TD BANK GROUP
SCOTIABANK FINANCIALS SUMMIT
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FORWARD-LOOKING INFORMATION

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Material economic assumptions underlying the forward-looking statements contained in this document are set out in the 2012 MD&A under the headings "Economic Summary and Outlook", and for each business segment, "Business Outlook and Focus for 2013", each as updated in subsequently filed quarterly reports to shareholders.

Any forward-looking statements contained in this document 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 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.

PARTICIPANTS

Bharat Masrani
TD Bank Group – Chief Operating Officer

Kevin Choquette
Scotiabank GBM – Analyst

PRESENTATION

Kevin Choquette – Scotiabank GBM – Analyst

Our next speaker this morning is from TD Bank Group. It's Bharat Masrani, Chief Operating Officer, TD Bank. Ed Clark, President and CEO, was scheduled to speak this morning but has come down with a temporary illness so Bharat is pitching in for him. Bharat was elected Chief Operating Officer in April 2013 and will take over from Ed as President and CEO effective November 1, 2014.

Mr. Masrani has been with TD Bank for 26 years including CEO of TD's U.S. operations from 2008 to 2013. He was Vice Chair and Chief Risk Officer from 2003 to 2008. Bharat was also CEO of TD Waterhouse, SVP Corporate Finance and Co-Head in Europe as well as country head for India. He also spent time in corporate banking. Bharat?

Bharat Masrani – TD – Chief Operating Officer

Thanks, Kevin, and good morning, everyone. I must begin, and I know Kevin talked about it, but I must begin by giving everyone Ed's regrets. The Scotiabank Conference is one of the marquee events for the financial industry and Ed had been really looking forward to addressing you this morning.

Unfortunately, he's under the weather today, so I have the pleasure and privilege of being in his place. I'm going to follow the approach he had planned to take, which is to recap our Q3 results and highlight some of the key challenges and opportunities in each of our main business segments. Then I'd be happy to take your questions.

As usual, here is the standard disclosure, want to make sure you have enough time to go through it and read it in quite a lot of detail.

Q3 was a strong quarter for TD excluding the insurance charges we preannounced in July. We don't feel good about those charges. They were significant, driving a 14% decline in earnings and took C$0.45 off our EPS. We took C$418 million after tax in charges, including C$125 million for losses related to the flooding in Alberta and Toronto and C$292 million to increase reserves against prior year Ontario auto claims.

We grew these reserves based on evidence from this year's claims development. We also increased reserves for the 2013 accident year in proportion to earned premiums on current-year insurance policies. It's impossible to be certain in these matters, but we hope we put the claims related to prior accident years behind us. Of course we still have challenges related to Ontario auto reforms and the increasing frequency and severity of severe weather-related events.

As we have said before, the auto business in Ontario is inherently a good business, but we do see challenges, and in the medium term, we expect a modest decline in insurance earnings from the normalized 2012 level of C$600 million. Excluding these charges, earnings and EPS were up 10% for the quarter, driven by record results in Canadian P&C, Wealth and U.S. P&C.

We were particularly pleased to see TDCT come out on top once again in the J.D. Power and Ipsos surveys, recognizing our continued leadership in customer service excellence among the Big Five banks.

We also increased our dividend this quarter. As you can see from this slide, our dividends are on a steady growth path. The C$0.04 increase we announced this quarter is our second increase of the year and dividends paid have grown 12% in fiscal 2013. This speaks to the sustainability of our underlying earnings power. And it's also consistent with the comment Ed made to you last year that you could expect to see dividend growth outpace EPS growth as we move towards the midpoint of our 40 to 50% payout range.

As for capital, there were a lot of moving parts in Q3. We lost some capital to lower AOCI as a result of the rise in interest rates, increased RWA and our share buyback, but we gained more from the sale of our non-agency CMO portfolio and an increase in retained earnings. Net-net, we grew our capital by C$500 million this quarter. As of July 31, our Basel III common equity Tier 1 ratio was 8.9%, up 10 basis points from the second quarter.

Let me now turn to our businesses. I think you know our overall structure well. We have four key business segments, and the pie chart reflects the respective contribution to total earnings. The numbers are calculated excluding the Q3 insurance charges to provide a clearer picture of the underlying business model. About half of our earnings are generated by the Canadian Personal and Commercial bank. Another 20% or so come from TD Bank, America's Most Convenient Bank, our U.S. retail banking operation. A further 20% is represented by our Wealth and Insurance businesses, including TD Ameritrade. And 10% is our Wholesale bank.

We consider the first three our retail businesses. And so far this year, they're responsible for 90% of our adjusted earnings, in line with our core business strategy, which is to be a low risk retail-focused top 10 North American bank.

I will now talk a bit about each of our businesses and highlight what I think the key themes are. I've already talked about Canadian P&C's repeat wins in the J.D. Power and Ipsos surveys. The business also had a strong quarter from an operating perspective with nearly C$1 billion in earnings.

It's clear that personal lending volumes are moderating on a year-over-year basis, which is to be expected as Canadian households deleverage. That's something we've advocated for and it's in everyone's long-term best interest. But we continue to see double-digit growth in business lending, a testament to the prior investment we've made in this sector. And our card business has good momentum, largely due to better credit performance but also from some exciting growth opportunities.

Other highlights of the quarter included very strong expense management. For a fourth consecutive quarter, adjusted expense growth was 2% or lower for our Canadian P&C segment. And NIM was up slightly – though we continue to expect modest downward pressure over the next year with some bumpiness from quarter-to-quarter.

Wealth also had a record year with 18% growth in earnings year-over-year and C$181 million in net income after taxes – 10% better than our last record quarter. We saw continued growth in AUM and AUA.

We're very excited about the Epoch acquisition, which closed in March of this year. It significantly enhances our U.S. and global equity capabilities. That's a key plank of our U.S. wealth strategy. The results of the transaction so far are consistent with our expectations. Assets are higher. There have been no material client defections and we expect that business to be accretive to earnings in fiscal 2014.

I think I've already discussed the Insurance results earlier.

It was also a strong quarter for TD Bank, America's Most Convenient Bank, but with lots of moving parts. The fundamentals remain very good with strong volume growth. Total loans, ex-acquisitions, were up 12% year-over-year and total deposits were up 11%.

As for Q4, our earnings will be lower because of reduced security gains compared to what we realized in Q3. Obviously, the recent rise in interest rates was a key event for our U.S. business. It has advantages and disadvantages. On the downside, it'll put pressure on mortgage refinancing volumes and reduce the unrealized gains in our AOCI portfolio.

On the other hand, we will benefit from firmer NIMs, as there will be less pressure on deposit margins. Overall, the fundamentals remain strong. The U.S. economy is on the mend, our volumes are growing, we have a great footprint and a powerful brand, and we like our strategy. Our model is to leverage our promise of service and convenience to take share, and we will continue to do so.

Our Wholesale bank delivered good results in Q3 in a tough trading environment. We are very pleased with how this business has evolved. We have built a top three dealer in Canada since 2005. We are following the same approach in the U.S., building low-risk, plain-vanilla businesses that support our retail operations. Our U.S. bank has a core group of corporate customers and TD Securities is working with the bankers covering those accounts to evolve our strategy to deliver treasury and dealer type of products. On the whole, our goal is to earn 15 to 20% return over the medium term, and we believe we can do that by following this consistent strategy that is aligned with the bank's risk appetite.

Expense management remains a key area of focus for us. As we have said repeatedly, there won't be any fire drills. That kind of short-term thinking is not the TD way. But we know we can do better. We expect to deliver core expense growth, ex-acquisitions and FX, of 3% for fiscal 2013 as a whole, and we are committed to improving on that in 2014.

It feels like interest rates have finally bottomed out, but even with the backup in yields since the summer, interest rates are still low in absolute terms. So we can't let up on our focus on driving efficiencies. We've been engaged in a continuous review of our cost structure, looking for ways we can generate permanent savings while continuing to invest in the future. We made good progress, and you'll see more evidence of that next year as we look to streamline our facilities and find more ways to leverage our North American scale.

To wrap up, apart from the insurance charges, we delivered strong results in Q3. We have the right strategies and the right people to continue to deliver for our shareholders. Looking ahead, we will stick to our core belief of leading with service and convenience, we will leverage our brand, and we will continue to invest in the future. In our view, that's how you build a Better Bank and that's what you will get from TD.

Thank you very much and happy to take your questions.

QUESTION AND ANSWER

Kevin Choquette – Scotiabank GBM – Analyst

Questions?

Maybe I'll start it off with a question on the U.S. and the regulatory environment there. I think TD USA is subject to CCAR in 2016 and a lot of other banks, over US$50 billion, were subject in 2014. So why does TD have an exemption and what are some of the other rules and regs that may impact your business?

Bharat Masrani – TD – Chief Operating Officer

In our case, CCAR, as all of you know, is the Fed's stress test, and this got introduced as part of the Dodd-Frank requirement under the various rules that were promulgated at that time. In our case, when we acquired some of the entities in the U.S., we did get official exemption from the Federal Reserve, which was – I think – by the terms of SR 01-1, which effectively allows us to optimize our capital from a global perspective.

Under Dodd-Frank, such exemptions were eliminated. Except that people who already had them, were grandfathered for a period of five years. When you look at the rules and the way they were finally drafted, that exemption effectively allowed us to postpone being part of the CCAR group of banks until 2016, as you rightly point out. But from that time on, we will be subject to the CCAR review as all major banks in the U.S. are.

I think, Kevin, I think the top 19 banks are now subject to CCAR, and more banks are being put into that process as time goes by. So that has been the background as to why we have not been subject to date, but there is no doubt that we will be in a couple of years, and it is a very long process – as you can imagine – and we are working very hard to make sure that we meet all the needs of the rule.

Kevin Choquette – Scotiabank GBM – Analyst

Okay. Thank you. Questions?

On your deposit base – that is a very large personal deposit base – but in the U.S., more of the challenge is on the loan side and on the lending side. You acquired Chrysler Financial, and perhaps the volumes weren't as great as you thought, and you did Target. Do you see any other really decent opportunities in the U.S.? I mean, GE has a C$30 billion card business. Do you have the capacity to continue to acquire on the lending side?

Bharat Masrani – TD – Chief Operating Officer

Again, just to recap all the numbers, I think our deposits in the U.S. are about US$185 billion and we have loans of about US$100 billion. We do have a lot of liquidity. In fact, some could argue we might be one of the most liquid banks in the U.S.

So we have been hard at work in increasing the asset side of our balance sheet. Our teams have done a wonderful job on loans. When we acquired Commerce Bank, on a consolidated basis, we had loans of under US$50 billion. Today, we are just over US$100 billion.

So I like our trajectory. Organically, as I mentioned in my remarks, we've grown our loan book 12% year-over-year and we've had double-digit growth for a while – this is ex-acquisitions. So we're happy with how we are organically evolving our franchise, but that doesn't mean that we are not interested in building out more asset generating capabilities through acquisitions. You're right, I think our acquisition of Chrysler Financial meets that need for us.

Target is another transaction we've done, that also helps us to get there. We've been fairly straightforward in saying that if there are other assets in play in the U.S. space that provide a risk-adjusted return that is attractive for us and is within our risk appetite, we would seriously look at it.

So, you know, that has been a stated strategy. If there are assets that come up, we will look at it, but you'll have to meet the requirements that I just outlined. It would have to provide an adequate return; it would have to be well within our risk appetite; and, frankly, will have some connectivity to our core business in the U.S., which is personal and commercial banking. I think to date, whatever we've done has met those requirements, and I hope there'll be more opportunities where we can deploy some of our excess liquidity.

Kevin Choquette – Scotiabank GBM – Analyst

Thank you. Any other questions?

Maybe another follow-up on the U.S. side. Most of the focus is on the capital, and capitalization in the U.S., and whether you may have to stream down C$4 billion of equity to your banking operations, and how would that impact the overall margin, which has also been under pressure in U.S.?

Bharat Masrani – TD – Chief Operating Officer

In the U.S., rules are still in a bit of a state of flux. There's enough uncertainty around it. So I've learned not to speculate as to what might be the case, because whenever we try to do that, we've generally been wrong. So we'll see how those rules pan out, but generally I would say, regardless of what the local rules are, on a consolidated basis we're very happy with how we deploy and allocate our capital – that has worked well for us.

I don't see any major issue for us in order to manage any unusual requirements that might emerge out of the U.S. on a consolidated basis. We'll figure out how we manage between different legal entities, et cetera.

From a returns perspective, the recent backup in rates provides firm earnings for us for our core deposit franchise, which is a big part of our business, so that's good to see. But obviously, that takes time to flow through on how we tractor or what kind of extension strategies we deploy. But from a pure business perspective, happy to see firmer margins, as it certainly supports that deposit franchise.

So overall, yes, there are lots of headwinds as you would expect. There are a lot of uncertainties out there. But the prospects for the U.S. – at least when I talk to a lot of you folks and read some of the same stuff as you do – appear to be more positive than people were thinking about a year ago.

Kevin Choquette – Scotiabank GBM – Analyst

Thank you. And then maybe just on acquisitions and M&A. Citizens chatter has disappeared over the last three or four months. How do you view the M&A market in the U.S. for a reasonable-sized acquisition for TD USA?

Bharat Masrani – TD – Chief Operating Officer

Generally, the M&A market, at least in the space of retail banking or personal and commercial banking, has been fairly muted. That is not surprising given some of the regulatory uncertainties. The deposit franchises have been under pressure because of the rate environment. We've not had a roaring economic growth number to rely on. So, overall it's been fairly muted.

In our case, we talked a bit about perhaps being more interested on the asset side. We've also said that there are tuck-in opportunities that would accelerate some of our organic growth aspirations in certain markets. We will certainly be interested. Our FDIC deals fit that category, as does South Financial, which was a bank we bought out of South Carolina that really enhanced our position in Florida. So if there are opportunities like that, we will certainly look at it.

We've also indicated there is an interest if there's a capability gap that we perceive. In our case, we thought global equities and international equities were something that we really wanted to build out, and with the Epoch transaction, we were able to acquire that capability very quickly, so we were happy to do that.

As far as large transactions go, I've been very clear. I mean, obviously we would never want to say never to any transaction or any type of transaction, but it would have to fit our strategy. It would have to be at the right price. It would have to be financially attractive. And if it's a large enough deal, it would have to be acceptable to the market because we'd have to finance the deal.

So all those factors apply and the one particular transaction you were talking about, every few months, there's a lot of speculation about that. But I'm not aware of anything available for sale or not, so I'm not staying up nights thinking about things that may not be available.

Kevin Choquette – Scotiabank GBM – Analyst

In terms of the North American platform on a wholesale basis, wholesale trading revenue was not very strong this quarter. TD's Wholesale business is probably the smallest in relationship to the overall bank and some of your competitors are building out a little bit more on a North American basis.

What's TD's strategy? Is it in the C&I area in the U.S., or are you a U.S. Bancorp in the U.S. from a wholesale perspective? How do you look at that?

Bharat Masrani – TD – Chief Operating Officer

We do have plans for a Wholesale bank in the U.S. As I mentioned in my remarks, we have started to build out capabilities that support the personal and commercial banking space. So in our P&C bank, we do have a corporate banking business, relatively small, and those customers do require wholesale banking type of products, capabilities, strategies.

Bob Dorrance and his team are working hard to build out those capabilities. We've had some success at it. That's been a key plank of our strategy in Canada as we repositioned our Wholesale operations. We'd like to do a similar build in the U.S. and happy with how we are proceeding. We made it very clear that we would like Wholesale operations to be part of our franchise that are supporting the rest of the Bank and that's what we are doing.

So, yes, you're right to point out, we are one of the smaller ones, but we made it clear that we are looking to become a retail-focused, top 10 North American bank.

Kevin Choquette – Scotiabank GBM – Analyst

Great. Thank you. Any last question?

On that, I'd like to thank Bharat for coming in at such short notice. Thank you very much.

Bharat Masrani – TD – Chief Operating Officer

Thanks very much, Kevin. Thank you.