TD Bank Financial Group (TDBFG)

Supplemental Financial Information:
Q3/09 Guide to Reader

Page 1 - Highlights

Page 1 line 22 – Why are Total Assets down vs. last quarter?

Total Assets are down 5% from last quarter, from $574.9 billion to $544.6 billion. The main reasons include:

-the strengthening of the Canadian dollar, which accounts for approximately half the decline,
-reduction in certain Mortgage-Backed Securities due to increased securitizations during the quarter, and
-lower Derivatives, mainly due to market volatility (there is a similar decline in liabilities).

See page 14 of the Q3/09 Supplemental Financial Information package for details.

Page 1 line 27 – What factors contributed to the quarter-over-quarter increase of 30 bps in the Tier 1 Capital Ratio?

The increase in the Tier 1 Capital Ratio of 30 bps from 10.9% in Q2/09 to 11.2% in Q3/09 was driven by earnings (net of dividends), and reduced Risk-Weighted Assets ("RWA").

RWA declined $10 billion during the quarter to $189.7 billion (line 25) mainly due to the strengthening of the Canadian dollar vs. the U.S. dollar. Despite this decrease, foreign exchange had a nil impact on the Tier 1 Capital Ratio as the decline in RWA was substantially offset by a decrease in Tier 1 Capital. The Tier 1 Capital Ratio is hedged in order to reduce the foreign exchange volatility in this ratio.

Page 2 – Shareholder Value

Page 2 line 14 – What are the main reasons for the quarter-over-quarter decrease in Book Value Per Common Share?

The decline in Book Value Per Common Share was primarily driven by the decline in Accumulated Other Comprehensive Income, which declined from $2,968 million in Q2/09 to $598 million in Q3/09. (See page 27 of the Q3/09 Supplemental Financial Information package for details). The small increase in the number of common shares outstanding had a minor impact on the quarter-over-quarter decrease in Book Value Per Common Share.

Page 3 – Adjustment for Items of Note

Page 3 lines 12,25 – Why did TDBFG incur an FDIC[1] special assessment charge?

The FDIC special assessment charge was levied on insured institutions in the U.S. to ensure continued strength of the insurance fund. It was calculated based on Total Assets less Tier 1 Capital as of June 30, 2009. The charge to the Bank was US$49 million pre-tax (C$55 million), or US$31 million after tax (C$35 million).

[1] Federal Deposit Insurance Corporation

Page 4 – Segmented Results Summary

Page 4 line 18 – Why has the contribution from Other International to Total Revenue increased from 12% last quarter to 17% this quarter?

The reason for the increase in the Other International line is primarily due to trading, mainly in the Credit Products Group and in the Rates businesses booked in the U.K. (The geographic contribution from the United States was down mainly due to a decline in U.S. Personal and Commercial Banking revenue.)

Page 5 - Canadian Personal and Commercial Banking

Page 5 lines 3,5 - What was the operating leverage in Q3/09?

Operating leverage was 4%: revenue increased 8% year-over-year, while expenses increased 4%.

Revenue was at a record level this quarter, driven by strong volume growth across most banking products, particularly in personal and business deposits, and real estate secured lending.

Expenses were up $41 million year-over-year primarily due to higher employee compensation.

Page 6 – Wealth Management

Page 6 lines 16, 17 – What are the main reasons for the $15 billion increase in Assets Under Administration since year-end, and the $6 billion decrease in Assets Under Management during the same period?

The increase in Assets Under Administration since year-end is primarily due to the addition of net new client assets and market appreciation.
The decrease in Assets Under Management since year-end is primarily due to declines in institutional assets, partially offset by market appreciation.

Pages 7/8 – U.S. Personal and Commercial Banking

Page 7 line 23 – What are the main reasons behind the decrease in Margin on Average Earning Assets during the past year, from 3.92% in Q3/08 to 3.40% in Q3/09?

The decrease in Margin on Average Earning Assets during the last year is primarily due to rate compression arising from the lower overall level of interest rates, and increased levels of impaired loans.

Page 9 – Wholesale Banking

Page 9 line 8 – What are the primary reasons for reported net income going from $173 million last quarter to $327 million this quarter?

The increase in reported net income from last quarter was primarily due to higher revenue. The revenue increase of $256 million (41%) was mainly driven by strong trading related revenues and capital market fee revenues, partially offset by realized net security losses in the public equity investment portfolio. There was also a slight decline in Provision for Credit Losses, mainly due to lower specific allowances this quarter.

Page 9 line 14 – Why did Wholesale RWA decline $7 billion from last quarter?

The $7 billion decrease in Wholesale RWA to $36 billion was primarily driven by declines in market risk as measured by Value-at-Risk (VaR), continued progress in exiting credit trading positions outside North America, a decline in credit exposures and completion of the exit of the public equity investment portfolio.

Wholesale RWA have decreased $20 billion year-to-date.

Page 10 – Corporate Segment

Page 10 line 14 – What are the main reasons for the decrease in Net Income – Adjusted - from $(40) million in Q3/08 to $(106) million this quarter?

Compared to last year, the higher adjusted net loss in Q3/09 was driven by higher unallocated corporate expenses, higher losses from securitization, and lower benefits from tax items.

Page 12 – Non-Interest Income

Page 12 line 8 – What does the $(90) million loss in Net Securities pertain to?

The Net Securities loss of $90 million mainly relates to write-downs in the public equity investment portfolio. The exit of this portfolio is now complete.

Page 12 line 11 – Why did Loan Securitizations decline from $184 million last quarter to $92 million this quarter?

The decrease in Loan Securitization non-interest income is driven by lower gains recorded on the sale of Mortgage-Backed Securities. Increasing yields and sale of some seasoned floating rate mortgages contributed to the lower gains on sales.

Page 14 – Balance Sheet

Page 14 line 5 – Why did Available-For-Sale Securities go down $8 billion, from $96.5 billion last quarter to $88.9 billion this quarter?

The main reasons for the lower Available-For-Sale Securities are foreign exchange translation and a decrease in net volume of Canadian Mortgage-Backed Securities. These were partially offset by volume increases in corporate bonds and a reclassification from Other Assets.