



**BANK  
FINANCIAL  
GROUP**

# Investor Presentation Q4 1998

November 19, 1998

Dan Marinangeli

## Q4 Results—Highlights



### Highlights

- EPS of \$0.74 down from \$0.95 last year and \$0.93 last quarter.
- Record full year profit of \$3.62 versus \$3.54 last year.
- Tier 1 ratio of 7.2%, compares to 7.3% in Q3 and 6.6% in Q4/97.
- Total capital ratio of 11.0% at year-end, has improved versus 10.2% one year ago.
- Trading related income of \$33 million compared to \$137 million last quarter and \$141 million one year ago.
- Unrealized investment securities gains at \$477 million.
- Highest general reserves ratio in the industry.

Q 4 Results—Highlights



## Key Goals - How Did We Do?

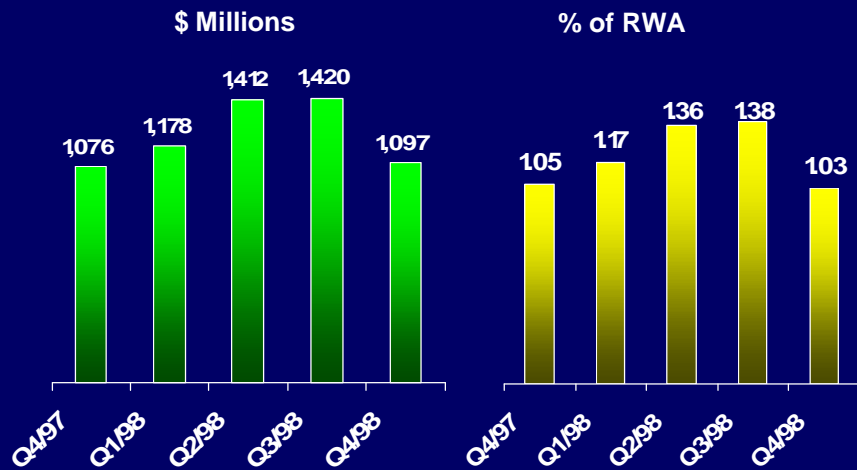
	Goals	Q4/98	1998
ROE	16-18 %	11.7 %	15.0%
PCL/Loans & BAs (excluding special charge & reverse repos)	30 bps	25 bps	27bps
Efficiency - excl. goodwill	58 %	70.6 %	63.8%

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Q 4 Results—Highlights



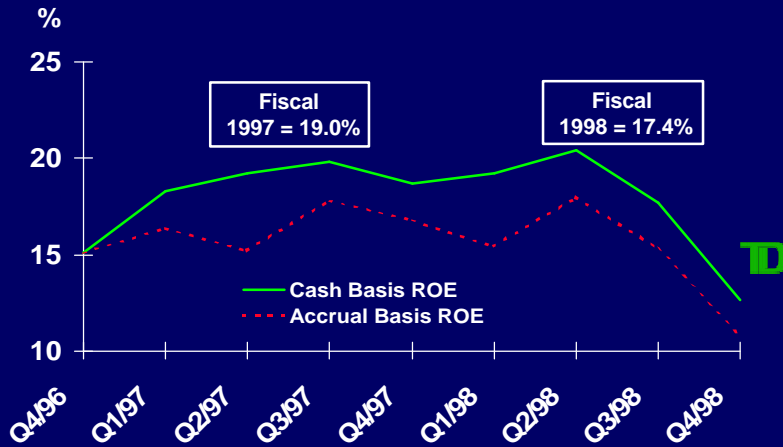
## General Reserves & Securities Surplus



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Q 4 Results—Highlights

**TD** ROE Cash Basis \*



\* Cash basis measurement is based on excluding goodwill effect.  
Data has been also been adjusted to exclude extraordinary items.

Q 4 Results—Highlights

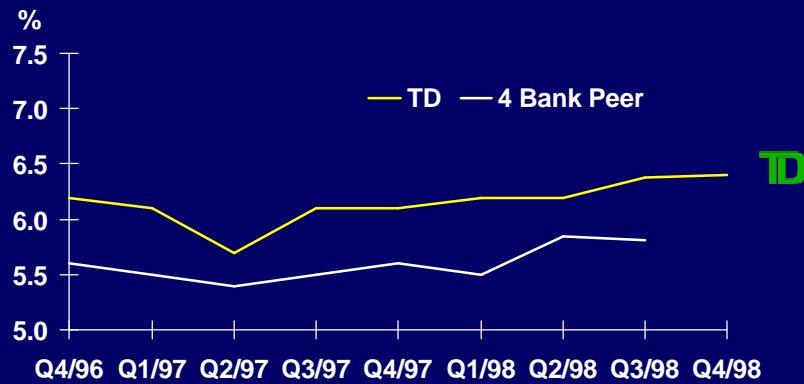
**TD** Margin Contribution

Basis Points	<u>Q4/97</u>	<u>Q3/98</u>	<u>Q4/98</u>
1. Earning Assets - Excl.securities and reverse repos	148	151	136
2. Deposits and equity	<u>140</u>	<u>170</u>	<u>167</u>
3. Margin from intermediation	288	321	303
4. Effect of reverse repos , securities, gap earnings, other	<u>(57)</u>	<u>(133)</u>	<u>(131)</u>
5. Total as reported	<u>231</u>	<u>188</u>	<u>172</u>

Q4 Results—Highlights



## Net Common Equity to Risk-Weighted Assets



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Q4 Results—Highlights



## Expense Rationalization

	<u>Q4/Q4</u>	<u>Q4/Q3</u>
Reported Increase	7 %	(1) %
Less:		
■ Investment Banking	-	1
■ Retail Brokerage Expansion	9	1
■ Other performance driven compensation	(1)	-
■ Year 2000 expenses	1	-
	<hr/>	<hr/>
■ Base Bank	(2) %	(3) %
	<hr/>	<hr/>

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# TD Key Strategies – Update

1



Invest in wealth management business

2



Reposition retail banking network

3



Build investment banking business – TD Securities

# TD Strategy #1 Invest in Wealth Management



# Wealth Management

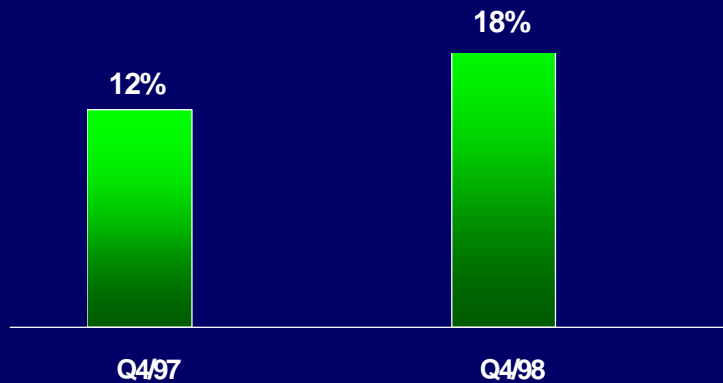
## Revenue \$ millions



## Net Income \$ millions



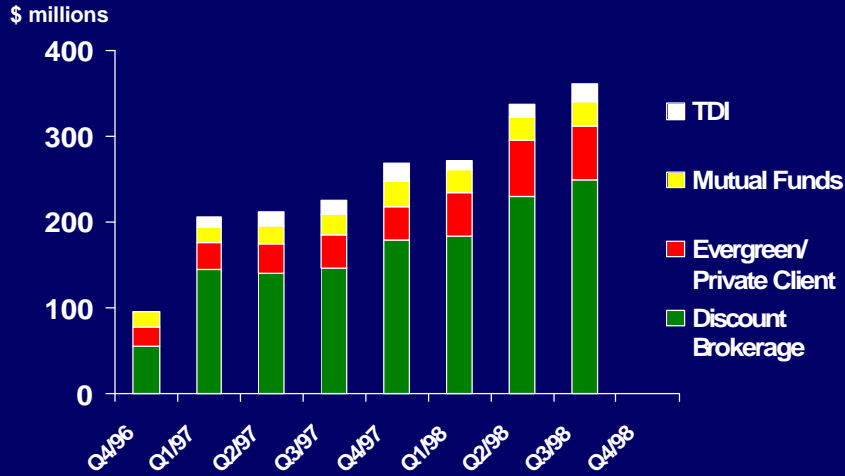
# Wealth Management Net Income as % of Total



Q 4 Results—Key Strategies



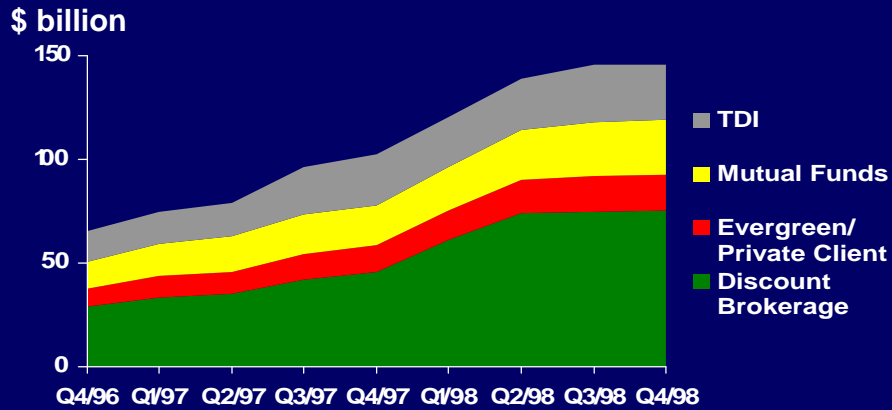
# Wealth Management Revenue by Component



Q 4 Results—Key Strategies



# Wealth Management Assets Under Administration

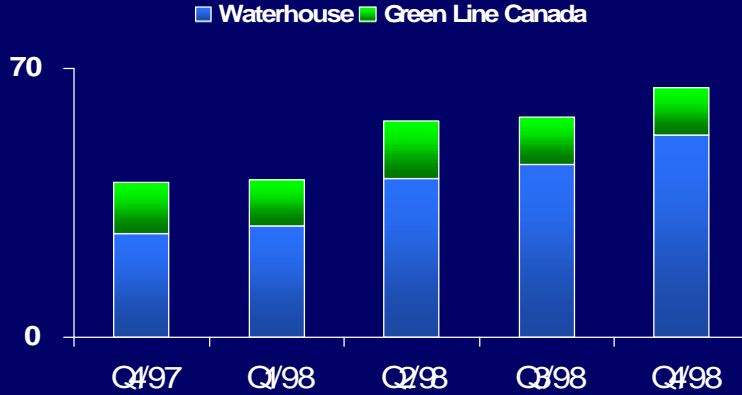


Q 4 Results—Key Strategies



# Retail Brokerage

Trades per day (M)

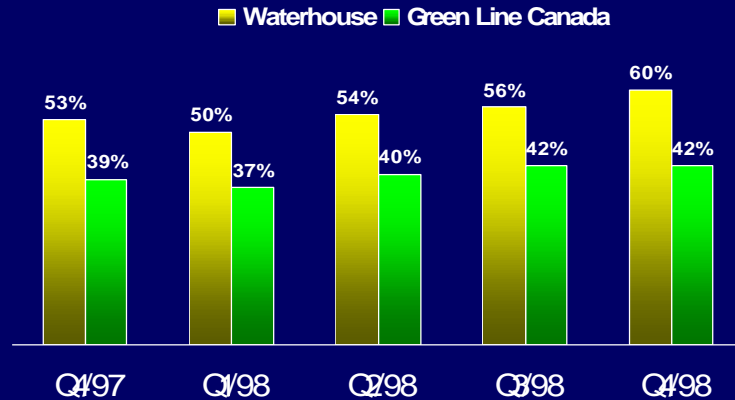


Q 4 Results—Key Strategies



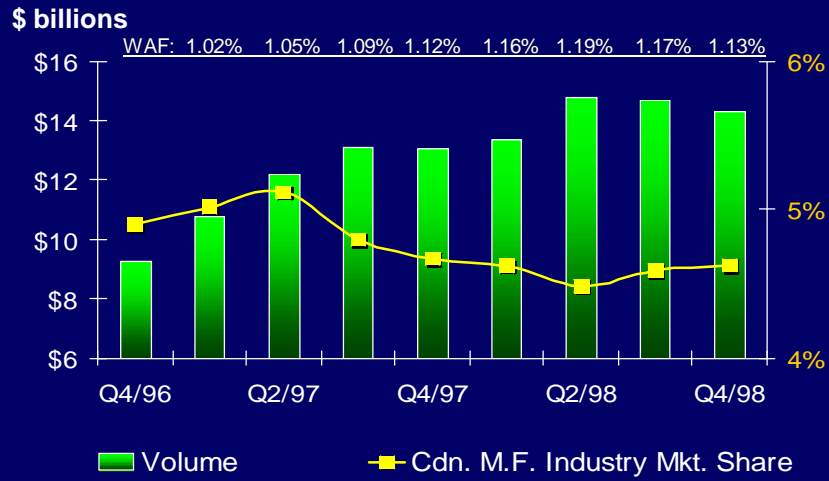
# Electronic Brokerage

Percentage of trades that are electronic



Q4 Results—Key Strategies

**TD** Mutual Funds - Canada



Q4 Results—Key Strategies

**TD** Strategy #2  
Reposition Retail  
Banking Network

Q4 Results—Key Strategies



Personal & Commercial Bank

Revenue  
\$ millions



Net Income  
\$ millions

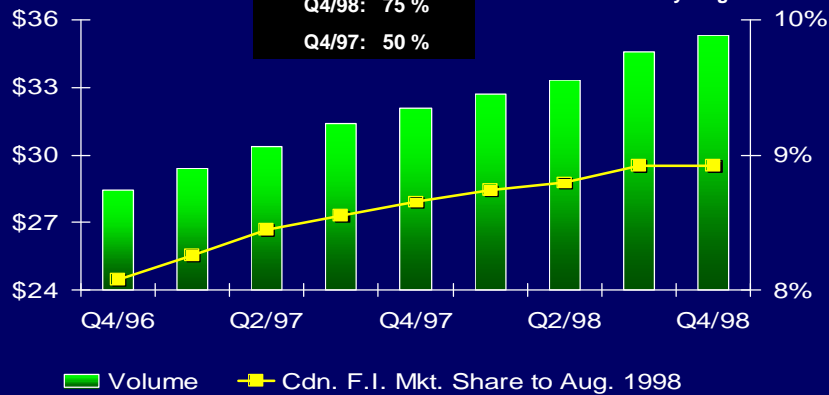


Q4 Results—Key Strategies



Residential Mortgages

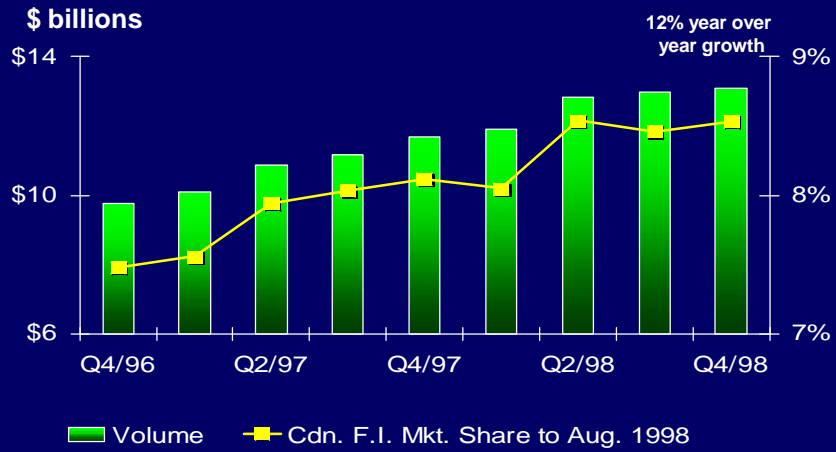
\$ billions



Note: Data includes securitized mortgages.

Q4 Results—Key Strategies

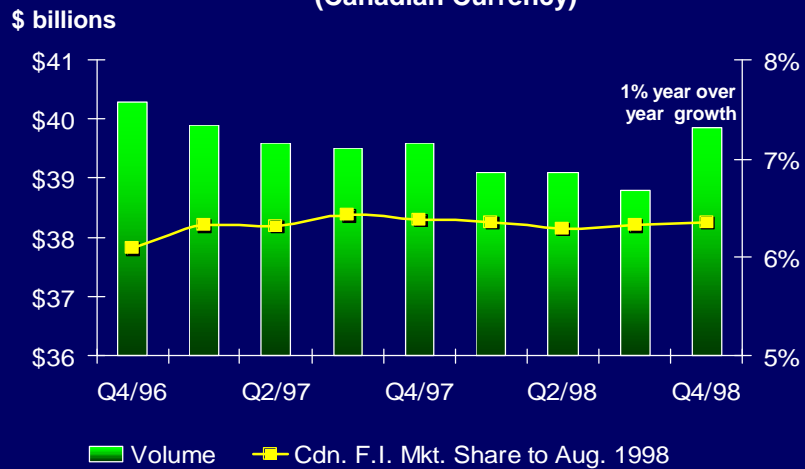
**TD** **Personal Loans & Cards**  
(Canadian Currency)



Note: Data includes securitized loans.

Q4 Results—Key Strategies

**TD** **Personal Deposits**  
(Canadian Currency)

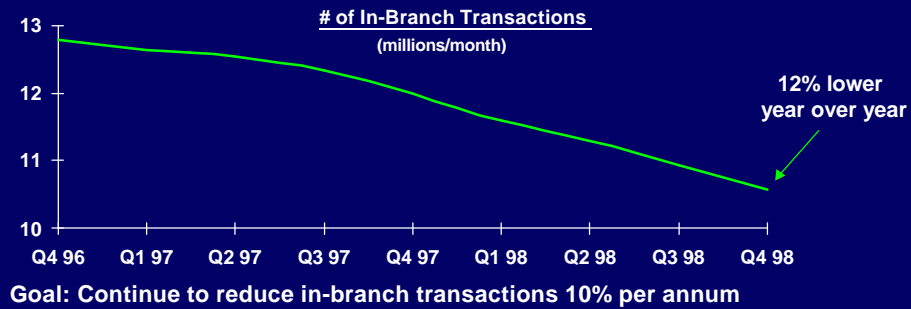


Q4 Results—Key Strategies



# Personal Bank In-Branch Transactions

- *Moving in-branch transactions to Electronic channels*



Q4 Results—Key Strategies



# PC & Telephone Banking

*Telephone and PC banking customers as a % penetration of TD households*

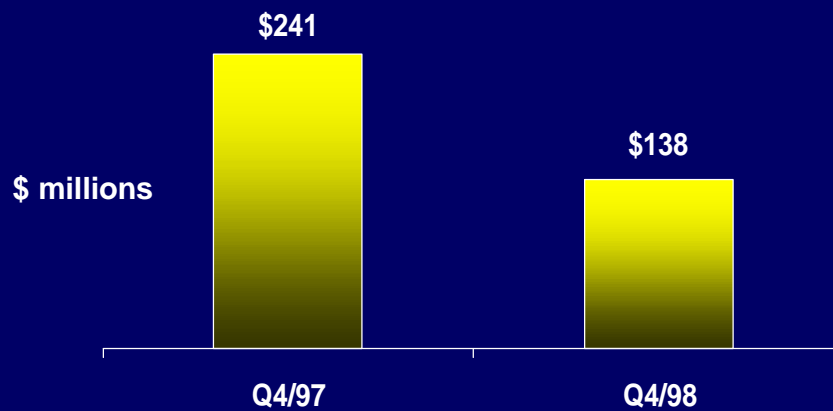




## Strategy #3 Build Investment Banking Business



## Investment Banking Revenue



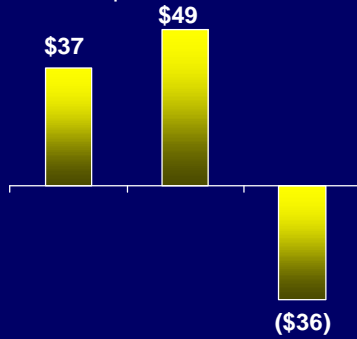
Q4/97 excludes special investment securities gains .

Q 4 Results — Key Strategies

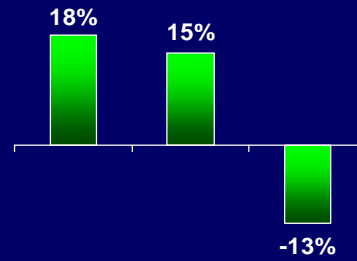


# Investment Banking

Net Income  
\$ Millions



ROE  
%



Q4/97

Q3/98

Q4/98

Q4/97

Q3/98

Q4/98

Q4/97 and Q3/98 exclude impact of special investment securities gains.

Investment Banking

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# Risk Management Q4 1998

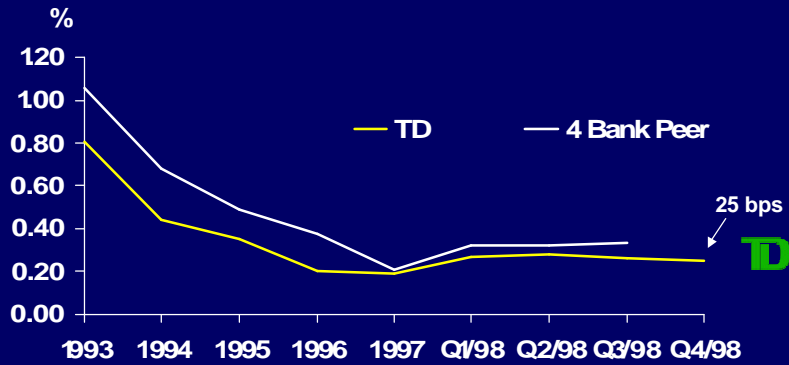
Tom Spencer

Q 4 Results—Risk Management



Strong Asset Quality

Ratio of PCL to Loans & BAs

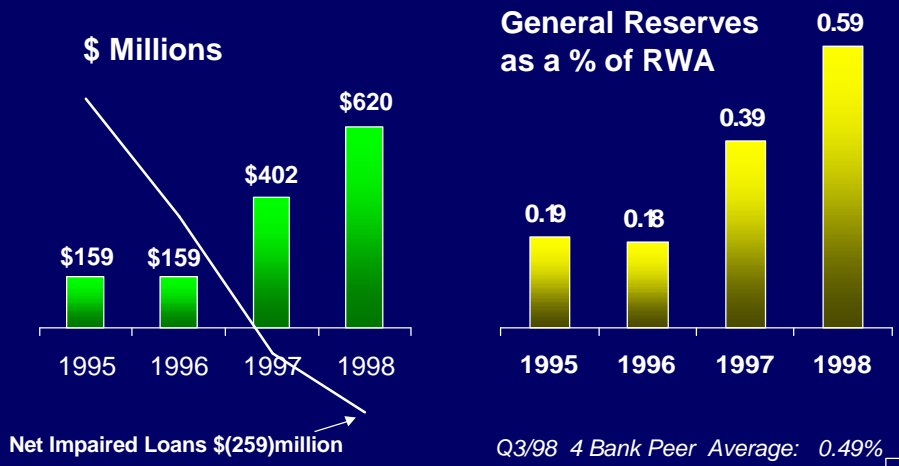


Notes: Excludes special general provisions and reverse repos.

Q 4 Results—Risk Management



General Reserves & Net Impaired Loans



Q 4 Results—Risk Management

**TD** Asian Exposure

Gross Outstanding Loans and other Credit Exposures  
Millions of Canadian Dollars  
October 31, 1998

Country	Sovereign	Banks	Commercial & Industrial	Mark to Market	Total
China *		91			91
Hong Kong	5	6	166	2	179
Indonesia		211	175	21	407
Malaysia		3			3
Philippines		9	44		53
Singapore	15		62	2	79
South Korea		160			160
Taiwan		164	823	6	993
Thailand		35	8	8	51
Sub-total	20	679	1,278	39	2,016
Japan	569	85	1,027	253	1,934
Total	\$589	\$764	\$2,305	\$292	\$3,950

\* We have no exposure to International Trusts and Investment Corporations.

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Q 4 Results—Risk Management

**TD** Latin American Exposure

Gross Outstanding Loans and other Credit Exposures  
Millions of Canadian Dollars  
October 31, 1998

Country	Banks	Commercial & Industrial	Mark to Market	Total
Argentina	228	542		770
Brazil	60	63		123
Chile	152	106		258
Columbia	175	0		175
Mexico	251	183		434
Peru	44	14		58
All Other	37	31		68
Total	\$947	\$939	\$0	\$1,886

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## Credit Highlights

- 1998 provision for credit losses at \$450 million - including \$200 million special increase in general provisions established in Q3.
- Generals as a % of R.W. Assets 0.59% vs Q3/98 peer group average of 0.49%.
- PCL ratio (excl. special reserves) at 0.27% for 1998.
- Net Impaired Loans at \$(259) million at year-end vs \$(79) million a year ago.
- Asian and Latin American exposure is manageable, and situation is improving.
- Delinquency rate on the Personal loans portfolio continues to track to plan.

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## **TD Securities** **Q4 1998**

**Donald A. Wright**

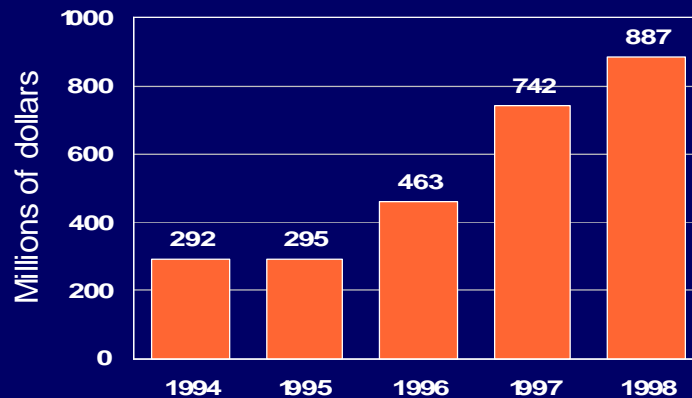
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# TD TD Securities

## Wholesale Dealer:

- Equities
- Investment Banking (incl. Merchant B. & M&A)
- Foreign Exchange
- Interest Rate & Credit Derivatives
- Debt Capital Markets

# TD TD Securities\* - Revenue



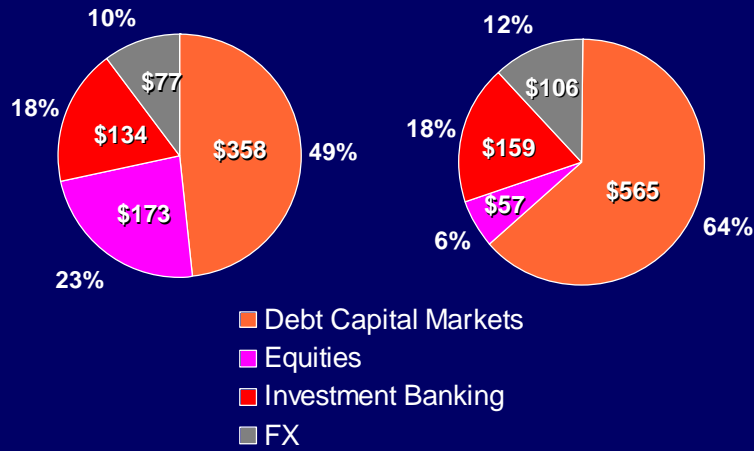
\*Wholesale dealer only



## TD Securities - Revenue Profile

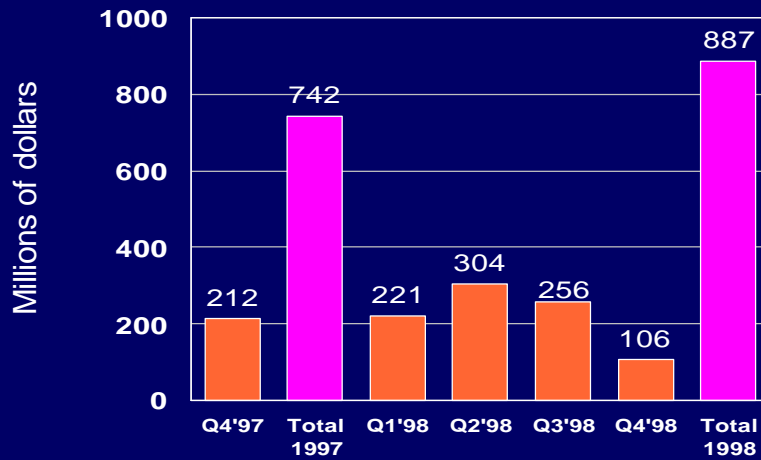
1997: \$742 million

1998: \$887 million



## TD Securities

### Total Dealer Revenue

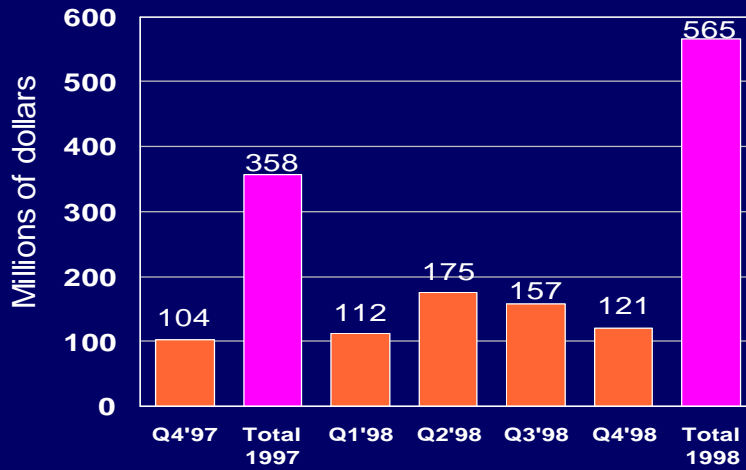


Q4 Results—TD Securities



# TD Securities

## Debt Capital Markets Revenue



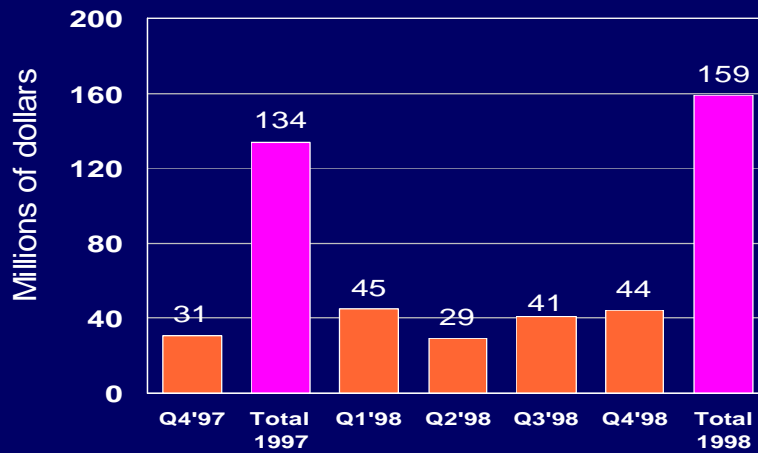
Q4 Results—TD Securities



# TD Securities

## Investment Banking Revenue

(Including M&A and Merchant Banking)

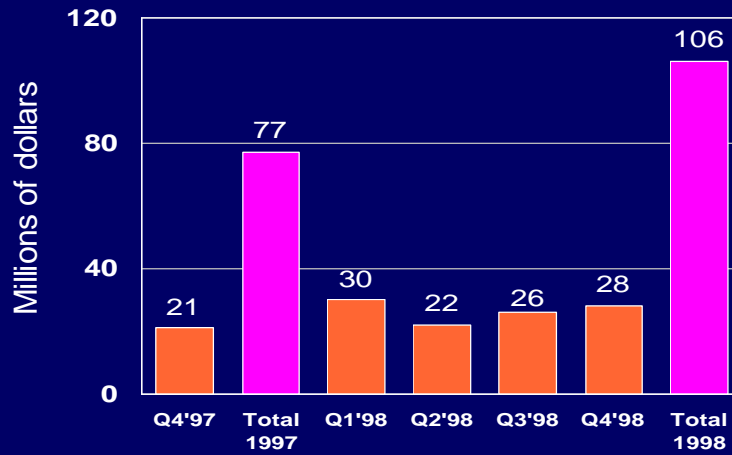


Q4 Results—TD Securities



# TD Securities

## Foreign Exchange Revenue



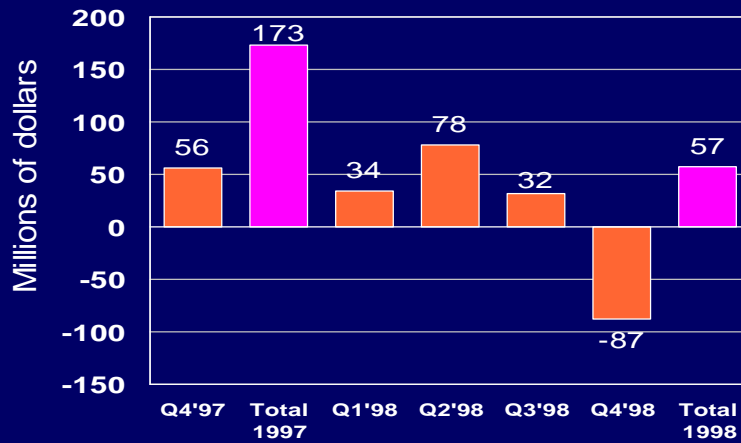
Q4 Results—TD Securities



# TD Securities

## Equities Revenue

(Including Equity & Equity Derivatives)



## TD Securities-EQUITIES

### Challenges:

- Realities of "Building"
- Impact of the merger
- Recent market volatility

### Strengths:

#### Brendan Wood Results:

- No. 1 - Quality of equity research
- No. 1 - Quality of sales team
- No. 1 - More top-ranked analysts

## TD Securities

### Strategies:

- Expense control
- Reduction in professional staff
- Adjust strategies in US
- Leverage client confidence
- Manage according to market, not proposed merger



## TD Securities

### Foundation for Performance:

- Debt Capital Markets
- FX & Money Markets
- Refocused IB & Equity
- Support Niches



## TD Securities

### In a Position of Strength:

- The “Build” is complete
- We are diversified and integrated
- We react quickly
- We have the right team