TD BANK FINANCIAL GROUP
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CORPORATE PARTICIPANTS

Colleen Johnston
Toronto Dominion Bank - CFO - TD Bank Financial Group

PRESENTATION

Unidentified Speaker

Okay then, we're lucky to have TD Bank here who have made it after some unfortunate weather difficulties this morning, but we're very excited to have them. TD has become an increasingly familiar face to US investors as it's one of the top 10 in North America by market cap.

While obviously a leader in Canada, it's easy to forget that they are now one of the top ten depository institutions in the United States. Our next speaker, Colleen Johnston, has also become an increasingly familiar face, including recently being named one of the top 25 women in banking by US Banker Magazine. Thanks very for joining us today, and I'll turn it over to Colleen for a brief presentation before we open it up to some questions.

Colleen Johnston ***- Toronto Dominion Bank - CFO - TD Bank Financial Group***

Thanks, Jessica, and good afternoon. It is great to be here in New York finally. Having presented at this conference last year at this time, it's impossible not to reminisce about what the world felt like a year ago. Frankly, with such tough financial markets and a looming global recession, there really wasn't that much to feel optimistic about.

I could never have contemplated the record performance TD delivered in 2009. We just announced our results last week. So, I am feeling more optimistic about where we are today and about what the future holds.

What I'd like to do today is provide you with an overview of TD Bank Financial Group, highlights of our 2009 results, and take a look ahead at our main business drivers and plans for our key businesses.

So, let me start with the legalities. This presentation contains forward-looking statements, and actual results could differ materially. These statements are intended to assist your understanding of our financial position for periods presented and our strategic priorities and objectives and may not be appropriate for other purposes.

Certain material factors or assumptions were applied in making these statements. For additional information, please see our latest annual report and quarterly report available on td.com. These documents include a description of factors that could cause actual results to differ.

So moving on to slide three, four key takeaways, we are the first truly North American bank. We have a lower-risk retail focus, conservative risk management, and we are consistently investing for the future.

Just a bit of background, TD Bank Financial Group is a 150-year-old bank that's anchored in Canada. We are building the first truly North American bank. We're a top 10 bank in North America in terms of total assets, deposits, employees, earnings and market cap.

Growing in the United States through TD Bank - America's Most Convenient Bank, and through our investment in TD Ameritrade is an important part of our future, and we are very confident in that future.

We have a focus on providing legendary customer service and convenience. In fact, we are the leader in service and convenience in North America. We have a lower-risk retail focus and a franchise wholesale business. Here's a great fact. Over the past four quarters, we earned close to 4 billion in adjusted retail earnings, which is larger than any bank in North America.

We get a better return for risk undertaken compared to our North American peers. Our adjusted return on risk-weighted assets is 2.27%, which is stronger than our Canadian peer group and four times higher than our US peer group.

We have a conservative risk management policy. We avoid risks that we don't understand and are realistic about risk-reward relationship. We are also one of only three banks traded on the New York Stock Exchange to be rated AAA by Moody. Even in this tough economic environment, we consistently invest for the future.

So, let me start with some 2009 highlights. When the economy was heading into the recession a year ago, we didn't know how wide and how deep the recession valley would be. At that time, our goal was to get across the valley. That means being defensive, with our business model intact and position ourselves to emerge with momentum on our side. As we now look back at 2009, I'm confident that we have made the right decisions.

Turning to our adjusted earnings in 2009, 4.7 billion, that number was up 24% year over year. Adjusted earnings per share was up 10%, despite capital issuance during the year. In Canadian personal and commercial banking, we earned 2.5 billion, and that number was up 2% from last year, despite a 50%, five zero percent increase in provision for credit losses.

We continued our strategic focus on customer service and convenience, winning the Best Customer Service Award by J.D. Power for the fourth year in a row and Synovate for the fifth year in a row. We achieved double-digit growth in deposits and personal lending and continued to take market share. We achieved a 50% efficiency ratio while all the while offering 50% longer hours than the rest of the competition.

Turning to our wealth management business, consistent with industry performance our wealth management earnings declined on a year-over-year basis. We earned 600 million, and that's in our global wealth management business as well as in TD Ameritrade, and those numbers were down 22% from last year.

We had record volume in our online brokerage business in Canada, which was more than offset by margin compression in a low nominal interest rate environment and the impact of lower asset values. Our investment in TD Ameritrade continues to be both a strategic and financial success.

In the US personal and commercial banking segment, we earned 800 million, and that number was fairly flat to 2008. So a flat performance, actually that sounds a bit better than it was. We had the benefit this year of a full year of earnings from the Commerce acquisition, 12 months versus 6 months last year, but that -- and -- so, but that was more than offset by higher provision for credit losses in the year reflecting the environment.

We did complete our integration and now have one bank from Maine to Florida. Similar to our Canadian personal and commercial banking business, we won the J.D. Power Best Customer Service Award for the fourth year in a row and continue to have hours business that were 50% longer than the competition. I think you're hearing some similar themes here between our Canadian and US businesses.

In wholesale, we achieved record earnings of 1.1 billion. That compares to 65 million that we made in 2008. The unprecedented market conditions validated our franchise business strategy, which was designed to be profitable, even in adverse environments.

In terms of just stepping back from the P&L overall, so again, 4.7 billion, that was up 24%. If I look at the components, our provision for credit losses more than doubled this year. We had provisioned for credit losses of 2.2 billion versus just over 1 billion, so that was a negative.

On the other hand, our wholesale revenues were up about 2 billion for the year, and that partly represented a normalization of revenues after a very tough year in 2008 and also very, very strong trading revenues due to higher market activity and better valuations. And, of course, our AAA rating is very helpful when it comes to the flow in our wholesale business.

But, the other factor that I think is important to look at is the progress in terms of pre-provision, pretax earnings, and there I will point you to our TD Canada Trust business, our Canadian personal and commercial bank, where our pretax, pre-provision income was up 10% on a year-over-year basis where we had strong operating leverage and very strong growth. So, that bodes well as we move forward.

TD entered the downturn with strong risk management practices and an enviable capital position. At that end of fiscal 2009, we had an incredibly strong Tier 1 capital ratio of 11.3% with more than three-quarters of our Tier 1 capital in tangible common equity, evidence of our high-quality balance sheet.

In 2009, while the rest of the world retreated, we opened 24 new branches in Canada, 33 new stores in the US. We added 75 new client-facing advisors in our wealth management business, and we added 155 new business bankers.

So, let's look ahead. There are four key factors that will influence our earnings growth rate. First, the provision for credit losses, and I know that that's one of the areas that investors are very interested in focusing on. So in 2009, our provision for credit losses as a percentage of net average assets was about 87 basis points on an adjusted basis, roughly double the average of the last 10 years.

Now as unemployment continues to increase and the economy slowly recovers, we do expect the provision for credit losses to increase and peak in 2010 with our Canadian losses probably peaking around the middle of the year and our US losses peaking towards the end of 2010. However, we have a solid loan portfolio that was built on prudent underwriting standards, and I think that's showing through in our numbers.

The second very important point in particular for TD, is nominal interest rates. So in 2009, our earnings were pressured by nominal interest -- lower -- by low nominal interest rates and the resulting margin compression. In the US personal and commercial bank, we have more deposits than loans, amplifying the effects of a low interest rate environment.

Net interest income in our global wealth business decreased by 77 million, or 22%, year-over-year. Similarly in TD Ameritrade, net interest income declined by 256 million, or 22% as well, and 45% of TD Ameritrade accrued to TD.

In terms of our balance sheet, we have 145 billion in personal non-term deposits, so that's essentially your core savings, checking and also includes the Sweep deposits from TD Ameritrade.

So, that's more than 40% of our total non-trading deposits, a much higher percentage than you would find, for example, with the other Canadian banks where that number is about 27%. So we are a very deposit-rich organization, and it's partly our strategy around service, convenience, more branches and stores that, in fact, contributes to the fact that we do attract more and, in fact, retain more of those core deposits. And they are very profitable.

But that said, when you look at all of those deposits during the year for our personal non-term deposits, the margin on those deposits declined by about 50 basis points from 2008 to 2009. So if you do the math, the opportunity going forward for us as interest rates start to normalize is something in about the 700 million range. So, we definitely do view that as a tailwind.

We expect to see nominal interest rates start to rise, probably in the latter part of 2010. But, of course, you would have your own view on that. The Bank of Canada made some announcements yesterday that would suggest that that's roughly their timeframe, June of 2010, which for us puts us into the latter part of our fiscal year. So as we look ahead, PCL declines and interest rate increases will be powerful drivers of growth for our solid foundation of retail earnings.

Third, given the nature of capital markets, it's difficult to provide forward-looking observations. However, after such an extraordinary year, in addition to the effects of any increases in nominal interest rates, we would expect wholesale earnings to normalize. So this year, as I mentioned, we earned about 1.1 billion.

If you look at what we would consider to be a normalized rate of return in that business at roughly, say, 20% on our existing capital, that would probably put you somewhere more in the range of about 700 million. But again, we've been surprised on the upside to see how strong our performance has continued to be in these markets. And, in fact, we just had a record quarter in our fourth quarter.

The other factor from a market standpoint is, of course, equity markets. As equity markets improve, that also affects our revenues in our wealth management business and we certainly expect that to be a tailwind going forward.

Fourth, with our strong franchises in Canada and the United States, we expect loans and deposits to continue to grow in 2010, although we would say they will grow at a lower rate than they did in 2009, in line with the recovering but slower-growing economies of these countries.

So again looking ahead to our key businesses, what can you expect from us? For our Canadian personal and commercial banking business, we'll focus on widening our leadership in customer service and convenience. We'll invest in new branches, opening at least 15 in 2010, and continue to build out our under-represented businesses, business banking, insurance, credit cards and regionally with the Province of Quebec.

For wealth management, we'll build on our industry-leading platform to grow market share in the Canadian and UK online brokerage market and grow our advice-based businesses. We continue to like our ownership structure in TD Ameritrade, which has great momentum in its asset-gathering strategy while maintaining its leadership in online brokerage.

In our US personal and commercial bank, the integration is now complete. We have a strong organic growth engine, a strong deposit base, a large number of maturing stores with significant growth potential, a growing loan book, untapped cross-sell opportunities and a unique service and convenience proposition that attracts and retains customers.

However, we are not satisfied with our rate of return in this business. We've had the headwinds of low margins in the current lower interest rate environment and elevated provision for credit losses in 2009. And, frankly, a long recession and a slow recovery will not help our returns in this business.

However, our fundamental business model is strong, and we'll continue to grow organically, opening 32 new stores in 2010. Although it will take time, we're confident that we'll improve our returns in the US business.

In wholesale, we remain committed to our lower-risk, client-driven franchise strategy, and we'll focus on generating strong returns without going out the risk curve. We'll continue to manage our businesses and leverage our platforms to build the first truly North American bank.

So some key topics in the current environment, frequently asked questions, so we are -- let's start with capital. We are heading into 2010 in a very strong capital position at 11.3% Tier 1. We do have a strong and consistent dividend history. Our payout ratio in 2009 was about 46%. Our target range is 35% to

45%. We pay dividends in relations to -- in relation to earnings over the medium term. Over the past 5 years our dividends grew by 79%, which is much more than our North American peers.

So, I know there's lots of discussion around the world on potential regulatory changes for capital. Canadian banks, including TD, went into the downturn with strong risk practices and capital levels. Given how well the Canadian system has performed, the Canadian banks will be -- will likely be less impacted by any changes compared to other banks around the world.

So while as these changes unfold, we believe it's prudent to maintain strong capital ratios until the nature and timing of any changes are finalized. Capital preservation is the name of the game for the foreseeable future.

I often get asked about tangible common equity to tangible assets. We believe that leverage should be assessed in the context of risk-weighted assets, which incorporate the underlying nature of the assets rather than the total tangible assets. And let me give you some data points here.

We do have a lower-risk balance sheet with a larger base of lower, zero-risk assets. For example, 20% of our total assets are Canadian real estate, secured lending loans. That's about 110 billion, and two-thirds of those loans are insured by the Canadian government.

And here's a really interesting statistic. While our Canadian real estate, secured lending portfolio is greater than 110 billion, we incurred credit losses this year on that portfolio of 10 million, the same number as in 2008, 10 million in losses on 110 billion.

In addition, 14% of our total assets are government and government-related securities. So if you add those securities to our low-risk, real estate, secured lending and business -- business in Canada, 34% of our balance sheet is in very low-risk, or no-risk, assets.

Also, total assets are higher for banks in Canada than the US since Canadian GAAP doesn't allow for derivative assets to be netted against derivative liabilities for master netting agreements. Risk-weighted assets as a percentage of total assets for us is 34%, better than the peer average in Canada and at roughly half the level of US banks, further illustrating TD's disciplined risk management approach.

Another important topic is the US acquisitions, and we are frequently asked about this by investors. We are interested in opportunities that are both strategically and financially attractive with low-asset risk, emphasis on low-asset risk.

That said, we have more than sufficient scale in the United States and we do not need an acquisition to complete -- to compete in the market. We have strong -- a strong organic growth franchise, and we'll continue to expand organically and invest for growth.

So back to the key takeaways, number one, we are building the first truly North American bank. TD is well positioned to come out of the current environment an even stronger North American leader.

Two, we have a lower-risk retail focus with a strong balance sheet. Our franchise retail businesses provide a solid base of growing earnings. Three, we are disciplined managers of capital, liquidity and risk. We continue to manage our business with a clear focus on risk return.

And four, we'll continue to invest in our business. We're building the better bank every day, and we are confident that we're emerging from the current environment with momentum on our side.

Thank you very much, and with that I will take your questions.

QUESTION AND ANSWER

Unidentified Speaker

Thanks, Colleen. I'm going to kick it off for a couple and then just open up to the room. You gave a little bit of color on capital deployment strategies from here. I was just wondering if you would go into that a little bit more and also just comment specifically if you've been looking at some of the FDIC deals? It's been a big theme here at the conference, and just comment if that's something that you're thinking about.

Colleen Johnston ***- Toronto Dominion Bank - CFO - TD Bank Financial Group***

So in terms of capital deployment, we do see continued growth opportunities, organic growth opportunities. We are being very disciplined around capital management.

I think in this environment you have to make sure that you are getting a very good return for the capital that you're deploying and that -- those kinds of disciplines have been even further increased in this environment. But, we have lots of opportunities on the organic growth side.

I think if we are to look at acquisitions and we -- you've mentioned FDIC-assisted deals, we are interested in FDIC-assisted acquisitions. Those don't tend to be capital-intensive for the banks, and we think we -- we think that there are some of those opportunities that could be strategically and financially attractive for us. So, we are exploring those opportunities.

Unidentified Speaker

Just -- would -- is there any way to comment on what size and geography or -- you think makes the most sense for those type of acquisitions? Or, are you sort of approaching them indiscriminate -- not indiscriminately, but open to all things?

Colleen Johnston ***- Toronto Dominion Bank - CFO - TD Bank Financial Group***

Well, in a perfect world, we would like to look at deals that are within our existing footprint so, again, we're centered -- most of our franchises in the north-eastern United States and then we have a very small network in Florida. We have under 30 stores in Florida.

The reality of our current footprint and the good news is being part -- being centered in the northeast, that geography has performed a lot better. So, I really don't think you're going to see FDIC-assisted transactions in the northeast of any significance. Where you are going to see those deals is in the southern US, really the sunbelt.

So, Florida is an attractive market for us. We do want to grow in Florida, and we do have a plan to continue to add new stores in Florida. So, there may be opportunities there. I think that the likelihood though is, if we were to look at those deals, they would tend to take us a little bit out of our current geography.

And we would be open to that. I think you have to look at each and every transaction to see whether it would make sense. You have to make sure you have the capacity as an organization to manage those assets in particular. We tend to be, as you've heard, our asset quality is extremely high. I would classify us as being super prime in Canada and having very strong quality lending in the United States.

So, you need to make sure that you have the capacity and the skill to be able to manage these kind of portfolios, as dictated by the FDIC. So, it's a matter of having the capacity. But, we will -- as I say, we will look ideally for transactions in our existing footprint, but you might see us move a little bit out of -- outside of our current Maine-to-Florida footprint.

Unidentified Speaker

Thank you. Sonny?

Unidentified Audience Member

Hey. Two questions, one, I think your focus on tangible common and risk-weighted is valid. I was wondering, what do you think is an appropriate level of TCE to risk weighted? How do you manage the bank? And does that into -- is that just at the bank level? Or, does that take into account your equity ownership in Ameritrade? And then, I have a follow-up.

Colleen Johnston ***- Toronto Dominion Bank - CFO - TD Bank Financial Group***

So right now, the way we -- the way we think about our total Tier 1 is about 75% of that Tier 1 is tangible common equity. Our view with that is that's probably where the regulation may end up heading as we think -- as we look forward to capital reform. It's hard to say at the moment, but we think that's a reasonable level.

The Canadian banks, really until about a year ago, were much more constrained in terms of the amount of non-common capital that we could have as a percentage of our total Tier 1. So, I think what you've tended to see then is a bit more conservatism, or more weighting towards the tangible common equity and less so towards other non-common capital. So, we -- again, I think at the 75%, we think that's a reasonable level.

Unidentified Audience Member

And as a percentage of risk-weighted assets, TCE to risk-weighted, you keep it at that 8?

Colleen Johnston ***- Toronto Dominion Bank - CFO - TD Bank Financial Group***

That's current where we are, at about the 8% level.

Unidentified Audience Member

Right. Just to clarify, that's just at the bank, right? I mean, if -- because I think you have the Ameritrade stake on your balance sheet.

Colleen Johnston ***- Toronto Dominion Bank - CFO - TD Bank Financial Group***

Right.

Unidentified Audience Member

That's using the equity method so that the TCE to risk-weighted is just at the bank, just so I'm clear?

Colleen Johnston *- Toronto Dominion Bank - CFO - TD Bank Financial Group*

Right. So, we have to take a deduction, basically a 50% deduction from Tier 1 for our investment in TD Ameritrade. And that was a Basel II requirement that was introduced at the beginning of our fiscal year, so November 1st, 2008, that was introduced.

Unidentified Audience Member

All right. And then I guess just another frequently asked question, if Ameritrade does do a deal would you participate in terms of financing? Or, would you want to keep your equity interest the same percentage? How -- what can you say about that?

Colleen Johnston *- Toronto Dominion Bank - CFO - TD Bank Financial Group*

Well first of all, we really like TD Ameritrade and we like the model. We like the management. We think there's really great growth potential here on an organic basis. Just to pause there, I'll get to your question on acquisitions, but we have a great model in terms of our online business and we are the number one online trader, in fact, in the world.

But, what I think is really catching hold is the asset-gathering strategy as well. And what we aim to do is to grab the mass affluent market in the United States, and we think that's a sweet spot where we can compete. So, we really like the model and we think there's lots of growth potential there.

That said, we also think there are opportunities for more consolidation in that business, and so I think we -- based on if the TD Ameritrade management thought it was the right thing to do, we would certainly take a hard look at that in terms of potential investment for TD. But, I think there's a good likelihood if there was something very attractive that we would retain our current ownership level at 45%.

Unidentified Audience Member

Okay, thank you.

Unidentified Audience Member

Hi. Do you see risks with the TD Ameritrade affiliation that there's a lot of clear benefits. But, how do you see the risks of that affiliation?

Colleen Johnston *- Toronto Dominion Bank - CFO - TD Bank Financial Group*

So, what kind of risks are you thinking about?

Unidentified Audience Member

Either reputational risks or risks that might be involved with the Cash Sweep program.

Colleen Johnston *- Toronto Dominion Bank - CFO - TD Bank Financial Group*

No. Again, I think we have a terrific model. We have -- we've managed the 45% relationship very, very effectively, so we have a -- again, a very good relationship.

We have significant representation on the TD Ameritrade Board. The current CEO of TD Ameritrade is Fred Tomczyk. Some of you may have heard him at the conference earlier today. He was a previous executive at TD, so we have a very high level of comfort with the Board, our representation with the business model, with the strategy.

And certainly, I think the Sweep arrangement is very mutually beneficial and mutually -- and certainly very beneficial to TD Ameritrade clients. So, we think the model works very well.

Unidentified Audience Member

Is there a risk to the bank in that -- in the Cash Sweep arrangement?

Colleen Johnston *- Toronto Dominion Bank - CFO - TD Bank Financial Group*

No. A risk to us? No. So, we take in those deposits and we invest them, and obviously we pay most of the economics back to TD Ameritrade. We took a view when we acquired TD Ameritrade, or when we -- when essentially we traded in our TD Waterhouse business for the -- originally the 32% share of TD Ameritrade and then we bought up to 45%.

So, we took the view that they're a broker and we're a bank, and the division of duties is actually a good division of duties. I think you've seen that, and I think you've -- actually, I think you've seen that fail with some other online brokers that were really managing on a combined basis. And we think it's a very good model and works quite well.

Unidentified Audience Member

Yes. I'm just curious about the Canadian banks have been performing really well during this crisis. I'm just a bit curious, are there any particular [roots] that you think that has been there that's really helped the sector that might be implemented in other countries?

Colleen Johnston *- Toronto Dominion Bank - CFO - TD Bank Financial Group*

Sorry, any particular --?

Unidentified Audience Member

Like roots that may be helpful at preventing this crisis in Canada, for example, the last two [invitation] or --?

Colleen Johnston *- Toronto Dominion Bank - CFO - TD Bank Financial Group*

Yes. I think one of the -- really the fundamental differences in the Canadian environment if you look at Canadian bank balance sheets, as I've just mentioned, is the amount of real estate secured lending business that's on our balance sheet, so we have an originated-hold model, by and large. We do securitize to a certain extent, but it's a vastly different model than you have in the United States.

So I think, as a result, what you see is a much more conservative -- a much more conservative balance sheet for the Canadian banks. We have -- we've had more capital, again more conservatism, so I think that has been a real positive.

I think the Canadian environment too, we do operate in an oligopoly. It's a relatively small market, and one of the benefits that we have in Canada, which frankly we don't have operating in the United States, is there's a tremendous amount of pricing discipline in Canada, a lot of market discipline. So, you have a much more sort of hyper-competitive market in the United States, and we have a competitive market in Canada but again much more disciplined.

You have seen that play out in the last year, for example, if you look at our margins in Canada. Our -- we've been able to more or less maintain our margins in Canada, and that's certainly a difference from what's happened in the United States. And that is really the pricing power that we have in Canada, again, versus the US. Those would be some of the factors.

Unidentified Audience Member

What do you think about the relative size of your whole (inaudible)

Colleen Johnston ***- Toronto Dominion Bank - CFO - TD Bank Financial Group***

Yes. So, the question was around our wholesale/retail mix essentially and are we comfortable. So, I guess this goes back to about 2002 when our current CEO, Ed Clark, became CEO of TD Bank Financial Group.

And at that time, and I won't go into all the history, but there was a decision that was made to say that we were going to be essentially a more retail-oriented bank with a wholesale franchise model and that our earnings mix would be about 80/20, 80% retail, 20% wholesale. And, in fact, that's almost exactly where we ended up in 2009.

Having acquired the businesses in the United States, we would say that that optimal mix is probably now more in the 85/15-type range, that we have -- we have -- that we would have more weighting of -- sorry, retail earnings.

I must admit, and there's a lot -- we get this question a lot is, "Well, is that the wrong mix when you've seen, in fact, how well wholesale has performed in this particular environment? Have we had any second thoughts about that particular mix?"

And, frankly, as you go through this particular downturn, it used to be that you would generally think of the corporate lending business as being a pretty lousy business, frankly, that it has sub-par returns, so that every so often you just got hammered on loan losses. And that's not the story of this particular downturn.

In fact, if you look at our credit losses, in particular in Canada, it's really been very much in the unsecured lending in the credit card side. We've talked about real estate secured lending has been a non-issue, but our commercial lending and our wholesale lendings for the corporate lending side, the losses have been very benign.

And I think this downturn is going to be a lot different than others, which would actually point to the fact that the corporate lending business, the returns actually may be more attractive over time.

All of that said, we think we have the right model right now, one that works for us. It's important to run a universal banking model, and there's all kinds of synergies and opportunities between the various parts of our business, between retail, between wealth and the wholesale side.

So -- but what we think for us, we like to focus on the more steady stream of retail earnings, and we've actually been able to grow those earnings in a very attractive way. So, that makes sense for our strategy but running a very solid, well-run franchise wholesale model. So, I think you'll see us in sort of the -- continue in the 80/20 or, again, rising over time to probably the 85/15 mix of retail/wholesale earnings.

Unidentified Speaker

One more question for me, on the credit side it seems that you've performed a lot better than your peers, particularly in the northeast in the US on CRE, so I was just wondering if you could comment and do you think -- I mean, it's a late-cycle type of exposure. Do you think that'll just pass you by, assuming as you've done better thus far? And I guess as a follow-up, where do you view your biggest credit exposure and risk going into next year at the current time?

Colleen Johnston ***- Toronto Dominion Bank - CFO - TD Bank Financial Group***

So, I'll start with your second question. Clearly, our biggest risk is in the United States and it would be in the commercial real estate portfolio. We currently have almost 13 billion in balances in that businesses, and I think that -- and to your point, given the lag effect of the downturn on CRE, we -- we're focused on that very carefully.

We have performed better so that the geography has been very helpful, being in the northeast, and we are very well diversified across the footprint and the quality of lending has been quite good. So, I think those are all positives.

But, our view would be that we'll continue to see some deterioration in those portfolios as we head into 2010. And, as I said in the presentation, I think our view would be you'll probably see those losses peak towards the latter part of the year.

But, needless to say, we have a very good handle on the portfolio. We understand all of those credits, and we are comfortable with where we're at. The area that we're probably most focused on, which would be the subset of CRE, is the residential for-sale portfolio. And that's where you would see most of our impaired loans within CRE. So, the good news is -- if you will, is that it's about a billion and a half only in that exposure. But, it is something we're watching very, very carefully.

So, again, I think if you look a the conservative lending practices of the legacy organizations, Commerce and Banknorth, if you look at the footprint and the type of lending that we did, both on the commercial side and the personal side, it was all very traditional lending. And I think that has positioned as a positive outlier, but I think you'll continue to see elevated losses into 2010.

Unidentified Speaker

I think we have time for one more question if there is one.

Unidentified Audience Member

Thank you. Thanks, for your help on the normalized wholesale at 700 million and 20% returns. The -- if there's going to be a surprise on that number, it's going to come from the trading revenues presumably. So, what -- what does that imply for trading revenues, that 700 million in wholesale?

Colleen Johnston ***- Toronto Dominion Bank - CFO - TD Bank Financial Group***

If you look, James, at our historical run rate on trading revenues, it was sort of in the 1.2 billion, 1.3 billion type of range, and I think that's probably roughly the area that we'd be in going forward. So, you definitely saw an outsized number this year, but better markets, better valuations was a very key part of that. And I think you're seeing that with wholesale banks generally.

We were well positioned. We had very good flow. The AAA rating has been very helpful, but a lot of that I think has been the normalization of the market. So where you saw such a punishing trend in the mark to market in 2008, you've seen a lot of that come back in 2009. So, I think you're probably back to the more normal levels.

We might see those numbers strengthen going forward, I think with the quality of our franchise, the way we're positioned, but that's what we'd be looking at probably over the medium term.

Unidentified Audience Member

And also thinking about normalized, you referenced I guess about 45 basis points as a historical provisioning rate, specific PCL rate, going up to almost 90 basis points, maybe peaking next year. But when you normalize this time, it's going to be on a different book --.

Colleen Johnston ***- Toronto Dominion Bank - CFO - TD Bank Financial Group***

Yes.

Unidentified Audience Member

With a lot more US, so obviously you're not going to come back down to 45. Maybe that's -- if you could give us some idea of what you think is a normalized, specific PCL ratio out -- on the other side of the rainbow.

Colleen Johnston ***- Toronto Dominion Bank - CFO - TD Bank Financial Group***

Yes. I would agree with you directionally that you have -- you do have to look at the mix of the business in the book. But again, that was a much longer trend that I provided as well in terms of the 45, so -- the 45 basis points. So again, we've seen some positive mix changes over that period, and I think the quality of underwriting is -- has continued to improve over that period.

But, I think you're right. With the mix between Canada and the US, we would probably see it settle out a somewhat higher level on a run-rate basis. I won't give you a specific number, but I think you're right directionally.

Unidentified Speaker

Well, thank you very much for joining us today, and we --.

Colleen Johnston ***- Toronto Dominion Bank - CFO - TD Bank Financial Group***

Thank you.

Unidentified Speaker

Appreciate it.

Colleen Johnston ***- Toronto Dominion Bank - CFO - TD Bank Financial Group***

It's been my pleasure.