TD Bank Financial Group
Investor Relations

Q3 2010
Strategic Overview
(Check Against Delivery)
Ed Clark, President and CEO

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

Colleen will be up shortly to discuss our third quarter results in detail. I'll start by sharing my thoughts on our performance and then give you a sense of where we feel things are headed for the balance of 2010 and into 2011.

Strong performance in Q3

We had another strong quarter, as our focus on high-quality, reliable and lower-risk retail businesses again drove our results. Total adjusted retail earnings hit a new high of $1.3 billion, up 21% over last year. That's pretty impressive growth, considering that only two years ago we were talking about quarterly retail earnings just breaking the $1 billion mark. Our Canadian retail banking operations set an earnings record for the third straight quarter and our U.S. Personal and Commercial bank earnings are at the highest level since we entered the this market. This growth helped offset the continuing normalization in our Wholesale results and an elevated corporate loss. You'll get some more detail from Colleen on this in a few minutes.

Our balance sheet remains very strong. The Tier 1 capital ratio hit another high at 12.5% while our risk-weighted assets remained relatively stable.
It probably won't surprise you that our strong performance was again led by our Canadian Personal and Commercial Bank, where earnings grew 24% year-over-year. The continued strength of the housing market drove strong volumes in real-estate lending and business deposits also showed good growth. As was the story last quarter, the tailwind of improving credit led to lower PCLs this quarter.

TD Canada Trust has really been a tremendous growth story. Over the past decade, this franchise has done a wonderful job growing deposits, lending to consumers and serving Canadians with an ever growing branch network. Our commitment to be the leader in customer service has consistently been the core of our approach and our customers are clearly impressed. In July, we were ranked number one in customer satisfaction in Canada by J.D. Power for the 5th consecutive year. And just last week we received the Synovate award for excellence in customer service - for the sixth year in a row. This unwavering commitment to be the clear leader in customer service has been vital in growing the franchise. And to put things in perspective, TD Canada Trust delivered more earnings this quarter than the combined earnings of both TD and Canada Trust for all of 2000. An unbelievable growth story. Congratulations to Tim and the entire TD Canada Trust team on these phenomenal achievements.

I also want to comment on our insurance business, which has been operating under some challenging conditions over the last year or so. We've now seen improvement in the environment, as well as solid policy growth. This has led to better results and positions us well moving into 2011.

Wealth Management saw earnings increase 23% over last year and that marks the sixth consecutive quarter of improving profits. This business continues to successfully deepen relationships with both TD Canada Trust customers and TD Waterhouse clients. That's helping to drive strong client engagement, growth in new accounts and strong asset growth. This momentum has allowed us to become the number two seller of long term mutual funds this fiscal year.

Wholesale earnings continue to normalize as we've been indicating. You will recall last year we were seeing unsustainable market activity and positive valuation adjustments, given a broad rebound following the financial crisis. Today we're generally seeing softer capital market activity and earnings declined 45% versus last year. But while earnings are down, Wholesale still delivered a solid contribution in line with our medium term target for this business. And the team continues to do a great job building out our client-driven franchise dealer model.

In the U.S., we're very pleased with how TD Bank, America's Most Convenient Bank, is performing. At our recent U.S. investor day, we outlined our 3-year roadmap to a $1.6 billion U.S. earnings target. We're making good progress towards that number. This quarter, we delivered a very strong quarter that saw adjusted earnings grow 30% in U.S. dollars over last year. Revenue rose 17% year over year, thanks to broad-based growth across all businesses. Credit losses continued to decline. Our organic growth focus remains a key driver of success – we continue to see growth in both deposit and lending volumes and we continue to open new stores. We committed to providing you with an update on the expected impact of Reg E and Colleen will speak to that later. But let me make a comment here: there is a clear shift in how banking will be paid for in the U.S. We're seeing less reliance on overdraft fees and we're heading to a more packaged approach. This is similar to Canada's model, which we obviously know very well. And it works effectively for our customers and shareholders. However, with this shift, it's likely going to mean slower revenue growth for the next few quarters, as we absorb the impact of these changes.

Overall, I'm quite pleased with the performance of our U.S. franchise, including the performance of the three FDIC-assisted acquisitions in Florida that we completed earlier this year.

We also continue to work towards completing our offer to purchase The South Financial Group. That deal remains subject to shareholder and regulatory approvals. Assuming we receive these approvals, we now expect closing about September 30th.

Outlook

In terms of our outlook, it's clear that this year has been one of significant growth for us, thanks to an improving economic environment in Canada, great success in our Retail Banking franchises and improving PCLs. With that said, there are a few factors that give us reason for caution as we finish this year and head into 2011.

We had hoped that the global economic recovery would have been stronger and we'd see upward pressure on interest rates. We've clearly not seen that.

I do think it's important to keep the pace of the economic recovery in perspective. The U.S. has suffered quite a severe balance sheet recession affecting the net worth of millions of Americans. It is unrealistic to believe we will have a snap-back recovery. What we are learning is how it feels to have a tepid recovery with slow employment growth – it doesn't feel good, and confidence is fragile.

This makes it particularly difficult for policy makers. They must make it clear they understand the recovery is fragile and they are willing to act if necessary.

However, to be fair, this isn't easy given the risk that any commentary could cause an overreaction in the markets and lead to a renewed lack of confidence in the recovery.

In Canada, we had an income-induced recession and have bounced back nicely because of the strength of the housing market, led by low interest rates and a strong banking system. However, it shouldn't surprise us if growth slows in Canada as the weakness in the U.S. recovery combines with a slowdown in the Canadian housing market.

Slower growth and persistently low interest rates makes things tougher for us. But we like our business mix, we've built up great volume momentum and we have the tailwind of declining PCLs to help us navigate through this challenging period.

Throughout the recession, we were focused on keeping our model intact and we continued to invest for the future. And we're certainly going to continue to make strategic investments in our franchises. That said, given the potential for slower growth in the short term, we're going to be very pragmatic in managing our expenses.

On the capital front, the recently released Annex on revised capital reform is a move in the right direction. But we need to remember that the reforms will have an impact. That's why it's important that they find the right balance and continue to help drive economic growth. The reform includes a complicated set of changes with many moving parts and we are at the half-way point of negotiations. While I know the market craves certainty, it is too early to say precisely where this will come out. What is clear is that the world is moving to higher capital levels – and we support this position. We need a world where all players have sufficient capital and liquidity to support the risks they are taking. At the same time, officials seem sensitive to the need to phase in changes in order to minimize the impact on the economy. The good news is that all Canadian banks had strong balance sheets going into the crisis. So while the proposed changes will require us to hold more capital, we'll be ready to address the reforms when they're implemented.

Next, let me say a few words about dividends. I know this is a topic that's on your mind. I think it's fair to say we'll have to wait and see the full scope and impact of capital reforms before we make any definite plans.

However, we're hoping that by Q1, we'll be in a position, in the context of the board's outlook on earnings and the bank's dividend policy, to provide you with some guidance.

The bottom line is that we've built a profitable and growing business that has shown resilience through some of the toughest market conditions on record. That's what makes us confident about our future. Over the last five years, we've delivered average adjusted EPS growth in the 7-10% range, despite holding higher capital. While the global economy remains fragile, we're confident that we'll be able to operate in that range over the medium term.

With that, let me wrap up.

TD has delivered another strong quarter. We had another record quarter by our Canadian P&C business which is well positioned even as we prepare for more moderate levels of revenue growth. Wealth earnings continue to gain momentum but the risk of weaker equity prices and continued low rates make us cautious. Our Wholesale business is normalizing, but continues to deliver in line with our expectations. Our U.S. retail bank is performing very well and we're excited about its future. We'll navigate through the challenges posed by the U.S. economy and regulatory reform.

I'm confident that when we close the books on 2010, we'll look back on a very successful year and will look forward to a promising 2011.

Now, let me turn the call over to Colleen.

Call Closing

Let me close with a few key points.

First – We had another very good quarter. We believe our strategy is the right one – thanks to our lower risk Retail businesses, we delivered a record $1.3 billion in total adjusted Retail earnings. We're very pleased with our organic growth, even as we foresee moderation here in Canada and persisting economic and regulatory uncertainty in the U.S.

Second, our Wholesale earnings are returning to more normal levels. Still, the business has performed well and continues to build out the franchise dealer model.

Third, as we look forward, we have momentum on our side. Our decision to keep our model intact during the recession has proved to be the right one. The investments in people, branches and technology that we've made across TD give us great confidence we'll perform well despite economic challenges that may arise.

Thank you.

Caution regarding Forward-Looking Statements

From time to time, the Bank makes written and oral forward-looking statements, including in this presentation, in other filings with Canadian regulators or the U.S. Securities and Exchange Commission, and in other communications. In addition, representatives of the Bank may make forward-looking statements orally to analysts, investors, the media and others. All such statements are made pursuant to the "safe harbour" provisions of applicable Canadian and U.S. securities legislation, including the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include, among others, statements regarding the Bank's objectives and priorities for 2010 and beyond and strategies to achieve them, and the Bank's anticipated financial performance. Forward-looking statements are typically identified by words such as "will", "should", "believe", "expect", "anticipate", "intend", "estimate", "plan", "may" and "could".

By their very nature, these statements require the Bank to make assumptions and are subject to inherent risks and uncertainties, general and specific. Especially in light of the uncertainty related to the financial, economic and regulatory environments, such risks and uncertainties – many of which are beyond the Bank's control and the effects of which can be difficult to predict – may cause actual results to differ materially from the expectations expressed in the forward-looking statements. Risk factors that could cause such differences include: credit, market (including equity, commodity, foreign exchange and interest rate), liquidity, operational, reputational, insurance, strategic, regulatory, legal and other risks, all of which are discussed in the Management's Discussion and Analysis (MD&A) in the Bank's 2009 Annual Report. Additional risk factors include the impact of recent U.S. legislative developments, as discussed under "Significant Events in 2010" in the "How We Performed" section of the Third Quarter 2010 Report to Shareholders; changes to and new interpretations of risk-based capital guidelines and reporting instructions; increased funding costs for credit due to market illiquidity and competition for funding; the failure of third parties to comply with their obligations to the Bank or its affiliates relating to the care and control of information; and 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. We caution that the preceding list is not exhaustive of all possible risk factors and other factors could also adversely affect the Bank's results. For more detailed information, please see the Risk Factors and Management section of the MD&A, starting on page 65 of the Bank's 2009 Annual Report. All such factors should be considered carefully, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements, when making decisions with respect to the Bank and undue reliance should not be placed on the Bank's forward-looking statements.

Material economic assumptions underlying the forward-looking statements contained in this presentation are set out in the Bank's 2009 Annual Report under the heading "Economic Summary and Outlook", as updated in the Third Quarter 2010 Report to Shareholders; and for each of the business segments, under the headings "Business Outlook and Focus for 2010", as updated in the Third Quarter 2010 Report to Shareholders under the headings "Business Outlook"; and for the Corporate segment in the report under the heading "Outlook".

Any forward-looking statements contained in this presentation represent the views of management only as of the date hereof and are presented for the purpose of assisting the Bank's 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.