



## Q1/03 Investor Meeting

February 27, 2003



### Forward Looking Statements

This presentation release may contain forward-looking statements, including statements regarding the business and anticipated financial performance of TD. These statements are subject to a number of risks and uncertainties that may cause actual results to differ materially from those contemplated by the forward-looking statements. Some of the factors that could cause such differences include legislative or regulatory developments, competition, technological change, global capital market activity, interest rates, inflation and general economic conditions in geographic areas where TD operates. These and other factors should be considered carefully and you should not place undue reliance on TD's forward-looking statements. TD does not undertake to update any forward-looking statement.



## Q1/03 Investor Meeting

Ed Clark, President & CEO



## Q1/03 Key Takeaways



### Relatively uneventfull quarter

- met expectations laid out in Q4/02
- first step in a series of quality, growing earnings



### In 2003 our focus is

- grow high quality economic profit
- within a tight strategic framework



### Disciplined use of capital

- generate free capital - financial flexibility
- create ability to make strategic choices

## Well Positioned Businesses

one

Personal & Commercial



two

Wealth Management



three

Wholesale



### Near term positioning

- Strong Q1/03
- Margin
  - as expected, some sign of compression
  - price competition in mortgages continues
  - seasonal price competition in RRSP term deposits
- Volume
  - modest improvement in market share trend
  - growth in under represented businesses
    - business banking deposit growth 15% YoY
    - Insurance premiums up 25% YoY



Personal & Commercial





### Near term positioning

- Efficiency ratio
  - keep expense growth lower than revenue growth while investing in building a better bank
  - dramatic decline in expenses QoQ will not repeat this year
- Outlook
  - Revenue growth in future quarters
  - combined with current quarter's expense reductions
  - consistent with double digit net income growth this year



qne

Personal & Commercial



### Near term positioning

- Global TD Waterhouse
  - Stronger earnings in North America
    - higher trade volumes QoQ coupled with previous expense reductions
    - February volumes lower because of geopolitical concerns
  - Internationally
    - efforts continue to reduce loss in 2003
- Integrated wealth management in Canada
  - stronger discount brokerage
  - early signs of turn in MF market share
    - positive net sales in January



two

Wealth Management



### Near term positioning

- Core
  - Q1/03 earnings delivered expectation
  - building the enhanced risk infrastructure
- Non-core
  - we have a focused team with a clear plan - make the non-core portfolio irrelevant to valuation
  - Q1/03 earnings consistent with a self funding exit



## TDBFG Outlook / Priorities

### Conclusion

- Q1/03 a good beginning and consistent with our priorities
- Continue focus on operating earnings within tight strategic framework
- Prove sustainability of earnings
- Intense focus on portfolio management and risk management
- Free up trapped capital in non-core





## Q1/03 Operating Performance

Dan Marinangeli, CFO



TDBFG

### Overview: Q1/03

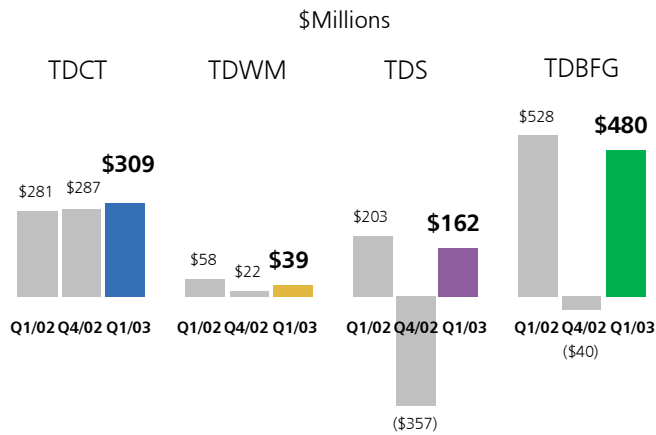
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- EPS in Q1/03 is:
  - \$0.70 on operating cash basis
  - \$0.50 on a GAAP basis
- TDCT net income \$309MM, up \$28 or 10.0% YoY
- TD Wealth Management net income \$39, down 33% YoY
  - TD Waterhouse net income \$11MM vs. \$29MM in Q1/02
- TDS net income \$162MM, versus income of \$203MM last year
  - Q1/03 non-core net income \$6MM
- Total PCL for Q1/03 of \$112MM
  - This compares to \$325MM specific PCL last year and \$350MM in Q4/02
  - Sectoral provision draw down of \$236MM versus \$205MM in Q4/02
- Tier 1 capital ratio at Q1/03 8.5%



### TDBFG

#### Segment net income



Operating cash basis. Corporate segment is not shown in this slide. TDS Q4/02 includes \$(402) million impact of sectoral provisions



### TDBFG

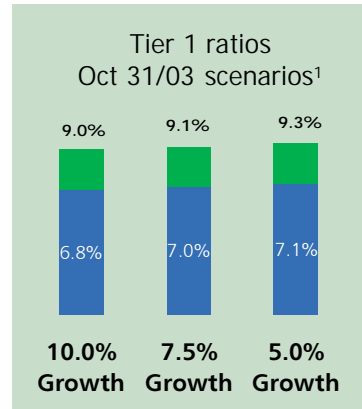
#### Earnings' reconciliation

	Q1/03	
	\$ million	EPS
Reported GAAP earnings to common	\$324	\$0.50
Amortization of intangibles	133	0.20
Reported cash earnings to common	\$457	\$0.70
Special items	--	--
Operating cash earnings to common	\$457	\$0.70



Capital

- TDBFG Q1/03 capital ratios
  - Tier 1 = 8.5%
  - Tangible common equity = 6.4%
  - Total capital = 11.9%



1. Capital position at Q4/03 calculated using earnings based on 2003 analysts consensus EPS of \$2.98 and DRIP contribution of \$60 million per quarter. Three scenarios include risk-weighted asset annual growth of 5%, 7.5% and 10%



Pension accounting<sup>1</sup>

Assumptions	<u>2001</u>	<u>2002</u>	<u>2003E</u>
Discount rate	7.25%	6.75%	7.0 %
Long-term expected return on assets	8.0 %	6.75%	6.75%
Rate of compensation increase	3.5 %	3.5%	3.5 %
Expense	\$3MM	\$38MM	\$56MM

- Conservative assumptions causing higher expenses
- Registered plans are fully funded. As a matter of policy we do not fund the senior executive non-registered plan

1. TD's principal pension plan





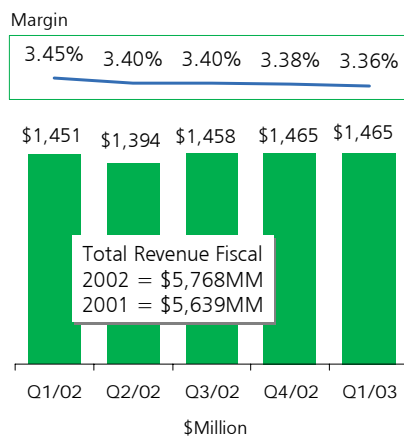
# Q1/03 Personal and Commercial

Operating Performance



## Personal and Commercial

### Total Revenue and Net Interest Margin

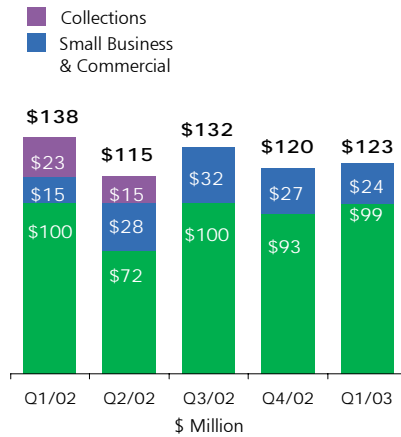


- Total revenue \$1.465 billion:
  - Total revenue \$14 million or 1.0% higher than last year and flat versus Q4/02
  - Both NII and Other income flat versus Q4/02. Solid volume growth largely offset by margin decreases (primarily in Core and Term) and lower net revenue from insurance due to seasonality
- Net interest margin:
  - 3.36% this quarter, down 9 basis points from last year and 2 bps from last quarter



## Personal and Commercial<sup>1</sup>

### Quarterly Provision for Credit Loss



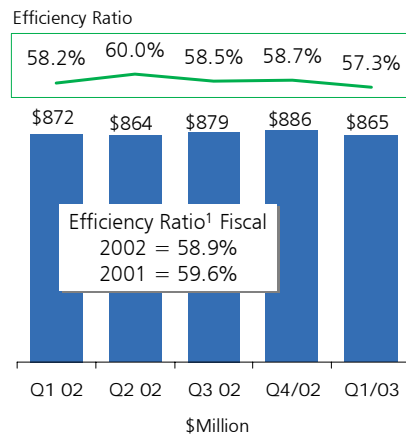
- Q1/03 PCL in TDCT is \$123 million, up \$3 million from Q4/02 and down \$15 million from Q1/02
- Provision for credit loss is \$15 million lower than last year due to resolution of payment processing and collection issues in Q1/02, partially offset by higher commercial PCL in Q1/03
- PCL securitization impact is \$11million for Q1/03 (\$31 million in Q1/02)

1. PCL excludes impact of securitization.



## Personal and Commercial

### Total Expenses and Operating Efficiency Ratio<sup>1</sup>



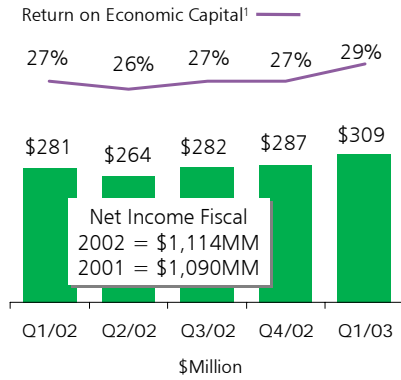
- Total Expenses \$865 million :
  - Total expenses \$7 million or 0.8% lower than last year and \$21 million or 2.4% less than Q4/02 due mainly to fewer FTE's
- Operating cash basis efficiency ratio 57.3% this quarter:
  - down from 58.7% in Q4/02
  - a 90 basis points improvement from 58.2% in Q1/02 due to lower staffing levels

1. Excludes acquisition funding cost



### Personal and Commercial

#### Net Income and Return on Economic Capital<sup>1</sup>



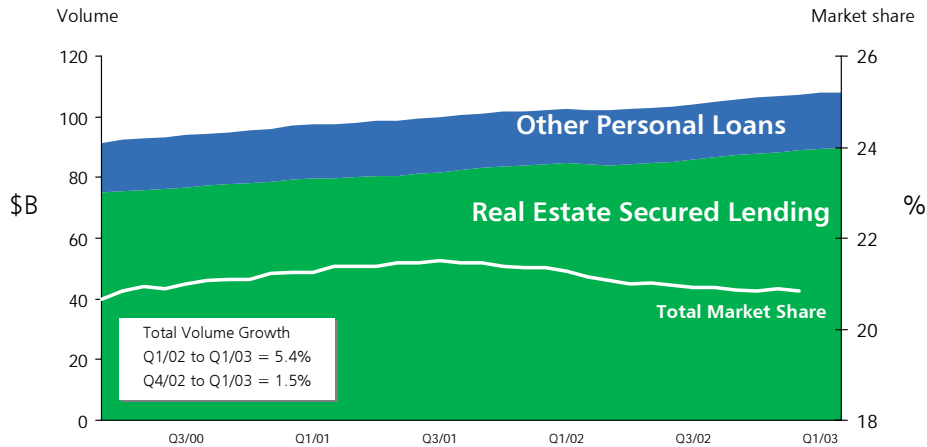
- Cash basis net income of \$309 million for the quarter
  - Up \$22 million or 7.7% from last quarter and \$28 million or 10.0% from last year
  - Lower staffing levels
- ROEC<sup>1</sup> improving:
  - Q1/03 29% versus 27% in Q4/02 and in Q1/02

1. Operating cash basis.



### Personal and Commercial

#### Real Estate Secured Loans<sup>1</sup> and Other Personal Loans<sup>2</sup>

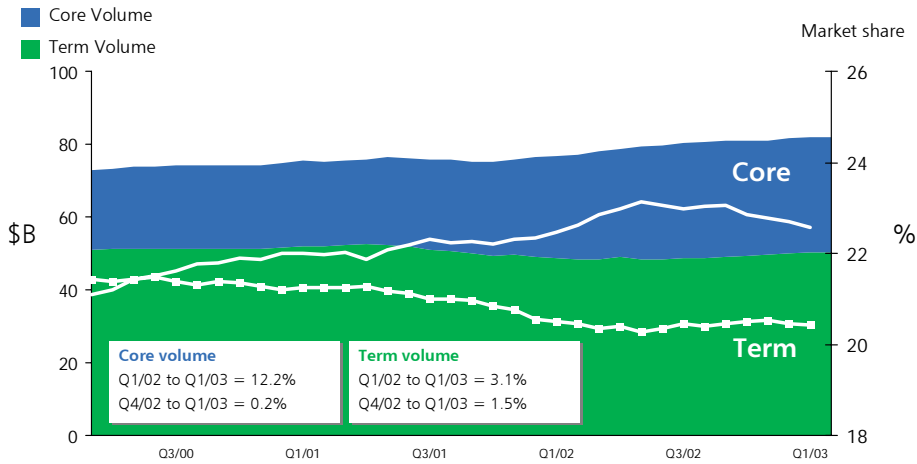


<sup>1</sup> Includes mortgages and HELOCs (including securitized amounts) <sup>2</sup> Includes other personal loans and cards (including securitized amounts) Canadian and U.S. currency. Market share two month lag.



### Personal and Commercial

#### Personal Deposits

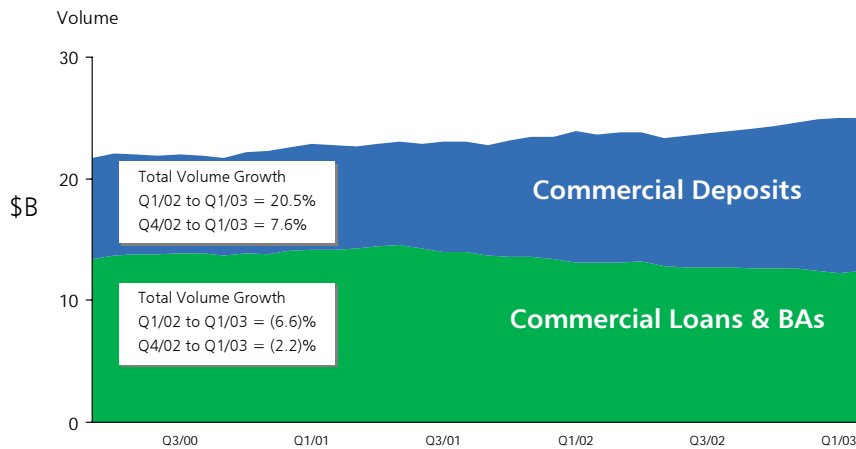


Canadian and U.S. currency. Market share one month lag.



### Personal and Commercial

#### Commercial loans and deposits

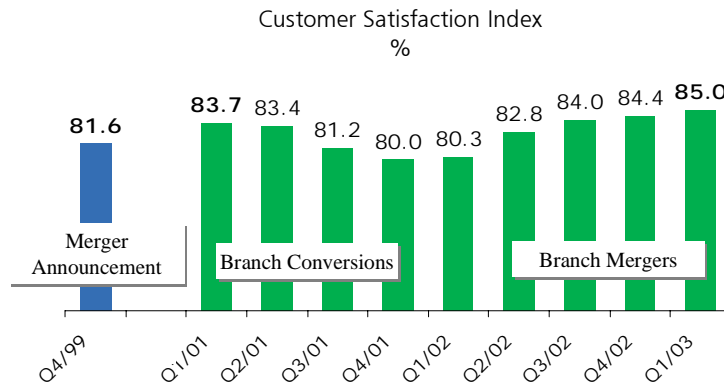


Commercial loans and deposits do not include small business loans and deposits.



## Personal and Commercial

### Building a Better Bank



24 branch mergers scheduled in 2003



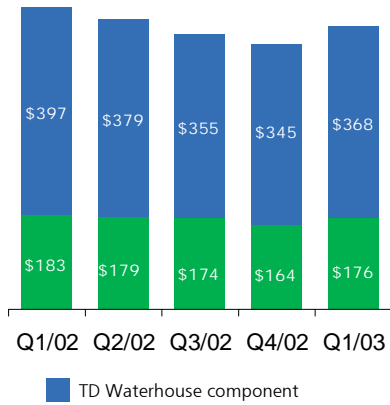
## Q1/03 Wealth Management

Operating Performance

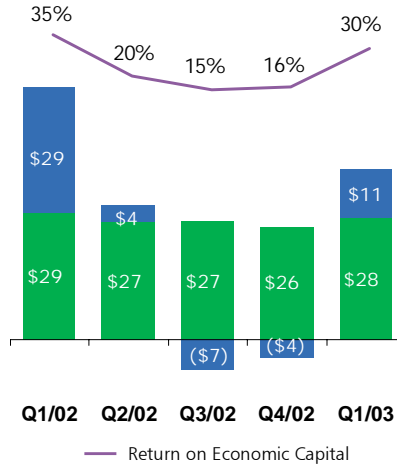


### Wealth Management

Revenue  
\$ Millions

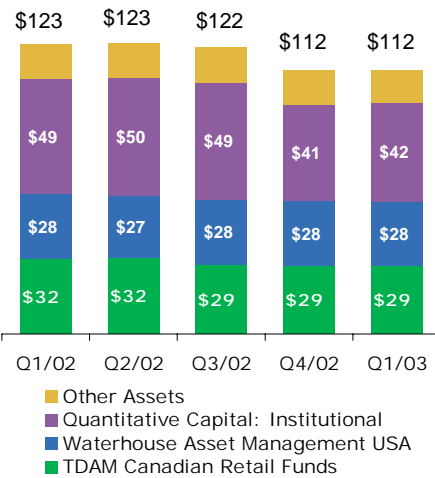


Cash Net Income  
\$ Millions



### Assets Under Management

\$ Billions

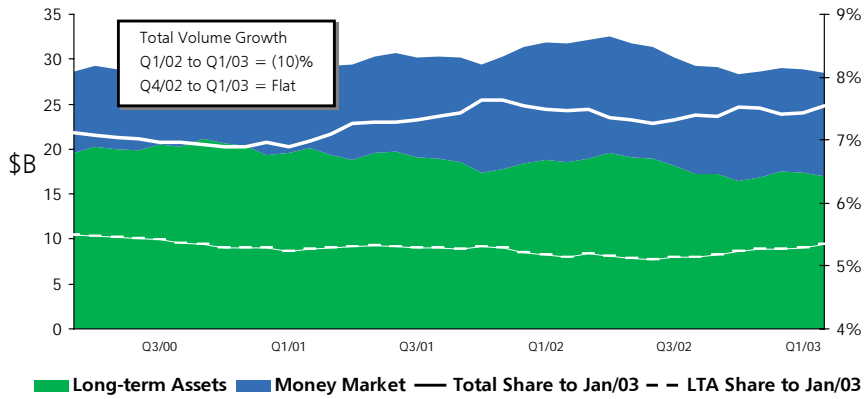


- Assets under management:
  - \$112B flat versus Q4/02 and down from \$123B a year ago



### TD Asset Management

#### Mutual Funds - Total Industry



### TD Waterhouse<sup>1</sup>

	2002		2003	Yr/Yr
	Q1	Q4	Q1	Change
Active Accounts (000)*	3,342	3,228	3,218	(4)%
New Accounts (000)	115	87	88	(23)%
Marketing Cost/New Account	\$260	\$360	\$353	36 %
Trades/Day (000)	115	82	94	(18)%
Customer Assets* (C\$B)	\$221	\$193	\$191	(14)%

\* Represents ending amounts

1. TD Waterhouse self directed brokerage globally



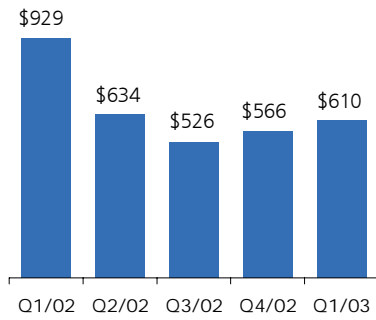
# Q1/03 Wholesale

Operating Performance

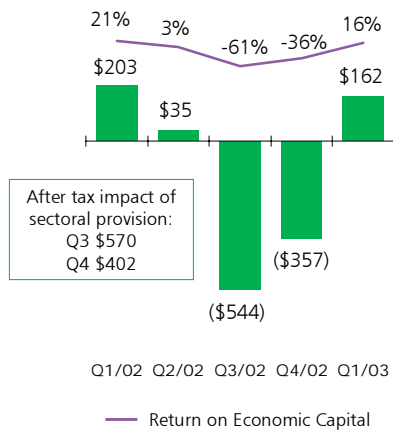


## Wholesale

Revenue  
\$ Millions



Cash Net Income  
\$ Millions





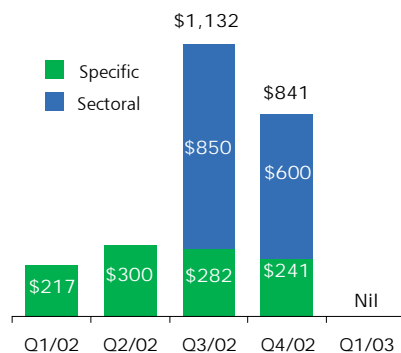
**Wholesale**

**TDS Core/Non-Core**

	<u>Core</u>	<u>Non-Core</u>
	<u>Q1/03</u>	<u>Q1/03</u>
Revenue		
NII	\$ 355	\$ 48
Trading and fee income	232	(25)
Total	587	23
PCL	-	-
Expenses	343	14
NIBT	244	9
Income Tax	88	3
Net Income	\$ 156	\$ 6

**Wholesale**

**Quarterly Provision for Credit Loss**



- No specific provision for credit loss in Q1/03:
  - \$241 million is specific PCL in Q4/02 and \$217 million in Q1/02
  - Sectoral draw down in Q1/03 of \$236 million

Actual loan loss <sup>1</sup> (\$MM)				
<u>Q1/02</u>	<u>Q2/02</u>	<u>Q3/03</u>	<u>Q4/02</u>	<u>Q1/03</u>
\$217	\$300	\$282	\$426	\$236

1. Specific provisions plus any draw down of sectorals

**Wholesale**

**Non-core portfolio analysis**

	<u>Drawn Loans &amp; BAs</u>	<u>Total Net Exposure</u>
Balance October 31, 2002	\$ 11,181	\$ 20,694
Increase in specifics	(236)	(236)
FX	(50)	(149)
Net reduction	(1,577)	(3,314)
Balance January 31, 2003	\$ 9,318	\$ 16,995



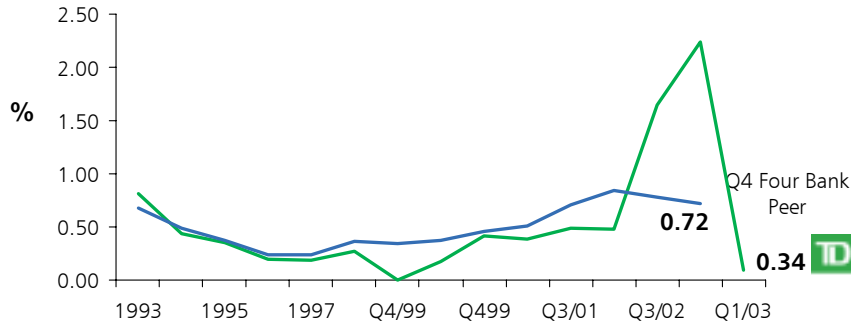
**Q1/03  
Risk Management**

Tom Spencer, Vice Chair Group Risk Management



### Core Bank

#### Ratio of PCL to Loans & BAs

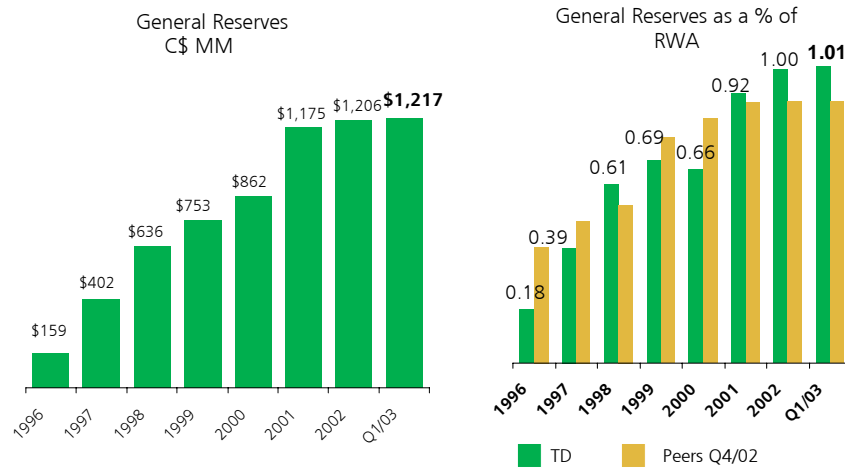


Excludes special general provisions and reverse repos. Peers based on full year 2003 provision and most recent average loan and BA balances. 2003 PCL Annualized based on Q1/03 results.



### Total Bank

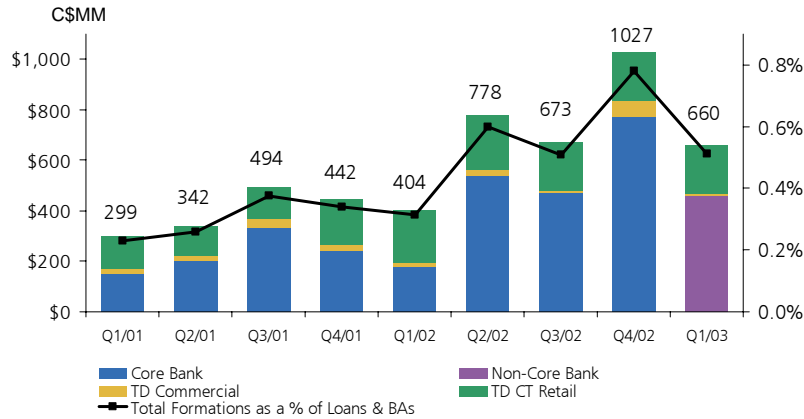
#### General Reserve and Risk Weighted Assets





### Total Bank

#### New Formation of Impaired Loans & Loan Substitutes<sup>1</sup>

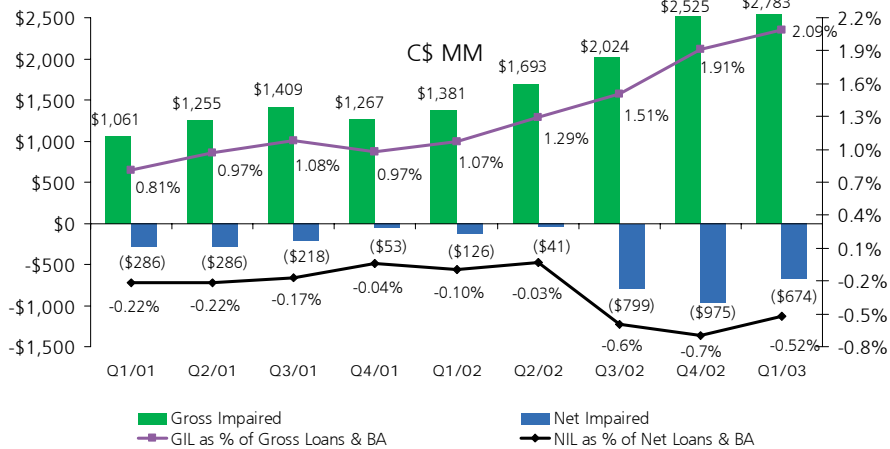


1. Before write-offs



### Total Bank

#### Impaired Loans



**Non-Core Bank**

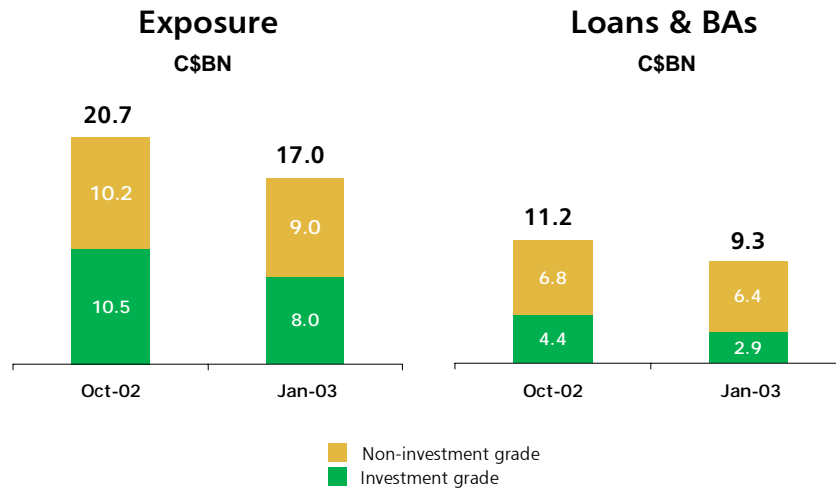
**Allowances for Credit Loss**

C\$MM

<b>Specific allowances: at Q4/02</b>	<b>917</b>
Write-offs	-40
Recoveries/FX adjustments	-1
Transfers from Sectoral	<u>236</u>
<b>Specific allowances: at Q1/03</b>	<b>1,112</b>
<b>Sectoral allowances: at Q4/02</b>	<b>1,285</b>
Drawdowns of Sectoral	-236
F/X	<u>-17</u>
<b>Total Sectoral allowances at Q1/03</b>	<b>1,032</b>

**Non-Core Bank**

**Portfolio Composition**



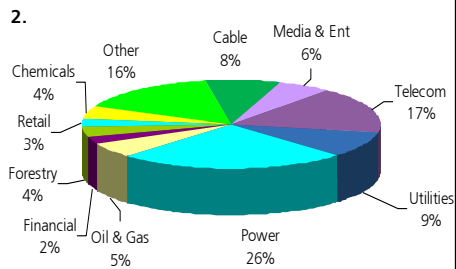
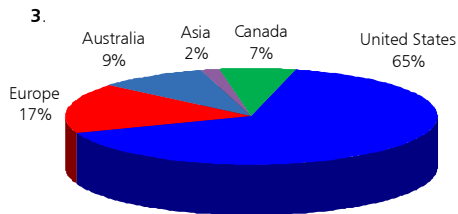
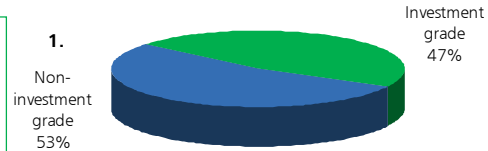


### Non-Core Bank

#### Portfolio Composition-Loan Exposure<sup>1</sup> - January 31, 2003

**Non-Core - C\$17.0BN**

- 1. Risk Rating
- 2. Industry Sector
- 3. Geography



1. Exposure = Credit Commitments + Uncommitted Utilized - Specific Allowances for Credit Loss - Cash Collateral - Credit Protection.

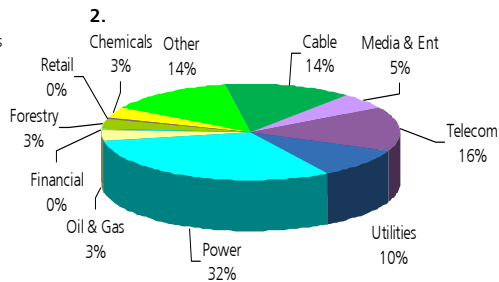
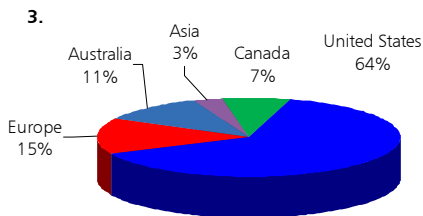


### Non-Core Bank

#### Portfolio Composition-Loans & BAs<sup>1</sup> - January 31, 2003

**Non-Core - C\$9.3BN**

- 1. Risk Rating
- 2. Industry Sector
- 3. Geography



1. Loans and BAs = Loans + BAs - Specific Allowances for Credit Loss - Cash Collateral - Credit Protection.

## Non-Core Bank

### Reserves Held Against the Non-Core Portfolio

At January 31, 2003 C\$ MM	Investment Grade	Non- Investment Grade	Total
Gross Loans/BA before Allowances (including write-offs, less cash collateral and credit protection)	2,909	7,927	10,836
Reserves			
Previous Write-offs	0	406	406
Specific Allowances	0	1,112	1,112
Sectoral Allowances	0	1,032	1,032
General Allowances	<u>0</u>	<u>300</u>	<u>300</u>
Total Reserves	0	2,850	2,850
Reserves as % of Gross Loans and BAs	N/A	36%	26%

## Non-Core Bank

### Reserves Held Against Selected Non-Core Portfolios

January 31, 2003 C\$ MM	Investment Grade	Non- Investment Grade	Total
Gross Loans and BAs (net c/c, cds)			
Telecom & Non-N.A. Cable	357	2,253	2,610
Power & Power Generation	638	2,623	3,261
Other Classified Accounts	<u>0</u>	<u>1,445</u>	<u>1,445</u>
Total	995	6,321	7,316
Reserves			
Previous Write-offs		406	406
Specific Allowances		1,112	1,112
Sectoral Allowances		1,032	1,032
General Allowances		<u>300</u>	<u>300</u>
Total Reserves		2,850	2,850
Reserves as % of Gross Loans and BAs		45%	39%



## Non-Core Bank

## Telecom and Cable - Net Loans and BAs

January 31, 2003 C\$MM	Investment Grade	Non- Investment Grade	Total
Telephone Regulated	223	87	310
Unregulated Telephone			
CLEC	0	49	49
Long Haul Fibre	26	76	102
Paging	0	5	5
Wireless	108	539	647
Other	0	226	226
<b>Total Unregulated Telephone</b>	134	895	1,029
Telecom Equipment	0	29	29
<b>Total Telecom</b>	<u>357</u>	<u>1,011</u>	<u>1,368</u>
Non-N.A. Cable	0	733	733
N.A. Cable	91	529	620
<b>Total Telecom and Cable</b>	448	2,273	2,721



## Non-Core Bank

## Telecom - Reserves

January 31, 2003 C\$MM	Gross L&BA <sup>1</sup>		Gross Impaired <sup>1</sup>			W/Os, Allowances, M2M	Net Impaired	Reserve
	#	\$ MM	#	\$ MM	%	\$ MM	\$ MM	%
CLEC	5	145	4	117	81	96	21	82
Long Haul Fibre	5	304	3	250	82	202	48	81
Paging	1	21	1	21	100	16	5	76
Wireless	20	688	5	112	16	41	71	37
Other	10	338	3	157	46	112	45	71
<b>Total Telecom</b>	41	1,496	16	657	44	467	190	71

1. Before prior write-offs.



## Non-Core Bank

### Power and Power Generation - Net Loans and BAs

January 31, 2003 C\$MM	Investment Grade	Non- Investment Grade	Total
Individual generation projects with power purchase agreements	233	507	740
Diversified generation	297	1,392	1,689
Regulated power trans./distr.	137	136	273
Diversified utility	<u>108</u>	<u>419</u>	<u>527</u>
<b>Total</b>	<b>775</b>	<b>2,454</b>	<b>3,229</b>

## Non-Core Bank

### Power and Power Generation - Reserves

January 31, 2003 C\$MM	Gross L&BA <sup>1</sup>		Gross Impaired <sup>1</sup>			W/Os, Allowances, M2M	Net Impaired	Reserve
	#	\$ MM	#	\$ MM	%	\$ MM	\$ MM	%
Individual generation projects with power purchase agreements	33	875	9	254	29	135	119	53
Diversified generation	28	1,866	10	378	20	177	201	47
Regulated power trans./distr.	7	273	0	0	0	0	0	0
Diversified utility	<u>14</u>	<u>634</u>	<u>2</u>	<u>114</u>	<u>18</u>	<u>107</u>	<u>0</u>	<u>94</u>
<b>Total</b>	<b>82</b>	<b>3,648</b>	<b>21</b>	<b>746</b>	<b>20</b>	<b>419</b>	<b>320</b>	<b>56</b>

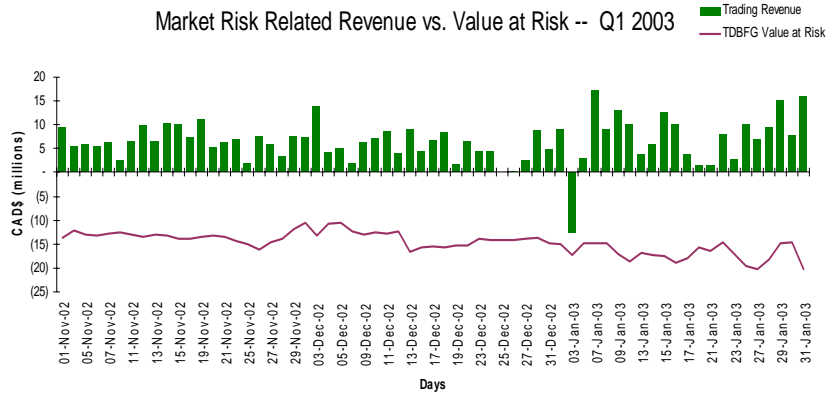
1. Before prior write-offs.



### TD Securities

#### Market Risk

Market Risk Related Revenue vs. Value at Risk -- Q1 2003



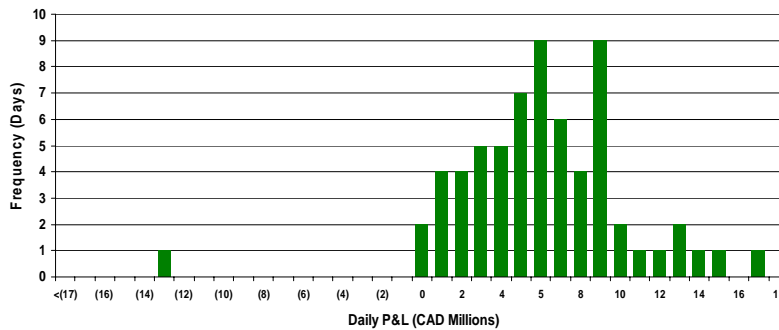
- TD Securities' average Value-at-Risk (VaR) for Q1 FY '03 was CAD 14.7 MM
- Daily trading losses did not exceed VaR during Q1 FY '03



### TD Securities

#### Market Risk

Distribution of Daily Market Risk Related Revenue  
Q1 - 2003





**Bank Financial Group**



**Q1/03  
Investor Meeting**



**Bank Financial Group**



**Q1/03  
Supplemental Information**

February 27, 2003

## Total Bank

### Telecom and Cable - Net Loans and BAs

January 31, 2003 C\$MM	Investment Grade	Non- Investment Grade	Total
Telephone Regulated	344	88	432
Unregulated Telephone			
CLEC	0	49	49
Long Haul Fibre	26	76	102
Paging	0	6	6
Wireless	316	584	900
Other	<u>99</u>	<u>266</u>	<u>365</u>
<b>Total Unregulated</b>	441	981	1,422
Telecom Equipment	2	60	62
<b>Total Telecom</b>	<u>787</u>	<u>1,129</u>	<u>1,916</u>
Non-N.A. Cable	0	733	733
N.A. Cable	<u>132</u>	<u>1,117</u>	<u>1,249</u>
<b>Total Telecom and Cable</b>	919	2,979	3,898

## Core Bank

### Telecom and Cable - Net Loans and BAs

January 31, 2003 C\$MM	Investment Grade	Non- Investment Grade	Total
Telephone Regulated	121	1	122
Unregulated Telephone			
CLEC	0	0	0
Long Haul Fibre	0	0	0
Paging	0	1	1
Wireless	208	45	253
Other	<u>99</u>	<u>40</u>	<u>139</u>
<b>Total Unregulated</b>	307	86	393
Telecom Equipment	2	31	33
<b>Total Telecom</b>	<u>430</u>	<u>118</u>	<u>548</u>
Non-N.A. Cable	0	0	0
N.A. Cable	<u>41</u>	<u>588</u>	<u>629</u>
<b>Total Telecom and Cable</b>	471	706	1,177



### Total Bank

#### Power and Power Generation - Net Loans and BAs

January 31, 2003 C\$MM	Investment Grade	Non- Investment Grade	Total
Individual generation projects with power purchase agreements	269	535	804
Diversified generation	351	1,436	1,787
Regulated power trans./distr.	230	136	366
Diversified utility	<u>945</u>	<u>455</u>	<u>1,400</u>
<b>Total</b>	<b>1,795</b>	<b>2,562</b>	<b>4,357</b>



### Core Bank

#### Power and Power Generation - Net Loans and BAs

January 31, 2002 C\$MM	Investment Grade	Non- Investment Grade	Total
Individual generation projects with power purchase agreements	36	28	64
Diversified generation	54	44	98
Regulated power trans./distr.	93	0	93
Diversified utility	<u>837</u>	<u>36</u>	<u>873</u>
<b>Total</b>	<b>1,020</b>	<b>108</b>	<b>1,128</b>