

**TD Bank Financial Group**

**TD Banknorth**



A different kind of bank



**Investor Day**

June 28, 2007

**TD Bank Financial Group**

**TD Banknorth**



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**Investor Day**

**Tim Thompson** Vice President, Investor Relations, TD Bank Financial Group

## Forward-Looking Statements



From time to time, the Bank makes written and oral forward-looking statements, including in this presentation, in filings with Canadian regulators or the U.S. Securities and Exchange Commission (SEC), and in other communications. All such statements are made pursuant to the "safe harbour" provisions of the U.S. Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. Forward-looking statements include, among others, statements regarding the Bank's objectives and targets for 2007 and beyond and strategies to achieve them, the outlook for the Bank's business lines, and the Bank's anticipated financial performance. The economic assumptions for 2007 for each of the business segments are set out in the 2006 Annual Report under the headings "Economic Outlook" and "Business Outlook and Focus for 2007". Forward-looking statements are typically identified by words such as "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, which may cause actual results to differ materially from the expectations expressed in the forward-looking statements. Some of the factors 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 management discussion and analysis section in regulatory filings made in Canada and with the SEC, including the Bank's 2006 Annual Report; 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 monetary policy 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; 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 integration, growth and acquisition strategies, including those of its subsidiaries, particularly in the U.S.; changes in accounting policies and methods the Bank uses to report its financial condition, including uncertainties associated with critical accounting assumptions and estimates; the effect of applying future accounting changes; global capital market activity; 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; legislative and regulatory developments; change in tax laws; unexpected judicial or regulatory proceedings; continued negative impact of the U.S. securities litigation environment; unexpected changes in consumer spending and saving habits; 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; the effects of disruptions to public infrastructure, such as transportation, communication, power or water supply; and management's ability to anticipate and manage the risks associated with these factors and execute the Bank's strategies. A substantial amount of the Bank's business involves making loans or otherwise committing resources to specific companies, industries or countries. Unforeseen events affecting such borrowers, industries or countries could have a material adverse effect on the Bank's financial results, businesses, financial condition or liquidity. The preceding list is not exhaustive of all possible factors. Other factors could also adversely affect the Bank's results. For more information, see the discussion starting on page 56 of the Bank's 2006 Annual Report. All such factors should be considered carefully when making decisions with respect to the Bank, and undue reliance should not be placed on the Bank's forward-looking statements. 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.

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**Making it Happen at TD Banknorth**

**Ed Clark** President and CEO, TD Bank Financial Group

## Key Takeaways



1. We are taking action now

2. A strong team of operators

3. Confident - we will deliver

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**Making it Happen at TD Banknorth**

**Bharat Masrani** President and CEO

## Key Takeaways



1. Re-oriented focus to organic growth

2. Experienced and committed team

3. Goal: grow earnings by 7 – 10%

4. Confident of success: making good progress

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## Issues on Investor's Minds



1. What are the current and planned initiatives to successfully transform TD Banknorth from a M&A machine into an organic growth engine?
2. What areas of the business represent the greatest growth opportunities?
3. How will we grow our market share over the next several years?
4. How significant are the asset quality concerns in the US?
5. How will we fund our major initiatives?
6. How will we grow our segment earnings consistent with TDBFG's stated 7% – 10% goal?



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## Building a Better Bank

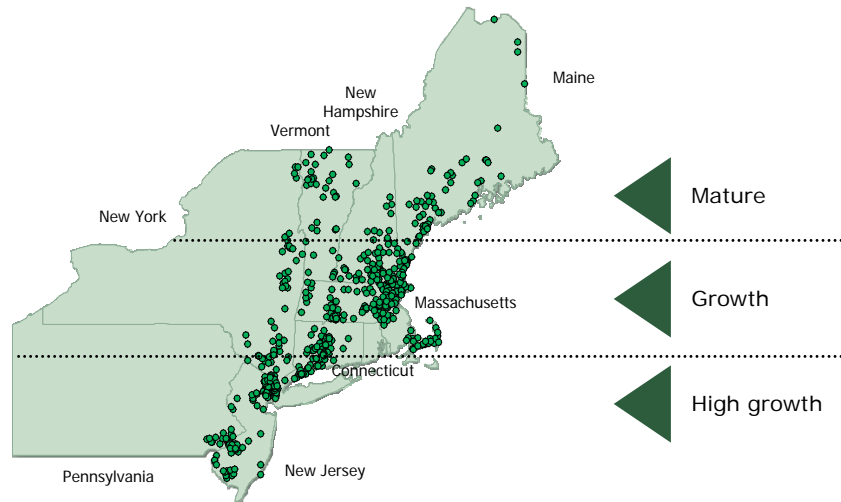


- Reoriented TD Banknorth's focus from M&A to organic growth
- Identified significant opportunities to grow market share over the next 5 years
- Taken decisive steps to reduce operating expenses. Reinvesting savings in revenue-generating initiatives
- Use the best TDBFG has to offer while adapting strategies for the US market



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## Solid Financial Services Franchise



Excellent footprint for growth

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## Adapting to U.S. Banking Environment

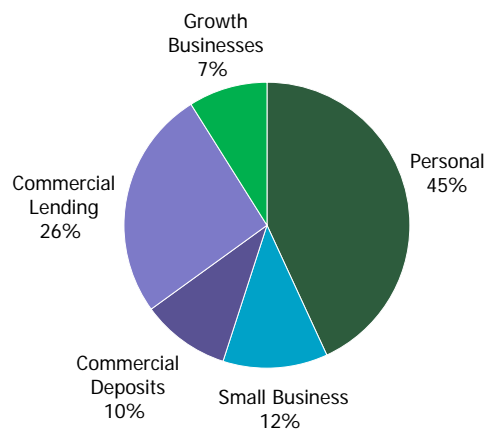


- Despite challenging banking environment, significant growth opportunities exist
- Competition for loans and deposits remains intense
- Yield curve expected to stay flat
- Experienced some weakness in asset quality, particularly for sale real estate. Monitoring credits carefully
- U.S. GDP forecast to grow at 2.5% - 3%
- U.S. dollar expected to remain under pressure



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## Net Income by Major Business Line



Relative contribution of net income by line of business as of Q1 07.

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## Today's Presenters



<b>Tom Dyck</b>	Head of Marketing and Product Management
<b>Suzanne Poole</b>	Head of Retail Distribution
<b>John Fridlington</b>	Head of Commercial Banking
<b>Wendy Suehrstedt</b>	Head of Business Banking Solutions
<b>Steve Boyle</b>	Chief Financial Officer



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## Key Takeaways



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**Retail Distribution and Product Management**

**Tom Dyck** EVP, Marketing and Retail Product Management  
**Suzanne Poole** EVP, Retail Distribution

**Key Takeaways**

**TD Banknorth**

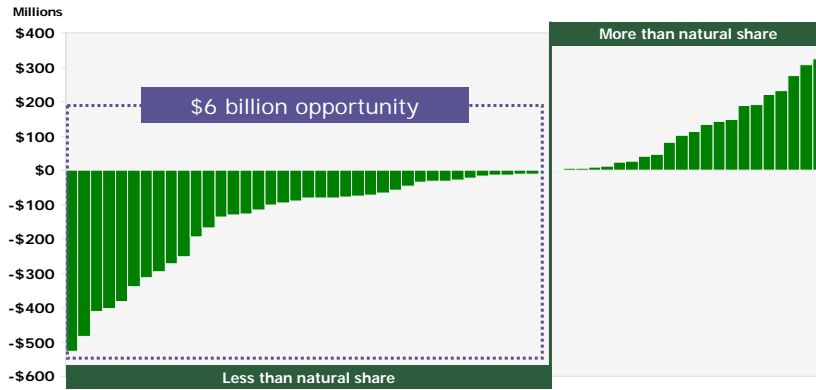
1. Orient the bank around the customer
2. Address process and pricing challenges
3. Build a performance culture
4. Optimize our network



# A \$6B Opportunity – Achieving our “Natural” Market Share



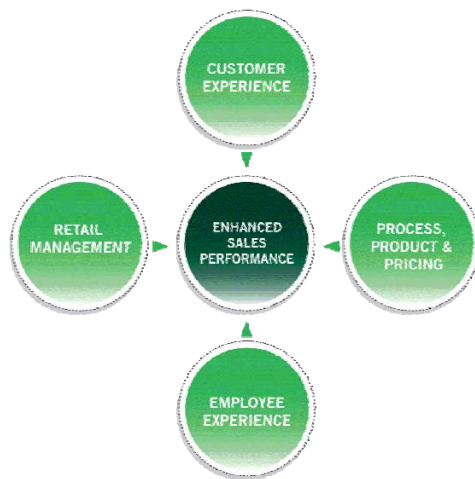
### Branch Share vs. Retail Deposit Market Share (By County)



Source: Internal Data, FDIC.

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# Framework for Enhanced Sales Performance to Drive Organic Growth



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## Our Brand Promise



STRAIGHT TALK



QUICK ANSWERS



SIMPLE STEPS



FAIR FEES



EASY ACCESS



SMART CHOICES

TD Banknorth is dedicated to freeing our customers from the hassles of banking and the worries of managing their money

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## Our Customer-Centric Focus



### Launch at employee meetings



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## Bringing Our Brand to Life



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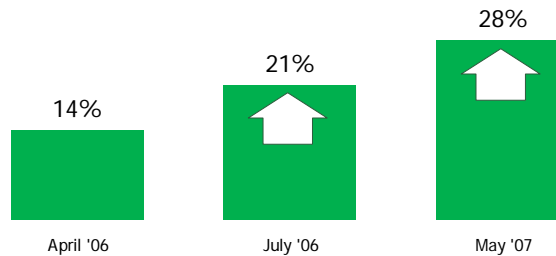


## Brand Awareness is High in New England and Growing in the Mid-Atlantic



- In New England, we have the #1 brand awareness on par with Bank of America
- In the Mid-Atlantic, total TD Banknorth awareness doubled in less than 1 year

Percentage of Respondents Aware of TD Banknorth\*



Source: Chamberlain Research, 2006-2007. \* Total aided and unaided.

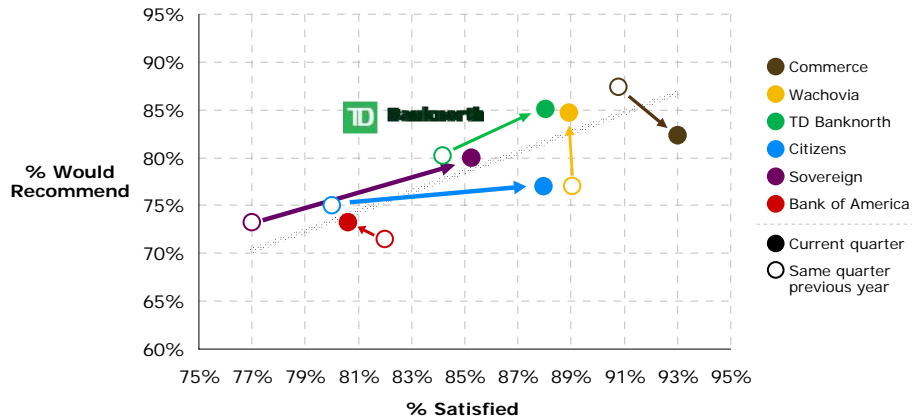
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## Gains are Being Made on Service and Advocacy



### Customer Satisfaction & Advocacy (Q1 2007 vs. Q1 2006)

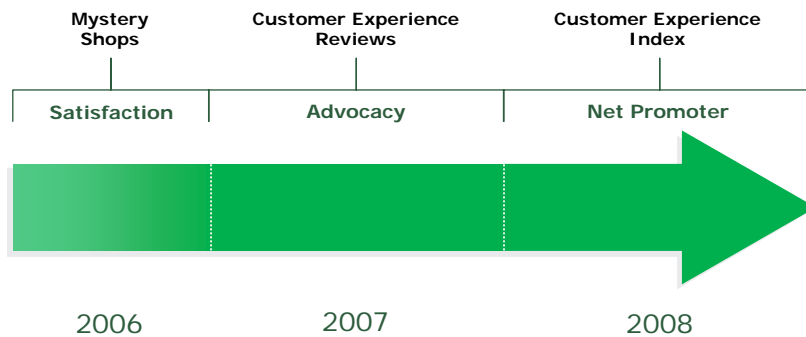


Source: Claritas, 2006-2007.

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## Listening to Our Customers – Using More Sophisticated Tools



In 2008, we'll speak with over 100,000 customers about their TDBN experience

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## Improving Pricing, Process and Products



- Pricing in the U.S. is very local
- Improve processes – Simple, Fast and Easy
- Closing product gaps
  - EarnSmart Money Market
  - Credit Card
  - Instant Issue Debit Card
  - Home Equity Debit Card
  - Mortgages through the branch channel



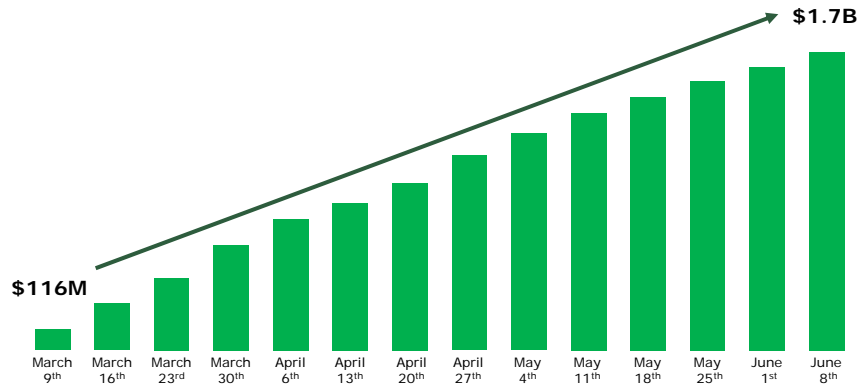
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## EarnSmart is the Fastest Growing Product in Bank History



Weekly Volume Growth of EarnSmart  
Launched Feb. 28, 2007



Over one third is new money

Source: TD Banknorth Marketing Database, 2007.

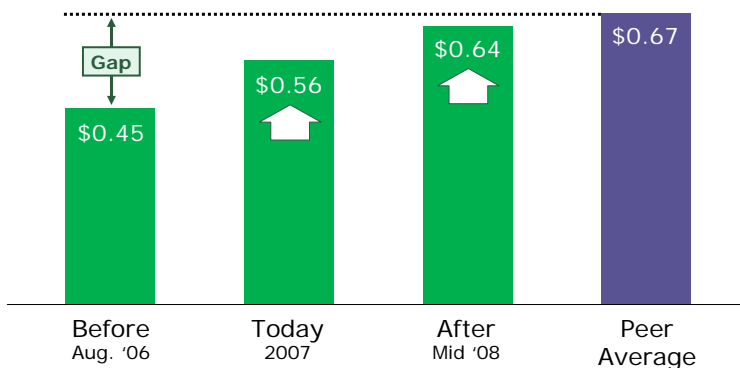
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## We Have Captured Nearly Half of Our Fee Opportunity



### Fee Per Account Per Day



Simple and transparent. Delivers more revenue

Source: Carreker Fee Income Study clients: 16 clients (8 of which are in the Northeast) based in the US with asset size \$10B+.

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## Leveraging TD's Card Expertise



Launching proprietary credit card line - fall 2007

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## All Elements of the Employee Experience Aligned to Improve Performance



1. Sales tracking  
– October 2007
2. Compensation, reward and recognition
3. Easy to use technology  
– August 2007
4. Employee engagement  
– TD Pulse Survey



Four elements modeled on TD Canada Trust

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## Retail Management – Optimizing the Network



- Longer hours
- Upgrading branches
- Relocating/opening new branches
- Leverage the platform as a distribution platform for related offerings
  - Wealth
  - Small Business
  - Insurance



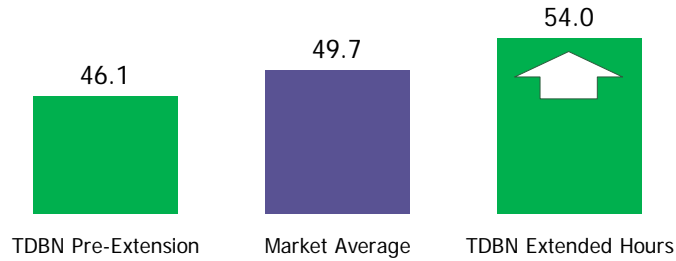
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## We're Piloting Extended Hours in 225 Branches



### Average Branch Hours



1/3<sup>rd</sup> of branches – April 2007

Source: Internal TD Banknorth study. Market Average refers to TD Banknorth's operating footprint.

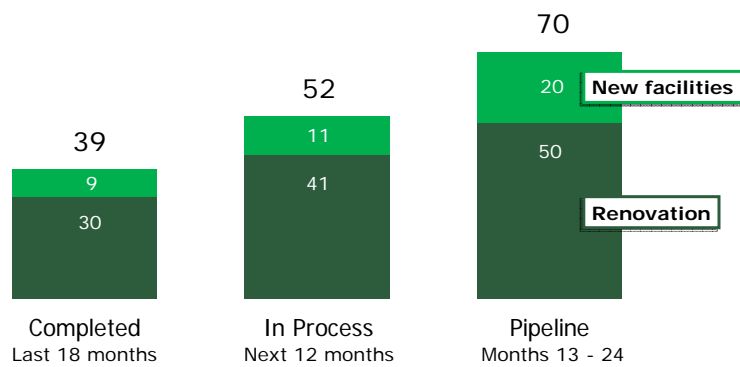
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## Improving Our Network



### Retail Optimization – Number of Branches



An active program

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## Improving Our Visual Identity



BEFORE



AFTER



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## Leveraging the Distribution Channel



1. Include partner referrals in branch incentive programs
2. Import successful wealth business model from TD Canada Trust
3. Expand in-branch advisors – wealth and insurance



Doubled referrals since January change

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# Putting It All Together: Realizing \$6B Opportunity



- Retail Management**
- Optimizing the network
  - Piloting longer hours
  - Increased referrals to fee businesses



- Customer Experience**
- Launched new brand
  - Emphasis on sales and service
  - Introducing Customer Experience Index



- Employee Experience**
- Automated sales tracking
  - Clarified incentive plan
  - Reward & Recognition
  - Better technology
  - Employee satisfaction survey



- Process, Product & Pricing**
- Optimized pricing
  - Improved processes
  - Close product gaps

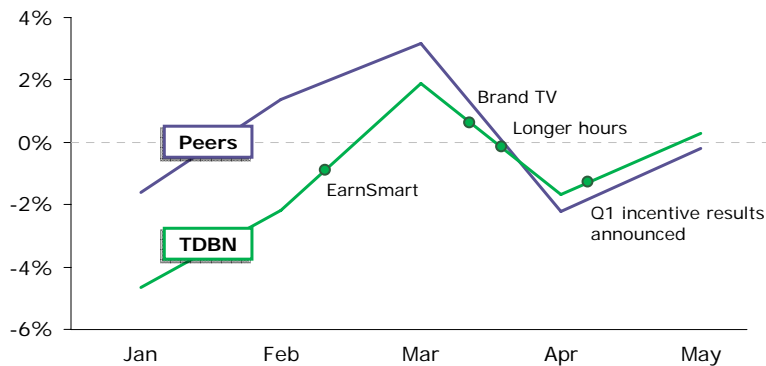
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## Result - Recent Trends are Positive



**Monthly Percentage Change in Total Retail Deposits**  
(Jan. '07 – May '07)



A great start

Source: BAI market share data.

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## Key Takeaways



1. Orient the bank around the customer

2. Address process and pricing challenges

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4. Optimize our network

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**Commercial Banking**

**John Fridlington** Chief Lending Officer, Sr. EVP, Commercial

## Key Takeaways



1. We understand commercial banking

2. A successful franchise

3. Grow through continued leverage of TD's capabilities

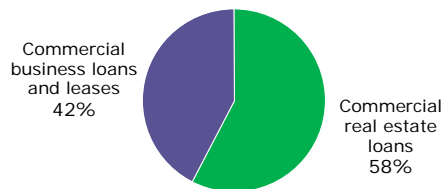
4. Monitoring increase in NPA's closely

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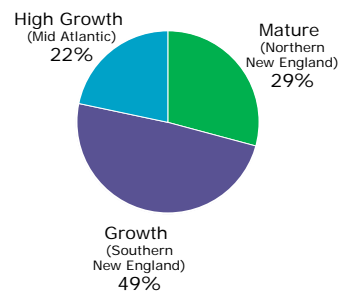
## Commercial Banking Overview



### Loan Breakdown



### Geographic Distribution of Commercial Loans



#### Key Metrics

- Commercial Outstandings: \$16.2 billion at March 31, 2007
- \$7.4 billion in Commercial deposits
- Senior lenders: average of 25+ years experience

Solid commercial banking business

Balances as of March 31, 2007.

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## Commercial Banking Competitive Landscape



- Varied competition
  - Large banks in all markets:  
Bank of America, Citizens (RBS), JP Morgan Chase, Sovereign, Wachovia
  - Hundreds of small banks, unique to each market
- Our strengths:
  - Knowledge of local markets
  - Local decision making



Diverse, intense competition

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## Goal: Consistently Organically Grow Commercial Book in 6%-10% Range



- Create sales capacity through streamlined loan origination process
- Hire Corporate Bankers to increase in-market syndications
- Expand Dealer Finance Group
- Partner with other business units to grow commercial deposits



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## Leverage TD Capabilities



- Continue joint calling program with TD Securities to offer Corporate Banking services to TD Banknorth clients
- Leverage Vermont Captive Insurance relationship with large U.S. companies
- Introduce TD's expertise in SWAPs/Derivatives to larger U.S. clients
- Continue to expand International Banking offerings
- Utilize capabilities of TD Securities to lead more syndicated deals



Lots of opportunity

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## Asset Quality Update

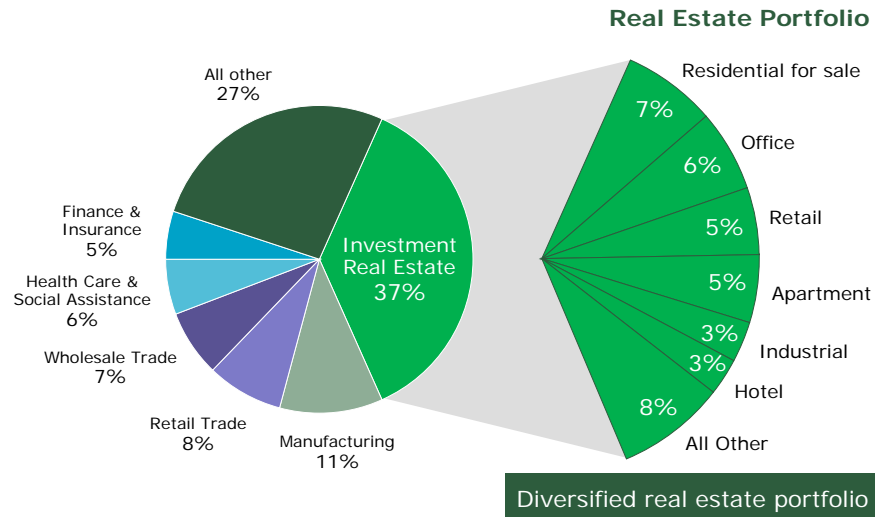


	March 31, 2007	December 31, 2006
<b>Nonperforming assets:</b>		
Residential real estate mortgages	\$ 16,482	\$ 13,607
Commercial real estate mortgages	132,541	53,345
Commercial business loans and leases	62,104	52,758
Consumer loans and leases	11,418	11,667
<b>Total nonperforming loans and leases</b>	<b>\$ 222,545</b>	<b>\$ 131,377</b>
<b>Total provision for credit losses</b>	<b>\$ 31,800</b>	<b>\$ 15,500</b>
<b>Nonperforming assets to total assets</b>	<b>0.55%</b>	<b>0.33%</b>

Concentrated in real estate but manageable

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## Diversified Commercial Lending Portfolio



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## Solid Underwriting Fundamentals



### Commercial Real Estate (Averages by Property Type)

Type	Debt Service Coverage	Loan to Value	Median Balance
Apartment	1.44	57%	\$3.6M
Hotel	1.47	59%	\$3.3M
Office	1.58	65%	\$3.6M
Retail	1.51	59%	\$3.7M
Mixed-Use	1.56	63%	\$2.6M



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## Key Takeaways



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3. Grow through continued leverage of TD's capabilities

4. Monitoring increase in NPA's closely

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**Small Business and Commercial Deposits**

**Wendy Suehrstedt** Sr. EVP, Business Banking Solutions



## Key Takeaways



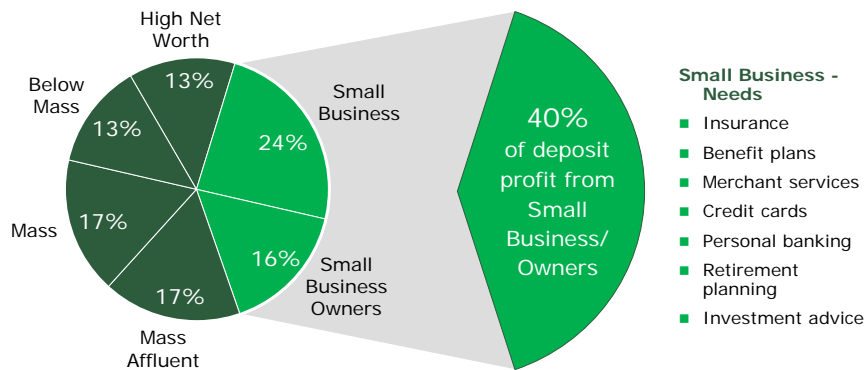
1. Significant growth opportunities

2. We are underrepresented in both areas today

3. Strategies for growth over the next five years

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## Why Focus on Small Business?



Small Business – A growth engine for all other business lines

Source: Mercer Oliver Wyman Strategic Overview of US banking – September 29, 2006.

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## Small Business: Solid Foundation for Growth



### TD Banknorth Small Business Operating Model:

- Focus - business with revenues of \$2.5 million or less and/or lending needs of \$250,000 or less
- Sales force placement - within the Personal Bank:
  - Branch Managers trained and active in small business development effort
  - 22 Specialized Small Business Development Officers
  - 5 Regional Small Business Sales Managers
- Centralized underwriting and portfolio management processes - within the Small Business Group
- Credit scoring for loans \$100,000 or less



Opportunity: Streamline and automate processes

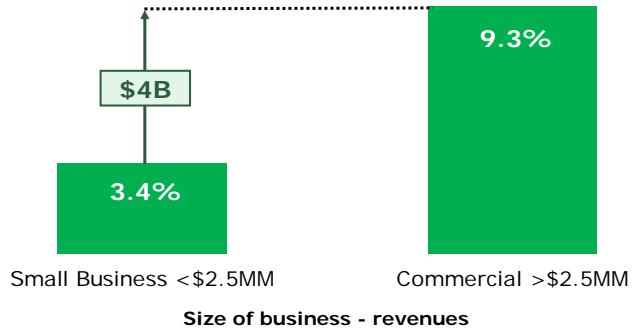
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## Small Business: Significant Market Opportunity



### TDBN Lending Market Penetration

- Incremental deposit growth: \$3B
- Incremental loan growth: \$1B



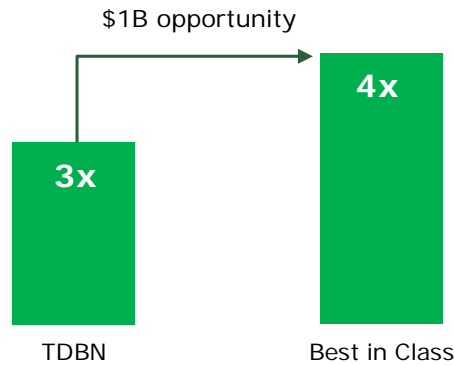
Source: 2000 Census, company data.

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## Small Business: Opportunity Within Existing Portfolio



### Small Business Deposit / Loan Ratio



Opportunity: Move to best in class

Source: Various external market studies.

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## Goal: Transform Small Business into a Market Leader



### Sales Management

- Augment sales force, align with market opportunity
- Pipeline management tool
- Coaching Culture



### Customer Experience

- Customer focus groups
- Customer Experience Index
- Online experience
- Call Center experience

### Employee Experience

- Revised organizational structure
- Enhanced training
- Career paths
- Incentive plan
- Reward & Recognition

### Process, Product & Pricing

- Build product management expertise
- Optimize pricing
- Close product gaps
- Reengineer loan process
- Specific segment product package

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## Commercial Deposits/Cash Management: Changes



- Adjusted Commercial Banker incentive plans to equal weight loans and deposits
- Broaden and strengthen product management expertise
- Strengthen sales focus of cash management group while retaining emphasis on service

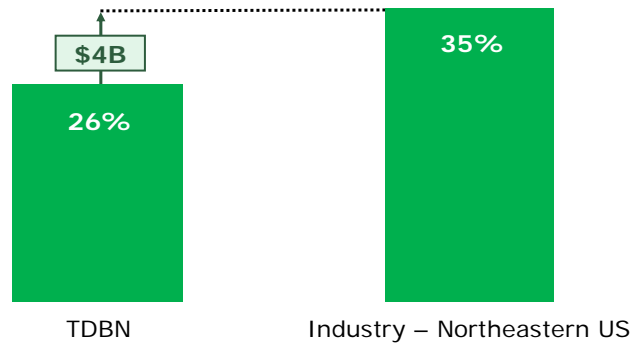
A key business imperative

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## Commercial Deposits: Market Opportunity



Commercial Deposits as % of Total Deposits



Source: 2000 Census, company data.

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## Goal: Double Our Non-Government Commercial Deposits



### Sales Management

- Augment sales force, align with market opportunity
- Pipeline and contact management tools
- Coaching Culture



### Customer Experience

- Online experience
- Client Services Group call experience
- Client survey results



### Employee Experience

- Incentive plans
- Reward & Recognition
- Career paths



### Process, Product & Pricing

- Build product management expertise
- Optimize pricing
- Close product gaps
- Improve delivery processes

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## Key Takeaways



1. Significant growth opportunities

2. We are underrepresented in both areas today

3. Strategies for growth over the next five years

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**Making it Happen at TD Banknorth**

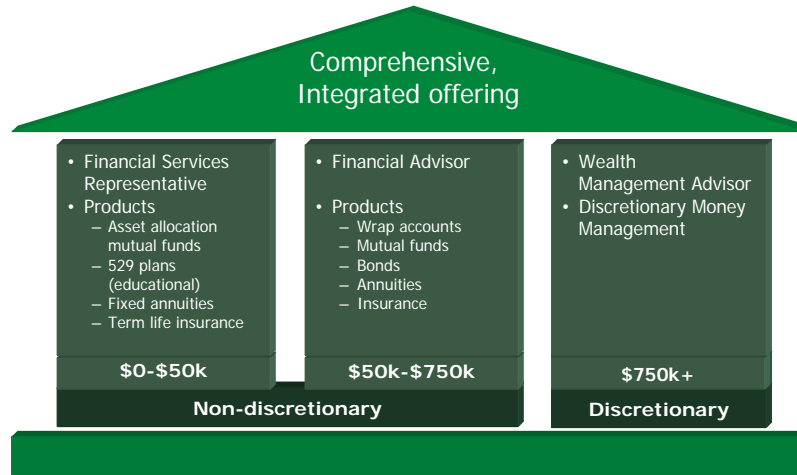
Steve Boyle Chief Financial Officer

## Key Takeaways

**TD Banknorth**

1. Four growth businesses: Wealth, Insurance, Shopper's Charge, and TD Bank USA
2. Potential: reinforce & support business strategy
3. The bottom line: revenue growth with expense discipline

## Wealth Management – \$16B Assets Under Management



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## Insurance – Growth through Partnership with Retail



- #1 Insurance Agency in New England
- Strong retail capability
- Increase penetration of bank customer base
- US Regulatory environment means different opportunities
- Capitalize on successful TD experience



Opportunity: deepen retail relationships

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## Private Label Credit Card



- Shopper's Charge is currently the 7<sup>th</sup> largest private label credit card company with \$.5b in loans and almost 1M accounts
- Successful niche player
  - #2 in lawn and garden – Yard Card
  - Appeals to smaller vendors – high touch, excellent service
- Strong ROE business with good growth
- Scalable operating platform



Growth objective: double in 5 years

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## TD Bank USA – Growing with TD Ameritrade



- TD Bank USA currently services TD Ameritrade money market deposits
- TD Ameritrade to offer a broader suite of cash management products to their 6 million customers
- Access to the capabilities of TD Banknorth and TDBFG via TD Bank USA



Opportunity: expanded money market and savings options

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## The Bottom Line



- Outlined during May 7th Post-Privatization call
- TD's US Retail Segment – US Personal and Commercial Banking

### Impact of f/x on Earnings

f/x	Q3	Q4
<b>US\$</b>	<b>\$93mm</b>	<b>\$107mm</b>
@1.16	C\$108mm	C\$123mm
@1.12	C\$104mm	C\$119mm
@1.08	C\$100mm	C\$115mm

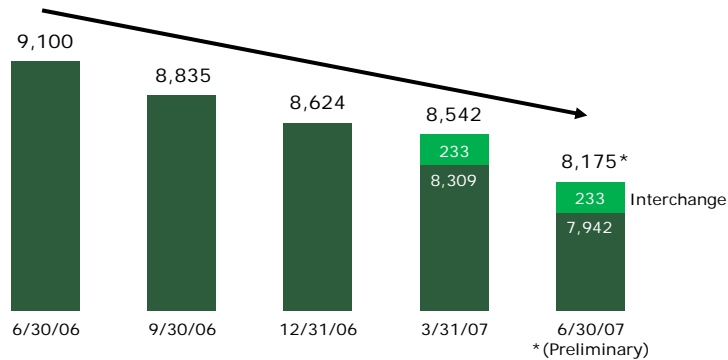
Better than C\$500mm for F2008

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## Significant Productivity Gains



### TD Banknorth – Total FTE



- Generated through
  - Process improvement
  - Capacity utilization
  - Restructuring

Difficult decisions: workforce down 13%

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## Funding Investments, Operating Leverage



- Savings will be at high end of 5% to 8% range
  - About half will fund major initiatives
    - Longer hours
    - Branches
    - Customer facing automation
    - Financial Planners
  - The remainder is being used to offset revenue pressures
- Expenses – expectation:
  - Second half 2007 down slightly from first half
  - Flat in 2008



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## Key Takeaways



1. Four growth businesses: Wealth, Insurance, Shopper's Charge, and TD Bank USA
2. Potential: reinforce & support business strategy
3. The bottom line: revenue growth with expense discipline

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