



Q2 2006
Strategic Overview
(Check Against Delivery)
Ed Clark, President and CEO

Solid Quarter...Strong 1st Half of Year

Thanks Colleen and thanks to all of you for joining us this afternoon.

Our exceptionally strong first quarter was a hard act to follow. But our Q2 results continued the momentum -- adding up to a strong first half of the year.

We said we were going to grow earnings per share by 7 to 10%. That's exactly what we're doing. We grew EPS 9% this quarter, and 11% year to date. Total adjusted earnings for Q2 are \$780 million, up 16% from the second quarter last year.

We closed our acquisition of VFC – a leading provider of automotive purchase financing and consumer instalment loans, we increased our investment in TD Ameritrade, and increased our ownership position in TD Banknorth.

And we continued to strengthen our capital position. A great performance overall. Colleen will take you through the numbers in detail but let me share some performance highlights.

Canadian Retail Operations – Great Overall Picture

First – our Canadian retail operations. That includes the Canadian Personal & Commercial Bank, and Wealth Management in Canada.

We increased earnings in Canadian retail by 18% in Q2. And that is on top of having delivered earnings growth in the 15%-18% range every year for the past 3 years. Put in more graphic terms, this group has managed to approximately double our earnings in this area from Q2 2002 to this quarter. That's a remarkable achievement.

I think that speaks to having the right strategy, staying committed to it, investing for the future, and executing with excellence.

Continued Strength in P&C

Within Canadian Retail, TDCT had another strong performance with support across the board in personal banking and business banking. Earnings were up 16% compared with the second quarter last year. And we continue to see record customer satisfaction levels.

I said earlier we closed the VFC deal. Early indications are that the business is trending positively. Originations are strong. Overall, we're continuing to take



advantage of strong revenues to invest in the future. And we continue to believe we will deliver double digit earnings growth in this business throughout 2006.

Records Set in Canadian Wealth Management

Turning to Canadian Wealth Management. This was a record-breaking quarter for the business. Clearly, we're seeing validation of our strategy, as we continue to build our infrastructure. Earnings this quarter were \$113 million, up 28% year over year. A good portion of that growth came from record volumes in Discount Brokerage, partially off-set by our new re-pricing strategy.

Q2 also saw record net sales in Mutual Funds. That now puts us in the category of the top 5 largest mutual fund portfolios in Canada. Plus, we're still investing in the business. We're on track to have 130 net new client-facing advisors added this year.

We do expect the second half of the year to be slower. But assuming stable market conditions, we continue to expect that, overall, Wealth Management will have a very strong showing in 2006.

Solid Results in Wholesale Bank

Turning to the Wholesale Bank.

Following an exceptionally strong first quarter, second quarter results are down 15% from last year (on an adjusted basis), but still a strong \$140 million. Taking a broader view, we're pleased with Wholesale's performance in the first half of the year. Adjusted earnings are up 11% compared to the first half of last year.

We continue to see a very good return on invested capital. Our underlying business results are stronger than the 11% earnings growth I mentioned earlier. This is because we're winding down our global structured products businesses faster than anticipated. We're pleased about that. But it also means we've incurred the wind-down expenses, and trading losses, faster than expected. And we're fine with that trade-off. We expect to be well through the exit of these businesses by the end of the year. Meanwhile our strong ongoing business results have allowed us to absorb these exit costs and still produce good results. The Wholesale business typically has a better first half of the year than the second half. So we do expect our underlying businesses to slow down. But given the strong start to the year, we expect to see 2006 results higher than 2005.

Building for Future with U.S. Operations

Lastly – our operations in the United States.

You know about the underlying earnings of TD Banknorth and TD Ameritrade from their earnings calls. So let me focus on how we feel about their results.

TD Banknorth continues to face a tough interest rate environment. But it is moving rapidly to adjust to that environment and we are pleased with the quality



of the earnings TD Banknorth is now producing. It will take time for the current environment to change, and for us to see significant growth in TD Banknorth's underlying earnings. We remain committed to our U.S. strategy which will prove itself out over the next few years. The past few months are full of examples of how we're growing the franchise. We launched our first-ever U.S. advertising campaign in April. Millions of U.S. customers are about to get to know us a whole lot better. We are fine tuning our price strategies, and hope to see deposit growth as a result.

We're also taking advantage of the opportunities the current U.S. environment is offering. Opportunities like Interchange Financial Services Corporation which made us the 5th largest bank in the affluent Bergen County, based on total deposits. The momentum continues with Hudson United. Their conversion to TD Banknorth was successfully completed last weekend. We should start to see reductions in Hudson-related expenses later this year, excluding restructuring charges, off-set by an aggressive marketing campaign.

When we decided on our U.S. strategy, we deliberately chose a 2-pronged approach. And certainly the second prong, TD Ameritrade, has momentum on its side. They're doing very well indeed.

Rising short term interest rates, while negative for TD Banknorth, are continuing to have a positive effect on TD Ameritrade. Other metrics, like trades per day, and new assets are also quite positive.

We're very pleased with TD Ameritrade's results, and together with TD Banknorth, you will see growing U.S. earnings from us.

As of today, we have completed buying TD Ameritrade shares. Our ownership stake in TD Ameritrade is now 39.5%. To do that, we have spent on average \$18.70 U.S. per share.

Closing

Finally, I would like to acknowledge that our earnings, while strong, fell a few cents shy of analyst expectations.

I would like to make two comments. First, we are happy to continue to work with the analyst community to ensure we have given you all the information which is appropriate.

In particular, we recognize the complexities in translating TD Banknorth's and TD Ameritrade's results into earnings for TD, and will try to solve these issues.

My second comment is to reiterate that TD's results are strong and are consistent with our view that we are positioned to outperform.