Q1 2008
Strategic Overview
(Check Against Delivery)
Ed Clark, President and CEO

- Thank you Tim and thanks to all of you joining us this afternoon.

- Colleen will give you the details on how we did in our first quarter of 2008. I'd like to share my perspective on where we are today, our outlook for TD, and how the current business and economic climate is impacting us.

- Our first quarter of 2008 was actually quite good – even with softer revenue growth. In fact, all of our businesses posted earnings growth versus Q4 in an operating environment that's definitely gotten tougher.

- Overall, our retail banking operations in both Canada and the United States did remarkably well – and TD Ameritrade continued to outperform. In total, our retail businesses earned $941mm this quarter up 19% year over year or up 12% year over year if you exclude the impact of the TD Banknorth privatisation. That's a pretty good start to get us to our target of close to the $4bn in retail earnings for 2008 that I talked about last quarter.

- Having said that, it's pretty hard to outrun the markets and both TD Securities and Canadian Wealth Management are areas that have had to earn through tough markets and negative investor sentiment – even though there were some great success stories within both of those businesses.

- We've told you we expect to grow our earnings by 7% to 10% on average over the medium term – and by much more than that in good times and less in poor times. You've seen higher numbers in the past. Now what you're seeing is our businesses working hard to get to the 7 to 10% range. We're going to be challenged to reach the lower end of that this year, considering the dilution resulting from the Commerce acquisition.

- Even so, we're going to stick to the strategy that has brought us to where we are today. We build strong franchises for the long term. We're going to keep hammering away at building and investing to ensure continued strength in the future.

- At the same time, we'll watch expenses closely. This is something our leaders at TD do naturally as they see tougher times ahead. We've positioned ourselves to dial back expenses if need be.

- We're pushing hard to perform, taking advantage of the business levers that are within our control. We're realistic in understanding that the business and economic climate is tough and we'll be impacted by that. But we're confident that TD will be a positive outlier in both Canada and the United States in 2008.

Dividend

- Let's move to our dividend. As you know, we have a philosophy that says dividends will grow in line with earnings. Last year earnings growth outpaced dividend growth meaning we have room to grow dividends faster this year and move closer to the mid point of our target payout ratio.

- Previous dividend increases combined with the 2 cent increase we just announced mean that our dividend is on track to grow about 10% this fiscal year. This increase reflects our confidence in future earnings growth.

- Let's move to our businesses and I'll comment on how they performed this quarter.

Canadian Retail Operations

- In TD Canada Trust, the great story here is that the business continued to deliver quite remarkable results - above our expectations given today's operating environment.

- Having our earnings grow by 10% is a result we feel very good about – not to mention a 51% efficiency ratio.

- Yes, we're seeing revenue growth soften but clearly our franchise remains strong. We continue to see good volume growth. We're keeping our eye on expense growth but remain committed to reinvestment in new branches, longer hours and our underpenetrated businesses.

- Canadian Wealth Management delivered a solid quarter – but clearly it was impacted by market declines. A decline in equity markets was offset by increases in new clients and assets under management as well as record transaction levels in our discount brokerage business.

Wholesale

- Our Wholesale business also produced good numbers when you consider they've had to grind their way through tough market conditions.

- We saw strong contributions from our foreign exchange and interest rate trading businesses offset by weaker credit and equity trading. Our franchise earnings held up well but if markets remain weak, it will be hard to continue this kind of performance.

- If you take a step back however and ask how we are positioned from an earnings perspective in Wholesale, we feel pretty good. In tougher markets like we're seeing today, we think we can still make a 20% return on capital - down from the 30% levels we saw last year - but still a good result. And running a business model that has eliminated the tail risks.

U.S. Operations

- Turning to our U.S. operations, we were very pleased with TD Banknorth's performance – especially in light of all the issues U.S. banks have faced.

- It really stands out that TD Banknorth has been able to earn through a stronger Canadian dollar – up about 15% from last year. We think this is sustainable as long as the exchange rate is at par or below.

- We also continue to see TD Banknorth's loan portfolios doing better than expected in light of the current environment. In fact, PCLs were down quarter over quarter. We are seeing some early signs of weakness but nothing to suggest substantially bigger problems in the near term. Volume growth on the lending side remains strong.

- Like others, we have been impacted by the wholesale funding issues of the large US banks who have turned aggressively to retail funding to fund their balance sheets. This has presented an unprecedented pricing challenge in our deposit market putting pressure on margins and deposit growth.

- Overall, I'd say that if the U.S. economic environment worsens because of the problems in the Financial Services sector, like everybody, we won't be able to outrun the impacts. But we should be a positive outlier given the steady progress we have made at TD Banknorth.

- So, I'm assuming the question on your mind is: Do we think we can still deliver earnings of $700 million from our U.S. P&C segment this year. The answer is yes.

- As for our investment in TD Ameritrade, it continues to more than deliver for us. They generated record volumes while making impressive strides in their long term asset gathering strategy – particularly important because as Joe Moglia has said, current levels of Trades per Day are not likely sustainable as fatigue sets in with retail investors in a negative market.

- In terms of the Commerce Bancorp deal, we were very pleased with the overwhelmingly positive outcome of the shareholder vote earlier this month. The next step is final regulatory approvals, which we expect by the end of the first calendar quarter.

- On behalf of everyone at TD, we're excited to welcome Commerce employees after the deal closes. Together, we'll be in a unique position to create a North American bank that owns the convenience and service space.

Conclusion/Outlook

- In closing, as we look at the financial landscape, we haven't really advanced a whole lot in terms of visibility from where we were last quarter but I would acknowledge that market and economic sentiment has worsened.

- We simply don't know when the financial services industry is going to clear itself - even the market seems surprised at how long it's taking - but I still believe we are making progress and the 2nd half of the calendar year will be much better. And if the markets do clear themselves, there is the possibility of some rebound in earnings as the negative effects of the current liquidity crisis on our different businesses unwind.

.

- On the other hand, there are recession concerns in the US. We don't have much visibility on that either because we don't yet see it in our numbers – but a slowdown looks inevitable.

- There are a lot of uncertainties. Overall, we expect to see a much slower growth environment in 2008. We can't be more optimistic than that because the world has adopted a much more pessimistic view from even a quarter ago.

- While we can't predict the exact nature of the economic future, we continue to believe that TD will be a positive outlier in both Canada and the United States. All things considered, we continue to feel good about 2008.

- On that note, I'll turn things over to Colleen.

Overall Call Closing

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

- One – we had a solid start to 2008

- Two – we had good results in all our retail franchises – and have made a pretty good start to get us close to C$4bn in Retail earnings in 2008

- Three – our Wholesale bank made a positive contribution during pretty tough markets

- Four – we're sticking with our strategy – we'll continue to build out our franchises and invest for the future.

Thanks for your time.

Caution regarding forward-looking statements

From time to time, the Bank makes written and oral forward-looking statements, including in this document, in other filings with Canadian regulators or the U.S. Securities and Exchange Commission (SEC), and in other communications. In addition, the Bank's senior management may make forward-looking statements orally to analysts, investors, representatives of the media and others. All such statements are made pursuant to the "safe harbour" provisions of the U.S. Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. Forward-looking statements include, among others, statements regarding the Bank's objectives and targets for 2008 and beyond, and strategies to achieve them, the outlook for the Bank's business lines, and the Bank's anticipated financial performance. The purpose of these statements is to provide management's view of these matters. The economic assumptions for 2008 for each of our business segments are set out in the 2007 Annual Report under the headings "Economic Outlook" and "Business Outlook and Focus for 2008", as updated in the subsequently filed quarterly Reports to Shareholders. Forward-looking statements are typically identified by words such as "will", "should", "believe", "expect", "anticipate", "intend", "estimate", "plan", "may" and "could". By their very nature, these statements require us to make assumptions and are subject to inherent risks and uncertainties, general and specific, which may cause actual results to differ materially from the expectations expressed in the forward-looking statements. Some of the factors – many of which are beyond our control – that could cause such differences include: credit, market (including equity and commodity), liquidity, interest rate, operational, reputational, insurance, strategic, foreign exchange, regulatory, legal and other risks discussed the Bank's 2007 Annual Report and in other regulatory filings made in Canada and with the SEC; general business and economic conditions in Canada, the U.S. and other countries in which the Bank conducts business, as well as the effect of changes in monetary policy in those jurisdictions and changes in the foreign exchange rates for the currencies of those jurisdictions; the degree of competition in the markets in which the Bank operates, both from established competitors and new entrants; the accuracy and completeness of information the Bank receives on customers and counterparties; the development and introduction of new products and services in markets; developing new distribution channels and realizing increased revenue from these channels; the Bank's ability to execute its strategies, including its integration, growth and acquisition strategies and those of its subsidiaries, particularly in the U.S.; changes in accounting policies and methods the Bank uses to report its financial condition, including uncertainties associated with critical accounting assumptions and estimates; the effect of applying future accounting changes; global capital market activity; the Bank's ability to attract and retain key executives; reliance on third parties to provide components of the Bank's business infrastructure; the failure of third parties to comply with their obligations to the Bank or its affiliates as such obligations relate to the handling of personal information; technological changes; the use of new technologies in unprecedented ways to defraud the Bank or its customers; legislative and regulatory developments; change in tax laws; unexpected judicial or regulatory proceedings; continued negative impact of the U.S. securities litigation environment; unexpected changes in consumer spending and saving habits; the adequacy of the Bank's risk management framework, including the risk that the Bank's risk management models do not take into account all relevant factors; the possible impact on the Bank's businesses of international conflicts and terrorism; acts of God, such as earthquakes; the effects of disease or illness on local, national or international economies; and the effects of disruptions to public infrastructure, such as transportation, communication, power or water supply. A substantial amount of the Bank's business involves making loans or otherwise committing resources to specific companies, industries or countries. Unforeseen events affecting such borrowers, industries or countries could have a material adverse effect on the Bank's financial results, businesses, financial condition or liquidity. The preceding list is not exhaustive of all possible factors. Other factors could also adversely affect the Bank's results. For more information, see the discussion starting on page 59 of the Bank's 2007 Annual Report. All such factors should be considered carefully when making decisions with respect to the Bank, and undue reliance should not be placed on the Bank's forward-looking statements as they may not be suitable for other purposes. The Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by or on its behalf, except as required under applicable securities legislation.