Q1 2011
Strategic Overview

Ed Clark, President and CEO

Thank you Mushtak, and thanks everyone for joining us this afternoon.

Colleen will be up shortly to discuss our first quarter results in detail, but let me start by sharing a few thoughts on the quarter and what we're expecting for the balance of the year.

This quarter was an excellent start to the year for TD. Total adjusted earnings hit a record of almost $1.6 billion in the quarter, and earnings in both our Canadian and U.S. Personal and Commercial businesses also hit new highs. Our Wealth Management business continued its positive earnings momentum and our Wholesale team delivered another strong quarter. Total adjusted retail earnings hit a record of $1.4 billion, up 30% from last year. That's simply amazing, given that, at this time last year, we were at just over $1 billion in adjusted earnings. We're also announcing a five-cent dividend increase for our common shareholders, which highlights the confidence the board has in our future success.

Fundamentally, this was a great quarter with earnings a bit ahead of our run rate. We're well positioned for a great year.

Our capital position remains strong, with our Tier 1 capital ratio now at 12.7%. We generated close to $1 billion in organic capital in this quarter alone. I'll give you some additional commentary on capital in a few minutes.

Let me now take a look at each segment in a bit more detail.

It was another record quarter for TD Canada Trust, with earnings up 26% year over year, crossing the $900 million mark for the first time. We do expect year-over-year increases to slow in future quarters as the lift from reduced loan loss provisions dissipates and real-estate lending slows. However, adjusted for the number of days in the quarter, we would still anticipate earnings in this range for the rest of the year. These wonderful results are underpinned by our commitment to remain the leader in service and convenience. You will have noticed that more than 300 of our branches across Canada are now open on Sundays.

TD Bank, America's Most Convenient Bank, turned in a record quarter, with adjusted earnings rising 54% year over year. We remain pleased with how our performance in the U.S. is tracking, despite regulatory headwinds. Our new run rate of earnings is in the $300 million per quarter range. Credit conditions are developing as anticipated, with our loan quality gradually improving. Our mortgage securities portfolio is showing modest signs of strain, but we're very well provisioned. Our organic growth strategy continues to deliver market share gains, while our acquisitions are performing well, with integration efforts going as planned. We expect the same of Chrysler Financial. That deal is on track to close in the second quarter and we're very excited to add Chrysler Financial's auto-lending platform to the TD family.

Wealth Management earnings rose 32% year over year, excluding the contribution from TD Ameritrade. Growing confidence in the equity markets helped deliver higher client assets and strong trading volume, while margins expanded. TD Ameritrade continues to do a great job at asset gathering and recently crossed the US$400 billion mark in client assets – a very impressive milestone.

This was also another strong quarter with solid returns for our Wholesale Bank, and consistent with our expected earnings run rate of $175-225 million per quarter. This business performed well despite moderated markets compared to last year and continues to execute well on its client-driven franchise strategy.

Outlook

In terms of outlook, we're expecting a very good year in 2011, thanks to the power of our retail-focused growth engine. The dividend increase we announced today speaks to that.

At the same time, I don't think it would be fair to say that all negativity has lifted from the macroeconomic picture and that things are back to normal.

There are key global issues that have yet to be resolved. The European debt crisis remains a real concern, inflation in emerging economies is becoming an issue and clearly the U.S. economy continues to recover slowly. While there have been positive economic signs in the U.S., the reality is that the fiscal situation remains unclear, municipal and state budgets are under strain and the U.S. housing market has not improved. The recent unrest across the Northern African/Middle East region has also added another level of uncertainty into the global markets.

At the same time, on the ground we're continuing to see positive signs from our personal and business customers. They're continuing to get more comfortable spending and borrowing and tell us that conditions are improving.

So it's a mix of high-level caution and ground-level optimism.

And if that sounds similar to what I told you last quarter, it's because our view hasn't fundamentally changed: we think the economy is recovering against a backdrop of fragile confidence. While that's a challenging environment, our model has clearly shown an ability to deliver. We're in a good position to continue to invest across our franchises to bolster our position for the future.

Let me talk about capital and dividends next.

On the capital front, we are providing some additional disclosure that Colleen will speak to, but our key messages haven't changed. We're confident that we'll meet the new capital requirements on an accelerated basis without issuing common equity. We can do this because we have a great set of businesses with a very strong capability to generate organic capital. What this does mean, however, is that we don't expect to have a lot of excess capital. Consequently, if we were to do an acquisition of significant size, we would likely have to issue shares to fund the transaction.

I think it's important to emphasize several things about the new capital rules. These new rules represent a significant increase in the amount of operating capital. In fact, we'll need to hold approximately 70% more operating capital under Basel III to conduct the same business which we were previously doing.

While capital levels are significantly increasing, the effect on return on equity at the overall bank level will be less dramatic than what one might assume. There are a few reasons for this. First - our ROE at the total bank level reflects both operating capital and goodwill and intangibles on our books. Second, we're already holding much of that additional operating capital today. And third, our earnings growth, and the low risk-weighted nature of this growth, helps us manage rising capital needs.

So what does this mean for dividends? Our approach hasn't changed. Our confidence in delivering sustainable earnings growth will drive our approach to dividends. As we get into the latter half of the year, the board will review the timing and size of future increases.

With that, let me wrap up.

We're off to an excellent start in 2011, with record quarters for our U.S. and Canadian Personal and Commercial Banking franchises and strong performance from Wholesale and Wealth. We think we've got the right ingredients for another very good year, even though regulatory and economic uncertainty hasn't dissipated.

Last quarter, I mentioned that for 2011, we'll be able to at least meet our medium-term target for adjusted EPS growth of 7-10%. Based on our current outlook, I remain confident we can do so.

Now, let me turn the call over to Colleen.

Call Closing

Let me close by leaving you with a few key points.

First, we had a great, record-filled quarter. We believe we've got the right strategy, underscored by the impressive organic growth of our retail franchises. While we expect the pace of growth in our Canadian retail business to slow, we're still expecting very healthy levels of growth in part led by a pick-up in business lending and insurance. In the U.S., while the headwinds remain challenging, our results have been strong and – equally important – we've proven we can deliver and adapt to the ever-changing regulatory environment. With strong retail platforms on both sides of the border, we're well positioned for continued growth throughout the year.

Second, our Wholesale bank delivered a strong performance this quarter, ahead of our medium term expectations for this business.

And third, as we look ahead, we're expecting a very good year in 2011, even though regulatory and economic uncertainty continues to linger. We're confident that our ongoing investments across all of our franchises will enable us to continue to outperform in the future.

Thank you.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

From time to time, the Bank makes written and/or oral forward-looking statements, including in this presentation, in other filings with Canadian regulators or the U.S. Securities and Exchange Commission, and in other communications. In addition, representatives of the Bank may make forward-looking statements orally to analysts, investors, the media and others. All such statements are made pursuant to the "safe harbour" provisions of, and are intended to be forward-looking statements under, applicable Canadian and U.S. securities legislation, including the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, statements regarding the Bank's objectives and priorities for 2011 and beyond and strategies to achieve them, and the Bank's anticipated financial performance. Forward-looking statements are typically identified by words such as "will", "should", "believe", "expect", "anticipate", "intend", "estimate", "plan", "may" and "could".

By their very nature, these statements require the Bank to make assumptions and are subject to inherent risks and uncertainties, general and specific. Especially in light of the uncertainty related to the financial, economic and regulatory environments, such risks and uncertainties – many of which are beyond the Bank's control and the effects of which can be difficult to predict – may cause actual results to differ materially from the expectations expressed in the forward-looking statements. Risk factors that could cause such differences include: credit, market (including equity, commodity, foreign exchange, and interest rate), liquidity, operational, reputational, insurance, strategic, regulatory, legal, environmental, and other risks, all of which are discussed in the Management's Discussion and Analysis ("MD&A") in the Bank's 2010 Annual Report. Additional risk factors include the impact of recent U.S. legislative developments, as discussed under "Significant Events in 2010" in the "How we Performed" section of the 2010 MD&A; changes to and new interpretations of capital and liquidity guidelines and reporting instructions; increased funding costs for credit due to market illiquidity and competition for funding; and the failure of third parties to comply with their obligations to the Bank or its affiliates relating to the care and control of information. We caution that the preceding list is not exhaustive of all possible risk factors and other factors could also adversely affect the Bank's results. For more detailed information, please see the "Risk Factors and Management" section of the 2010 MD&A. All such factors should be considered carefully, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements, when making decisions with respect to the Bank and we caution readers not to place undue reliance on the Bank's forward-looking statements.

Material economic assumptions underlying the forward-looking statements contained in this presentation are set out in the Bank's 2010 Annual Report under the headings "Economic Summary and Outlook", as updated in the First Quarter 2011 Report to Shareholders; for each business segment, "Business Outlook and Focus for 2011", as updated in the First Quarter 2011 Report to Shareholders under the headings "Business Outlook"; and for the Corporate segment in the report under the heading "Outlook".

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 investors and analysts in understanding the Bank's financial position, objectives and priorities and anticipated financial performance as at and for the periods ended on the dates presented, and may not be appropriate for other purposes. The Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by or on its behalf, except as required under applicable securities legislation.