

**TD BANK FINANCIAL GROUP**  
**CITI 2010 FINANCIAL SERVICES CONFERENCE**  
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## CORPORATE PARTICIPANTS

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Tim Hockey                      Group Head, Canadian Banking, TD Bank Financial Group

## PRESENTATION

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### **Tim Hockey - Group Head, Canadian Banking, TD Bank Financial Group**

Good afternoon, everyone. It's great to be here in New York doing what we tend to call in Canada, missionary work, explaining to U.S. investors, how great it is to be a Canadian bank. So you'll hear that story from me, hopefully, over the next little while. And I hope many of you will recognize, obviously, the TD signs all around the city because you hopefully do know our US retail bank, TD Bank, America's Most Convenient Bank, and of course TD Ameritrade. I know there's a branch of TD Ameritrade just down in this hotel.

But I'm pretty sure that our Canadian Bank isn't as well known to you and so today I'd like to spend more time telling you about TD Canada Trust, which is the division that I run and share some insights on what makes us the leading personal and commercial bank in Canada.

So unfortunately, before I begin, I would like to remind you that this presentation contains forward-looking statements and that there are risks that actual results could differ materially from what is discussed. Any forward-looking statements contained in this presentation represent the views of management only as of the date hereof and are presented for the purpose of assisting the Bank's shareholders and analysts in understanding the Bank's financial position, objectives and priorities and anticipated financial performance as at and for the periods on the dates presented and may not be appropriate for other purposes.

So let me start with the TD Bank Financial Group strategy slide. So what this is, is a brief overview of what TD Bank Financial Group represents and I'll then spend some time talking specifically about TD Canada Trust.

We're a 155-year-old Bank that is anchored in Canada. We have an enduring strategy, which is to run a growth-oriented, North American bank with a lower risk retail focus. We have a consistent focus north and south of the border and that is to be the leader in customer service and convenience.

We're the winners of the JD Power Service Awards in the US and in Canada year after year. We'll continue to leverage our products, processes, technology and people as we build the first truly North American bank.

As at quarter one 2010, about 80% of the Group's earnings came from our retail businesses. Our strategy is to build and run franchise businesses, relentlessly focusing on our customers and consistently reinvesting in our competitive advantages. We have a conservative risk management philosophy, with a strong credit culture and balance sheet and best-in-class capital and liquidity management. Because of our risk discipline, we are one of the few banks in the world that have largely avoided the direct impact of the financial crisis.

We are also one of only three banks on the New York Stock Exchange rated AAA by Moody's. The above reasons were also quoted by Euromoney Magazine who named TD Bank Financial Group as the best bank in North America. We have a simple strategy, a consistent focus and we work on it day in and day out to deliver consistently strong results.

So here's a snapshot of the key businesses at TD Bank Financial Group. The Canadian personal and commercial bank, which includes our global insurance business, provides a full range of financial

products and services to approximately 11.5 million personal and small business customers. Under the TD Canada Trust brand, we have over 1,100 branches.

Within Wealth Management, we have a global wealth management business, which includes our industry leading online brokerage operation in Canada and the UK, our Advice business and our Asset Management operations. We also have a US online brokerage business, as I mentioned earlier, through our equity investment in TD Ameritrade.

In the US, we have a personal and commercial banking business through TD Bank, America's Most Convenient Bank. We have more than 1,100 branches, largely in the US Northeast, with a small operation in Florida. We also have a wholesale bank, TD Securities, which consists of our investment banking, equities and rates and foreign exchange businesses.

As I mentioned earlier, TD Canada Trust is TD Bank Financial Group's Canadian personal and commercial banking business. There are four key take-aways from my presentation today. One, we are the industry leader in customer service and convenience in Canada. We believe that the retail business is a game of inches played out over many, many years. We have chosen to compete on providing the best customer experience and we stayed true to our strategy for the past ten years. Our consistent focus has and will continue to deliver strong results through good times and bad.

Two, we focus on operational excellence and continuous improvement in everything we do.

Three, there are significant opportunities in a number of our businesses where we are historically under-represented and we're confident in our ability to grow in these areas.

And, four, we're always reinvesting to grow our franchise for the long term.

2009 was clearly a turbulent period in the financial markets and financial sector. However, if you look at our 2009 and our Q1 2010 results, you can see that a business with a strong and consistent strategy, like TD Canada Trust, can deliver results even during a tough economic environment. In fact, we achieved a number of records in Q1 2010; record revenue, record earnings, record efficiency ratio and record customer satisfaction.

The buoyant housing market in Canada helped our volumes in real estate secured lending. Our margins increased quarter-over-quarter for margin expansion in our real estate secured lending portfolio, partly offset by margin compression in deposits in a low nominal interest rate environment.

We also continue to build momentum, gaining market share in personal and business lending as well as business deposits. Despite a tough economic environment, and although loan losses were more than 80% higher than in 2008, we were able to achieve record results, which speaks to the strength and resilience of our business model. We invested in our franchise, opening four branches in the quarter and hiring 25 new business bankers.

At the same time, we maintained our disciplined approach to growing our revenue faster than our expenses. In Q1 we had a 10-point gap between our revenue and expense growth. This is an exceptionally strong level and over the long term, we expect the gap to normalize while maintaining a healthy operating leverage.

Looking at this chart, you can see that we have consistently delivered industry-leading results and outgrown our peers. For example, we grew our total revenue faster, by 45% than our peers, net income by 11% over the five-year period, total loans by 4% and total deposits by 22%.

The average deposit per branch grew from 116 million in 2004 to 163 million in Q1 2010, an increase of more than 40% and much faster than our peers. This also means that we, on average, have 15% more deposits at every branch compared to our competitors.

During 2009, while many of our competitors retreated from the markets, we continued lending prudently and attracted new customers, with the result of growing our loan and deposit books by 13%. We grew our business further in Q1 2010.

Most importantly, in the last year, we grew our market share in personal lending, business deposits, business lending and credit cards by over 1% each. Our business model proved to be competitive not only in good times, but even more so in bad times.

We are the undisputed leader in service and convenience in Canada. We own the premium service brands. JD Power has been in Canada for four years, measuring service and we have been ranked number one for all four years. There's only one Canadian national award given for service and for the last five years, we've won that in Canada as well.

Our hours of operation are 58% longer than our competition, five-eight, all the while maintaining a best-in-class efficiency ratio. We have the number one or number two market share in most retail products. For example, we're ranked number one in personal loans and personal deposits. We also made significant progress on our business banking operations. I'll talk more about this in a minute.

We have a unique cross-selling culture, best-in-class referral processes and a strong employee reward and recognition program that drives referrals between the retail banks and other businesses, such as wealth management. Since 2005, referrals increased more than 50%. We leveraged the extensive distribution network at TD Bank Financial Group to provide customers with full-service banking and to earn a larger share of wallet.

In the banking industry, your competitors can match your price in six seconds. They can match your products in six minutes. However, they cannot easily replicate a value proposition that is based on customer service, which requires a unique business model, processes and employee culture. We believe our customer focused strategy is a competitive advantage for us and very difficult for our competitors to emulate.

Part of our secret sauce is that we relentlessly focus on operational excellence, doing things better. We look at ways to simplify the customer experience and streamline businesses in everything we do, both in customer facing areas and back-end support systems. In fact, we create a direct link and accountability between the support area and our customers' experience, which is unique to TDCT. We believe retail banking is fundamentally a people business. Engaged employees deliver a strong customer experience, which translates into bottom-line results.

While we focus on operational excellence, we also maintain strong employee engagement. In addition to winning a variety of best employer awards, our employee experience index consistently increased over the past 15 surveys. Not surprisingly, our customers' experience index also continues to go up year after year.

One question that we often receive is, is it more expensive to run your customer service model? In fact, our efficiency ratio for 2009 was 50%, which is lower than our peers. As I mentioned earlier, we further improved our efficiency ratio in Q1, which is now at 47%.

We have a strong operating leverage discipline, always growing our revenue faster than our expenses. Even as we continue to reinvest in our businesses, opening new branches, increasing hours, hiring new business bankers, over the past five years, we were able to improve our efficiency ratio by more than 11 percentage points.

We see significant opportunities in growing our under-represented businesses and we have had great progress in these areas. In Business Banking, we grew significantly over the past few years. For example, in the past three years, we have increased the number of small business bankers by 33%;

commercial bankers by 38% and number of locations with business bankers by 23%. Over the past five years, our loans grew at a compound annual growth rate of almost 13% and deposits at almost 12%. We increased our market share in small business loans from the number four position in Canada in 2004 to the number two position in 2009.

From 2006 to 2009, we grew our total credit market share by 229 basis points, more than any of our peers. Our gain is especially significant since 153 basis points of our increase incurred during the last 12 months, while many of our competitors retreated and lost market share. As I said earlier, we're a 155-year-old organization. Our market share in business banking in total in Canada is about 15%.

So I like to say that it took us about the first 154 years to get the first 90% of our business banking market share and precisely one year to get the last 10% of our market share. Because what we agreed to do is to continue to lend through a recession and every single one of the other major Canadian banks lost market share to us.

The Province of Quebec has historically been an under-penetrated region for us. Quebec has about 23% of the population of Canada. However, only 9% of our branches in Canada are located in Quebec. We have and will continue to invest in growing there. For example, in 2005, we had 84 branches in Quebec; we now have 104, a 24% increase. Over the past five years, we have increased our branch market share more than our Canadian peers.

We believe our customer experience proposition will be a success in Quebec, just like it is in the rest of the country, and we're confident in our ability to grow our market share.

Even during the tough economic conditions of 2009, we did not engage in any major cost cuts. In fact, we took the opportunity to invest in our growth engines and to widen our lead against our competitors. In 2009, we added 155 business bankers, which is about 10% of our work force in commercial banking, and will hire about another 100 in 2010.

In a year when many companies around the world retreated, we added 24 branches. In fact, from 2003 to 2009, one out of every three new branches in Canada were opened by TD.

We have the ability of identifying markets and opening new branches in areas before population takes off, such as areas with new Canadians. We also have strong relationships with all of the major real estate developers to get in first. We plan to open 15 to 20 branches in 2010.

So let me talk about some of the key drives as we look ahead. While we expect the unemployment rate to peak in Q1 of 2010, the Canadian economy appears to be on a slow path to recovery, and we believe the global economy will be in a pretty fragile state for most of this year.

There's a debate going on about whether or not Canada is in a housing bubble. On balance, we don't think so. But regardless of the answer to that question, there's no doubt that with interest rates at an all-time low, housing prices and consumer indebtedness has been rising at a faster-than-normal pace. We're pleased with the most recent changes that the Canadian government announced, the mortgage market, and we expect that this will moderate volumes in real estate secured lending in the next few months and quarters.

The low nominal interest rate environment will place pressure on our margins, especially with our large deposit base. We were able to manage and expand our margin in real estate-secured lending, which contributed positively to Q1. But we expect margins to be stable for the remainder of the year.

The Canadian real estate market is fundamentally very different than the U.S. In Canada, mortgages are underwritten to hold, mortgage interests are not tax-deductible and mortgage insurance is mandatory when loan-to-value is greater than 80% and covers the full amount and life of the mortgage. And insurance offered by the Canadian government.

TD Canada Trust has a large base of low-risk assets. We have a loan book of about 174 billion, where two-thirds of the book is real estate secured lending, and two-thirds of that is insured, mostly, again, by the Canadian government. While our Canadian real estate secured lending book is greater than 110 billion, we incurred loan losses of about 10 million in 2009 and about the same in 2008.

As mentioned during our Q1 call last week, we see increased evidence that loss rates in our personal book have peaked. Over the past few years, we have had minimal loan losses in the commercial book. Given the difficult environment, we expect modest loan losses in the commercial book from the current very low level.

We expect our loans to continue to grow, but as you would expect from the current economic environment, at a more modest pace. We'll keep on investing in our business, and expenses will be well-controlled to maintain a healthy operating leverage. Overall, we have a lower risk, high-quality franchise which is well-positioned for economic recovery and will allow us to keep outperforming our competitors.

So, in summary, there are four key takeaways. First TD Canada Trust is an earnings powerhouse with an industry-leading customer experience brand that sets us apart from the competition. We relentlessly focus on operational excellence and continue to improve the way we engage our people and run our businesses day-in and day-out. There are significant opportunities for us to grow out our underrepresented businesses, and we consistently reinvest in the business for the long term, which will help us widen our lead and drive our results into the future.

Thank you. And with that, I'll be happy to take any of your questions. Yes, sir.

## QUESTION AND ANSWER

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### Unidentified Audience Member

When you refer to Q1 2010, is this the quarter we're in now or the fourth quarter of last year because aren't you on a September 30 fiscal year at the parent company?

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### Tim Hockey - Group Head, Canadian Banking, TD Bank Financial Group

October 31.

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### Unidentified Audience Member

October 31.

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### Tim Hockey - Group Head, Canadian Banking, TD Bank Financial Group

So we just announced last week our Q1 results.

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### Unidentified Audience Member

So Q1 ending January 31?

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**Tim Hockey - Group Head, Canadian Banking, TD Bank Financial Group**

Exactly.

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**Unidentified Audience Member**

Thank you.

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**Tim Hockey - Group Head, Canadian Banking, TD Bank Financial Group**

TD Canada Trust, by the way, our earnings were up 23% year-over-year. Yes, sir.

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**Unidentified Audience Member**

Thank you. You're telling us to expect loan growth, but at a more modest pace. Could you be a little bit more specific about that, not just for the next quarter, but for the next year, and maybe looking out in Canada a few years where the loan growth might not be as exciting as I assume you're looking at in the U.S.?

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**Tim Hockey - Group Head, Canadian Banking, TD Bank Financial Group**

Yes, the best way I can think of to do that is to break it down into sort of major components. If you look through a cycle, the three big chunks that tend to be talked about in Canada are, obviously, real estate secured lending, personal mortgages and HELOCs, all other consumer credit and business credit.

My expectation is that in the real estate-secured lending business, we've been growing at 13, 14%. Remember, our numbers are disproportionate because we've had outside share gains in the past year in all credit categories. But our expectation is that rather than growing at 13 or 14%, that will moderate to mid-to-high single-digit levels. That's sort of the tradition of what would happen in real estate secured lending.

All other consumer growth lending as in consumer lending growth we expect in credit cards and personal loans and in car loans, things like that, will be a few percentage points lower as an industry. On the commercial side --.

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**Unidentified Audience Member**

Percentage that is lower than --.

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**Tim Hockey - Group Head, Canadian Banking, TD Bank Financial Group**

Lower than -- oh sorry. So call it 4, 5, 6, somewhere in there. That seems to be about right at this point in the cycle. And the expectation on the commercial credit side is it'll be flat to possibly down. We expect to grow ours because we've been gaining share so much. But we believe that the industry will be down in commercial credit.

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**Unidentified Audience Member**

And I assume that's the near-term view if you could think out a couple of years --.

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**Tim Hockey - Group Head, Canadian Banking, TD Bank Financial Group**

Yes, in the long-term view, again, those numbers -- those would be on the -- if you look at a 50-year cycle in lending growth numbers, those would be on the downside. So you would add a couple of points to each of those categories. On the commercial side, the swing is broader. So that number goes up to probably 4 or 5%.

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**Unidentified Audience Member**

Thank you.

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**Tim Hockey - Group Head, Canadian Banking, TD Bank Financial Group**

Okay.

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**Unidentified Audience Member**

With regard to M&A, clearly, you have little opportunity in Canada. Have you felt somewhat chastened by the Banknorth, Commerce acquisitions? And would that preclude you from looking at other instances in the U.S., both within and without the current footprint?

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**Tim Hockey - Group Head, Canadian Banking, TD Bank Financial Group**

Well, when we decided to embark on an acquisition strategy in the U.S., we still believe that strategy is sound. What we didn't, obviously, plan on was the largest financial crisis since the Great Depression.

But when we step back from it and say so now that we have the footprint that we do in the Northeast, our combined platform of Banknorth and Commerce we're thrilled with, because we do believe it has lots of upside potential. And we believe that now is a great time because where our relative position is strength in Canada, Canadian dollars in a Canadian economy, our position back home and our strength back home, combined with the asset prices that are available and the properties that are becoming available here means that there is a continued opportunity to increase our presence in the U.S.

We still believe that the U.S. is a great growth opportunity. As you say, we don't have a lot of M&A growth opportunities in Canada. We still have lots of organic growth opportunities. But we're quite convinced that maybe not so much in the near-term, but in the long term, we'll continue to buy good properties, hopefully those that are nicely protected with FDIC backdrop. But we're still interested very much in adding to our portfolio here in the U.S.

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**Unidentified Audience Member**

You referenced credit cards as a potential growth opportunity. Have you looked at inorganic growth cards both in Canada? Then also, have you considered card portfolio transactions in the U.S. as well?

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**Tim Hockey - Group Head, Canadian Banking, TD Bank Financial Group**



Yes.

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**Unidentified Audience Member**

(inaudible question - microphone inaccessible).

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**Tim Hockey - Group Head, Canadian Banking, TD Bank Financial Group**

Sure, like anything else, we're always looking at what opportunities there are. Right now, our relative strength, it's a scale business. We're quite big. We're almost 8 billion plus in assets. That makes us one of the biggest guys in North America. But there are opportunities and there are portfolios coming up for sale. So we look at every one.

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**Unidentified Audience Member**

Is it fair to say looking at American acquisitions that you'd be more interested in things on sort of the loan side rather than the deposit gathering side, so that you have a better match on your book?

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**Tim Hockey - Group Head, Canadian Banking, TD Bank Financial Group**

I'm sorry. I didn't --.

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**Unidentified Audience Member**

As you look at acquisitions in the United States, right now, you have lots of great deposit gathering and not that much loan capacity.

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**Tim Hockey - Group Head, Canadian Banking, TD Bank Financial Group**

Right.

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**Unidentified Audience Member**

Is the thought to balance that out, or is it to get more deposit gathering?

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**Tim Hockey - Group Head, Canadian Banking, TD Bank Financial Group**

It's fair to say that if we could do -- a perfect acquisition might be one that balances that out more so. But as we all know, these are more based on the properties that are available in the geographic footprint that we're interested in. Then, we believe that we can balance out the asset origination businesses.

It's one of the things we do very well in Canada, for example, is that we have the largest deposit market share in Canada by 250 basis points, even against the Royal Bank. But we actually originate more loans than we do deposits.

We're very good in Canada, Canadian banks, generally, and TD Canada Trust in particular, at also selling a lot of loans. We think that's a skill set that Bharat and his team can bring to our American footprint.

So I'd much rather start with a deposit gathering franchise and then build in the asset generation. But if we had a choice to make, could we balance it out? Sure, but that's probably not going to be a proposition that's offered to us. It will be more so here's this property in your footprint. Are you interested in it?

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**Unidentified Audience Member**

Great, thanks.

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**Unidentified Audience Member**

In your prepared remarks, you mentioned you expect a stable margin for the rest of 2010. My understanding is that the Bank of Canada last week is starting to lay the groundwork for potential rate increases. I'm just wondering what TD's sensitivity is to a rising-rate environment.

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**Tim Hockey - Group Head, Canadian Banking, TD Bank Financial Group**

One of the things that TD doesn't do that makes us quite unique, I talked about best-in-class treasury management, is we don't play the carry trade. We don't take interest rate bets. We basically match all our assets and liabilities 100%.

So as a result, and because we're so deposit-heavy, we do believe with the rising interest rates we are net-positive on our NIM. But by the same token, we would not expect it in Canada in particular that we would have the same upside potential as others that might decide to play that carry trade more aggressively.

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**Unidentified Audience Member**

Given that Canada does seem to be ahead of the curve in the recovery, at least compared to the U.S., what's your experience, then, over the last, say, six months? What's your guidance for this year regarding your fee-based businesses, so you know, your brokerage activity and shifting money, clients shifting money from cash into more aggressive risk-based products because that's obviously going to create more margin for you on the non-interest side?

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**Tim Hockey - Group Head, Canadian Banking, TD Bank Financial Group**

Yes, our Wealth businesses would say that we're seeing pretty frenetic fund activity in particular. In fact, we just finished a few days ago the end of what is an annual campaign for retirement savings in Canada. So that's how we do it. It's usually the heaviest fund business time of the year. And it was a record. I think it was the best month for mutual funds for our business in seven or something like that. I forget the numbers, but it was a very, very strong comeback.

So there would be certainly some fund flow that we're starting to see. We have a very good business in our Mutual Fund business, and our Wealth business has been the recipient of a pretty strong, as I said earlier, referral base from our retail clients. So just the business has grown.

In 2003, that was a 100 million business. In 2008, it was a 500 million business in earnings. So the growth rate of that business has been spectacular, and it's a great example of how it can be fed by this dominant

retail bank with all of the systems in place to refer business and customers over. So it has good upside as the markets recover.

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**Unidentified Audience Member**

I was just thinking about the growth slide where you compare TD versus peers, and that was [TDBFG] versus peers.

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**Tim Hockey - Group Head, Canadian Banking, TD Bank Financial Group**

No, I think that's TDCT in those numbers in particular.

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**Unidentified Audience Member**

I just wanted to make sure that the effect of the Commerce acquisition --.

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**Tim Hockey - Group Head, Canadian Banking, TD Bank Financial Group**

No, that's only TD Canada Trust --.

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**Unidentified Audience Member**

-- in that at all.

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**Tim Hockey - Group Head, Canadian Banking, TD Bank Financial Group**

-- just TDCT numbers in Canada.

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**Unidentified Audience Member**

Thank you very much.

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**Unidentified Audience Member**

On page eight, you talk about the average weekly hours, 60 versus 38 for the peers. I assume the peers is the other five large banks --.

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**Tim Hockey - Group Head, Canadian Banking, TD Bank Financial Group**

Yes.

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**Unidentified Audience Member**

The National Bank of Canada at number six.

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**Tim Hockey - Group Head, Canadian Banking, TD Bank Financial Group**

Right.

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**Unidentified Audience Member**

And, did you copy Commerce or were you always open long hours in Canada because it just doesn't add up. Commerce efficiency ratio is like 75, and yours is under 50.

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**Tim Hockey - Group Head, Canadian Banking, TD Bank Financial Group**

Yes.

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**Unidentified Audience Member**

I guess your hours in Canada are as long as their hours in the U.S.

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**Tim Hockey - Group Head, Canadian Banking, TD Bank Financial Group**

We've had -- well, let's see. TD and Canada Trust merged a decade ago. TD was the smallest of the large Canadian banks, number five in the market place, and Canada Trust was the largest of the small trust companies.

Canada Trust had the long hours. They started them 32 years ago before Commerce was formed, I think. In fact, the logo used to be "Eight 'til late, six days straight, ain't that great?" That was our tagline at the time. When TD bought Canada Trust, we took the Canada Trust hours to the larger franchise. And again, that was before the Commerce acquisition.

In many ways, I've been in retail banking for a long time, 26 years. And, as I joked with my peers and in part my boss, our CEO, it was almost inevitable that we had to buy Commerce because I've stolen so many ideas from them over the years. I probably needed to pay for them eventually.

But it's a kindred spirit, they believe that this is a business that's all about great service and great convenience. But you're right, our efficiency ratio, the way we conduct businesses and I would say, if you do some analysis of Canadian banks, generally and TD in particular, we are remarkably good at running branch distribution systems. And I don't just say that from pride of authorship, it's just the entire industry is very good. We have generally, low efficiency ratios, our deposits per branch, our sales per branch, our sales per FTE, any metric that you can throw at is world-class.

That's one of the reasons why when we buy properties in the U.S. we believe there is opportunity to help build out the capabilities of the branch footprint in the U.S., including Commerce.

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**Unidentified Audience Member**

This brings up -- begs the next question; of an average of 38 for the other five large Canadian banks, if they see your success you would think they would want to emulate it by longer hours. I mean are they on

the old American, nine to three, three-hour lunch, on the golf course by three and closed by three, I mean, are they asleep up there?

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**Tim Hockey - Group Head, Canadian Banking, TD Bank Financial Group**

I think this is one of those things where it's difficult to see how you can operationalize this. If you think about the mindset of the average banker, as you said, nine to three, when you decide you're going to run a truly retail shop and open at eight in the morning and close at eight at night, that's a very, very dramatic shift to your business model. It requires a very different hiring practice, very different management practice, very different reward and recognition culture. It is more than just deciding to put more FTEs on the system, that's a big shift. And it's also difficult for a strategic bet made in the current context, i.e. Internet banking, ABM, telephone banking, does anybody actually go into the branches anyways these days?

The answer is yes, but if I was sitting at the competition those would be the two big questions I would have to answer for myself. How can I manage the transition to run a retail shop, number one? Can I effectively manage the cost increase because it would be step function cost increase from where they are today, clearly. And is that the model that I need going forward in the days of much more channel availability than currently than used to be, 30 years ago when it was only branches.

So those are the tradeoffs! I think they make in their mind, it's an easy trade-off for us. We're good at it and as I say, we have an efficiency ratio below 50% and have that success.

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**Unidentified Audience Member**

Thank you.

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**Unidentified Audience Member**

Tim, if I can get a quick question in here. So you have better credit than the U.S., you have better regulation than the U.S., you have a better hockey team than the U.S. --.

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**Tim Hockey - Group Head, Canadian Banking, TD Bank Financial Group**

Two actually.

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**Unidentified Audience Member**

Yes. And the NHL is going to mess up your hockey team before it's all said and done. Are you concerned about the regulatory environment that you're seeing develop across the world and its impact on how you guys run things in Canada?

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**Tim Hockey - Group Head, Canadian Banking, TD Bank Financial Group**

We're concerned, but I would also say that our Finance Minister and our Prime Minister have taken a stand. We're hosting the G20 in June, up in Toronto and both Prime Minister Harper and Finance Minister

Flaherty have taken the stand that Canadian banks weren't broken, didn't need help and didn't suffer many of the challenges that are now being fixed through the regulatory changes.

So I think the stance that they've taken is actually very positive for Canada. They've said, we don't agree with many of these proposed changes. Now, we're a relatively small player in global markets but we are tending to punch a little bit above our weight, call it, right now, not just because we won the hockey game but because there's a bit of a halo effect on, Canada did avoid many of the accidents. I think our opportunity over in the G20 Summit, when many of these decisions will be talked about, and hopefully discussed further, will take a bit of a differentiating stand publicly.

Doesn't mean I'm not worried about it because there will be changes that will affect all of us but we think that our relative capital position, our strength, means that regardless of what positions ultimately get decided upon then we'll come out better than many of the world banks.

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**Unidentified Audience Member**

You mentioned recently that -- you alluded to the success the Wealth Management group had in terms of receiving referrals from the banking business, it sounded pretty structured in terms of employees getting the rewards for doing that. Can you talk about how successful that has been in the U.S. operations, Banknorth and Commerce Bank and talk about any strategies and challenges you've had in bringing that referral program to --?

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**Tim Hockey - Group Head, Canadian Banking, TD Bank Financial Group**

Yes, great question. I'd say six, seven years ago, I sat down with a partner that runs the Wealth business and we said, okay, what are the opportunities -- we have a 22% share of the bank account business and we have this relatively nascent, again, at the time, \$100 million business on the Wealth side. Dominant discount brokerage, 50%, five-zero-percent of the market share in discount brokerage in Canada, so it's sort of an adjunct business to TD Ameritrade, and the Mutual Fund business, but the advice-based businesses; brokerage, full-service brokerage and private investment advice, those types of things were fairly small.

And we suffered the same issues that many banks do which is Wealth divisions don't get along with Bank divisions and they can't find a way to actually incent the right behaviour and work on the relationships. So we very methodically said, okay this is the right thing for the Bank to do and then we set about a multi-year journey to build relationships and to make sure that all of the structural impediments to refer business one way or the other, were removed.

So, for example, if you're a branch-based employee you get credit for not only the -- you don't lose the volume on your books that is transferred over to a Wealth advisor, you also get credit for the additional assets that advisor brings on for the next two years.

Now, the cost for us to do that, diminishes. As an institution, the cultural effect that that has is it makes the institution, the two sides of the Bank much more in tune. The data that's available to actually compare results in Canada between banks on referral volumes or between Canada and the US on referral volumes is pretty sparse. But whenever we've seen articles written or studies done about referral volumes I can tell you that I am very confident that our numbers are world-class, best-in-class.

I mean there are multitudes of the times of the numbers that I've seen talked about in referral volumes back and forth. You can't go from 100 million in earnings a year to 500 million earnings in a year in five years without sort of an extraordinary -- see change in that behaviour.

Oh, sorry, the second part of your question. We're just starting the journey in the U.S. Banknorth and Commerce didn't have a Wealth Division per se, this is back to the; do we have anything other than a very good deposit gathering and some asset gathering? Not much of a Wealth, not much of an Insurance business so we have capabilities up North that we think we can bring down.

We've just announced that when it comes to our Wealth businesses in our Bank or TD Bank, America's Most Convenient Bank, footprint, our Wealth offering is going to be TD AMERITRADE. So we're just now starting to put TD AMERITRADE's presence, if you will, in our stores in TD Bank N.A.

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**Unidentified Audience Member**

Two-part question if time will allow, going back to the question on your efficiency ratios and your hours, clearly it seems to me that if you're open more you're investing obviously a lot more in the people's time. Which means you have to be laser sharp in the back office if you're going to be able to keep the front office open that much longer. And you're limited in how much you can reduce the front office then.

Can you talk specifically about what you think you do differently than your competitors in the back office that enables you to be so efficient, to offset that --?

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**Tim Hockey - Group Head, Canadian Banking, TD Bank Financial Group**

I won't claim to be laser sharp in our back offices. It's a personal bug bear of mine when my people come to me and show me a survey that shows that we're the best in the world at something because, again, our whole model is about being a better bank and so if they showed that we're the best in the world then it just makes it that much harder to be better tomorrow. So I like to be told how terrible we are at something because you can only get better and it's pretty much low-hanging fruit.

When it comes to our back offices we've made, I would say, pretty significant strides over the last two years. But I still see lots of things that are upside for us. We have a process, like other institutions of taking profit improvement methods like Lean Sigma and literally analyzing the steps that we take in moving the paper from the left side of the room to the right side of the room, for lack of a better description of some of these back office processes.

Some of them are extremely inefficient. So we have this, we're better than we were last year, but I still see tons of opportunity on the upside. So to your fundamental question, why are our efficiency ratios so much equal, if you will, to our peers or better than our peers with that much additional service? I don't have a really good answer to that. I don't believe that our back office is the differentiating factor. I believe that we have more opportunity to gain wind there.

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**Unidentified Audience Member**

Then just in the TD Bank branch near where I live I think the systems were changed over some time in the later part of last year.

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**Tim Hockey - Group Head, Canadian Banking, TD Bank Financial Group**

Yes.

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**Unidentified Audience Member**

I'm just wondering to what extent are best practices, in terms of systems in back office, things that can be shared, done between the Canadian business and the U.S. business and how much more of it still has yet to come through?

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**Tim Hockey - Group Head, Canadian Banking, TD Bank Financial Group**

I'd say we're still fairly early days with that. The focus very much, until that conversion event, was literally taking the two American banks and putting them together to create TD Bank, America's Most Convenient Bank. There was this whole other operation, my operation, our Wealth division, our head office functions, that are up North.

We've done a few things to take advantage of the synergies North and South, notably data centers, things that are sort of no-brainers to do you wouldn't want to have four data centers, two in Canada and two in the U.S. when you can have one in each so you can save over in redundancies, those types of things.

But there are lots of opportunities that until we were done with the actual integration, switching between institutions you couldn't start to focus your energies on those synergies that's why we believe, again, there's lots more upside.

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**Unidentified Audience Member**

What are the most, in your opinion, the most impactful things that are yet to come?

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**Tim Hockey - Group Head, Canadian Banking, TD Bank Financial Group**

Probably the biggest thing is literally what I mentioned earlier. The ability to add a suite of products that don't even exist yet and to take many of the best practices that we have in Canada, in terms of our cross-sell capabilities, our reward and recognition culture, how we drive the performance-based culture, that will really ramp up the sales in the U.S. institution.

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**Unidentified Audience Member**

And then just lastly --?

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**Unidentified Audience Member**

Go ahead, yes we're running tight.

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**Unidentified Participant**

Okay, sorry. The systems that you installed, was it Commerce or Banknorth or was it the Canada Trust business platform that you installed in the TD Bank?

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**Tim Hockey - Group Head, Canadian Banking, TD Bank Financial Group**

When we installed here? It was actually a combination mostly of the Banknorth with some of the Commerce applications, as well. There was very little that was installed from Canada.



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**Unidentified Audience Member**

And given how well the Canadian business performs, why didn't -- why did you chose to not --?

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**Tim Hockey - Group Head, Canadian Banking, TD Bank Financial Group**

Pretty dramatic differences. I like to say the border is much more than a speed bump. The regulatory changes, the product changes, a bank on the Canadian border is very different than a bank on the US side of the border and so it would not be an easy decision just to say take those systems and bolt them in place, too much risk to the integration.

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**Unidentified Audience Member**

Okay, thank you.

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**Tim Hockey - Group Head, Canadian Banking, TD Bank Financial Group**

You're welcome.

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**Unidentified Participant**

You all are having a break out session after this in the Louis XIV Center Room, so if you have any additional questions you can follow up there. Tim, thank you very much for coming.

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**Tim Hockey - Group Head, Canadian Banking, TD Bank Financial Group**

Thank you all.