

Q3 2005
Strategic Overview
(Check Against Delivery)

Ed Clark, President and CEO

- Thanks Dan and thank you to everyone for joining us this afternoon.
- This has been quite a busy quarter with two significant announcements that advance our US strategy—the TD Waterhouse/Ameritrade transaction and TD Banknorth’s acquisition of Hudson United. There are also a few items of note in our results this quarter that I will talk about in a moment. But when you stare through these things to the fundamentals of our earnings you will see that we had a very strong operating quarter with great performance from our businesses.
- Dan will take you through the numbers in detail but I look at this quarter’s results as delivering underlying performance of \$1.04 up 14% from \$0.91 last year on a comparable basis.
- Our diluted EPS before the amortization of intangibles was \$0.70 per share this quarter. This included a \$0.33 per share expense for the contingent litigation reserve we announced last week for Enron. We just had a call last week to discuss how we are managing our Enron exposure and gave you as much information as we can in the circumstances. So I don’t intend to spend a lot of time talking about it today.
- The other items of note this quarter are the costs associated with exiting parts of our Wholesale bank’s structured product business outside of Canada which I will discuss in more detail in a moment, a loss as a result of the impact of AcG13, and the gains related to the prior year sectoral provisions. Other than the litigation reserve, these other items largely offset and reduce EPS before the amortization of intangibles by a penny.
- This has been a good quarter in what is shaping up to be a good year. Based on the strength and sustainability of our earnings, today we announced an increase in our dividend by 2 cents or 5% to \$0.42 per share.
- Let me just spend a few minutes taking you through the operating performance of each of the segments.

Personal and Commercial

- Starting with the Personal and Commercial Segment—they have had another great quarter with record revenues and record net income, which is up 17% year over year. This strong performance has come across the board in both personal and business banking.
- In previous quarters, a significant portion of the double digit growth in the personal and commercial segment has been driven by growth in Meloche Monnex. We have been warning that the Meloche growth rate could not be

sustained forever, but that we were investing in other parts of our P&C segment to make sure that they were ready to pick up the slack. You will see that, as a result of this trend towards lower growth and given higher claims due to flooding in Alberta and Quebec, the insurance revenue net of claims was flat quarter over quarter. Despite this, the P&C segment delivered strong earnings quarter over quarter of 3.5% after adjusting for 3 fewer days last quarter.

- We enjoyed strong volume growth across all business lines. This was partially offset by lower net interest margins. Mix, rather than individual product margin compression, was the primary factor here. We are expecting margins to continue to be adversely affected by customer preference next quarter, although any further margin decline should be modest.
- When we look out to the end of the year, we don't see a break in the trend for the personal and commercial segment. The real question is next year's performance. Three years ago we set out to deliver 10% earnings growth in the P&C segment in each year for three years. This year, the P&C segment is on track to again beat this goal--delivering their third year of 15% plus growth, a remarkable achievement. While our growth target for 2006 continues to be 10%, it is obviously getting harder to meet that target, given the performance in the last three years and the likelihood of some deterioration in business credit performance.

TD Banknorth

- Turning now to TD Banknorth, let me start by letting you know that Bill Ryan is finally taking a much deserved vacation after a hectic period of activity, so Dan or I will answer any questions you have on TD Banknorth.
- Dan will take you through the translation of TD Banknorth's results into our consolidated earnings. TD Banknorth continues to meet our expectations but I should note that the ROIC was slightly lower than we had hoped last August because of the rise in the Canadian dollar. We remain committed to getting this ratio up to more acceptable levels over the next 3 to 4 years.
- Obviously, the big news in the quarter was the announcement of the acquisition of Hudson United. The management team at TD Banknorth is fully engaged on this acquisition and the more they get to know Hudson United the more confident they become about the opportunity. To us at TD, the Hudson United acquisition is exactly the right transaction to advance on our US strategy and is exactly what we said we were going to do when Bill and I announced the TD Banknorth transaction a year ago.

Wealth Management

- Wealth management also delivered strong operating performance this quarter with year over year earnings up 30%. While we had anticipated lower earnings on a quarter over quarter basis, earnings were in fact flat, helped by better than expected US earnings. Dan will update the information we presented when we announced the TD Ameritrade deal which breaks out the US on-line brokerage operations from the rest of Wealth Management.

- As indicated, the US operations were strong, up 63% year over year and double last quarter's results. Reduced marketing spend helped the quarter over quarter results and rising interest rates increased non-commission revenue.
- Our domestic operations which excludes our U.S. on-line brokerage, continues to produce excellent results. Although, as we expected, domestic earnings slowed quarter over quarter with weak capital markets affecting trades per day volume, domestic wealth is up 22% year over year and reflects the strong execution of the business plan we outlined a couple of years ago. As you know part of that plan is to build our advice channels and to that end we are on track to meet our goal of adding 125 net new client facing advisors this year.
- Mutual funds have shown continued momentum. Mutual fund sales were very strong in our own channels but also in external distribution channels, a reflection that the TD brand is resonating well in with external broker-dealer community. Long term net sales were \$1.3 billion in the quarter.

Wholesale

- And finally, wholesale--the results of the Wholesale segment are impacted by the restructuring of the global structured products business that we told you about last quarter. So let me start with that. As we said last quarter, we have had a very successful strategy of building a Global Derivatives business. However, it became clear that there were parts of that business, in the structured derivatives products specifically, for which the economics had shifted in a way that meant that we no longer liked the risk/reward trade-off. And so we announced our decision to exit certain sub-segments of our structured products business outside Canada.
- So where are we on this restructuring? In Q2, we took a restructuring charge of \$22 MM and this third quarter, we took an additional \$15 MM. These restructuring charges relate primarily to severance and premises and are being written off as we actually effect the planned restructuring. We will absorb some additional amounts in the next two quarters.
- The other restructuring charge relates to the liquidation of one of the planned-for-exit structured portfolios. This sale resulted in a \$30MM after tax loss. Having made the decision to exit these structured portfolios, we will do so in a manner that we believe is most strategic for our business and our shareholders. This will mean some combination of a liquidation approach and holding the assets for run-off. As a result we may have additional liquidation losses on sales in the coming quarters. We do not have a dollar amount that we can give you at this point because we have not determined which approach to take in respect to each of the sub-books. But we do know that exiting these books is the right business decision, it won't negatively impact the long-term earnings capacity of the Wholesale bank and whatever losses we take will be manageable for the Bank.

- I want to stress that we have very profitable Global Derivatives businesses that we will run on an ongoing basis. And once we have removed all the costs associated with exiting these non core structured businesses, our profitability in the wholesale segment should remain largely intact and our risk profile will be improved.
- Looking at the quarter absent our restructuring activities, we had continued strong performance in our domestic franchise businesses—both cash and derivatives. The Wholesale segment delivered net income of \$130 MM in the quarter, after adjusting for the restructuring and liquidation loss, despite relatively weak capital markets. We are down quarter over quarter but up slightly year over year. These results were somewhat dampened by particularly difficult trading experienced in the first part of the quarter.
- On PCLs, again this quarter we had no impaired loan formations and we are not forecasting any meaningful loan losses in 2005. We continue to be comfortable with the diversity and investment quality of our loan portfolio.

Conclusion

- So to sum it up, I would say this has been a remarkably good quarter and it looks like it will be a good year. Clearly there has been a lot going on in the quarter but we don't want that to take away from our core messages. We are delivering on our strategy and doing exactly what we told you we would do. Our operating earnings in all four businesses continue to be strong. And we have great growth opportunities for the future. We are focused on the main game--building TD into a leading Canadian based North American player. And with that I will turn it over to Dan.