continued to invest in the businesses that were core to our strategy, so that when we came out the other side, we would, in fact, be a much stronger organization, regardless of when that particularly would happen.

And so, we have continued to invest in our advise based capability. It is going to pay off as we move into the future. And this will be the first time that TD Wealth Management will actually have a critical mass, integrated wealth management organization going into the next business cycle.

Darko Mihelic – CIBC World Markets – Analyst

So when I think of the integrated model that you run in Canada, your branches refer business to your advisors and depending upon I suppose the amount of assets that are being referred to different channels. So, I guess there are two questions embedded in that.

One is how do you manage the conflict that would naturally occur with that? And then, I guess, two, is that a model that you can employ in the US? And, would you aggressively try to deploy that into the US given that you are just about finished, or overall TD is very close to finishing the integration, and from all accounts it sounds like it is going really well, is this something that you could tap into for growth in the US?

Bill Hatanaka – TD Bank Financial Group – Group Head Wealth Management

Well, let me start with Canada. We are very fortunate to have a great partnership with our partners within TD Canada Trust and within the commercial bank as well. As a matter of operating, we believe in a close alignment with our retail partners and close alignment of the businesses within the overall banking. And we believe in running an integrated model, which means that the way we compete is through greater integration.

So, in that macro context, we have worked hard to create a wealth management organization that was very aligned to our overall retail banking capability and very much integrated, not only within wealth management, but the process of working very closely with the retail bank. The premise really is that when a customer or client walks into the TD Bank, they do not say well, there is the retail bank over there and there is the wealth management organization; they say I am here to be a customer or client of the TD Bank, I am looking for solutions and I assume that you are just one organization.

So, we work hard to make sure that we build a business that can be seen by a client in exactly that way. So, whether it is the client's first bank account right up through some of the richest individuals and families in Canada, whether it is their first day on this earth or the last or beyond, whether they have no knowledge of wealth management whatsoever, we work to provide our clients with one seamless continuum.

And we work to make sure that our clients are availed of the services that we have within the bank that are in their best interests. So we move our clients to the segment that we feel will give them the answers and the solutions that they are looking for.

So from an integrated perspective, we had two choices from a wealth management side. As we put the business together, we could say -- we will say keep away, and we will just build siloed wealth management businesses over here, or we could acknowledge that we had the opportunity to align with what is arguably the most prolific source of client origination that has ever been put together in Canada.

It was an easy decision, so we worked hard to align our businesses very carefully. And many of the things that have -- many of the benefits of alignment have been that prolific flow of referrals back and forth from wealth management -- from retail to wealth management. And the retail side of our business has been great at sending referrals over the wealth management side over the years. Wealth management over the last five or six years has become significantly better at teaming and partnership and reciprocity with our partners at TD Ameritrade.

We will never be the larger of the two units, but I think it is our proactive -- it is our ability to proactively reach out and show our appreciation in many different ways that I think keeps the wheels turning. So, we work hard at the partnership on both sides and it has been a very successful endeavor, and one of the real keys to what I believe is a sustainable competitive advantage. And we are very proud of how well that has gone.

Having said that, it is not just a bunch of people deciding to make it happen. It is Ed. It is the senior executive team. It is all of the members within those business units. It is technological capability. It is infrastructure capability. It is being able to count and track accurately. There are 20 or 30 different things that actually have to go into place before a prolific referral capability can happen, which is part of the art of the whole thing.

So now as we look into the United States, the question then becomes, can we take some of the learnings that we have gotten from our Canadian experience, and can we transport those learnings into the United States? I think the shorter answer is many of those things, yes, but we have to make sure that we understand the context of the US, which is significantly different than Canada. So as we put our -- as we start to build out our wealth management capabilities in the US, it is a different context altogether.

The people, as you know, look alike. They sometimes sound like Canadians, but everything else seems to be very different. Regulatory realities, consumer preference, the effect of the Glass-Steagall being up much longer, keeping the barriers up in the United States, I think, has very much influenced consumer behavior. And all of those things have got to be taken into account, and to context as we build out our wealth management model.

So in the United States, we are working hard to integrate our wealth management model on the North American basis – North, South. We are working hard to align our wealth management model to our US personal and commercial bank. And we are working hard with our partners at TD Ameritrade to build a model that works in harmony; brings the strengths of the wealth management organization, the strengths of the TD Ameritrade organization, and lines them up appropriately so that we can service our retail clientele, which are being originated in TD Bank, America's Most Convenient Bank.

So, it is part science in that there are some technical things that can be exported to the United States. It is partly partnering, and it is partly context. And all those things have gotten to be taken into place, and that is the art of the whole referral system.

With regard to the conflicts -- Darko, you were talking about conflicts. Anytime you line up business segments within a wealth management continuum, you are going to find that there are areas of overlap. And you can choose to say those areas do not exist, or you can say that those gray zones are there and that we want to proactively be in those segments and we want to proactively resolve the differences.

And what we did was the latter. We said we want to put together an integrated offering, discreet client segments, multi-channel distribution advisory and relationship, client propositions and fulfillment that reinforce those businesses. But in certain zones, there are going to be two or sometimes three different business units that can actually serve a client.

If you take a client that has $500,000 in investable assets, a case could be made for several different business units to service that client very well. So we work on a partnership mantra within wealth management that we have developed, that lays out the investable assets, that lays out the client segmentation, lays out the rules of engagement, deals in a true partnership capability, and the arbitration takes place within the wealth management operating committee which has representation from all of those businesses on in.

So, the gray zones do exist. It does need managing. It is part of the art of running the integrated wealth management business. We choose to acknowledge that those gray zones exist, and we call upon the partnership to deal with them in a partner like manner.

Darko Mihelic – CIBC World Markets – Analyst

Could you talk about targets? What is your ROE target -- growth target for the next couple of years, given what we have just lived through? What should we expect for net income growth or can you give us any concept of that for your particular division?

Bill Hatanaka – TD Bank Financial Group – Group Head Wealth Management

I guess I would sound like an economist if I said that it depends, but I think that when you look at -- I guess, each of our business units, feed up to three main sources of revenue. One would be net interest income. One would be transactional income. And one would be fee based revenue derived from our overall asset base. I would say that from a transactional side of the business, given what we have seen in terms of client take-up, we expect continued growth on the transactional side.

Darko Mihelic – CIBC World Markets – Analyst

Like double digit kind of thing or -- ?

Bill Hatanaka – TD Bank Financial Group – Group Head Wealth Management

I think it depends. If you are talking purely growth in the equity side, I have a question about that. If you are talking about deepening the functionality of the online brokerage units, I think that there is immense potential that cannot yet be categorized percentage wise. If an organization chooses to go into options in a prolific way, or foreign exchange, all of these different lines are businesses that can be run through that same very efficient pipeline. So, I would say that some people look at the online brokerage business and they say well it starting to mature already. How many trades can a person do?

Others would look at that and disagree and go, oh my God, it is just in very early stages. Think of all the other things that can be done on behalf of that client base and through that pipeline. So I think we choose to see it that way -- so, significant upside.

In terms of the advise businesses, I think that it depends on the degree of adherence to the business that you deploy, but I think on a macro basis, the demographic within North America is heading right. It is creating tailwinds with regard to the advise capability. People -- there has been a hypothesis out of there that individuals and families are going to move away from advise businesses and look more towards the online capabilities.

What we have seen in this particular economic down cycle is both the online capability has grown prolifically and the advise capability has continued to grow as well. So, people are getting older. The older are getting wealthier and controlling a disproportionate amount of the wealth in North America.

They are showing the propensity to downsize the number of providers that they deal with from five or six, down to one or two as they get older. And often those one or two are not chosen from the five that got them there, but chosen as the one or two that can provide the services on a go-forward basis.

So, if we are talking about advice as straight capital markets or related items, then I would say that the growth is going to normalize over a period of time. If we talk about the advise businesses as being a more comprehensive business that will play in the arena of the retirement zone, or the pre-retirement zone, we talk about the services being not only that capital markets continuum, but private banking, trust capability, insurance capability, philanthropic capability, business succession planning capability, all of those things represent significant opportunities on the revenue side of the business depending on who decides to run their business that way.

And our belief is that that pre-retirement and retirement zone is the critical arena for the future of the advise businesses, and that we will need all of those resources marshaled, and we will have to do them very professionally in order to earn the right to manage client money on a go-forward basis. So, that would be the model that we would favor on a go-forward basis.

Darko Mihelic – CIBC World Markets – Analyst

The NII, you mentioned that as a third area of through growth potential.

Bill Hatanaka – TD Bank Financial Group – Group Head Wealth Management

The net interest income is directly correlated to where the interest rates are. If the interest rates, they lower here for a prolonged period of time, there is a very mitigating effect on our ability to generate net interest income. If interest rates start to rise again on a very straightforward basis back to levels that we had two years ago, let's say, then the industry will experience an extreme increase in net interest income on a very directly correlated basis. So, transactions we expect to increase; it depends on the model you are going to deploy.

Advise based business driving the fee base side; depending on the assets that we can bring into the organization will drive that fee base capability. And net interest income -- a direct function of the direction of interest rates. And you have to set your assumptions in place to understand the number that you're going to print at the bottom.

Darko Mihelic – CIBC World Markets – Analyst

It has been very great, Bill, having you up here. Thanks very much. We have run out of time.

Bill Hatanaka – TD Bank Financial Group – Group Head Wealth Management

Thank you, everyone.

Darko Mihelic – CIBC World Markets – Analyst

Thank you.