

TO OUR SHAREHOLDERS

President and CEO's Message

We're proud of what we accomplished in 2006. We're proud to be one of the top 10 largest banks in North America based on market capitalization. And we're proud to say we think we're a different kind of bank.



For us, being different means being the better bank – a leading North American financial institution with an integrated, customer focus. Every day we want to run our bank better than we did the previous day, and better than our competition. 2006 was another strong year for TD Bank Financial Group – and with it, we moved that much closer to being the better bank that we envision.

STRIVING TO BE BETTER

We're offering our shareholders a financial services company which is also a growth company. We believe five key factors make us a growth company different from the others.

- We have a balanced and actively managed risk strategy that delivers the best return for each dollar of risk that we take on.
- We build strong franchise businesses, embed in each of them the same philosophy of what to do, and focus on their organic growth.
- We are an organization that truly revolves around the customer – one that knows it all starts with customers, and anticipating and meeting their needs.
- We are committed to operational excellence. Shareholder value in financial services is created by executing better. That's why we're constantly looking at our processes and figuring out how to do them better.
- We build for the future. Our leaders at TD are not just focused on meeting short-term performance targets. They know they must invest in the future at the same time.

This approach delivered strong results to our shareholders in 2006. We said we were going to grow earnings per share by 7 to 10%. That's exactly what we did – and more. I'm extremely pleased to tell you that TD grew adjusted earnings per share 13% in 2006. We increased our overall adjusted earnings by 18% over the previous year. We were able to do this because each of our businesses is doing what they said they would do.

DOMESTIC BUSINESSES THAT DELIVER

Our Canadian retail operations continue to be a powerhouse for us. Our Canadian Personal and Commercial bank, coupled with our Canadian Wealth Management business, delivered record earnings this year. We're a powerful player in this field and we firmly believe in this model.

That's why we opened 31 new retail branches in 2006, and added hundreds more customer-facing employees. Our customers are telling us they like what we're doing. They have named us #1 in overall customer service in Canada, the #1 consumer internet bank in Canada, and one of the country's most trusted and respected brands.

We're also very pleased with our Wholesale Bank's current position. We're quickly closing in on being a top three dealer in Canada. We seized the number one position in equity block trading and fixed income trading, and we're a top three advisor in mergers and acquisitions. We also reached a major milestone this year, completing our exit of the global structured products businesses. This means we now have a derivatives business that will deliver strong rates of return with less risk.

U.S. PLATFORM POSITIONED FOR GROWTH

Growing in the United States, through TD Banknorth and TD Ameritrade, is an important part of our future. We're very positive about both TD Banknorth's and TD Ameritrade's potential to grow organically and deliver value to our shareholders.

One of this year's biggest challenges certainly had to be TD Banknorth's performance. It was not as strong as we would have liked. The banking climate in the United States continues to be difficult. That's why the TD Banknorth team is focused on organic growth opportunities – on building the better bank versus the bigger one. It will take hard work. It will take some time. But we have the experience, proven track record and strong leadership team to make it happen.

In many ways, the environment that's been challenging TD Banknorth has had a positive effect on TD Ameritrade, who delivered its fourth consecutive year of record earnings growth. In TD Ameritrade, we have one of the top three on-line brokerage businesses in the United States and clearly an operation with enormous potential.

As I reflect on 2006, I'm encouraged by the action we took this year to continue building a distinct and strong presence in the United States.

EMPLOYEES STRIVING TO MAKE A DIFFERENCE

Our success at TD comes from our 58,000 people. Every time I meet with employees, I'm struck by the force of their passion for the job, their commitment to our customers, and their pride in our organization. We simply have a wonderful team of people. They make us different. They make us a better bank. On behalf of TD's senior management and Board of Directors, I'd like to sincerely thank all of our TD employees around the globe for a job exceedingly well done.

ANOTHER STRONG YEAR

In 2006 we showed we are a different kind of bank – staffed by spirited employees and backed up by a powerful brand. We have better growth at lower risk than our competitors, we've proven ourselves as an earnings growth leader, and we have a strong base on which to grow our U.S. platform.

Next year we'll remain steadfast in our commitment to make TD stronger for our successors than the TD we inherited. With all that we achieved in 2006 I have no doubt we strengthened this great institution for our shareholders, our customers, and our employees – both today and for the future.



W. Edmund Clark
President and Chief Executive Officer