TD BANK GROUP
BARCLAYS GLOBAL FINANCIAL SERVICES CONFERENCE
SEPTEMBER 10, 2013

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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.

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PARTICIPANTS

Bharat Masrani
TD Bank Group – Chief Operating Officer

John Aiken
Barclays Capital – Analyst

PRESENTATION

John Aiken – Barclays Capital – Analyst

Okay, ladies and gentlemen, we're going to carry on. Very pleased to have Bharat Masrani, TD's Chief Operating Officer, who is going to be succeeding Ed Clark as President and CEO November of next year.

Bharat is probably a longstanding tradition, at least from the Canadian content here. This is his third time presenting at our conference. Very pleased to have him here. Bharat is going to make some introductory comments and then we're going to go to the audience polling and then open it up to Q&A.

So, Bharat, thank you very much.

Bharat Masrani – TD – Chief Operating Officer

Thank you, John, and good morning, everyone. Great to be back here.

Here's the usual disclaimer regarding forward-looking statements. I want to make sure you have enough time to go through the fine print that's on your screen there.

It's great to be here in New York. The city offers a good backdrop to talk about the TD story. We entered this market, the toughest and most competitive one in the world, in 2001. Today we are the city's fifth largest bank by retail deposits.

We are proud of our position in the marketplace, but are not complacent. We want to be the third largest retail bank, and we are well on our way, having opened our 100th store earlier this year. So TD has big plans for the Big Apple. You always have to respect the competition, but we feel pretty good about our prospects here and, indeed, in every market where we operate. We've got a proven strategy, a sustainable position, a powerful brand, and a track record that shows we can win and grow year in, year out.

I'm going to devote my opening remarks to the Bank's overall performance, including a review of our results for the third quarter and at July 31 of this year. I'll then be happy to take your questions.

Q3 was a strong quarter for TD, excluding the C$418 million in insurance charges that we announced in July. We don't feel good about those charges, which included C$125 million for losses related to severe flooding and C$292 million to increase reserves against prior-year auto claims in Ontario. They were significant, driving a 14% decline in earnings and taking C$0.45 off our EPS.

But, excluding these charges, total bank earnings and EPS were up 10% for the quarter, driven by record results in our Canadian Personal and Commercial bank, Wealth, and in TD Bank, America's Most Convenient Bank.

We announced a C$0.04 dividend increase this quarter, our second increase this year. It means our dividends paid have grown 12% in fiscal 2013, a testament to the sustainability of our underlying earnings. It's also consistent with statements we've previously made that you could expect to see dividend outpace EPS growth as we move toward the midpoint of our 40 to 50% payout range.

And our Basel III common equity Tier 1 ratio remains strong, 8.9% as of July 31, after the purchase of over 7 million shares as part of the 12 million share buyback we announced in Q2.

Let's look at the performance of each of our business segments. But by way of background, let me first provide a brief overview of our structure.

We have four business segments – Canadian Personal and Commercial banking, which generates about half our earnings; TD Bank, America's Most Convenient Bank, our U.S. retail banking operation, which accounts for 20% of our earnings; our Wealth and Insurance business, including TD Ameritrade, represents approximately another 20%; and our Wholesale bank makes up 10%.

We consider the first three segments our retail businesses, and so far this year they have produced 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.

Our Canadian Personal and Commercial bank turned in a strong performance in Q3, generating nearly $1 billion in earnings. Personal lending volumes continue to moderate as we expected, and indeed advocated for, as Canadian households reduced their borrowing. But we enjoyed another quarter of double-digit growth in business lending, and our card business is doing well, buoyed by better credit performance as well as some exciting growth opportunities.

Expense management was strong in the quarter and the business benefited from slightly higher margins, though we continue to expect modest downward pressure on margins over the next year, with some quarter-to-quarter bumpiness.

A highlight of the quarter was TD Canada Trust's repeat wins in the J.D. Power and Ipsos surveys, the eighth year in a row for J.D. Power and the ninth for Ipsos, recognizing our continued leadership in customer service excellence among the Big Five Canadian banks.

Our Wealth business also had a record quarter, with earnings up 18% year over year. We continued to see strong growth in assets under administration and assets under management. Our AUM was boosted by the addition of assets from Epoch Investment Partners. We are very excited about this acquisition, which has significantly enhanced our U.S. and global equity capabilities and is a key plank of our U.S. wealth strategy. Integration continues to go smoothly. The business is performing well and we expect Epoch to be accretive to our earnings in fiscal 2014.

I mentioned our Insurance business at the outset and the charges we took in Q3. It's impossible to be certain in these matters, but we believe we've put the claims related to prior accident years behind us. The auto business in Ontario is inherently a good business, but we still have challenges related to the Province's auto reforms and there is also the issue of increasing frequency and severity of weather-related events. As a result, we expect a modest decline in insurance earnings over the medium term from the normalized 2012 level of C$600 million.

TD Bank, America's Most Convenient Bank, had a strong quarter, but with lots of moving parts. The recent rise in interest rates was pivotal in this quarter and one that offers advantages and disadvantages. On the one hand, higher rates will dampen mortgage refinancing volumes and reduce the unrealized gains in our AOCI portfolio, eroding the security gains that have boosted our earnings in recent quarters. On the other hand, they will ease the pressure on deposit margins and support firmer NIMs.

The U.S. economy is on the mend. Our volumes are growing. Total loans ex-acquisitions were up 12% year over year in Q3 and total deposits up 11%. 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 and we are following the same approach in the U.S., building low-risk, plain vanilla businesses that support our retail operations. Overall, our goal is to earn 15 to 20% return over the medium term, and we believe we can do that by continuing to run a wholesale operation that is aligned with the Bank's risk appetite and its core franchise-focused business strategy.

Our strategy also includes a commitment to continuous productivity improvement and a strong expense management. Don't expect fire drills from us; that's not the TD way. Instead, we have focused on reengineering our cost structure to generate permanent savings while continuing to invest in the future. You can expect to see more evidence of that next year as we streamline our facilities and find more ways to leverage our North American scale. As we noted on our Q3 call, we are committed to achieving our target of core expense growth, ex-acquisitions and FX, of 3% for fiscal 2013 as a whole and intend to improve on that in 2014.

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. That's how we build a Better Bank, and that's what you will get from TD.

Thank you very much.

QUESTION AND ANSWER

John Aiken – Barclays Capital – Analyst

Great. Thanks, Bharat. And can we start the polling questions, please?

Bharat Masrani – TD – Chief Operating Officer

This is your new technology? Is that what this is?

John Aiken – Barclays Capital – Analyst

This is the new technology, first for the Canadian banks, right?

Bharat Masrani – TD – Chief Operating Officer

New and improved Barclays.

John Aiken – Barclays Capital – Analyst

Okay, first question. How do you think the TD Bank will perform against its Canadian peers – significantly outperform, modestly outperform, in line, modestly underperform, or significantly underperform? And try not to hurt Bharat's feelings after his presentation.

(Music playing)

Bharat Masrani – TD – Chief Operating Officer

So what happens here?

John Aiken – Barclays Capital – Analyst

So ten seconds to come through, they'll poll it and then as soon as the time runs out we'll watch the group response.

Bharat Masrani – TD – Chief Operating Officer

They get the mood right with the nice music.

John Aiken – Barclays Capital – Analyst

Oh, yes. Some of the music is better than others.

Bharat Masrani – TD – Chief Operating Officer

Yes. I know. We have a differentiated strategy. I've got to think about this at TD Bank, America's Most Convenient Bank. (Laughter)

John Aiken – Barclays Capital – Analyst

So we have definitely skewed towards the positive, but there's some naysayers in the room. And I guess we can address that through the Q&A. Can we move onto the next question, please?

What's your outlook for additional U.S. retail bank acquisitions by TD and how does it influence your view on TD as an investment? Do you think TD's likely to make an acquisition? Does that make you more positive on TD as an investment? Acquisitions are likely but it makes you more negative on TD as an investment? Or unlikely on the other cases?

(Music playing)

So, Bharat, it looks like you're going to have to make some more acquisitions. Do you mind commenting on this in terms of what your approach is to acquisitions going forward?

Bharat Masrani – TD – Chief Operating Officer

Yes. First I'd say hopefully your compliance folks are in the room and these numbers are audited and making sure they're not made up in any way. But I'm sure they would have looked after all that.

Acquisitions, I mean, this is always a question I get. And let me reiterate what we've said over the past little while. What we've said – if you look at our balance sheet in the U.S. we could argue – one can have a different view, but we're arguably one of the most liquid banks. We're highly capitalized. We've got about US$190 billion in deposits and loans of about US$100 billion. We do have a long way to go to build up our asset side of the balance sheet.

And in that regard we have been looking for acquisitions that provide us with asset-generating capabilities. Or, frankly, if there's a portfolio out there, and TD Auto Finance, previously Chrysler Financial, is a good example of that. Recently you probably saw that we acquired the Target credit card portfolio, another good example of that.

So we do have an interest. Given the structure of our balance sheet, given the mix of our lending franchise in the U.S., we would be interested in looking at those types of deals if they were within our risk appetite and give us decent risk-adjusted returns for the medium term. So that continues to be applicable for us.

With respect to our banking operation, our core banking operation, which is TD Bank, America's Most Convenient Bank – just to remind folks, we are right down the Eastern Seaboard. We are in 15 of the states on the Eastern Seaboard. We've got just over 1,300 locations. I gave you the numbers from a balance sheet perspective. We've got approximately 27,000 employees and over 8 million customers in the United States. And we feel very good about that, because seven or seven and a half years ago we had no retail presence in the U.S, apart from our discount brokering operation through TD Ameritrade.

So we feel very good as to the position we have. But what we have done from an acquisition perspective is that whenever there's a bolt-on acquisition available that would accelerate our core capability of organically growing our franchise, we would certainly look at that seriously.

So many of you may recall we acquired three banks from the FDIC through the crisis that solidified our position in the South Florida market. After that we bought South Financial, which is headquartered in Greenville, South Carolina, but also expanded our footprint quite dramatically in Florida, which is one of the growth states that we have targeted. We think that's an attractive state. It's the fifth largest state in the Union and, frankly, plays well with our very strong Northeast U.S. franchise as well as providing services to our many Canadian clients who vacation in Florida. So Florida makes a lot of sense for us. And so we acquired South Financial to give us more scale in that market. So that continues to be intact. If we were to look at a small bolt-on acquisition that would accelerate our organic growth aspirations in those markets then we would certainly look at it.

With respect to large acquisitions, we've been very clear. We've said we would only be interested if it is on strategy. The price has to be right. The economics have to be good. The timing has to be of our choosing. And, frankly, if it's large enough, it has to be acceptable to the market, because we would require financing, depending on the size of the transaction.

So that's how we have set up our framework. It continues to be applicable. And that's how we plan to manage any acquisition opportunities going forward.

John Aiken – Barclays Capital – Analyst

All right. Thank you. Do we have a follow-on question? How do you think the Canadian bank valuations perform against their U.S. peers over the next 12 months? This one's pretty straightforward.

(Music playing)

Wow. At least the audience is in line with my recommendations but we'll –

Bharat Masrani – TD – Chief Operating Officer

I think your compliance folks should really look at this. (Laughter) I mean, is it your performance review time?

John Aiken – Barclays Capital – Analyst

Exactly. Do we have a final question? One more.

What's your view on the outlook for the Canadian housing market? In a bubble and about to burst? Overvalued but price declines would be manageable? Fairly valued? Or not an issue at all? Think four is going to be the resounding response.

(Music playing)

Well, I think that's pretty much in line with what we're hearing from the banks, but –

Bharat Masrani – TD – Chief Operating Officer

With John's view.

John Aiken – Barclays Capital – Analyst

(Laughter) But would you mind addressing what TD's view is for the Canadian housing market?

Bharat Masrani – TD – Chief Operating Officer

So, again, by way of background, there was a lot of concern, I'd say, a year, a year and a half ago, that the Canadian housing market was in a bubble, it was overheating. People had recent memories of what happened to the U.S. housing market. So there was a lot of concern among all the stakeholders, not just the banks, particularly. TD was out there as well talking about that, hey, maybe we need to moderate some of these forces that are playing out in the market?

And I think we did the right things as an industry and, frankly, as a country, which is the Canadian way, as many of you probably know. So the government came in, our CMHC, which is the housing insurance. It's a government agency. It provides an insurance for borrowers who do not have enough of a down payment. So the Canadian banks are required to have insured mortgages if they don't meet the minimum standards of down payment, et cetera.

So the rules around providing that insurance changed. Instead of amortization that go out to 30 years, now maximum insurance you'll get is a 25-year amortization. There were guidelines issued by our regulator in Canada, something called the B-20 guidelines, that tightened up some of the mortgage-lending rules as well.

I think all that, frankly, has resulted in dampening the bubble to some extent. And, yes, you could argue one way or the other, but overall I think we are in a better place today than perhaps we were a year, year and a half ago, where there was really a great concern.

That doesn't mean that there won't be an issue. I'm sure there are going to be pockets of cities or certain areas in Canada that might experience turmoil, but overall I think we are tracking much better than we were before. And I think you're getting that signal from banks in general.

John Aiken – Barclays Capital – Analyst

Okay. Thank you. All right. I think at this stage we'll open it up to Q&A from the floor.

Unidentified Audience Member

I guess in the Canadian segment one thing that's been strong recently has been the commercial loan growth, like you mentioned, growing very rapidly. Can you give more color about what's driving that? It's not intuitively obvious why it should be so strong. Given the GDP growth overall, it's positive but not that strong.

Bharat Masrani – TD – Chief Operating Officer

Great question. So again, I don't want to get into too much history, but 10 years ago TD and Canada Trust merged. TD was a large commercial and retail bank, whereas Canada Trust was largely a retail bank. Therefore the combined entity ended up with share that was not in keeping with the other retail or commercial banking type of products. So there was lots of room for TDCT or TD Canada Trust to grow the commercial side, because we didn't have as much market share as we had for core banking, for retail customers or the mortgage market et cetera, et cetera. So that was an explicit strategy that was laid out at the time – that we are really going to focus in the areas that we regarded as underpenetrated or that we do not have what we would consider our rightful market share. And commercial banking was one of them.

So since then we've had a deliberate strategy of adding bankers, adding capabilities, investing in the business, which is the hallmark of our company, that whenever we sense an opportunity we will have a long-term plan. We know that we're not going to try and grow this by just going out the risk curve or doing sort of crazy things on the risk side. Because lending is a great business as long as you do it right. It's unforgiving if you get it wrong.

So we've been quite deliberate in that and I think we are seeing the fruits of that strategy play out now. So we have substantially increased our banking force in Canada. We have substantially increased the number of customers we have in Canada. We have substantially increased the segments that we go after. Ten years ago we were heavily commercial real estate oriented in our commercial banking business in Canada, whereas now we probably have more of a C&I type of capability.

So that's what you are seeing from a micro TD perspective. And from a macro perspective, yes, the GDP levels would suggest now this pie is not increasing. But a lot of Canadian companies are doing well. They are continuing to invest in their core facilities. There seems to be good markets. The export markets have been relatively strong. So all that has helped and fueled the growth we have seen. But I'd say the key reason is our strategy that we adopted approximately 7, 8, 10 years ago. And that was the background as to why we did that and I think that's what you're seeing the results of.

Unidentified Audience Member

I saw that you were recently a seller of TD Ameritrade to a small extent. I was just wondering the rationale for that. And thinking of it from the opposite standpoint, what are the reasons why not to pursue buying the remainder of TD Ameritrade? Or how does that rank in terms of your thinking when you think about acquisitions?

Bharat Masrani – TD – Chief Operating Officer

I think buying and selling of shares that you may see in the marketplace, you shouldn't take that as a signal of where we might be going with our strategic interests in TD Ameritrade. That's managing portfolio and managing our own various issues that we may or may not have. And I think what you saw was a modest decrease. I don't know when or whatever, but it may go back up or whatever it might be. So I don't think that it is a key sort of indicator of any kind.

We are very happy with our position at TD Ameritrade. It's a core position. It's been very strategic. If you, again, go back into history, discount brokering has been a major business for TD around the world. We are a major player in Canada, have done extremely well with it, with humongous market share. And we do extremely well with TD Ameritrade.

Not only does it fit the core strategy from that perspective, but as we build out TD Bank, America's Most Convenient Bank, TD Ameritrade is a very important provider for a very important segment. So in our U.S. retail operations, when our customers – and we have a lot of them – when their investable needs exceed $100,000, we refer those businesses to TD Ameritrade. There's no better offering than that. That's our view. We think this is great for our customers. We have a unique position where there are not that many banks that can offer that type of offering that is related or affiliated with their core bank. I'm quite happy with how that is proceeding.

We are as well piloting selling core banking products like mortgages, HELOCs, credit cards to the TD Ameritrade client base. TD Bank, America's Most Convenient Bank, would provide the product capability there. So it's very strategic, very core. It's historically been a very important business for us and I don't see that changing.

With respect to increasing our holding, I'm not sure what it gives us from a strategic perspective. We like our position. Our holding does not preclude us in following the strategic path that I just laid out. So we're happy with the position we have. It's very core to us and it will continue to play well with our overall U.S. strategy.

Unidentified Audience Member

Just a couple questions on leverage. There's been quite a bit of debate globally on the appropriateness of leverage versus capital ratios. Can you maybe comment first on why 33 times leverage is the appropriate level of leverage for you, given your asset mix and use of collateral and guarantees and things like that? And then the second question is maybe the leverage ratio of TD Bank in the U.S. versus the Group as a whole?

Bharat Masrani – TD – Chief Operating Officer

So, leverage ratio – and, again, we could get into an academic discussion here – but it's a relatively blunt instrument that does not recognize the risk weight. So if you look at TD's balance sheet, insured mortgages, insured by the Canadian government – as the equivalent of Canadian government risk – is a big portion of our balance sheet.

So you could argue what should that be. If you look at our U.S. balance sheet we have securities. And a lot of them are AAA, government types of securities. That's how we would manage it. So you could argue that we feel pretty comfortable with the way we are running our balance sheet.

I think sometimes there is a slight confusion as to why would Basel III in Canada be at 3%, whereas the U.S. seems to be gravitating towards 4% or even higher for the regulated banks. But I think there is a bit of nuancing there. I think under U.S. GAAP certain off-balance-sheet items are not included as part of the calculation, whereas under IFRS, which is where we report for our parent bank, we have IFRS where those items are captured.

So I don't know the exact to the tenth decimal point, but my people tell me that it's relatively similar from that perspective. So I think from an overall perspective we feel comfortable as to where we are, given the composition of our balance sheet.

I think from a U.S. perspective, we feel very comfortable that if you look at our regulated banks, and we have two of them as part of our structure – are more than well capitalized. We are very comfortable with that. I think in the overall – under Dodd-Frank, with the Collins amendment, et cetera – there's a glide path to get our holding company to a similar level. And we are happy with that because it's something that we knew and it's manageable and we continue to work at it.

So overall, we as a bank have been, from the outset, big proponents of stronger and healthier capital levels for banks and, frankly, stronger and healthier liquidity requirements for the bank. And we continue to be proponents for that because we think that will result in a stronger banking industry as such. So we've been proponents of that and whatever rules that are out there that we know of and are finalized, we are comfortable in meeting those rules.

Unidentified Audience Member

Your wholesale capital markets business is about like 10% of the overall business mix. And it's probably one of the smallest amongst your peers. What's your growth aspiration in that business? Are you comfortable with the current size of your capital market activities?

Bharat Masrani – TD – Chief Operating Officer

Yes. So, again, great question. And I think sometimes there is confusion that TD has this red line – I guess too many red lines these days – but has a red line on the size of our wholesale business. And I don't think that's an accurate way of looking at it. No, we've laid out that we would like our wholesale operation to be franchise oriented. We want to be not a proprietary trading shop. We would like our wholesale operation to be well aligned with the Bank's risk appetite. And we would like it to earn 15 to 20% returns over the medium term.

So that's our strategy. And, if that strategy results in the wholesale operation being 20% of the Bank, Godspeed, terrific. But we're pretty keen on sticking to the strategy that we have, because we feel that's important to us. When we look at the history of the business, we look at our own situation, some of you may fondly recall we had a non-core bank. We had one of the banks that exited the structured products business well before the crisis, et cetera, et cetera. So we think that our core principles of how we like to run that business is correct and appropriate. And that has currently resulted in the size it is.

And we're happy. We think we have adequate scale in most of the markets that we operate in. We think we have the right capabilities. And, frankly, sometimes the numbers result in perhaps other parts of the Bank really growing faster than that part of the business. So we're very happy with the strategy we laid out and we don't think we are at a disadvantage in the core markets that we operate.

John Aiken – Barclays Capital – Analyst

I think I'll take the next one. Within Canada you've announced a very significant strategic venture with Aimia. Was wondering if you could provide us with, one, an update in terms of negotiations that's going on with the third party, as well as what you think the impact is going to be on the business operations and growth going forward?

Bharat Masrani – TD – Chief Operating Officer

So obviously – and I can't comment on ongoing negotiations – as many of you know, Aimia is the Air Canada miles program. And it's currently with a competing bank. There was an RFP. They wanted to see whether they can get a new provider or improve their terms. And TD won hands down.

So we are the winners of providing the Aeroplan cards going forward in Canada. And subsequent to that, as we have announced, we are in discussions with the current provider, which is a bank, and Aimia to see whether there can be a deal that would allow the two banks to continue to provide, or one of them to continue to provide, and us to enter this space. And obviously I can't comment on those negotiations.

But suffice it to say that come January, TD will be issuing Aeroplan cards to our credit card customers and hopefully many new customers in the Canadian marketplace. It's an important segment for us. The travel card has become quite big and quite popular among the Canadian public. And we have a very good offering. It's branded TD First Class.

But there is a substantial portion that are very attached to the Aeroplan type of a program. So we are very happy that we are the winning bank. And regardless of what deal emerges or doesn't emerge in the current negotiations, starting January we will be issuing new Aeroplan cards and very excited as to what that does in our offering. Very excited what it does to our customers. And, frankly, we view this as a good new acquisition strategy.

So, John, I wish I could give you more than what I've just said. We think we are in a good spot.

John Aiken – Barclays Capital – Analyst

Okay. We've got time for one final question.

Unidentified Audience Member

We've heard a good bit here from both some of the U.S. and Canadian competitors about branch networks moving towards smaller units and fewer of them. I think both in Canada and in your U.S. acquisitions yours have tended to be larger than average and with a very high focus on convenience and customer service. I wonder if you could share some thinking on whither the branch network over the next 5 to 10 years.

Bharat Masrani – TD – Chief Operating Officer

It's a good question, given all the publicity around mobility and alternative channels and all that. But we think the only sustainable competitive positioning you can take in retail banking is service and convenience. We are not a bank that believes that we can outrun or gain share through product innovation or through price, et cetera. So that is core to our belief. That is what we do day in and day out. And so that's been our belief and it will continue to be a core part of how we manage that business.

What we do in running our network – and we have a large network, we have over 1,000 locations in Canada and more than 1,300 in the U.S., as I said earlier – we constantly optimize our network, so there are adjustments to that network. If there is a market that has shrunk for demographic reasons or for some other reasons because of economic realities, then we will adjust our network and make sure that we are adapting to the environment we find ourselves in.

So in that regard you constantly hear from TD that there might be some consolidations going on in certain markets. In the U.S. particularly, given that we are a culmination of a few acquisitions, there is always more opportunity as we get better at certain markets to optimize our network.

I think your key question is – what are we doing with respect to size in other channels? We are investing heavily in other channels. We think bricks and mortar will continue to play a dominant role and a very important role for our customers. But that doesn't mean that they're going to ignore the other channels that are necessary to be successful. So in Canada one could argue that we are among the leaders as far as those channels go. And in the U.S. we are heavily investing to make sure that we become part of that group by the end of 2014. So we feel good about that.

As far as sizes of our locations, we are, again, adapting. We, in the U.S., recently refreshed our whole ATM fleet such that they are state-of-the-art, image-enabled, et cetera, et cetera. So that allows us more opportunity to have certain types of transaction carried out at ATMs that might reduce the need for some services through our stores in the U.S. And we will see whether that means, whether we rationalize the size of that store or do we come up with new capabilities to interact with our customers.

So that's an ongoing process. It's an ongoing part of what we do. And some of those you've been reading about in the newspapers. But we feel very comfortable with the strategy we laid out. We still think new stores are viable for us, especially in certain markets that we operate in. For example, in New York City we announced we'd like to be the third largest bank by retail deposits over the next few years. And you'll continue to see more store growth because it really works for us. So in this market it makes a lot of sense. In certain markets it may not and we'll adjust to that environment.

John Aiken – Barclays Capital – Analyst

Bharat, that's great. Thank you. We do appreciate you coming back.

Please join me in thanking Bharat for his presentation.

Bharat Masrani – TD – Chief Operating Officer

Thank you very much. Thanks, John.