



## **CHECK AGAINST DELIVERY**

**Remarks to be delivered by Bharat Masrani, Group President and Chief Executive Officer, TD Bank Group**

**Annual Meeting of Shareholders, March 26, 2015, Toronto, Ontario**

Thank you Brian.

Good morning. It's my pleasure to discuss TD's financial performance in 2014 as well as our future growth prospects.

Let's first look at 2014.

Adjusted earnings of \$8.1 billion represent our best result to date.

Ninety percent of the Bank's profits stemmed from TD's stream of retail revenues.

This included a new high of \$5.5 billion from our Canadian retail business.

This record result was fuelled by outstanding performances.

TD Canada Trust is the market leader in personal banking services, which means in a city like Toronto, one of two residents does business with TD.

Momentum in Business banking helped us significantly grow our loan book and take market share.

TD Wealth delivered its best results to date – bolstered by its leadership in Direct Investing and a banner year for TD Mutual



Funds, which recently surpassed \$100 billion in assets under management for the first time.

TD Insurance closed in on \$4 billion in premiums – a significant milestone.

As always, our winning ways are built on legendary customer experiences, which help us attract more people to cross the street and bank with us each and every day.

We are extending our unique competitive advantage into the digital space. In 2014, TD had more mobile and online customers than any other Canadian bank.

Turning to our US retail business, \$1.9 billion in earnings marked a new high for us.

TD Bank – America's Most Convenient Bank continued to grow market share in both loans and deposits.

Ten years ago to the month, TD entered the US retail space with its majority acquisition of Banknorth. Today we are a top 10 US bank by deposits and retail locations. And for the second year in a row, we have been recognized as the "Best Big Bank in America" by *Money Magazine*.

TD Ameritrade reached new highs in just about every key metric including earnings, new client assets and average client trades per day. Revenues from our ownership stake -- 281 million -- US dollars - represent 17 percent growth from the previous year.

Looking now at TD Securities, strong earnings growth in trading and origination as well as a number of marquee deals, including the largest energy IPO ever in Canada, resulted in double digit growth and a Return On Equity of 17.5 percent.



Our North American size and scale continued to provide us with unique growth platforms.

In credit cards, we are the largest issuer in Canada and a top 10 player in North America. Our leadership position helped generate robust growth in new accounts on both sides of the border last year.

And our auto finance business delivered \$16 billion in auto loan originations in Canada and the United States.

Incredibly, not too long ago, neither credit cards nor auto finance were major parts of our business mix.

In all of this, TD grew without moving outside of our risk appetite. Our capital position remains strong. *Global Finance* ranks us as one of the safest banks in the world. And we continue to deliver above Canadian and US peer-average return on risk weighted assets.

Additionally, in 2014, TD has stood out for all the right reasons:

For our leadership in legendary experiences and our unique and inclusive culture -- for being environmentally responsible and making the communities we operate in better -- and for serving the long-term interests of our shareholders.

I'm particularly proud of our *Make Today Matter* campaign. We asked customers across Canada and the United States how they would make their communities better – we then helped them make it happen.

All this helps explain why TD is considered the "best" brand in Canada. And one of the most admired companies in the world.



So – the bottom line for shareholders – 2014 was a great year.

Earnings per share grew by 8 percent. Dividends paid increased by 14 percent. And our Total Shareholder Return of 20 percent beat the Canadian and US peer average.

Momentum continued into the First Quarter of 2015:

- \$2.1 billion in adjusted profits;
- earnings per share up 6 percent from last year; and
- we announced a 9 percent increase to our dividend

These results speak to the enduring strength of our business model, diverse business mix and organic growth engines.

Equally important they speak to our capacity to adapt.

We seize opportunities and embrace change – without compromising our core focus.

That's how TD has grown in the past – and that's how we will grow in the future.

To be sure, we face challenges in 2015.

The global economy is trapped in a modest growth and low inflation environment.

Canada's economy is operating below its potential and the pace of economic growth will remain modest. Moreover, given the high level of household debt, it's unlikely consumer spending and real estate markets will be a key driver of stronger economic growth.



The plunge in oil prices and low interest rates could add to the challenges.

Now, from a credit perspective, we don't expect sustained low oil prices will have a significant direct impact on the Bank.

But we are not immune to the broader implications it could have on consumer confidence or, in turn, the Canadian economy.

In terms of interest rates, a lot of attention has been paid to the Bank of Canada's overnight rate.

But, for banks, the bigger story has to do with the spread between long and short term bond rates. It's narrowing. And that ultimately impacts the profitability of financial institutions.

The good news is that the US economy is showing momentum, particularly on the job front. Ultimately, we should see America deliver solid economic growth this year, which may eventually lead the Federal Reserve to raise rates.

However, we have to temper our enthusiasm. The level of interest rates will remain exceptionally low, US real estate markets are recovering slowly and the pace of economic growth will be far from booming.

There are longer term trends to consider as well.

New technologies are raising consumer expectations of what banks do - and how they do it.

And, in many cases, they are being deployed by non-traditional entities to compete in the banking space.

Indeed, the emergence of a new class of competitors is now a reality.



Many of them are household names – and generally they are not subject to the same regulatory rules as traditional banks.

They aren't bogged down by legacy systems either. So their speed creates huge growth opportunities for them.

Let's be clear: competition is good.

People benefit from more choices.

And many of these entities are opening up new frontiers in banking.

Yet even in this new world, people expect their banking needs to be carried out in a safe, sound and secure manner. That's why regulatory oversight on some of the financial services provided by these new entities would be appropriate.

Regulators will also need to consider if the safety and soundness of these non-traditional players matter to the overall stability of our financial system. And, if so, whether they can deliver some financial services without adhering to the rules and regulations that protect the interests of consumers and the resiliency of the payment and financial systems.

As for TD, we will continue to work alongside policymakers.

Regulatory oversight will likely intensify in the coming years. New laws have the potential of impacting our business model. But we will continue to turn our risk management culture and history of compliance into a competitive advantage.

All this to say, we must adjust to a world of slower revenue growth, faster competition and higher expectations.

How will we adapt?



To begin we will build on our strengths.

TD is an organic growth machine.

The majority of our new earnings growth has been achieved organically over the past decade.

That may sound surprising -- given the number of acquisitions we've made during the same time period. But it speaks to our capabilities in deepening existing relationships and creating new ones.

Many more opportunities are in front of us.

Credit cards are a good example. Our leadership in Canada has enabled us to tap into new segments – namely the premium market through TD Aeroplan. This has been hugely successful in attracting new-to-bank customers – three times the rate we have achieved with other cards to date.

We will also find new growth opportunities across our enterprise. When we work together, we create even more value for our customers and clients. This year our US commercial and Private Banking clients will gain access to a number of specialized services provided by TD Securities.

We believe there's a lot more room to grow organically within our risk appetite.

Another strength we'll leverage is our diverse business mix. For instance, our US franchise is well-positioned to benefit from the growing economy underway south of the border.

Additionally, as a net consumer of energy, the sharp decline in oil prices will likely act as a fiscal stimulus for the US. In effect, American



consumers will end up with more money in their wallets. All of this bodes well for one of the largest retail banks in the US: TD Bank, America's Most Convenient Bank.

Enhancing our value proposition will drive growth as well.

We are expanding our retail footprint -- piloting new branch and store formats -- and introducing new products and services that make banking simpler, faster and easier.

Consider our cross-border offering – something we are well-positioned to own, given the size and location of our retail footprint.

We've already made banking more convenient for the 60 percent of Canadians who have US banking needs.

For instance, they can open a US bank account from their local TD branch.

Or pay US bills through our Canadian banking website -- EasyWeb -- or mobile banking app. It's all about one seamless experience.

Of course it is not enough to build upon our existing strengths -- we must make them more relevant to our customers' evolving preferences.

People expect their bank to be a tap away -- a click away – a call away – a block away.

Enabling customers to bank ANY way is a good experience. But enabling them to bank THEIR way is even better.

That's why we're making their experience across all our channels seamless and legendary.





As we make this happen, we are also providing our customers with more choices.

TD was the first Canadian bank to use social media to provide customer service. We also broke new ground by offering mobile text messaging services to Canadians.

We're making banking even more convenient...

People can deposit their cheques anytime, anywhere through our mobile app on their phone or a scanner in their office.

With UGO Wallet, customers have the ability to combine multiple payment and loyalty programs in one secure mobile solution – a first in Canada.

We're preparing to launch an innovative mobile app to link the banking activities of customers to their savings goals in real time.

And in TD Labs, we are exploring emerging technology to develop banking solutions in areas such as wearables and personal financial management.

Growing our business also means picking up our pace to be even more responsive in the marketplace.

In recent years, we have focused our attention on integrating a number of acquisitions, which helped our Bank transform into one of the largest financial institutions in North America.

We are now optimizing them, so we can be faster and more effective in the way we serve our customers.



Updating and modernizing our information technology infrastructure will further increase our agility.

We are also simplifying work processes so we can spend more time serving you.

In all of this, we have not lost sight of what truly sets TD apart.

We are a people business. Long term relationships are developed by earning trust – not executing transactions. TD is the high touch bank in a high tech world.

We help fulfill our customers' aspirations – buying a home, growing a business, achieving financial security. And we stand by them in tough times.

The way we see it, if TD serves you well, then we will do well.

That's a big reason why we like to express our appreciation.

In 2014, through the *TD Thanks You* campaign, our colleagues surprised customers with gifts of gratitude – in branches, on the phone, online and through a special ATM, our 'Automated Thanking Machine'.

In less than a week, our campaign video went "viral" with over 6 million views on YouTube – unprecedented in the financial industry. It was also the #1 video ad in Canada, with over 20 million views.

Of course, we understand great customer experiences start with great employee experiences.

Our colleagues are our greatest asset – a true differentiator among banks. They are the ones who continue to earn the trust of those we serve and the admiration of the communities in which we operate.



So we will also remain an employee-brand of choice by creating a performance culture that helps unlock the full potential of colleagues – an inclusive culture where our diversity is a competitive strength – and an open and welcoming culture that attracts and retains the best people.

Joining us here today are TD colleagues who represent the best of the best – recipients of our Vision in Action award. This exclusive recognition is reserved for 1 out of 1000 colleagues.

To be recognized among such a talented and dedicated group is a remarkable accomplishment and something to be truly proud of.

The competition can mimic our services – match our prices – but they cannot replicate the passion of our people. If you want to know why I am confident about our future, it's the incredibly talented people who understand what makes TD stand out in the marketplace.

I'd like to ask our Vision In Action recipients to stand up for a moment...

Please join me in giving this talented team a hand...

Let me recap.

We find ourselves in a challenging operating environment. In addition to the economic, regulatory and competitive pressures we face, people expect more from their banks.

Regardless, great companies find ways to adapt and grow – and TD is a great company.

We are a growth-oriented company – always have been – always will be.



We possess a fantastic customer-focused franchise. A diverse business mix. A powerful brand. And, most of all, our team knows how to compete and win.

And that is exactly what we will keep doing...

By building on our strengths, enhancing our value proposition, remaining relevant to evolving preferences and picking up our pace.

Enduring franchises like TD don't just anticipate the future. We create it ... by adapting to the world around us without abandoning the things that make us the even Better Bank.

Finally let me express my thanks to those responsible for TD's ongoing success:

Our customers, who put their trust and confidence in us.

And our colleagues – all 85,000 around the world – who help us stand out in the marketplace.

I also want to thank our Board of Directors for their leadership, support and the help they have provided in shaping the vision of our great institution.

And our shareholders who support us, and believe in this vision. As much as you are committed to our long-term success, we remain committed to delivering long-term value to you.

Thank you.

### **Caution Regarding Forward-looking Statements and Adjusted Results**



This presentation may contain forward-looking statements about TD Banks Group's outlook and objectives. All such statements are made pursuant to the "safe harbour" provisions of, and are intended to be forward-looking statements under, applicable Canadian and U.S. securities legislation. By their very nature, these statements involve assumptions on the Bank's part and are subject to inherent risks and uncertainties, general and specific. 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. Forward-looking statements represent the views of management as of the current date. The Bank does not undertake to update any forward-looking statements, whether written or oral, except as required under applicable securities legislation.

The Bank prepares its financial statements in accordance with International Financial Reporting Standards (IFRS), the current Generally Accepted Accounting Principles (GAAP), and refers to results prepared in accordance with IFRS as the "reported" results. The Bank also utilizes non-GAAP financial measures to arrive at "adjusted" results to assess each of its businesses and to measure overall Bank performance. To arrive at adjusted results, the Bank removes "items of note", net of income taxes, from reported results.

For additional information regarding forward-looking statements and for a further explanation of non-GAAP financial measures, including a list of items of note and a reconciliation of non-GAAP financial measures, please refer to the Bank's 2014 Annual Report, as updated in the First Quarter Report to Shareholder.