TD BANK FINANCIAL GROUP
BANK OF AMERICA MERRILL LYNCH BANKING AND FINANCIAL SERVICES CONFERENCE 2009
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DISCLAIMER

FORWARD-LOOKING INFORMATION

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The forward-looking information contained in this document is presented for the purpose of assisting our shareholders and analysts in understanding our financial position as at and for the periods ended on the dates presented and our strategic priorities and objectives, and may not be appropriate for other purposes. The economic assumptions for 2009 for the Bank are set out in the Bank's 2008 Annual Report under the heading "Economic Summary and Outlook" and for each of our business segments, under the heading "Business Outlook and Focus for 2009." 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 us to make assumptions and are subject to inherent risks and uncertainties, general and specific. Especially in light of the current, unprecedented financial and economic environment, such risks and uncertainties may cause actual results to differ materially from the expectations expressed in the forward-looking statements. Some of the factors – many of which are beyond our control and the effects of which can be difficult to predict – that could cause such differences include: credit, market (including equity and commodity), liquidity, interest rate, operational, reputational, insurance, strategic, foreign exchange, regulatory, legal and other risks discussed in the Bank's 2008 Annual Report and in other regulatory filings made in Canada and with the SEC; general business and economic conditions in Canada, the U.S. and other countries in which the Bank conducts business, as well as the effect of changes in existing and newly introduced monetary and economic policies in those jurisdictions and changes in the foreign exchange rates for the currencies of those jurisdictions; the degree of competition in the markets in which the Bank operates, both from established competitors and new entrants; defaults by other financial institutions in Canada, the U.S. and other countries; the accuracy and completeness of information the Bank receives on customers and counterparties; the development and introduction of new products and services in markets; developing new distribution channels and realizing increased revenue from these channels; the Bank's ability to execute its strategies, including its integration, growth and acquisition strategies and those of its subsidiaries, particularly in the U.S.; changes in accounting policies (including future accounting changes) and methods the Bank uses to report its financial condition, including uncertainties associated with critical accounting assumptions and estimates; changes to our credit ratings; global capital market activity; increased funding costs for credit due to market illiquidity and increased competition for funding; the Bank's ability to attract and retain key executives; reliance on third parties to provide components of the Bank's business infrastructure; the failure of third parties to comply with their obligations to the Bank or its affiliates as such obligations relate to the handling of personal information; technological changes; the use of new technologies in unprecedented ways to defraud the Bank or its customers and the organized efforts of increasingly sophisticated parties who direct their attempts to defraud the Bank or its customers through many channels; legislative and regulatory developments; change in tax laws; unexpected judicial or regulatory proceedings; the U.S. securities litigation environment; unexpected changes in consumer spending and saving habits; the adequacy of the Bank's risk management framework, including the risk that the Bank's risk management models do not take into account all relevant factors; the possible impact on the Bank's businesses of international conflicts and terrorism; acts of God, such as earthquakes; the effects of disease or illness on local, national or international economies; and the effects of disruptions to public infrastructure, such as transportation, communication, power or water supply. 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CORPORATE PARTICIPANTS

Colleen Johnston
Toronto Dominion Bank - Group Head Finance and CFO

PRESENTATION

Steve Theriault – Bank of America Merrill Lynch

Good afternoon, everyone. Thanks very much for coming. Our next speaker is Colleen Johnston, Group Head of Finance and Chief Financial Officer at TD Bank Financial Group.

Colleen joined TD in March 2004 as Executive Vice President, Finance, Operations and in November 2005, became EVP and Chief Financial Officer. Prior that, Colleen spent about 15 years at Scotia Bank in various senior finance roles, and began her career in 1982 at Pricewaterhouse. TD Bank is Canada's second largest bank and North America's seventh largest bank by market capitalization.

So with that, welcome, Colleen, and thanks very much for spending some time with us here today.

Colleen Johnston ***- Toronto Dominion Bank – Group Head Finance and CFO***

Well, thank you very much for inviting me, Steve, and good afternoon to everyone. It is great to be here with you in New York. I spoke at a conference here in New York City last December. And we were all staring at very tough financial markets and a looming economic crisis. Visibility was just terrible. I'm sure you all remember. Investors didn't even want to talk about earnings.

But the question that I always got from investors is, first of all, what's your philosophy during a recession? What's your business philosophy? And what's your bank going to look like a year from now, two years from now, when the dust settles, when the economy improves and when we're through the crisis? In other words, what's the future of your bank? So, I'm very pleased to be here today to talk to you about the future of TD Bank Financial Group. And I can tell you, it's a very bright future indeed.

Before I begin, I'd like to mention that we're currently in our quiet period. Our fiscal year ended on October 31st and our Q4 results will be released on December the 3rd. Therefore, my discussion today will be limited to the presentation materials and any responses to questions on earnings, strategy and other developments will be based on publicly available information.

This presentation contains forward-looking statements and actual results could differ materially. These statements are intended to assist your understanding of our financial periods -- position for periods presented and our strategic priorities and objectives and may not be appropriate for other purposes. Certain material factors or assumptions were applied in making these statements. For additional information, please see our latest annual report and quarterly report, available on TD.com. These documents include a description of factors that could cause actual results to differ.

So, who is TD Bank Financial Group? We're a 150-year-old bank that's anchored in Canada. At TD, we have an enduring strategy -- to run a growth-oriented North American bank with a focus on retail banking and best-in-class customer service. We've been executing on that strategy with success. Our strategy is hard to duplicate and we're confident it will be a sustainable, competitive advantage for TD.

We are building the first truly North American bank. We have strong operations and great organic growth capabilities in both Canada and the United States. But we believe, if you do want to go abroad, you must first secure your home base. We have very strong Canadian franchises.

We know there's an enormous opportunity in the United States. In 2005, we entered the US personal and commercial business, with an investment in TD Banknorth. We now have more than 1,000 branches on each side of the Canada-US border, the only bank to have this level of presence. It's amazing to think that five years ago, we didn't have a US personal and commercial bank. Today, we're TD Bank, America's Most Convenient Bank.

We have a lower risk retail focus. Our target earnings mix is now 85% retail, 15% wholesale. On a year-to-date basis, retail earnings make up about 80% of the total. We get a better return for risk undertaken compared to our North American peers. Year-to-date, our adjusted return on risk-weighted assets was 2.25%, whereas the average of our Canadian peers was 1.78% and our US peers was 0.54%.

We earn a better return for every dollar of risk we take compared to our competition. We have a conservative risk management philosophy with a strong credit culture, strong balance sheet management, best-in-class capital, liquidity and risk management. We avoid risks that we don't understand and are realistic about risk-reward relationships. As a result, we largely avoided the direct impact of the financial crisis, due to strategic decisions that we made over the years.

We are big believers in common sense. We consistently invest for the future, and you're going to hear more about this in a moment. We're focused on achieving sustainable cost advantage, not reactive short-term cost cutting. We relentlessly invest energy and resources in areas where we have competitive advantage, to increase market share, even during tough economic conditions. Because our retail businesses are not capital intensive, organic growth offers significant returns.

So let me repeat these themes. We are the first truly North American bank, with a lower-risk retail focus, conservative risk management and we are consistently investing for the future. These are the same themes that were cited by Euro Money Magazine when they named TD Bank the best bank in North America. TD's focus on the customer, longer hours of business, our cross-border branch network, stable earnings, strong capital and superior risk management were recently cited by Euro Money Magazine.

Managing for the current environment. Here's what our CEO, Ed Clark, said, a year ago. He said we know we're heading into a recession. Think about the recession as a valley. We don't know how wide that valley is or how deep the valley is, but the key is to get to the other side of the valley with our model intact and with business momentum on our side.

So, let's break that down. What does it mean getting across the valley? For a bank, it means being defensive. It's about having large amounts of capital, it's being focused on risk management, liquidity and funding. And I can safely say that we've done a fantastic job there.

So, we've got our business model intact. What does that mean? We have an excellent business model. And again, the beauty of TD is that we're not out there having to reinvent our business model. But it's also about culture and it's the culture that we've created in this organization that's allowing us to win. I say to investors, consistently, our employment brand at TD has never been stronger. And why is that?

Well, first of all, the Canadian banks have truly taken center stage during the financial crisis and have emerged as the safest banking system in the world. TD is a great organization and we're growth oriented, with a great North American strategy. But importantly, we do have a focus on people and culture and that means a lot to people when they're joining the organization.

So, we've been able to recruit the best, whether at the entry level, on-campus recruiting, or at the executive level, and we've recruited several world class executives in the last year to two years. It is truly a huge competitive advantage for us. And last, but not least, we want to emerge with momentum on our side. So what does that mean? As I said earlier, there are lots of companies out there right now who are cutting costs, who are canceling all forms of strategic investment, any investment, in the future.

So, what does that mean a year from now, two years from now? That, frankly, they're going to be at a standstill. Not so with TD. What we've said is, yes, we're going to be prudent. Yes, we're going to manage costs carefully and we're going to cut those costs that aren't contributing directly to the top line. But we are going to continue to invest in our core platforms. And, frankly, I'm glad we've done that because the economy has improved faster than many of us thought a year ago.

So, we've continued to invest. We've added 20 new branches in Canada in the last year, 32 new stores in the United States, we've continued to add business bankers, we've continued to add client-facing advisors. So, all of that means that we can continue to lengthen our lead on the competition, who haven't been doing the same thing.

So, when I stand here today and think back to a year ago, I know that we absolutely made the right decision in terms of how we ran the bank, and our philosophy during the recession. And again, I'm confident that that's going to give us a lead on our peer group as we head into 2010, and that's as we look at both Canada and the United States. We have a tremendously strong franchise.

So, the next slide shows you some of the dimensions of TD versus our Canadian peer group as well as the North American peer group. And let me just point out some interesting facts here. Clearly, we are a top 10 North American bank. In terms of size, we're number two in Canada and about number six in North America. I think one of the most fascinating facts on this slide is take a look at adjusted retail earnings for the past four quarters.

We are number one in North America in retail earnings on a trailing four quarter basis. Our capital strength is excellent, with a Tier 1 ratio of 11.2% and as you can see here, the Canadian banks, as a group, dominate the best capitalized banks in North America. And another key take away from this slide is that we are AAA rated by Moody's, one of only four non-sovereign banks in the world to be AAA rated.

So, moving to the next slide, this slide demonstrates our earnings mix. Year-to-date, that's to the end of Q3, we earned 3.5 billion. An in Q3 alone, we made 1.3 billion, a new record. 54% of our earnings came from Canadian retail. Our Canadian personal and commercial bank, which we brand under the name of TD Canada Trust, and our global wealth management business.

26% of earnings came from US retail, which consists of our US personal and commercial bank or TD Bank, America's Most Convenient Bank, and our investment in TD Ameritrade. We have a wholesale bank, TD Securities, which consists of our investment banking, capital markets and corporate banking businesses. Overall, about 80% of our earnings came from our retail businesses and about 20% from wholesale.

So, let me touch on the highlights of each of our major business segments, starting with a Canadian personal and commercial bank, TD Canada Trust. For those that are interested, we hosted an investor session, about two weeks ago, in Toronto, on October 19th, when Tim Hockey, the Head of our Canadian Banking group, and his team, presented to investors. For those who are interested, it was a great couple of hours and I would urge you to look us up on the webcast.

Some key facts on our Canadian personal and commercial bank. We have a best-in-class retail operation and we are truly the envy of North American banks. We are the undisputed leader in service and convenience in Canada. We own the premium service brand. We just won JD Power in Canada for the fourth year in a row. JD Power's only been in Canada for four years, and Synovate, which is a Canadian service quality survey, for the fifth year in a row.

Our hours of operation are greater than 50% longer than our competition, while our efficiency ratio, in Q3, was a record level at 48%. We're number one or number two market share in most retail products. And we do continue to invest for the future, as I mentioned earlier, opening new branches each and every year.

In the last five years, we opened a total of 137 new branches in Canada, which means that one out of every three bank branches opened in Canada was a TD Canada Trust branch. Q3 was a record quarter for this business. Record revenue, net income, efficiency, volume growth and customer satisfaction. All of this despite a tough economy and a 50% increase in credit losses.

So looking forward, we do expect to continue widening the edge in terms of our competition. At the investor session, a couple of weeks ago, Tim Hockey, our Group Head, said -- he talked -- he reminisced about the fact that it's been about 10 years ago that -- since we acquired Canada Trust. And that over that 10-year period, never has he been more proud of the group than he has been in the last year. And I can endorse that as well, as I've just mentioned, what a tremendous performance in a very tough environment.

Wealth management. Leading market positions. We're number one in online brokerage in Canada with continually growing trading volumes. We continue to build out our financial services offerings, investing in our distribution network, growing the number of client-facing advisors and new products, while leveraging customer referrals from our TD Canada Trust network. We do run an integrated model and it's a huge advantage.

We're very pleased with our investment in TD Ameritrade, a best-in-class technology platform for online trading, which continues its leadership position in active trading, being number on in online retail trades per day globally. Looking forward, we'll continue to expand our businesses, grow our mutual fund operations, build out the wealth segment in the US through our retail network and leverage our low-cost web presence in Europe.

So, let's talk about the US personal and commercial bank. Just like we do for Canada, through TD Canada Trust, we lead the service and convenience space in the US through TD Bank, America's Most Convenient Bank. For the fourth year in a row, this is going to start to sound familiar, we ranked highest in customer satisfaction by JD Power. We're number one in brand consideration in the Mid-Atlantic, which means that if you talk to someone about banks generally, out of all of the banks that they are aware of, they would consider switching to TD more than any of our competitors.

Just like in Canada, we have hours of business that are more than 50% longer than the competition. We have significant scale and footprint, with over 1,000 stores in the US from Maine to Florida. We now operate in five of the top 10 MSAs in the United States -- New York, Philadelphia, Washington, Miami and Boston. These five MSAs have a population the size of Canada, providing us with significant opportunities for growth.

We have a disciplined credit culture. Although we're not immune to the macroeconomic slowdown, we continue to outperform our peers in terms of credit quality in the United States. We have a strong organic growth model in the US, with exceptional de novo experience and capabilities. Organic growth is critical to improving our returns in the United States, which are not adequate at the moment.

40% of our branches, from the Commerce acquisition, were under five-years-old, immature branches, providing us with enormous embedded deposit growth opportunities. So, looking forward, we are confident about our growth prospects and our ability to improve our returns in the United States.

Talking about wholesale, we have a strategic focus on running a client-driven franchise, wholesale business. Almost seven years ago, we decided to run a lower-risk strategy, which resulted in us largely avoiding the direct impact of the financial crisis. We're a top three dealer in Canada and have opportunities to expand in the US as well, leveraging our US P&C business as we look into the mid-market in the United States.

With our presence in key global financial centers and our position as a AAA rated counterparty, we continue to be able to differentiate ourselves and grow, generating solid returns without going out the risk curve. Looking forward, we remain committed to our franchise wholesale strategy and continue to focus on the strategic use of capital and risk management to grow our business.

This next chart shows how earnings have grown over time. Our five-year compound annual growth rate is 14% for adjusted earnings, and 10% for adjusted earnings per share. To demonstrate the earnings growth we've achieved, in 2003, we made 1.9 billion for the whole year, while in Q3 2009 year-to-date alone, or in the Q3 quarter alone, we made 1.3 billion.

Our 2009 year-to-date earnings were 3.5 billion, up 12% from last year, despite the fact that loan losses have almost doubled versus last year. These results highlight the strength of our retail focused strategy which provides a strong, consistent earnings anchor for the bank. And we're focused on continuing to grow.

Before I get into the economic headwinds and tailwinds, let me talk about our economic outlook. It does look like we're through the bottom. And there is some debate about the strength of the subsequent economic recovery. Two key unknowns for all of us at the moment, the length of the recovery phase and the sustainable growth rate of the economy over the medium term.

We do remain cautious on the economic outlook. We do expect unemployment to remain high over the next several quarters. And I think, as all of you know, banks do face a lag affect, and the credit losses typically lag changes in the economy.

In terms of our view of the Canadian and US economy, in our view the US economic recovery will be slow and mild, following the great recession, as we call it, a departure from historical experiences, where rebounds have been somewhat more vigorous. The financial crisis has severely damaged the US financial sector's ability to efficiently intermediate credit and this will hamper the recovery phase.

In addition, massive losses in net worth imply that this recovery will not be like the consumer driven recoveries of the past. And finally turning to Canada, although this was a deep recession for Canada as well, the relatively healthy financial sector and domestic economy should facilitate a recovery that is more in line with historical standards.

Talking about headwinds as we head into next year, as unemployment continues to increase, provision for credit losses will continue to rise in 2010, until about the middle of 2010 in our view, although not at the same pace as this year. I'll talk about our loan portfolio more in a moment. Margins do remain tight in Canada and the US given the continued low interest rate environment. However, that low rate environment has been one of the drivers of wholesale earnings this year.

In terms of tailwinds, with our solid balance sheet, while other competitors are pulling back from the market, we're able to lend to relationship clients and take share from others. However, we do expect deposit and loan growth to slow as we head into 2010. Recovering equity markets, market appreciation does drive asset value growth and net client assets, as investors return to the market. Trading volumes have remained very strong in our Canadian Discount Brokerage business, and also in TD Ameritrade. However, we are beginning to see some signs of easing.

Another tailwind for us is that our US integration is now complete. Now, we'd love to say that the US integration process was flawless. It wasn't. We had some batch processing problems at the end. What I will say is though, that we definitely recovered with flair.

Two years ago, after we had announced the Commerce deal, I was always asked by investors two questions. Can you pull off this integration? It is a huge complex integration, really between three organizations, TD Bank, TD Banknorth and Commerce. Can you pull this off? Obviously the proof is in the pudding. We did. The integration is complete. Secondarily, the second question was though, can you preserve the magic? Can you keep the magic of the Commerce model? The answer to that is yes. That model is stronger than ever. It is a true gem.

So, the merger of TD Banknorth and Commerce was not a simple one, as I said. It wasn't a standard rip and replace. Like we did when TD acquired Canada Trust, we said we want to build the better bank. We want to take the best systems, the best processes, the best people, and build the better bank. And frankly, that's harder to do. And we've been doing that while we've had the wind in our face, against a tough US economy. So again, I think what we've done in all of this is we've built a best of breed strategy and we've created an enduring platform which will help us grow for the future.

We are now one bank with one model and with our brand, TD Bank, America's Most Convenient Bank, which is available across our entire US network. And we do continue to invest in future growth with new branches, bankers and advisors which will provide us with future momentum to grow all of our businesses.

Next slide talks about our dividend history, and it's clear that we have a strong, consistent dividend history, and have never cut our dividends, even during the financial crisis. In fact, we increased dividends twice during 2008, one of the few banks in the world with the financial strength to do this. Our 2009 year-to-date payout ratio, to date, is about 45%. Our target payout range is 35% to 45%. We pay dividends in relation to earnings over the medium term. Over the past five years, our dividends have grown by 79%, much more than our North American peers.

So, let's talk about some of the key topics in the current environment, starting with credit. Credit is a top of mind issue for many investors and of course, it's a big issue for us as well. We have a conservative credit culture with a high quality loan portfolio. In terms of total size, our lending portfolio for the whole bank is about 250 billion at the end of the third quarter, with about two-thirds of that in the Canadian Personal and Commercial Bank, about 23% of that from the US Personal and Commercial Bank, and 11% from wholesale and other.

So, let's talk about the Canadian portfolio. Two-thirds of our Canadian Personal and Commercial Loan portfolio relates to real estate secured lending. And about two-thirds of that balance is insured, mainly by the Canadian government. Even in the 1980s, the worst losses on mortgages in Canada was about nine basis points.

This balance sheet structure is a clear differentiator between Canadian and US banks. The Canadian mortgage market is fundamentally very different than the United States. In Canada, mortgages are underwritten largely to hold. Mortgage interest is not tax deductible. By and large, banks have recourse on mortgages. It's not non-recourse. We did not have a housing bubble in Canada. And mortgage insurance is mandatory when the loan to value ratio is greater than 80%, and covers the full amount and the entire life of the mortgage.

In terms of the US, we do have a US Commercial Real Estate portfolio. It's probably the area of greatest investor concern, and probably our greatest concern as well, frankly. It's about 12 billion in size. And about a quarter of our growth impaired loans were in US Commercial Real Estate at the end of Q3.

Within Commercial Real Estate, our area of greatest concern is the Residential for Sale portfolio. However, this portfolio makes up less than 2% of our total loan book. So, we're monitoring this portfolio very carefully given the environment in the US. But clearly our performance has been a positive outlier to the rest of the peers.

So, we continue to believe we're going to have that positive outlier type experience. Why is that? First of all, we are positioned in the northeast, which is a geographic advantage. We had very conservative underwriting and credit standards on the part of the legacy organization's TD Banknorth as well as Commerce.

And finally, all of this business has been self-originated. It has not been originated through brokers and through our own distribution, our own people, and these are very traditional vanilla lending products. So, again, while we aren't immune to the downturn in the economy, we are much better positioned than other banks.

Talking about capital, Tier 1 capital of 11.2% at the end of Q3, we have a very high quality capital base. Common equity accounts for about three-quarters of our Tier 1 equity. Our premium retail business mix provides a stable earnings anchor and we expect to continue growing capital through retained earnings growth.

Now, I know a question on your minds is there are discussions around the world on potential regulatory changes for capital. And I think over the next couple of years, we're going to continue to hear about new proposals, harmonization at the G-20 level. My view is that TD Bank and the Canadian banks are very well capitalized, extremely well capitalized. And that we will, of course, participate in the harmonization effort as the Canadian regulators will work with other global regulators.

But I also believe that there will be a re-calibration of capital requirements for banks. So, I think while many of us tend to think that all of these capital requirements are being piled on the existing capital levels, as I say, I think there will be changes in the required amounts of capital and the structure of that capital. But I think it'll be re-calibrated, so that you can maintain the health of the sector and the economy generally on a go forward basis.

And finally, let's talk about US acquisitions. In terms of future acquisitions in the US, we would continue to be interested in opportunities that are both strategically and financially attractive, with low asset risk, including potential FDIC assisted deals. That said, we have more than sufficient scale in the US and do not need an acquisition to compete in the market. We have a strong organic growth franchise, as I mentioned earlier. And we'll continue to expand organically opening new stores each and every year, and investing for growth.

So in summary, the key takeaways, we believe that TD is well-positioned to come out of the current environment an even stronger North American leader. One, we are building the first truly North American bank. Two, we have a lower risk retail focus with a strong balance sheet. Our franchise retail business is to provide a solid base of growing earnings.

Three, we are disciplined managers of capital, liquidity and risk. We continue to manage our business with a clear focus on risk return. And four, we'll continue to invest in our businesses. We're building the better bank every day. And we're confident that we're emerging from the current environment with momentum on our side.

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

QUESTION AND ANSWER

Steve Theriault – Bank of America Merrill Lynch

Maybe I can start us off -- excuse me. Colleen, maybe you can talk a little bit more granularly about the organic growth plans in the US. So, what's the specific process going forward in terms of getting to more acceptable levels of profitability? Anything you can give on timelines, I think, would be quite interesting. And in terms of going forward, you mentioned more branches. But is it more branches, more products, what should we look to see from TD in the next couple of years on that front?

Colleen Johnston *- Toronto Dominion Bank - Group Head Finance and CFO*

Well, I think first of all, you have to factor in that we have, as I mentioned, a number of immature stores in our network right now. About 40% of the acquired stores from Commerce were immature. In other words, open less than five years. And there's tremendous embedded growth in the network currently.

On top of that, we are going to continue to add new stores and I think you're going to see us add in the range of 30 to 50 new stores on a go forward basis. And despite the fact that we're in an environment right now of lower interest rates, where those deposits aren't worth as much to us right now as they will be when rates normalize, that continues to be an attractive proposition for us.

So, I think as you look forward, I think it's the combination of, first of all, as rates rise, again our margins will improve. In the US, we'll continue to grow, both on the lending side and on the deposit side and we've got a great track record on that. You will see credit losses normalize. I think you're probably into 2011 as you start to see credit losses trend down. I think there are efficiency gains that are available as we continue to grow the bank going forward.

And as we broaden our product suite, to your point, I think there's lots of opportunity for cross sell, and lots of opportunity to optimize the model that we have in the United States. So, we're confident in the next three to five years that we'll start to see returns that are acceptable and above our cost of capital.

Unidentified Audience Member

Hi Colleen. You mentioned something about cross sale opportunity for cross sale. Can you talk about, right now, what -- how many products do you have per cross sale in Canada on the retail side versus in the US?

Colleen Johnston ***- Toronto Dominion Bank - Group Head Finance and CFO***

Yes, we don't disclose those metrics. I think it's often hard to compare one organization versus another. And particular in the way you define products. But what I would tell you is that we have a lot more -- we have a lot deeper relationships in Canada. And we run a much more integrated model in Canada.

In terms of Canadians doing their banking, actually you can think about a lifetime relationship with those customers from the time they open their very first bank account, until going through their whole wealth accumulation phase, and ultimately trust and estate planning. You have much more of a lifetime relationship and a deeper relationship over that time. So, I think the US model is slightly different in that respect. But I think is going more the way of a universal bank over time. And again, I think there's lots of opportunities to deepen relationships.

So when you look at the Commerce model, Commerce was extremely focused on deposit growth, and less so, on the lending side. And again, I think that positioned them well as you've headed into a downturn like this. But we're actually very focused on efficiency as well at the front line and getting customers in and out of the stores with a very, very key metric.

So, what we're finding is that as we change our sales incentive systems in the US, and that's where we've actually exported some of our more sophisticated capabilities from Canada, which actually incents and targets growth right across the product spectrum. That's helping.

And as we've introduced new practices around side-counter referrals, as an example, we're starting to see that our customers in fact are very interested in deepening the relationship with TD Bank, America's Most Convenient Bank, because we have a fantastic banking model. So, we're -- we are starting to see the growth and improvement, but there's certainly a different profile than what you would see in Canada versus the United States.

Unidentified Audience Member

I guess I would expand on that a little bit more. Would you say because of what's happened in the US banking world that you'd be more focused on expanding in the US today versus Canada? And what would that look like geographically, if that's the case?

Colleen Johnston ***- Toronto Dominion Bank - Group Head Finance and CFO***

So, one -- if you go back to why we decided to enter the United States, so in Canada we have -- for -- because of various restrictions, we have very limited opportunities to make acquisitions within Canada. So, we -- if you go back five or six years ago, we were generating significant amounts of excess capital in Canada because our retail businesses are very profitable and they're not that capital-intensive.

And we said what's -- what do we think is a good way to deploy that capital? We said we wanted to look south of the border where we could actually think about that North American banking capability and look to the US where you have a very fragmented banking market and there's lots of potential for consolidation.

Now, the world has changed quite significantly. If you think about where we were five years ago when we entered the US with our 51% acquisition of TD Banknorth to where we are today and all of the issues around the financial crisis, et cetera, and the acquisition possibilities.

But to answer your specific question, we're quite satisfied with our organic growth models both in Canada and the United States, and we now feel we have the scale to really compete and win in the United States. But realistically, in terms of deployment of capital over time, I think there will be more opportunities in the United States than there will be in Canada.

As much as we're receptive to those opportunities in Canada, we have looked at -- we've acquired some portfolios in the last year but nothing of a large size. So in terms of deployment of capital, I think the better opportunities will be in the United States, and we think that'll come in the current environment through FDIC-assisted deals, although those are not very capital-intensive and then potentially through private deals if we are satisfied with the pricing and asset risk.

Unidentified Audience Member

If you don't mind me asking, have you been presented with some FDIC deals? Is that --?

Colleen Johnston ***- Toronto Dominion Bank - Group Head Finance and CFO***

We are actively looking at FDIC-assisted deals. I can only comment to the effect of saying that we have bid on at least one FDIC-assisted deal. That was the BankUnited deal, which we didn't get, but we are actively looking at FDIC-assisted deals and have a great relationship with the FDIC and have complete access to those deals as a Canadian bank.

Unidentified Audience Member

Could you just refresh us on the economics of the deal with TD Ameritrade and also sort of how you got into that deal? And then going forward, how do you feel about being a partial owner of the company? Where do you see that going? And what are the advantages to having the structures as -- now?

Colleen Johnston *- Toronto Dominion Bank - Group Head Finance and CFO*

So back in January of 2006, we basically -- we had a -- we owned 100% of TD Waterhouse USA, and -- which was a kind of sort of fourth or fifth largest online broker in the United States. And at that time what we did is we, in effect, traded in our 100% ownership of Waterhouse and took back 32% of the combined Ameritrade and Waterhouse organization, so TD Ameritrade, which -- so we took back 32%. And since that time we bought up to 45%, so it's an equity investment for us.

We equity account for it, and it was actually -- you know, there's very few deals that come along over time that are so strategically and financially compelling, and here is a case in point of a -- of an acquisition that was, or a transaction that was, in the sense that if you look at our earnings in TD Waterhouse when we owned 100% versus what we're earning now on our 45%, it's several multiples of what we were earning a few years ago. So, it's been very financially attractive. It's been attractive from a capital standpoint.

Actually when we did the deal, we triggered an accounting gain of about 1.6 billion, which has contributed to our common equity. So overall, it's been very positive. And then if you step back from that, we actually like the TD Ameritrade model a lot. That's a business that has tremendous organic growth potential, and you're really seeing that this year, not only through record online trades but also through great growth and net new assets. Fred Tomczyk, our CEO in our TD Ameritrade, is going to be speaking at this conference tomorrow afternoon. So, we've seen fantastic growth.

We have a -- I think a somewhat unique opportunity in the United States to capitalize on the mass affluent market and manage that opportunity in a way that's cost-effective. You know, you tend to have the high-touch sort of brokers at one end and you sort of have this neglected group of customers in the middle, and we are providing an excellent customer experience through the trading side and through the asset accumulation side. So, that model is working very well.

The profitability has been hurt this year by lower interest rates, as it has in our wealth business in Canada as well as margins have been quite compressed, but that's a definite tail wind for TD Ameritrade as we look into 2010 and moving forward as an expansion of those margins and continued improvement in the fundamentals. So, we're very happy with where we are with TD Ameritrade right now. We like the ownership structure. We like the influence we have on that Board as well, so we're quite happy with the investment.

Unidentified Audience Member

(inaudible question - microphone inaccessible)

Colleen Johnston *- Toronto Dominion Bank - Group Head Finance and CFO*

The structure works for us right now for a number of reasons in terms of the capital side and other reasons, so we like the structure the way it is, although we are always open-minded to thinking about an expansion of the ownership or potentially looking at supporting further acquisitions on the part of TD Ameritrade and them being a part of that.

Unidentified Audience Member

Colleen, I have a question on Florida, and it was partially answered on the BankUnited one. But I think when Vernon Hill went into Florida, it acquired seven branches of a bank and maybe it was 10 or 15 -- you'd probably know that better than I do. But, what are your plans for Florida? Are you going to expand it? Are you going to ride things out until the situation gets better down there?

Or, I guess you'd said you'd bid on the BankUnited, and I don't know what the numbers were. But, it would seem to me the FDIC would want to have a strong bank like yours owning BankUnited, than three private equity firms, or two or whatever it was, I think it's three. What are your plans for Florida? And I guess there might be some more opportunities in Florida similar to the BankUnited.

Colleen Johnston ***- Toronto Dominion Bank - Group Head Finance and CFO***

Yes. So, we think there's very good growth potential in Florida when you're getting in at this entry point. And we currently have just under 30 stores in Florida. We don't have enough stores, and we don't have enough concentration at the moment, so we definitely want to expand that.

We think Florida is a natural-extension strategy for both Canadians as well as northeastern Americans when you think of the Snowbird population and ultimately when we think about the first truly North American bank and eventually having interoperability in the network, so we think having a Florida franchise is very attractive.

We are going to continue to add new stores. We're going to add them on an organic basis, but this is an area where FDIC-assisted deals could be very attractive for us. And frankly we're not really going to see, I don't think, many FDIC-assisted deals in our primary geography in the northeast because this geography has performed a lot better.

So, the likelihood is that you will see more deals in the southern, south and south-western part of the United States where you have the huge -- the housing bubble. So, those markets do continue to be attractive for us. As I said earlier, we have a great relationship with the FDIC, and we'll continue to work on them. And I think it's a matter -- it's a matter of economics on these various deals.

Unidentified Audience Member

Just one more thing on -- about expansion, I know Vernon Hill had to make a decision on whether -- as to whether to go the Washington market or the Boston market. Fortunately for you, he went to the Washington market because you already were in the Boston market when you acquired them. Do you see further expansion in the Baltimore/Washington area, because I don't think he was finished expanding. He was --

Colleen Johnston ***- Toronto Dominion Bank - Group Head Finance and CFO***

The short answer is we wish he'd done more in Boston, frankly, because we have a number of -- a growing number of branches in Massachusetts, but we don't have a large presence in Boston.

Unidentified Audience Member

Oh.

Colleen Johnston ***- Toronto Dominion Bank - Group Head Finance and CFO***

That is a big growth opportunity for us, and we're going to continue to add branches organically in Boston. But, yes, we will -- we would see Washington as another area where we're definitely going to target growth in stores. You'll see growth in stores right across our entire network, but we have very good opportunities in Washington as well.

Unidentified Audience Member

Thank you.

Steve Theriault – Bank of America Merrill Lynch

All right. I think we'll end it there if there's no more questions. Please join me in thanking Colleen.

Colleen Johnston ***- Toronto Dominion Bank - Group Head Finance and CFO***

Thank you very much.