TD Bank Financial Group (TDBFG)
Supplemental Financial Information: Q2/08 Guide to Reader

TD Bank Financial Group
Investor Relations

1. Additional Information

Page 1 - Highlights

Page 1 line 15 - Why are preferred dividends increasing again this quarter?

The increase is directly related to the preferred share issuances in recent quarters. There was a $250 million issuance this quarter and $450 million in 2 share issues last quarter.

Page 2 - Shareholder Value

Page 2 lines 3,4 – Why was average common equity and average invested capital up so much quarter over quarter (“QoQ”)?

The average common equity and invested capital increased $4.4B, mainly due to the Commerce Bancorp acquisition, which accounted for $3.2B of the difference. The Commerce Bancorp acquisition closed on March 31, 2008.

Page 2 line 17 - What was the impact of the Commerce Bancorp acquisition on book value per share?

Commerce added approximately $6.4 billion in shareholders equity and 83.3 million shares outstanding. Adjusting for this impact, book value per share would be approximately $32.

Page 2 line 22 - Why did the number of common shares outstanding increase this quarter?

The increase is primarily due to the 83.3 million shares issued on closing of the Commerce acquisition and the remainder is due to normal quarterly activity i.e. dividend reinvestment plan & options.

Page 2 line 27 - What was the Commerce acquisition impact on the dividend payout ratio?

The reported dividend payout ratio of 49.2% includes dividends paid to Commerce shareholders but excludes the benefit of Commerce net income, as earnings are on a 1-month reporting lag, resulting in a higher payout ratio. If the calculation was done on a per share basis the ratio would decline to 44.4%.

Page 3 – Adjustment for Items of Note

Page 3 line 8 - What was included in the $30 million Commerce restructuring and integration charge in Q2/08?

Restructuring charges consisted of employee severance costs, the costs of amending certain executive employment and award agreements and the write-down of long-lived assets due to impairment.
Integration charges consisted of costs related to employee retention, external professional consulting charges and marketing (including customer communication and rebranding).

Page 5 - Canadian Personal & Commercial Banking

Page 5 line 5 - What is driving the 6% year over year ("YoY") expense growth?

Primary drivers of the expense growth were investments in new branches, higher staffing costs associated with longer branch hours and higher employee compensation.

Page 5 lines 15 to 19- Why is volume growth up from the previous quarter?

Volume growth was broad-based with real-estate secured lending volume (including securitizations) up $14.7 billion, or 11%, personal deposit volume up $6.5 billion, or 6%, and consumer loans volume up $1.7 billion or 7%. Business deposits volume increased by $3.4 billion, or 9%, and business loans and acceptances volume grew by $2.7 billion or 14%.

Page 6 - Wealth Management

Page 6 line 15 - Why did assets under administration increase $9 billion QoQ?

The increase in AUA is primarily due to market appreciation, new client additions and asset additions relating to the RSP season.

Page 7 – U.S. Personal & Commercial Banking

Page 7 line 5 - Why are expenses up $56 million QoQ and down $90 million YoY?

Expenses in Q2/08 and Q2/07 were both impacted by items of note. On an adjusted basis, non-interest expenses declined by $60 million, or 20%, compared with the second quarter last year, primarily due to strengthening of the Canadian dollar and cost control initiatives, while non-interest expenses increased slightly from the prior quarter.

Page 7 line 18 - Why is the margin down 15 bps QoQ?

Margin compression continued due to the competitive market for deposits and the impact on pricing.

Page 8 – Wholesale Banking

Page 8 line 1 - Why the large variances in NII?

This is primarily due to higher NII within trading-related revenue, largely offset by reductions in non-interest trading revenue. We often see this movement when interest rates decline.

Page 8 line 16 - Why is Wholesale Risk weighted assets ("RWA") up $2 billion QoQ?

The increase was primarily due to the widening and volatility of credit spreads, which increases market risk and subsequently RWA. Credit risk was slightly lower, providing a partial offset to higher market risk primarily due to a new netting methodology for OTC derivatives.

Page 8 line 17 – Why are gross drawn loan balances up $1 billion?

The growth is largely due to new facilities and is in-line with our strategy to be a Top 3 dealer and to grow the domestic franchise.

Page 11 – Other Income

Page 11 lines 10,15 - Why is insurance revenue up $60 million QoQ?

The increase is primarily due to lower claim expenses in TDCT insurance businesses and the impact of the prior quarter's provision related to Alberta claims.

Page 11 line 18 - Why did "Other" income decrease $70 million QoQ?

The decline is primarily due to lower gains on Credit Default Swaps (CDS) this quarter.

Page 12 – Non-interest expenses

Page 12 line 2 - Why is incentive compensation down $39 million QoQ and $50 million YoY?

Incentive compensation was down mainly due to lower wholesale banking compensation, commensurate with a reduction in wholesale's earnings.

Page 13 – Balance Sheet

Page 13 line 3 - Why are trading securities up QoQ?

The Balance Sheet impact from the Commerce acquisition is detailed on page 28 of the Supplemental Financial Information package. Trading securities excluding Commerce were up $3 billion QoQ as movement fluctuates with market variability. This movement can be offset with movement in other assets & liability movement.

Page 13 lines 39, 43 - Why was there a $500 million QoQ increase in Subordinated Notes and a $250 million increase in Preferred Shares?

TD issued $500 million of medium term notes constituting subordinated indebtedness pursuant to our medium term note program. Preferred shares were also up as a result of the Q2 issuance of $250 million.

Page 18 - Impaired Loans

Page 18 line 31 - Why are US P&C impaired loans up $89 million QoQ?

The Commerce acquisition added $97 million in additional impaired loans QoQ. See line 5 on the same page.