TD Bank Financial Group (TDBFG)
Supplemental Financial Information: Q3/08 Guide to Reader

Bank Financial Group
Investor Relations

1. Additional Information

Page 1 – Highlights

Page 1 line 28 – What factors contributed to the increase in the Tier 1 capital ratio to 9.5% from 9.1% last quarter?

The Tier 1 capital ratio improved primarily due to the issuance of preferred shares and retained earnings. These items were partially offset by an increase in Risk-weighted assets.

Page 2 – Shareholder Value

Page 2 line 24 – Why did the adjusted common dividend payout ratio decline from 49.2% last quarter to 43.3% this quarter?

Last quarter's payout ratio took into account the shares issued upon the acquisition of Commerce Bancorp ("Commerce") and the dividend paid on those shares, thereby increasing the numerator in this ratio. However, the earnings of Commerce were not included in the Bank's results until this quarter. Therefore the Q2/08 posted dividend payout ratios were skewed upwards by this timing difference.

The adjusted common dividend payout ratio for Q3/08 of 43.3% fully incorporates the Commerce acquisition and is consistent with the Bank's target payout range of 35-45% of adjusted earnings.

Page 3 – Adjustment for Items of Note

Page 3 lines 8, 22 – What was included in the $15 million Commerce integration charge in Q3/08? How much restructuring and integration charges has the Bank taken so far this year?

This quarter, integration charges consisted of costs related to resources dedicated to the integration, employee retention, external professional consulting charges, marketing (including customer communication and rebranding) and integration related travel costs.

Year-to-date restructuring and integration charges pertaining to the Commerce acquisition total $71 million pre-tax, $45 million after-tax, or $0.06 per share.

Page 5 – Canadian Personal and Commercial Banking

Page 5 line 4 – What is driving the 28% year over year ("YoY") increase in provision for credit losses?

Most of the $43 million increase in provision for credit losses is due to higher volumes, both in Visa and car loans. Also, for the first time this quarter, financial results for our U.S. credit card and insurance businesses were moved to our Canadian Personal & Commercial Banking Segment. This movement also had a minor impact on the YoY increase in provisions. There was also an increase in business banking provisions, although provisions here remain at low levels and will likely increase in the next part of the cycle.

Page 6 – Wealth Management

Page 6 line 7 – Why are earnings relatively flat compared to the third quarter of last year?

Strong results in Discount Brokerage were offset by lower income in advice-based channels, which were impacted by market volatility. Expenses are up 7% year-over-year as we continue to invest in client-facing advisors, products and technology. Year-to-date, we have added 58 new client-facing advisors, and we're on track to meet our goal of adding 130 in 2008.

Page 7 – U.S. Personal and Commercial Banking

Page 7 lines 1-9 – Why are this quarter's income statement numbers so much greater than those in previous quarters?

Q3/08 is the first quarter the Bank is including the income statement results of Commerce in our results. Therefore, this quarter's income statement is not comparable to previous periods.

Page 7 line 10 – What does the $29 million in items of note refer to?

There were two items of note this quarter affecting the U.S. Personal and Commercial Banking Segment:

- $15 million of integration charges relating to the acquisition of Commerce, and
- $14 million relating to the impact of a reduction in provision for income taxes. The tax benefit of this acquisition, which was $21 million, is included under amortization of intangibles and booked in our Corporate Segment.

Page 8 – Wholesale Banking

Page 8 line 1 – Why did Net interest income increase from $314 million last quarter to $348 million this quarter?

The $34 million increase from last quarter is mainly due to higher taxable-equivalent basis revenue and lower funding costs.

Page 8 line 2 – Why did Other income decline from $114 million last quarter to $(20) million this quarter?

The primary reason for the quarter-over-quarter decline in other income is the mispricing incident which occurred in our U.K. office. This accounts for $96 million of the $134 million decline. Lower security gains also contributed to the decline.

Page 8 line 12 – What was the after-tax impact of the mispricing incident?

The after-tax impact of the mispricing incident was $65 million, or $0.08 per share.

Page 11 – Other Income

Page 11 line 18 – Why did Other income increase from $64 million last quarter to $150 million this quarter?

Most of the $86 million increase quarter-over-quarter is due to the acquisition of Commerce. The change in fair value of credit default swaps hedging the corporate loan book totaling $34 million this quarter is $18 million greater than the amount booked in Q2/08, also contributing to the increase.

Page 12 – Non-interest expenses

Page 12, line 24 – Other than the acquisition of Commerce, why did total non-interest expenses increase from $2.2 billion last quarter to $2.7 billion this quarter?

Other than the acquisition of Commerce, there are several reasons why non-interest expenses increased from last quarter, including the costs associated with new branches and longer hours at TD Canada Trust.

Page 13 – Balance Sheet

Page 13 line 3 – Why did Trading securities decline from $83.1 billion last quarter to $73.7 billion this quarter?

Approximately $6 billion of trading securities matured this quarter and was reinvested in available-for-sale securities. There were also some volume decreases during the quarter.

Page 16 – Loan Securitization

Page 16 line 14 – Why did Mortgage-backed Securities retained decline from $20.2 billion last quarter to $19.0 billion this quarter?

Mortgage-backed Securities retained declined quarter-over-quarter for several reasons: no new internal sales during the quarter and normal run-off and maturity of internal balances.