



TD BANK GROUP

CONFERENCE CALL: TD ANNOUNCES CEO SUCCESSION PLAN

APRIL 3, 2013

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CONFERENCE CALL PARTICIPANTS

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Bharat Masrani

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Rudy Sankovic

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John Reucassel

BMO Capital Markets – Analyst

Peter Routledge

National Bank Financial – Analyst

Sumit Malhotra

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PRESENTATION

Rudy Sankovic – TD Bank Group – SVP, Investor Relations

Good morning, and welcome to TD Bank Group's conference call.

As the operator said, my name is Rudy Sankovic, and I am the Head of Investor Relations at the Bank. We will begin today's call with remarks from Ed Clark, the Bank's CEO, and Bharat Masrani, Group Head US P&C Banking, after which we will entertain questions from pre-qualified analysts and investors on the phone. Also present to answer your questions this morning is Colleen Johnston, the Bank's CFO.

At this time, I'd like to remind our listeners that this call will contain forward-looking statements. More information is available in this morning's press release, which is on our website.

With that, let me turn the call over to Ed.

Ed Clark – TD Bank Group – Group President & CEO

Thank you, Rudy. Good morning everyone, and thank you for joining us. This is an exciting day for all of us here. As you will know if you're on the line, we issued a press release this morning announcing the Bank's succession plan, including a series of people moves, which together represent a commitment to continuity of culture, values, and business model. We have set my retirement for November 1, 2014, providing, as Brian Levitt promised, a long period of notice and transition.

The Board also announced that my successor will be Bharat Masrani. Effective July 1, 2013, Bharat will become Chief Operating Officer of TD Bank Group, and will relocate to Toronto. The Board has announced their intention that Bharat will become Group President and CEO of TD Bank Group on November 1, 2014.

I am absolutely delighted. I couldn't be more pleased with this announcement. Bharat has been my colleague and partner almost since the time I arrived at TD. He helped reshape the risk appetite of the Bank and was critical to many of our earlier decisions. He moved to the United States in 2006, and has since that time led our US expansion through more than a half dozen mergers, pretty challenging economic circumstances, and a rapidly changing regulatory environment. Most important of all, Bharat brings not only great business acumen and judgment to the job, but he shares all of our commitment to the culture and values of the Bank.

We're also going to make a number of other moves as a result of the shifts in Bharat's responsibilities. Let me start with how we will replace Bharat, and how we will organize our businesses. First, there will be no change at TD Securities. Bob Dorrance will continue to run TD Securities.

Bharat will be replaced as CEO of TD Bank, America's Most Convenient Bank on July 1, 2013 by Mike Pedersen, who will move to the United States this summer. Mike brings to this role great global retail and wealth management experience.

Wealth will report to Tim Hockey. This gives us a single face in Canada for our personal and commercial businesses. Tim will have responsibility for driving our integrated strategy for customers across channels and businesses.

We are creating another business group under Riaz Ahmed. Riaz will now take on responsibility for Insurance and Credit Cards, in addition to his current responsibility of leading the Enterprise Strategy Group.

There will also be some changes in the area of central services and some of the central functions. First two areas of no change: Frank McKenna remains Deputy Chair, where he continues to provide us a unique competitive advantage, and Mark Chauvin will continue to provide his outstanding leadership as the Chief Risk Officer of the safest bank in North America.

Colleen Johnston's responsibilities as CFO will continue, but she'll take on two new assignments. Because of the central role that the CFO plays in driving our productivity and cost agenda, Colleen will take responsibility for Global Sourcing. Colleen, who as you know does a superb job representing the Bank publicly, will also take on responsibility for both our internal and external communications.

We are also shifting some of the focus for Teri Currie. Teri, in addition to keeping her responsibilities for HR, will have responsibility for Corporate Shared Services, Direct Channels, which she has now, and Marketing. This provides a group highly focused not just on supplying the North American needs of our businesses, but also driving integrated strategies to own the space of how consumers want to be served in the future.

Finally, Norie Campbell will also gain additional responsibilities. In addition to her role as General Counsel, she will now take on responsibility for Compliance and AML. In her new role, Norie will become a member of the SET (Senior Executive Team) as of April 15th of this year.

Let me just pause and say how thrilled I am about these moves. They make organizational sense. But more importantly, they ensure a SET that is capable and committed to driving the company forward in the years ahead. Bharat, as I have said, will come back to Toronto this summer. As COO, effective July 1st, he will take over responsibility for all head office functions. So, as of that date, Riaz, Norie, Mark, Teri, and Colleen will report to Bharat. Bob, Tim, Mike, Frank, and of course Bharat will report to me until November 1, 2014.

With that, I'll ask Bharat to say a few words, and then we'll have the operator open up the line for any questions you may have.

Bharat Masrani – TD Bank Group – Group Head, U.S. P&C Banking

Thank you, Ed.

First, let me say that I am deeply humbled by the confidence Ed and the Board have placed in me. I've spent my entire banking career at TD, so I understand full well the magnitude of what it means to be entrusted with this great honour.

You all know what an extraordinary leader Ed has been at TD. He's also been a friend and mentor, and I look forward to his continued support and guidance over the next year and a half as I take on the role of Chief Operating Officer, and work with him to implement this transition.

I'm equally pleased that all of my colleagues on the senior executive team are part of the new structure we announced today. TD's leadership team is second to none, and it's a credit to them that we have enjoyed the success we have as a business, as an employer, and as a brand.

TD's vision remains unchanged – to be The Better Bank. It is this vision which has steered us as we have consistently grown our business, and it will remain our guidepost as we move forward. And it is why I'm so confident – as you can be – that TD will remain poised for continued success.

Thank you for taking the time to join us this morning. I'll now turn it over to Rudy to open it up for your questions.

QUESTION AND ANSWER

Rudy Sankovic – TD Bank Group – SVP, Investor Relations

Thanks Bharat, and thank you to Ed and Bharat for their comments. Operator, please open the line for any potential questions.

Operator

Absolutely. Ladies and gentlemen, we will now conduct a question-and-answer session.

John Reucassel of BMO Capital Markets.

John Reucassel – BMO Capital Markets – Analyst

Thank you. Ed, could you just clarify, for Riaz, you're separating Insurance from Wealth Management and Credit Cards from Retail Banking? Did I hear that right?

Ed Clark – TD Bank Group – Group President & CEO

Yes, Riaz will keep his current responsibilities. As you know, he's Corporate Development, Strategy, and the Treasury Group, but then he will take on Insurance and Credit Cards.

Let me anticipate your next question. We're going to work through what the implication of this is for segment earnings. We haven't done that yet, and there will be no change for F2013. Right now, as you know, the Credit Card group's earnings show up in the U.S. Bank and in the Canadian Bank. Obviously, the Insurance business – it's entirely domestic – is, as you know, split out with Wealth and Insurance.

So, we obviously have to work our way through what we have to do from an accounting point of view. From an analyst point of view, I'm sensitive to the fact that it's nice to have a world where you can compare the five Canadian banks and actually see what their domestic businesses are. So, we'd like to preserve that ability for you as best we can, given the accounting rules.

John Reucassel – BMO Capital Markets – Analyst

Okay. And I guess just operationally, does it make sense to separate Insurance from Wealth Management? You moved it under one and then you've separated it – is it that easy to separate and move around operationally?

Ed Clark – TD Bank Group – Group President & CEO

Yes. So, operationally, Insurance is the easiest one to move around. It really has got its own standalone platforms and it isn't that integrated. And as you know, with our Insurance business, by law, we are very limited in what we can offer, other than creditor insurance, but that rides off the Canadian operations. But on the property and casualty insurance, it is all direct. It is very much a standalone business – the most standalone unit, probably, that we have.

I'd say the more operational issues are around the Credit Card area, where we have the MBNA platform and then the historical credit card platform, and obviously it is quite integrated. The same technology group that's standing behind the Credit Card group will stay – they will, in a sense, have dual bosses. They'll be doing stuff for Tim, and they'll be doing stuff for Riaz.

John Reucassel – BMO Capital Markets – Analyst

Okay. I think I understand that. And just one last question. Why 18 months? Is it that the Board said they wanted 18 months, or is there some magic number about the transition period?

Ed Clark – TD Bank Group – Group President & CEO

No, I don't think there's a magic number. Other than – I always say, as with everything, when you ask: 'why do we have tractors, or why do we lag in security gains?' It's because we do everything in a staged manner. So, Bharat and I have experience with these things from when he was Chief Risk Officer. In a sense, we were partners running the place and we're back to being partners now, running it again. And, so, for us and for employees, what they want to see is continuity.

I'm a believer in change and think that transitions are a good thing, because I think that's how companies renew themselves. At the same time, what you want to do is make people relaxed and say the world isn't suddenly going to change. What you see here is a long period of time that lets people relax and say this isn't going to be a big change. In particular, by doing the reorganization so that you can see what the SET will look like going forward, that eliminates what often happens in these transitions, where people stand around and wait for the shoe to drop or what's going to happen now.

All the shoes have dropped here, if you want to put it that way. There will be a gradual transfer from me to Bharat, and Bharat will take on more over time. He's got to move back here. He's going to get a bunch of functions directly reporting to him, and then I'd say, during next year, more and more of the running of the Company will pass over to his hands.

John Reucassel – BMO Capital Markets – Analyst

Okay great, and congratulations, Bharat. Thank you.

Bharat Masrani – TD Bank Group – Group Head, U.S. P&C Banking

Thank you.

Operator

Peter Routledge of National Bank Financial.

Peter Routledge – National Bank Financial – Analyst

Thanks. Bharat, question for you. I guess a little over 10 years ago, when Ed took over, it was a very different bank, and while I'm sure he couldn't have predicted exactly where the bank would be today, there was a vision there. So, what's your vision? Where will this bank be in the next 10 years?

Bharat Masrani – TD Bank Group – Group Head, U.S. P&C Banking

When you go back 10 years ago, and if we had a crystal ball to see the kind of bank we would want in 2013, I think we got something that is ideal from that perspective.

Our message here is continuity. We have set the vision. This is not a change that entails changing what we stand for or what our strategy is and what we deliver day in and day out. So, the message here is continuity. This is not looking at a bank that is looking for a dramatic change in direction, absolutely not.

Peter Routledge – National Bank Financial – Analyst

But as we move forward, 10 years from today, do you want to have a bigger North American platform in Personal and Commercial Banking, and how much bigger? What's your appetite for expanding the platform?

Bharat Masrani – TD Bank Group – Group Head, U.S. P&C Banking

We have made it clear that we are a North American bank. We are an organic growth engine. We will continue to grow and take share. And so my answer would be, yes, 10 years from now, I expect the bank to be much larger than it is today based on that strategy of continued growth and taking share. So you can certainly expect size to grow, but I don't expect any major change in what we stand for, what the culture of the bank is, and what we deliver for our customers.

Peter Routledge – National Bank Financial – Analyst

Thank you very much.

Operator

Sumit Malhotra of Macquarie Capital.

Sumit Malhotra – Macquarie Capital – Analyst

Good morning. Ed, you've been increasingly clear on the Bank's acquisition appetite over the last number of months. I wanted to go back down that road again. And that's because I've heard Chief Executive Officers say – or intimate, essentially – that they wouldn't want to do a large transaction and then walk out the door and let the next guy worry about making it work. Now that you've given such a longer period of time until the transition is official, does this leave the door open for the Bank to continue along the acquisition path if opportunities come up, or do you feel that the time frame wouldn't be long enough for what I would call a transformational deal?

Ed Clark – TD Bank Group – Group President & CEO

I've got to be careful answering this, because I don't want to get you all excited again. The honest answer is that when we do these acquisitions, I'm not the one that does the acquisition. What has made us a very good acquirer is a whole set of people that really do know how to do both the M&A work of the acquisition, but then more importantly, all the plumbing work of how to actually make these things sing.

So, if your question is, given that we are handing over the leadership later next year, do I think this bank is capable of doing an acquisition? Absolutely. I don't think there's any doubt about that. And if the acquisition was obviously in the United States, it would be clearly in Bharat's wheelhouse. Nobody in the world knows more about how to do acquisitions in the United States than Bharat. But that should not be interpreted as giving you any new information about the statements that I've made on the particular one, if that's what you're referring to. There's nothing that has changed our view of the availability of that acquisition.

Sumit Malhotra – Macquarie Capital – Analyst

Yes. I'm not talking about any specific one. It's just that the fact that you'll be leaving on a certain date doesn't necessarily change your view or the Bank's view of whether undertaking a large deal from a timing perspective would be appropriate.

Ed Clark – TD Bank Group – Group President & CEO

No, I don't think so. I do think these are not just words. We believe our success formula is that we actually run the place as a team. It's a team that thinks of itself as a partner that has large equity stakes in the organization, and I am not a command and control CEO. So, I think it's a team that does all these things. I wouldn't exaggerate what you're losing in me moving on. I don't think there's suddenly a gap here where you're saying, 'gee, this team can't do it'. If an opportunity arose that was good for the shareholders, then the Bank will be in a position to take advantage of it.

Sumit Malhotra – Macquarie Capital – Analyst

Congratulations to everyone on their new roles. Thanks for your time.

Operator

And Mr. Sankovic, I'm showing no further questions at this time. Please continue.

Rudy Sankovic – TD Bank Group – SVP, Investor Relations

Okay. Thanks operator. Ed, any closing comments?

Ed Clark – TD Bank Group – Group President & CEO

This is obviously a big day for me and a big day for Bharat and a big day for the team, and I can tell you I'm over the moon. You do lots of things as a leader in terms of shaping an organization, but probably the most important thing you do is shaping how you leave an organization. I feel extremely good about how I'm leaving this organization – and I'm not leaving right now! I'll be around to create a little havoc for a little time yet.

So, thank you very much for taking the time out of your busy day.

Rudy Sankovic – TD Bank Group – SVP, Investor Relations

Yes. Thank you everybody, and that ends the call. Thank you.

Operator

And thank you. Ladies and gentlemen, this does conclude the conference call for today. We thank you for your participation, and you may now disconnect your lines.