



Ed Clark, President and CEO, TD Bank Financial Group
TDBFG's 2006 AGM Remarks
March 29, 2007
Montréal, Quebec

Introduction

Merci, John.

It's great to be here in Montreal.

Notre présence dans cette ville ne date pas d'hier. La TD a ouvert sa première succursale ici même, en mille huit cent-soixante, sur la rue Saint-Jacques.

Je crois qu'à la TD, nous pouvons nous inspirer de Montréal.

En tant que deuxième plus grande ville francophone au monde...

En tant que ville qui produit plus de vingt-cinq pourcent de tous les diplômes universitaires canadiens...

En tant que lieu de naissance de nombreux grands Canadiens – Oscar Peterson, Mordecai Richler, Louise Arbour et Céline Dion - ... sans parler des Habs ...

Montréal se démarque par sa différence. Et vous célébrez cette différence.

À la TD, nous sommes fiers d'être une banque différente.

2006 – Fantastic Year

Let me start by telling you how that difference showed last year in our financial results.

2006 was a fantastic year for us.

We set a long-term goal of growing earnings per share by 7 to 10%. But over the last couple years, we've been able to grow earnings and dividends by more than that.

In 2006, total adjusted earnings were up 18%.

Adjusted earnings per share jumped 13%.

And our dividend moved up by 13% as well. This reflects our philosophy that to



consistently outperform on dividends, you have to consistently outperform on earnings.

And those adjusted earnings have been increasing an average of 21% per year since 2002. Over that time, our average total shareholder return was almost 27% per year.

Clearly the market has recognized the value in Canadian banks -- so strong earnings have translated into even stronger total shareholder return. In 2006, TD's total shareholder return was 20%.

Fantastic Q1...Fantastic 2007

Overall we feel unbelievably good about what the future holds. Why? Well first off, we started the year with a bang. A 20% increase in earnings per share in the first quarter of 2007. We signaled to the market that we again see ourselves growing earnings well above our 7 – 10% target.

But our real optimism reflects our belief that we have a well-thought-out strategy that's clearly working.

For us, being different means being better. Each day getting closer to our vision of being a leading North American financial institution. One with an integrated, customer focus.

What Makes Us Different

When I meet with investors, I tell them: if you're investing in TD, you're investing in a growth company. A growth company with a difference. One that didn't get that growth by extending out the risk curve. So what does drive our growth?

First, we are franchise builders. We create strong businesses and embed in each of them the same philosophy of what to do. We focus on their organic growth.

We know our success all starts with a customer focus. We listen to our customers. And



we take action to meet their needs.

We focus on operating with excellence. Shareholder value in financial services is created by executing better. By constantly looking at your processes and figuring out how to do it better.

Fourth, we have a balanced and actively managed risk strategy. Our goal is to maximize our return for every dollar of risk we take. TD has the highest return on risk weighted assets of all the banks. And we have a premium retail earnings mix. Over 80% of TD's earnings come from our retail operations.

Our risk management approach has been recently recognized by both Moody's and Standard and Poor's Ratings Services, who in raising our credit ratings, commented on our earnings stability and proactive management of risk.

We invest constantly for the future. It's enormously important to us to make decisions today that will ensure we have growth for the bank two or three years from now.

Yes, we know the market has short term earnings expectations. But investing in the future is what building the better bank is all about. If you do that, you'll have consistently better short term results – as our first quarter earnings showed.

Domestic Businesses That Deliver

Is the strategy working? Definitely. Let's start with our domestic businesses.

Personal & Commercial Bank

TD Canada Trust – our personal and commercial bank in Canada – led the way for TD with record earnings in 2006. Not only do the record earnings continue -- the first quarter of 2007 was TDCT's 17th consecutive quarter of double-digit earnings growth. Indeed, in the last 4 years, TD Canada Trust has doubled its earnings. None of the other big five



banks in Canada can say either of those statements.

We are focused on growth. Over the last 3 years, we've opened 63 new branches including 15 in "la belle province." All the other big five banks combined, opened only 59 branches. This year we'll open another 30 branches – with 7 of them in Quebec. Last year we added hundreds more customer-facing employees.

We're exploiting other opportunities for accelerated growth -- businesses where we have less than our natural market share. And by leveraging our strong core businesses and being prepared to invest in those businesses, we can have super growth in these other areas over the longer term.

TD Meloche Monnex

Insurance is one of those super growth areas. And I'd like to take this opportunity to highlight a particular success story – TD Meloche Monnex.

Meloche Monnex représente notre société d'assurance de biens et de dommages. Elle a été fondée par Jean Meloche ici même, au Québec, en mille neuf cent quarante-neuf. Quarante-huit ans plus tard, Meloche Monnex était acquise par Canada Trust.

À cette époque, elle occupait le quatorzième rang de l'industrie. Aujourd'hui, elle est parmi les trois premières sociétés d'assurance habitation et auto au Canada. Et elle est la première société d'assurance de biens et de dommages à marketing direct au Canada.

Elle est aussi réputée comme un joueur de classe mondiale. Meloche nous confère un avantage stratégique tandis que nous poursuivons notre expansion dans le domaine de l'assurance. Quelle belle réussite, et ça se passe ici, à Montréal.

Our strong earnings momentum in TDCT reflects the strength of our customer-focused franchise. Our own surveys tell us that customers believe we're becoming better every



day. Our customer satisfaction scores are almost 10 percentage points higher than they were 5 years ago. External surveys tell us we are the best in the industry.

In 2006 we were named #1 in overall customer service in Canada by Synovate for the second year in a row;

We were named #1 in overall customer service by JD Power and Associates in their new survey;

We were named the best consumer internet bank in Canada for the third year in a row according to Global Finance magazine;

And we were named #1 in call center customer satisfaction in the North American banking sector, according to the Service Quality Measurement Group.

TD Canada Trust has proven itself to be a powerhouse. But it is clear that the competition also recognizes this and is highly focused on trying to catch us.

That's why we're working so hard to put more distance between us and the competition. I'm confident we'll keep outperforming all the other retail banks.

Domestic Wealth Management

Our Wealth Management team in Canada also has a great story to tell. We have the fastest-growing wealth management group among the Canadian banks, growing 30% a year for the last 3 years. This is a story about the power of integration, focus on customer and client needs, and consistent investment in the future -- all executed perfectly.

We continue to grow our two large businesses -- discount brokerage and mutual funds. Despite facing challenges on pricing, our discount brokerage operation grew its share of trades in 2006 and recorded a huge profit increase – 30% higher than the previous year. We continue to have supergrowth in our mutual fund business, taking the #2 spot in net



sales of long term mutual funds for the 4th year in a row. And that's across all the industry – banks and non-banks. That has made us the number 4 player in Canada. 7 years ago, we were ranked 8th.

Our strategy has been to invest in aggressively growing our advice capability. We added 145 net new client facing advisors in 2006, with another 130 expected to join us this year. We've been able to attract advisors and improve the return on this investment by being best-in-class at referring customers to our wealth management channels.

The result -- customers are being better served by each business and our advice business is a growing source of profitability. Our cross-business referrals have become a clear competitive advantage.

We continue to grow our customer base and last year client assets grew 16% – exceeding our target. As with TDCT, we're confident this business will have another great year in 2007.

Canadian Retail

If you step back and look at TD Canada Trust and domestic Wealth Management together, you have a complete picture of our Canadian retail businesses. And what a picture it is. For the past 4 years, we've been clearly outperforming our competition. I hear financial analysts commenting that all the banks are the same. No one bank can consistently outperform. But that's not true. TD has consistently outperformed its peers on both revenue and earnings. Clearly there is one bank that is different.

Wholesale Bank

Our Wholesale strategy is also a differentiator for us. We have exited the areas where we didn't like the risk/return trade-off. We have focused on building our franchise and trading businesses where we believe we have a sustainable, competitive advantage. The result? Great earnings. Great returns on equity. And recognition from the market that our earnings are not dependent on assuming we'll always be operating in a perfect world.



2006 was a milestone year for the Wholesale Bank. We set out 3 years ago to be a top 3 dealer in Canada. Today we have achieved that recognition.

We are:

- #1 in equity block trading
- #1 in fixed income trading
- #2 in government and corporate debt underwriting
- #3 in equity underwriting
- #3 in advising on mergers and acquisitions

We began 2007 determined to re-prove our top 3 status. Calendar year-to-date we were involved in 27 underwriting deals and have had excellent trading results in the first quarter.

We're going to take advantage of our strong trading skills and growing investment banking arm to keep building the dealer. We expect another strong year from the Wholesale bank in 2007.

Now let's turn to our U.S. strategy.

U.S. Platform

Clearly our U.S. strategy sets us apart from other banks. We believe that becoming a North American financial institution will provide a better diversity of earnings options – ensuring that we fulfill our goal of consistent 7 to 10% earnings per share growth over the longer term.

We also believe being a North American retail player offers better returns with lower risk than a U.S. strategy focused on Wholesale lending. We believe it is advantageous to build sustainable franchises in both Wealth Management and retail banking – providing better diversification and utilizing our proven skills in these areas.



TD Banknorth

Let me comment on our banking operation in the United States – TD Banknorth. Today it's a mid-sized bank in the Northeastern United States with solid market positions in 8 states, and opportunities to grow. Clearly banking in the United States has been challenging – as the inversion of the yield curve, and the disintermediation of assets has narrowed spreads. The recent sub-prime meltdown creates credit risk that could spill over into other parts of the market.

But in our view, while these market conditions make short-term earnings growth tough, they'll also create opportunities. We understand retail banking. We're confident of our ability to compete with the best in the United States. This means focusing on growing revenues and reducing costs.

The measures needed to be successful in retail banking in the United States are the same as Canada:

- Become more efficient through process re-engineering. TD Canada Trust has improved its efficiency ratio from almost 62% in 2001 to under 55% in 2006. TD Banknorth has announced that it's begun a re-engineering process. Its goal is to reduce operating expenses by 5 to 8% by 2008.
- You have to focus on providing better service and convenience. Longer hours produce a better customer experience and better returns to the bank. We're world leaders in running an extended hour branch network
- You have to optimize the location of your branches and you have to continuously grow your network. TD Canada Trust has the largest market share of personal deposits among the Canadian banks. And we have higher deposits per branch than any bank in Canada and such banks as Bank of America and Wells Fargo.
- You have to manage your sales process to improve productivity and cross sell.
- You have to develop a suite of products that cover off every customer's needs. TD Canada Trust matches the best cross-sell ratios in North America. And our wealth management strategy proves our ability to be a leader in referring



customers between channels.

Last November, we announced that TD had been invited by the independent directors of TD Banknorth to make an offer to take our ownership up to 100%. The minority shareholders of TD Banknorth will vote on the privatization at a shareholders meeting on April 18th. If the vote is successful, TD Banknorth will become a wholly owned subsidiary of TD Bank. With 100% ownership or not, we're confident that in a few years investors will look back and be pleased with the position TD Banknorth has achieved.

TD Ameritrade

So let me turn to the second prong of our U.S. strategy -- TD Ameritrade.

They had a great year in 2006. This was TD Ameritrade's fourth consecutive year of record earnings. In 2005 TD owned 100% of TD Waterhouse and earned \$108 million. Last year we earned \$180 million owning less than 40% of TD Ameritrade.

TD Ameritrade is known for having the best technology platform in the brokerage business. That was recognized this month when Barron's magazine named TD Ameritrade the best web-based broker in America.

We want TD Ameritrade to continue to be a top 3 player in the U.S. on-line brokerage business. To do that it has to maintain its leadership in the active trader space and grow share in the long-term investor segment. The combination of TD Waterhouse and Ameritrade gives us the ability to do that.

World Player in Wealth Management

There's a very compelling story here when you look at TD Ameritrade and our Canadian Wealth Management business together. What you see is THE world leader in discount brokerage. Compared to the other top players in the world, these businesses together are: #1 in trades per day and #1 in accounts. That's an outstanding achievement. And a



leadership position we won't easily let up on.

Making a Difference Together

Clearly our businesses are delivering. But the numbers don't tell the whole story. Being the better bank is about a lot more than financial results. It's about how we conduct our business. How we make TD a great place to work for our employees. How we act as a member of society.

At TD we have a simple goal. Offer the consumer the best in service, convenience, price and choice in retail banking in North America. We believe we offer that.

Because it all starts with customers. What do they want? For example, customers have told us they want extended branch hours. TD's branches are open on average 30% longer than the big five banks in Canada.

Customers tell us they want great service. How do we make sure we deliver great service? We ask about 8,000 customers for feedback on our service every single week of the year. And my pay, and that of every employee at TD, is tied directly to what those customers say every week. I ask you: is there any other bank in North America that does that? That's why we have better service at TD than anyone else.

Seniors told us that they wanted a package tailored to their needs. We listened. Our Plan 60 account has no, NO, monthly fee. It gives seniors unlimited transactions at TD branches and our ABMs at no cost. Seniors bank for free at TD Canada Trust. You know, it's hard to beat "free" or to improve on "unlimited transactions" -- and our seniors love our package. It's the best plan on the street.

It's a similar story for students. We have a specific package for them too. For a monthly fee of \$3.45 – less than a latte -- students can perform up to 25 transactions a month at any of our branches or ABMs at no cost. We also have a value package for the rest of our customers at \$3.95 a month – a price which has been frozen for 7 years. Compare that to



other services you acquire for a monthly fee – what can you buy for \$3.95? Have those prices stayed the same for 7 years?

Since I know that I will be questioned by journalists about the political debate suggesting that the government should regulate ABM fees, both for banks and non-banks, let me take a moment to comment on this issue.

The industry has been built around choice, price and convenience. For those who wish to enjoy low cost banking, indeed free banking for seniors, we offer our own machines. For those who wish expanded coverage, there are white label machines. The white label industry was created by the growing Interac network. Today, white label machines account for about 70% of all the ABMs in Canada. In addition, Canadian banks provide more than 4,500 machines outside their branch networks. Canada now has the highest number of ABMs per capita in the world. It also has THE best debit card system in the world, providing thousands of opportunities for cash back at retailers with no additional charges.

Now it's always tempting for governments to quote "solve" issues by legislating lower prices. But the consequences would be pretty clear – less convenience, significant damage to the non-bank ABM industry, and economic hardship for the tens of thousands of small businesses who are paid rent for having white label machines on their premises.

Isn't there a better solution – one that builds on what the industry has been doing – ensuring that bank customers have a choice not to use external machines? We constantly poll our customers – and they have not said this is a major concern to them. But we are open to hearing about specific areas where there are gaps that we could fill.

In that respect, we believe Minister Flaherty, in our recent meeting, raised a legitimate concern. In some cases, students are isolated in post-secondary campuses with only one ABM machine available – and it's often a white label machine. So we will be looking to



ensure that we have ABMs on, or near, all major campuses across Canada – an addition of about 50 ABMs to our network of over 2500 TD Green Machines.

All this to say, we do care enormously about our customers. Our employees. Our shareholders. And about Canada. We never for a moment forget that it's because of them that we have had the privilege to operate, and be successful, in this country for over 151 years. But let's find a market solution which builds on what customers actually want.

Let me now turn to one issue in particular that I think is enormously important to our country – and that's the environment.

Dévoués à l'environnement

Les Canadiens ont toujours eu l'environnement à cœur. Maintenant plus que jamais, nous avons des preuves concrètes du changement climatique – un concept abstrait il y a quelques années à peine. Mais cela est clairement devenu un véritable défi pour notre planète.

À la TD, nous nous soucions de l'environnement depuis longtemps. Cette année, notre Fondation des amis de l'environnement célèbre son seizième anniversaire. Nous sommes très fiers de cette fondation. Elle est le fruit d'un partenariat entre nos clients et les communautés locales. Depuis sa création, elle a permis d'amasser plus de quarante millions de dollars qui ont été remis à plus de seize mille projets collectifs au Canada.

Au cours de la dernière année, l'environnement a été au cœur de nos préoccupations. Nous finalisons présentement un Système de gestion environnementale pour la Banque. Ce système établit comment nous allons gérer et réduire l'impact des risques et des questions d'ordre environnemental dans nos activités.

Dans le cadre de cette initiative, nous mettons aussi la touche finale à un plan de suivi et de rapport de notre empreinte environnementale – spécialement pour notre consommation d'énergie et la gestion des déchets. La prochaine étape sera d'établir des objectifs de réduction précis.



We are also adopting the Equator Principles as a component of our broader Environmental Management System. They provide a framework for dealing with environmental and social risk in project financing. We see ourselves as responsible for considering our clients' environmental policies and track record. And we take that role very seriously.

We have been consulting with a number of environmental groups including ethical investment companies, non-government organizations and research centres. We want them to know we appreciate their input and intend to continue to have an active dialogue with them.

Closer to home -- you're seeing our environmental efforts in action here in Montreal. Yesterday we announced a \$200,000 donation to the Montreal Biodome. It houses four live ecosystem exhibits. Our donation will help ensure that thousands of Canadian visitors learn more about those ecosystems and their conservation.

I'm pleased with the progress we made this year. We recognize, though, that this is a long journey. We all have so much more to do on the environmental front. At TD, we're committed to doing our part.

Being the Better Employer

Being the better bank is also about having top notch people and engaged employees. I'm incredibly proud to stand here today and tell you we have a truly outstanding group of employees at the TD Bank. They are 58,000 individuals around the world. They work as a tremendous team and it never ceases to amaze me just how well they do it. So I want to thank them for all they do. With them, I know TD Bank's future is in good hands.

60 of those employees are in the audience today. You saw their pictures as you walked into today's meeting. They're our Vision in Action recipients for 2006 – the highest recognition we have at TD to celebrate excellence. To them, I want to say thank you. You



are truly remarkable. And to their spouses, partners and guests – thank you as well for supporting our people on their path to be the best.

I'd ask our Vision in Action recipients to stand. Please join me in a round of applause for them.

Thanking our people isn't enough. We have to continually focus on making TD a great place to work. We want to be THE employer of choice. That means supporting our employees as they grow their careers. Having them satisfied and engaged in their work. Developing tomorrow's leaders. That is a priority for us.

There's lots more work to do. But we're on the right track. We were tremendously pleased to be the only national financial institution on last year's list of "Top 30 Companies to work For" in *Canadian Business* magazine. Not to mention being the only North American bank among the top 200 best regarded companies in the world, according to the Reputation Institute. These laurels do not come about by accident. They're the result of dedicated employees and satisfied customers.

Diversity Focus

Part of what makes us a great place to work is our continued focus on diversity. We want to be a place where employees and customers alike feel comfortable and supported in all their diversity – whether they are men, women, people with disabilities, gays, lesbians, or visible minorities.

I'm proud to say we made a great deal of progress on diversity this year. Here in Quebec:

- We're a major sponsor of a program at Equitas – formally known as the Canadian Human Rights Foundation. The program is about preventing discrimination and promoting multiculturalism among children in Montreal.
- We were also very honoured to be recognized by the Quebec Gay Chamber of Commerce. They presented us with the Phenicia Award for our support of diversity in the province.



Strong Board

Before closing I would like to thank my board of directors for yet another year of tremendous support and wise counsel.

I am very fortunate to be able to work with such a strong and independent board of directors -- one that sets the right tone at the top and whose integrity is so vital to our corporate culture. John Thompson talked about the external recognition that our TD Board received last year. I have to tell you that makes me, and all our management team, enormously proud. So, to John and the other members of the board, congratulations and thank you again.

Closing

In closing, I want to acknowledge our customers and shareholders who are on this journey with us to build the better bank. You have my commitment that we will continue to work hard to live up to your high expectations. You have given us your trust and loyalty and we thank you for it.

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.

We’re unbelievably optimistic about our future. We have what it takes to create the best run bank in North America. A place that delivers shareholder value year in and year out; where people aspire to work; and where customers and employees are proud of what we stand for. We will build the better bank.

Thank you.