



**Q3 2007**  
**Strategic Overview**  
(Check Against Delivery)  
**Ed Clark, President and CEO**

Hello everyone and thanks for joining us.

In a few minutes, Colleen will provide all the details on the numbers for our third quarter of 2007. Before she does, let me start by giving you my perspective on our results and current events. Perhaps you will forgive me if I speak a little longer than normal, but it has been a very busy last few weeks.

Turning to our results, simply put, we had an outstanding third quarter. TD delivered adjusted earnings per share of \$1.60. That's an increase of 32% over a very good third quarter last year, and up 18% from a very strong Q2.

More pleasing than just the numbers, our performance is a validation of our strategy. A big part of what makes us a different kind of bank is the way we've positioned TD to deliver consistently growing earnings in our retail businesses while shifting the risk-return strategy within our wholesale bank.

TD Securities' outperformance reflected great results across its businesses aided by the fact that as a bank we have always positioned our trading businesses conservatively. Long both on volatility and credit protection.

In the context of our great results year to date, the Board raised the dividend to 57 cents, or 8%.

With this increase, our dividends this year are up 19% in 2007 compared with 2006. A spectacular performance and great news for our shareholders.

At the risk of being repetitive, as you know, we have a consistent approach to our dividend policy. Dividend increases reflect our view of increases in sustainable earnings. The best way to have consistent dividend growth is to build franchises which deliver consistent earnings growth. That's what we do. We manage capital levels through securities issuance or buy backs. Our preference is to buy back shares to mitigate the dilution effect from options.

So let me go into some more details on how each of our businesses performed this past quarter.

**Canadian Retail Operations**

Our Canadian Personal & Commercial Bank and Wealth Management in Canada posted another strong quarter, up 16% year-over-year. On top of 22% year-over-year growth in Q3 last year, this is quite an achievement.



Looking at TD Canada Trust specifically, 9% revenue growth in that business represents continued broad-based strength.

Following up on last quarter's great expense performance, expenses grew by just 1% in Q3 to create outstanding operating leverage of 8%. This performance delivered an efficiency ratio of 50% - an amazing achievement. Looking out we expect to see our revenue / expense gap to move more closely in line with our 3% paradigm.

Canadian Wealth Management kept up its impressive track record with another very strong financial performance. Increased volumes in the mutual fund, discount brokerage and advice-based businesses all contributed to bottom line growth.

The continuing investments we're making to build out our advice channels and mutual funds keep proving that we can grow earnings while creating solid growth opportunities for the future.

Again, even more important to us than the numbers is our focus on franchise building. TD Canada Trust leads in the service and convenience brand space in Canada. We continue to reinforce that brand by increasing our branch hours even further. This fall, over 800 TD branches across Canada will be open at least 62 hours a week, including 8am to 4pm every Saturday.

As we like to say - open at 8, six days straight – ain't that great!

In simple terms, our branches will be open more than 50% longer on average than the other four large Canadian banks. When you couple longer branch hours with our leadership position in on-line banking you get a retail banking franchise that delivers exceptional customer service -around the clock, every day of the year.

### **Wholesale Bank**

Turning to Wholesale. We had a record quarter, up 41% over last year. This result significantly exceeded our expectations and was different from the seasonal slowdown we typically see in the third quarter.

The pace of progress that we're seeing in building a great franchise is wonderful validation for the hard work that's gone into moving it to where we are today. We continue to solidify our position as a top 3 dealer in Canada.

We expect our fourth quarter will resume more normalized performance consistent with last year which, as you know, is usually our weakest quarter.

Given recent activity in the capital markets, I want to make some general comments about our Wholesale bank. As you know, we repositioned TD



Securities to get out of businesses where the risk is not transparent because of illiquid markets and long tail or model risk. And this quarter was a perfect example of how our shareholders benefited from our business strategy.

But you cannot be in the wholesale business without taking risks. The issue is - what risks? In trading, as I have said, we are focused on transparent and liquid markets. For our domestic franchise businesses, we want to use our balance sheet strategically to support our clients - that's why we underwrite loan transactions.

As you can imagine, we have a rigorous process around underwriting. We watch the number of deals we do at any one time so if there is market disruption we won't be caught simultaneously with a number of deals. We ask ourselves a simple question – if we need to, would we be happy to hold this credit to term. And finally, we stress test our decisions to see what it would cost us after fees to exit in a tough market - if we don't want the single name concentration.

Normally we don't comment on specific deals but I will make some comments about BCE because elements of it are in the public domain. However, please bear in mind that because the deal is in progress we won't be able to talk about many of the details.

The BCE deal is a landmark transaction and we're proud to be playing such a key role. This deal is completely consistent with our wholesale strategy to build out our franchise businesses and furthers our goal to be a top 3 dealer in Canada. We subjected it to the same standards as all our deals.

BCE is a good example of our risk approach in action – we will take risk when the risks are transparent – when we can understand and measure those risks. While it is a relatively large underwriting, we consider the credit risk for BCE to be acceptable for a major Canadian diversified market leader in this industry and are comfortable with the risk.

As to our overall position - how are we feeling today? Very comfortable. We have a limited underwriting portfolio, and we do not see it posing significant earnings risk going forward. Nor do we see ourselves pulling back from aggressive support for our clients.

### **U.S. Operations**

Looking at our U.S Operations, we saw solid contributions from both TD Banknorth and TD Ameritrade.

TD Banknorth said they were going to earn \$108 million, and they delivered right on track with \$109 million – even with a much stronger Canadian dollar. A terrific result.

We know there's still lots more to be done at TD Banknorth and we're continuing to drive forward to ensure we meet our organic growth objectives.

At TD Ameritrade – they delivered exactly what they said they would.

They successfully moved TD Waterhouse customers to the TD Ameritrade platform and are removing costs from their operation. They're now focused on their long-term potential to grow organically and deliver value to their shareholders.

Current market turmoil has underscored the superiority of the TD Ameritrade business model.

For example, with regard to TD Ameritrade's banking relationship with TD Bank USA, TD Ameritrade gets its net spread, with no costs, no capital, and no risk. Their risk adjusted return is dramatically higher than if they had their own bank. The result for TD Ameritrade is a superior expense ratio, a higher ROE, and a better multiple.

In addition, TD Ameritrade has access to the full suite of banking products of one of the top 10 banks in North America at similarly attractive terms. TD Ameritrade can be a pure play brokerage firm with resulting P/E while still offering the appropriate set of banking products.

Great for all TD Ameritrade shareholders.

There continues to be a number of rumours concerning possible deals with respect to TD Ameritrade. Let me underscore points TD Ameritrade and we have made in the past, without commenting on any specific situations - which would be inappropriate.

It will be the TD Ameritrade Board that will decide to make an acquisition.

TD is totally supportive of an acquisition that management and the board view as right in time, right in strategy and create value for all shareholders; indeed the governance terms we have with TD Ameritrade specifically provide for the opportunity for TD Ameritrade to make acquisitions using shares which would dilute our stake and provides us with adequate time to bring us back to our 39.9% ownership limit.

The key issues are strategic.

Joe Moglia has made clear - on many occasions - that he recognizes the value of consolidation opportunities - but the issues are complex. Specifically, Ameritrade before the TD Waterhouse acquisition and TD Ameritrade since, have consistently followed a pure play brokerage strategy

that focused on moving from a pure transaction player to one which also gathers assets from long term investors. This strategy has proven to be very successful.

TD Ameritrade remains open to pursuing acquisitions which enhance shareholder value and continuing to try to find ways in which to deal with any issues that may arise in order to unlock opportunities. TD will support them in doing so.

### **Closing**

Let me close by commenting on the current financial market turmoil. While no one likes to see this degree of disruption, there is a positive side benefit. The market has been moving in recent years to underprice risk, allow excessive leverage and over-reward unproven structures with significant illiquidity. We moved aggressively out of these areas – both on our own balance sheet, and in areas where we had fiduciary responsibility. Re-pricing risks to reflect more accurately the risk-reward tradeoff will ultimately be a good thing, however painful in the short run.

I would also like to briefly address the issue of non-bank sponsored Asset Backed Commercial Paper conduits. The Canadian banks have worked together to stabilize issues in the Canadian market and we are working proactively with our customers adversely affected by these events

So let's look at TD in light of these market conditions. While repositioning the bank may have helped us avoid some of the most immediate impacts of the turmoil, we are not immune to the knock-on effects if market turmoil slows capital market activity, or feeds into a slower economy.

Our business mix will be a strong positive and our relative performance should be quite good. But a major slowdown would produce slower earnings growth. So far we haven't seen it in either our retail or commercial lending businesses – indeed, the net result has been positive for on-line discount brokerage businesses – but the risks are there.

My own view is that the deleveraging of the system and the re-pricing of risks will take some time to work through. But capital markets are well capable of doing so and, over time, as more information comes out, the market will begin to differentiate the players and better understand who is and is not at risk. We will likely see a somewhat slower economy in 2008, but I don't see a dramatic fall-off.

In this kind of scenario, TD will continue to perform well.

With that, I'll turn things over to Colleen



**Overall Call Closing**

Let me wrap up with the 4 messages I hope you'll take away from today's meeting.

One – It was another quarter of outstanding performance for us.

Two – We have enormous strength in all of our Canadian businesses and our strategic decisions are paying off.

Three – We're confident about our approach to credit and market risk.

Four – TD will continue to perform. We will exceed - by a significant margin - our earnings objectives for 2007.