TD BANK GROUP

NATIONAL BANK FINANCIAL MARKETS CANADIAN FINANCIAL SERVICES CONFERENCE

MARCH 26, 2014

DISCLAIMER

FORWARD-LOOKING INFORMATION

From time to time, the Bank makes written and/or oral forward-looking statements, including in this document, 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, and are intended to be forward-looking statements under, applicable Canadian and U.S. securities legislation, including the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, statements made in this document, the Management's Discussion and Analysis in the Bank's 2013 Annual Report ("2013 MD&A") under the headings "Economic Summary and Outlook", for each business segment "Business Outlook and Focus for 2014" and in other statements regarding the Bank's objectives and priorities for 2014 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 forward-looking 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 physical, financial, economic, political, 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 (including technology), reputational, insurance, strategic, regulatory, legal, environmental, capital adequacy, and other risks. Examples of such risk factors include the general business and economic conditions in the regions in which the Bank operates; disruptions in or attacks (including cyber attacks) on the Bank's information technology, internet, network access or other voice or data communications systems or services; the evolution of various types of fraud to which the Bank is exposed; the failure of third parties to comply with their obligations to the Bank or its affiliates relating to the care and control of information; the impact of recent legislative and regulatory developments; the overall difficult litigation environment, including in the U.S.; changes to the Bank's credit ratings; changes in currency and interest rates; increased funding costs for credit due to market illiquidity and competition for funding; and the occurrence of natural and unnatural catastrophic events and claims resulting from such events. The Bank cautions 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 2013 MD&A, as may be updated in subsequently filed quarterly reports to shareholders and news releases (as applicable) related to any transactions discussed under the heading "Significant Events" in the relevant MD&A, which applicable releases may be found on www.td.com. 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 the Bank cautions readers not to place undue reliance on the Bank's forward-looking statements.

Material economic assumptions underlying the forward-looking statements contained in this document are set out in the 2013 MD&A under the headings "Economic Summary and Outlook", and for each business segment, "Business Outlook and Focus for 2014", each as updated in subsequently filed quarterly reports to shareholders.

Any forward-looking statements contained in this document 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.

PARTICIPANTS

Bharat Masrani
TD Bank Group – Chief Operating Officer

Peter Routledge
National Bank Financial – Analyst

PRESENTATION

Peter Routledge – National Bank Financial – Analyst

Well, good morning, everyone. Thanks, everyone, for being here. Before we get started today, I'm going to read our forward-looking statement, just for the benefit of all our interviewees. Just bear with me for a sec.

Bharat Masrani – TD – Chief Operating Officer

Make sure you have the right one.

Peter Routledge – National Bank Financial – Analyst

Yes, I have to do the right one. Before we begin, I would like to remind everyone that comments from all company representatives may include forward-looking statements. Actual results could differ materially from forecasts, projections or conclusions in these statements. Investors can find more information at each company's websites. So, thank you very much.

We have a great day largely with the banking sector today, and we're kicking it off with Bharat Masrani, who is Chief Operating Officer of TD Bank. And Bharat, as you all know, last year, was, I guess, appointed by the board as Chief Operating Officer, and then the board indicated in November of this year, Bharat will become Chief Executive Officer of TD Bank. So, Bharat, thank you very much for joining us.

Bharat Masrani – TD – Chief Operating Officer

Thank you. Thanks for having me.

Peter Routledge – National Bank Financial – Analyst

And I'll kick it off by just asking a broad open-ended question, what key messages would you like folks to take away from this meeting?

Bharat Masrani – TD – Chief Operating Officer

Well, that's a good start, so that I can, at least, get that part, my talking points out, in case you don't let me get out those points. As many of you probably heard in our quarterly release, we've had a good start, a very good start, to the fiscal year. And I'm encouraged with how our businesses are performing. Our goal is to get into the lower end of our earnings target of 7% to 10% growth for the year. And we do have the strategy, the people, the brand and the recent investments we've made are going well. So, that bodes well for us and I'm happy that things have turned out the way they have for the current fiscal year.

Peter Routledge – National Bank Financial – Analyst

Okay. Bharat, in about seven months, you'll take over as CEO formally. And so, take forward many, many, many years from today when you hand off to your successor, how will TD be different and what do you hope to accomplish in your years as CEO at TD?

Bharat Masrani – TD – Chief Operating Officer

Peter, I haven't taken over yet, and you want me to talk about when I leave. Good question. We, at TD, we've been so fortunate to have been handed a franchise from the previous generation of TD bankers that's been a growth engine. And all of us have benefited from that, all our stakeholders including our employees. So my hope is that I, too, am able to hand off to the next generation of TD bankers a franchise that is a growth franchise that has not seen its best days yet. It will continue to do well.

We are a bank that has a singular focus that is to be a customer-centric bank that is centered on service and convenience. So my expectation would be that the next generation of TD bankers would be taking that core focus, that core value that we have to a new level because the banks have to adapt to new technologies, new platforms, new regulatory regimes, new competitive structures. So, my hope is that TD continues to adapt as it has in the past.

Peter Routledge – National Bank Financial – Analyst

Does TD over the next, let's say, 5 to 10 years, does it have to be much bigger in the United States or would you be happy with sort of organic growth and de novo growth around your current footprint?

Bharat Masrani – TD – Chief Operating Officer

We do have – now have the scale that we would consider as sufficient in the markets that we operate in. Yes, there are pockets in our market, for example, the Southeast of the United States, where we need to continue to build for scale. But in our major markets in the Northeast, we do have the scale.

So, we are not in peril from a strategic perspective, and we also, thankfully for us, have this capability to organically grow our franchise. We have consistently opened 30 to 35 new stores in the U.S. every year. I think this year Mike is planning to open about 34; 15 of those would be in New York which is a key focus area for us. So, we do have a strategy, a platform that grows and so there's absolutely – from my perspective, we don't have to go out there and do transformative deals in order to be strategically firm in what we have.

So, yes, it's a long way of saying that with our footprint, with our strategy, with our organic growth aspirations and capabilities I feel comfortable that we do have the size and scale to compete very effectively.

Peter Routledge – National Bank Financial – Analyst

Okay. So, thinking maybe a little bit more shorter-term, can you give us your perspective, maybe compare your outlook for both the Canadian personal and commercial banking market and the U.S. personal and commercial banking market? I guess sort of the sub-questions would be, how bullish are you on the U.S. and how bearish are you on Canada?

Bharat Masrani – TD – Chief Operating Officer

Yes. Firstly in the U.S., we do see signs of strength. You've seen some of the numbers come out. Yes, the employment numbers are unpredictable and volatile. I guess a lot of impact due to the weather and other factors. But generally, when I go out there and meet with our customers we see in our own business, we see good strength and good momentum building.

And that's a good sign and, frankly, it was nice to see the Fed announce it's tapering again, suggesting that they see that it's time for them to withdraw some of the stimulus that they have had in the economy. So, overall the U.S. seems to be stabilizing to growing, which is not only good for our business in the U.S. but I think it's good for the global economy as well.

To contrast that to Canada, Canada, we are repositioning our economy to some extent to be more export-led. The dollar has helped in that regard but as many pundits have been talking, that it will take time because we've had a strong dollar for a long time. And, hence, to reestablish our export credentials, we need to build out certain capabilities, so it will take a bit of time. So, we're going through that adjustment.

People talk a lot about the housing situation in Canada. I think the more pertinent question is consumer debt than just housing itself. And that seems to be – it's a long view on that but it seems to be correcting itself to some extent. So, that will require some readjustment as well. So, I guess the best way to put it is that the U.S. has gone through its restructuring, the deleveraging, there's a bit of re-leveraging going on. With Canada, it's going through that now, so there will be a bit of a lag between the two economies.

Peter Routledge – National Bank Financial – Analyst

Right. Well, then on that topic, we'll talk about the Canadian household maybe for a minute. There are a vocal contingent of investors and analysts who argue the Canadian housing market is headed for a hard landing. And then when that landing occurs, there's going to be a lot of damage to the economy and a recession and elevated loan losses. So, that is described, but it is, again, a vocal contingent. Why are these investors wrong?

Bharat Masrani – TD – Chief Operating Officer

I think it is appropriate to worry about the points you just made. We get paid to worry. We are in the business of risks, so that's what we think about. But when you look at the fundamentals of housing finance in Canada versus some other countries, specifically the U.S., there are huge differences.

So, that should provide some comfort and given the changes that have been made over the past couple of years, the B20 guideline from OSFI, the CMHC disposition on amortization, et cetera, et cetera, I think all these things bode well.

I mean, will there be volatility? Of course. We live in a volatile world. But do we see a major disaster in the housing sector? We don't think so. That's our view now. The overall issue of consumer debt, obviously, has an impact. Could it potentially have an impact in the credit card portfolios of financial institutions? Yes, because it is an unsecured debt. It's not a mortgage. And we are looking at that.

We stress our portfolios and make sure that we are positioned for any eventuality out there, but we feel comfortable with our positioning, but it is right to worry about these things. We've had a fantastic run here, and it's our job to worry and to manage around it. That's why we get paid the dollars we do.

Peter Routledge – National Bank Financial – Analyst

Right. I have one more question, and then I'll come out to the audience. So, you talked about unsecured debt and in particular credit card debt. TD just completed a pretty interesting acquisition of some Aeroplan accounts, but this does increase the bank's exposure to unsecured household debt.

How much of the marginal – how much marginal credit risk is in that particular portfolio? And then, was the increase in unsecured credit an unintended consequence or was it something that – is this an asset class you think is a good earner through, in the immediate future?

Bharat Masrani – TD – Chief Operating Officer

We are thrilled with the transaction and the portfolio we acquired and, frankly, the clients we got with it. We did launch a few products this year under the Aeroplan brand, TD Aeroplan, and that's gone very well from our perspective. And it's nice to see, for our consumers, it's been great because you see not only the marketing around it, but the offers around this card. So, I think it's a good outcome.

If you'll look at TD's credit card business over the past few years, we were underweight in that class relative to our overall balance sheet, relative to the market. So, we've been working hard to build up that business. We're very comfortable with where we are and the profile of the portfolio that we acquired again, from a risk metric perspective, we are very happy. It's well within our risk appetite. That is a key component when we do any acquisitions. Is it on strategy, is the culture going to fit with the TD culture and is it within our risk appetite? And I would say that's an important consideration for us. And this fit in very well.

Peter Routledge – National Bank Financial – Analyst

Okay. I'll come out to the audience and wonder if you have a question for Bharat, shoot your hand up. We have one just here in front.

Unidentified Participant

Just a longer-term question. With what we're seeing on the technology side, even more so the mobility, I'm kind of wondering if the traditional skill set of TD that is longer hours, the branch networks, the good service, is that becoming less and less of a competitive advantage? And, as a corollary to that, I've also seen that some of the U.S. banks are kind of experimenting with different sizes of branch. So, what is TD doing in that regard?

Bharat Masrani – TD – Chief Operating Officer

Yes. I mean, without a doubt, the new technologies will have an impact on the banking business in general. But that's not to say that branches or stores become irrelevant. They have been – always been a very important part of the offer. I think we saw that through history, when dot-com boom started, people thought that branches were yesterday's news and it turned out that actually customers prefer – many customers prefer to have banks with branches.

But without a doubt it's the multi-channel concept or the omni-channel concept that is resonating with customers. And you're right. I think mobility and some other forms of technology that are being introduced are having a fundamental change, it's causing fundamental change to the industry.

Our view is that it is critical, and I didn't say it as well as I could have when Peter asked me about my successor, et cetera, that the space that we occupy, service and convenience, our view is that's the only space where you can compete effectively. So you can only create sustained value for all your stakeholders if you were able to be successful in that space. If you're not going to do it through price, you're not going to do it through products, because we live in a world where price is going to be managed, the product, it will take a nanosecond before somebody else comes out with a new banking product.

So that's our fundamental belief. That's how we have built our bank. That's the focus of our bank, 85,000 TD bankers think and live and work every day at doing that. And our job and opportunity is how do we transfer that to these other channels. And we're working hard at doing that. In fact, if you've seen the introductions that we've had for mobile phones and tablets over the recent past, we feel pretty good as to where we're going there.

But it's not the end of the journey. This is a journey. It will take investment. It has taken investment but we are determined to own the service and convenience space in those channels as well. It's going to be different than what you see in a branch because there's no human interaction or less human interaction. But it's our job to figure out what that is going to be that's going to resonate, and to date, we've been happy with our progress. But that doesn't mean we're going to stop. We have to continue to invest and we will become a multi-channel company, we've always been. And these are new channels that are emerging and we'll make sure that our position on that is not compromised.

Peter Routledge – National Bank Financial – Analyst

We have one in the back over there, and then one over here. Thanks.

Unidentified Participant

With your Aeroplan card acquisition, what is your expected retention rate on the transfer over? Inertia plays a big part. When people have credit cards, it's easier to stay with what you've got, but this is an opportunity, people say, oh, maybe I should change, that sort of thing. What are you expecting?

Bharat Masrani – TD – Chief Operating Officer

Yes, you're right. Inertia is always powerful, but the value proposition that we have in our offer is compelling, and it is resonating with customers. I think if you were to ask Tim Hockey and others who run our business, we've been very happy with new account growth coming into TD, as well as the acquired portfolio.

It is early days. We will see how this works out over the next few months, few years, but we've had the start that has exceeded our expectations. And so I feel comfortable that we should do well and it's creating a good buzz, not only in the marketplace but within our own people as well. As I, as part of my transition, go across our regions and talk to our folks, there is a huge amount of excitement regarding this offer and the excitement it's creating among our customers, new customers walking in wanting to know about the product bodes well.

My hope is that retention will continue as we’ve seen in our other line ups. We have grown organically quote significantly over the past few years so there is an expectation on our side that we should see similar results out of the Aeroplan offer as well.

Unidentified Participant

According to you, what are the main emerging risks that TD could meet in the long term like, maybe 10 years?

Bharat Masrani – TD – Chief Operating Officer

Yes. 10 years is a long time. But generally, I think, the earlier question on the impact of new technologies, new channels, mobility especially appears to be different because it is a game-changer, no doubt in certain other industries and we should make sure that we are cognizant of that and are making the right investments to make sure that we are positioned in that channel as well.

So I think that is a major change that is going on. The great thing about Canadian banks generally and I can talk particularly about TD, TD's strength, TD's hallmark has been, it's an adaptable company. We've acquired companies. We've gotten into a new business. We've gotten into new markets, and we've been less ideological and we have figured out a way to adapt to the environment we find ourselves in rather than hoping and praying that the environment will change for us.

And that has turned out to be pretty good for us. It is a core strength of the bank and I feel that as new risks emerge – technologies one – you do worry about the advent on various fraud issues you hear about. You hear about cyber security. Banks are very resilient. I'm happy to report that we make huge investments to protect our networks and touch wood it's worked out well.

But these are things that you certainly worry about. I think the situations, geopolitical situations that are going on in the world does have an impact. Today, you heard the sanctions on some countries may be increase quite substantially. Is that going to have an impact on some of our customers? The answer is yes. And if our customers are impacted, the bank is impacted because it's all we do. We don't make anything. We don't make cars. We don't make computers. I wish sometimes we did, but we don't.

And so if our customers suffer, we do as well. So, that's a major issue that's going on. And then lastly, we've been through an extraordinary time with low interest rates. We had a financial crisis that happens, perhaps, once every 40, 50 years. Now, as we unwind out of it, what's going to be the impact going forward? So, that's something to worry about. But again, I don't say this flippantly. TD, we've been adaptable. And, frankly, you as our shareholders pay management to worry about these things and manage around them.

Peter Routledge – National Bank Financial – Analyst

Okay. I'm going to come back and just ask you a question maybe about the regulatory environment. Obviously, the Canadian banking system did quite well through the worst crisis in a generation. And the reward for this systemically important bank seems to me to be more invasive regulation. And so I guess the first question would be has the intensity of the regulatory environment changed and how has it changed? And does it – and I guess the question on a question is, is there – what's your view on the threat that a large systematically important bank like TD, its growth strategy is impaired by overreach from the regulatory system?

Bharat Masrani – TD – Chief Operating Officer

When we go through a crisis like we did, and I'll talk TD and generally for banks and globally, was there a need for financial institution reform? Absolutely. There were practices that needed to be changed. There needed to be stronger capital levels, better quality capital. There needed to be better disciplines around liquidity. And so TD actually has been out there welcoming a lot of these changes. I think we were one of the first ones when some of these were proposed saying, of course, it makes sense.

So, I wouldn't want to come across saying, yes, your key question, does the regulatory intensity increase, then I'd say yes. But for the most part, for the right reasons globally because there were practices that one that could argue the degree to which they contributed to the crisis. But I don't think anybody can argue that those practices resulted in no impact on the financial crisis. We've not been out there ideologically against what has gone on.

Your second part of your question, is it going to impact TD's growth aspirations? The way I look at it is the great thing about regulatory intensity and regulatory change is that it applies to all. And when it applies to all, it's a level playing field and from TD's perspective, we have no problem competing as long as it's a level playing field. So, it's a long way of saying I don't expect it to impact TD's growth aspirations in the future.

Peter Routledge – National Bank Financial – Analyst

Let's see if there are any more hands up for a question. Okay. I'm going to – let's move across the U.S., talk about TD Bank, America's Most Convenient Bank. If you look over – if you look at the franchise over the last five years and the first thing, at least jumps out to me is just an extraordinary deposit gathering business, which in most, if not – well, most, but not all environments is a great, great asset. But in a low, low, low, low interest, zero-interest-rate environment, that asset – the value of that asset seems to me to be distorted down. But that environment can last for a really long time. And so, what changes have you considered or would you consider to the deposit-gathering model if the current zero interest rate policy persists for another four or five years?

Bharat Masrani – TD – Chief Operating Officer

Yes. Like you said, it was a good qualifier. Deposit business is a great business for banks. In fact, I would say, it is the key strength of some institutions, and TD being one of them. So, we're very happy with the fundamental proposition of deposits. And, yes, we've had very low rates, but as you heard Mike talk about it, I think Ed talked about it as well at our quarterly call, that we, in fact, are seeing deposit margins stabilizing to increasing. So, hopefully, the worst sort of margin impact on deposits is behind us. But one can never say never, because if the economy were to take a bad turn and if rates were to drop again, that would have an impact.

I think the part that sometimes gets missed, apart from earning the spread on the deposit business is that it does attract the client relationship. And TD Bank, America's Most Convenient Bank, we do attract a huge number of checking accounts, new checking accounts, every year that bring in deposits. And yes, rates can be very low but generally a checking balance will always generate a positive return for you because the yield you pay out is zero. And secondly, what it does, it creates not only the relationship but the fee income that comes from those checking accounts. And then thirdly, because of the relationship, we are able to cross-sell a lot of other products.

So, I wanted to start off saying, sometimes people say, well, if rates are low in the deposit business it's not a viable business, but it is very viable. It may not earn you as much money as it did previously but it earns you a sufficient amount of money. And frankly it does build out the franchise in quite a dramatic way and we've seen that at TD Bank, America's Most Convenient Bank.

What we've been doing – and you've seen some transactions from us. I think Target, the most recent transaction we did in the U.S., the Target transaction not only gives us a fantastic opportunity to partner with a brand that is national in scope in the United States., we like the transaction we did, but as importantly, it balances out more of our balance sheet in the U.S. It gives us more assets, in an asset class that is attractive.

So you will keep on seeing from us that we will work on the asset side. To some extent, it's good that organically we've been able to grow our loans at a double-digit rate, so that's a good outcome. And as we evolve, you should see a more balanced balance sheet in the U.S. But I will reiterate, we are not unhappy being a deposit gatherer in the U.S.; it's a great business to be in and frankly that's the only way to build out a franchise.

Peter Routledge – National Bank Financial – Analyst

Maybe we'll jump over to wholesale banking. Quite a strong bounce back in first quarter 2014. It seems like 2013 was a bit of a tough year. And as I look at the performance of that unit, I guess the question that comes up in my mind is is TD allocating enough capital to that unit? Should that not be a bigger part of TD's platform and should TD not allocate more capital to wholesale banking in the future? I think it's 10% to 15% now. Why not go to 20%, 25%?

Bharat Masrani – TD – Chief Operating Officer

So, I guess there are two or three questions there, Peter. The way we – let me give you some background, to give you some context there. The way we look at our wholesale business, we have said that we would like our wholesale business to be a franchise player. We want to make sure there is connectivity to the rest of the bank. There is not a proprietary trading shop. We want to make sure that it's well within our risk appetite. And that it should generate a 15% to 20% return on the capital we allocated.

So, that's what we have said our wholesale business should look like. And if when you look at those considerations and there are more opportunities out there then I don't think we have reluctance to say hey Bob it is more capital. But it is important that we live within the framework that we have set out. And it's Bob actually who set the framework out.

So, I just wanted to clarify that point. It's not as if – I think the implication of your question was that we would not put more capital and even if you were to live within what you just said and I don't think that is accurate. So, if the opportunities were there, we certainly would allocate more but we were not going to allocate to get into proprietary businesses or businesses that are outside of what we would consider our franchise split.

Peter Routledge – National Bank Financial – Analyst

It's reasonable to presume that scarcity of capital is not a problem…

Bharat Masrani – TD – Chief Operating Officer

No.

Peter Routledge – National Bank Financial – Analyst

…that Bob Dorrance faces. Ok.

We're just at the end of our time. So, thank you very much for taking our questions.

Bharat Masrani – TD – Chief Operating Officer

Thank you very much. Nice to be here. Thank you.

Peter Routledge – National Bank Financial – Analyst

All the best.

Bharat Masrani – TD – Chief Operating Officer

All right. Thank you very much. Thank you.