



**Bank Financial Group**



## **SUPPLEMENTAL FINANCIAL INFORMATION**

For the Quarter Ended  
April 30, 2003

## For the Quarter Ended April 30, 2003

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The supplemental information contained in this package is designed to improve the readers' understanding of the TD Bank Financial Group's ("TDBFG") financial performance. This information should be used in conjunction with the quarterly financial statement to shareholders, which is prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Results prepared in accordance with GAAP are referred to as "**reported basis**".

In addition to presenting the Bank's results on a reported basis, the Bank utilizes the "**operating cash basis**" to measure overall Bank performance. The definition of operating basis begins with the reported GAAP results and then excludes the special items and the non-cash charges related to the amortization of goodwill (prior to 2002) and identified intangibles from business combinations as summarized on page 4. The Bank views special items as transactions that are not part of the normal daily business operations and are therefore not indicative of underlying trends. The Bank's non-cash identified intangible amortization charges relate to the Canada Trust acquisition in fiscal 2000. Excluding these charges ensures comparable treatment between periods. Consequently, the Bank believes that the operating cash basis provides the reader with an understanding of the Bank's results that can be consistently tracked from period to period.

The goodwill impairment recorded in Q2/03 relating to TD Waterhouse International and TD Equity Options was not considered a special item for exclusion when determining the operating cash basis results as it was considered a realized loss. Restructuring costs are reviewed by the Bank on a case-by-case basis to determine whether they are special items. The restructuring charges recognized in Q2/03 were not considered special items given that they were incurred as part of the rationalization of the existing businesses and not as part of an acquisition, which would normally be considered a special item.

As explained, operating cash basis results are different from reported results determined in accordance with GAAP. The term "operating cash basis results" is not a defined term under GAAP, and therefore may not be comparable to similar terms used by other issuers. A reconciliation of operating cash basis earnings to GAAP earnings is provided on page 11.

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# Highlights



FOR THE PERIOD ENDED	LINE #	2001			2002				2003		Q2 % change vs Q2 02	Year to Date	
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2		2002	2003
<b>Results of operations (\$ millions)</b>													
Net income - operating cash basis <sup>1</sup>	1	\$ 549	\$ 524	\$ 523	\$ 528	\$ 316	\$ (269)	\$ (40)	\$ 480	<b>\$ (146)</b>	+100%	\$ 844	\$ 334
Net interest income (TEB)	2	1,088	1,147	1,341	1,261	1,368	1,452	1,441	1,444	<b>1,473</b>	8	2,629	2,917
Total revenue (TEB) excluding special gains <sup>2</sup>	3	2,647	2,681	2,629	2,891	2,557	2,468	2,495	2,613	<b>2,469</b>	(3)	5,448	5,082
<b>Per common share</b>													
Basic net income - operating cash basis <sup>1</sup>	4	\$ .84	\$ .80	\$ .79	\$ .79	\$ .46	\$ (.46)	\$ (.10)	\$ .71	<b>\$ (.26)</b>	+100%	\$ 1.25	\$ .45
Diluted net income - operating cash basis <sup>1</sup>	5	.83	.79	.78	.78	.45	(.46)	(.10)	.70	<b>(.26)</b>	+100%	1.23	.44
- reported basis	6	.56	.51	.32	.55	.20	(.67)	(.34)	.50	<b>(.46)</b>	+100%	.75	.04
<b>Financial position (\$ billions)</b>													
Total assets	7	\$ 288.0	\$ 295.8	\$ 287.8	\$ 310.4	\$ 300.7	\$ 309.6	\$ 278.0	\$ 311.4	<b>\$ 321.7</b>	7 %	\$ 300.7	\$ 321.7
Total common equity	8	11.6	11.7	11.9	12.4	12.4	12.0	11.6	11.7	<b>11.1</b>	(10)	12.4	11.1
<b>Capital ratios (\$ billions)</b>													
Tier 1 capital	9	\$ 10.1	\$ 10.3	\$ 10.6	\$ 10.6	\$ 10.4	\$ 10.0	\$ 9.8	\$ 10.3	<b>\$ 10.4</b>	- %	\$ 10.4	\$ 10.4
Risk-weighted assets	10	128.0	130.2	127.1	127.7	126.3	129.9	120.6	121.1	<b>118.0</b>	(7)	126.3	118.0
Tier 1 capital ratio	11	7.9 %	7.9 %	8.4 %	8.3 %	8.2 %	7.7 %	8.1 %	8.5 %	<b>8.8 %</b>	.6 pts	8.2 %	8.8 %
Total capital ratio	12	11.3	11.8	11.9	11.5	11.2	10.6	11.6	11.8	<b>12.4</b>	1.2	11.2	12.4
<b>Other</b>													
Net interest margin (TEB)	13	1.77 %	1.76 %	2.08 %	1.89 %	2.09 %	2.17 %	2.20 %	2.23 %	<b>2.30 %</b>	.21 pts	1.99 %	2.26 %
Net impaired loans (MM)	14	\$ (286)	\$ (218)	\$ (53)	\$ (126)	\$ (41)	\$ (799)	\$ (975)	\$ (661)	<b>\$ (742)</b>	+100%	\$ (41)	\$ (742)
Net impaired loans as a % of net loans	15	(.2)%	(.2)%	- %	(.1)%	- %	(.6)%	(.7)%	(.5)%	<b>(.6)%</b>	(.6) pts	- %	(.6)%
PCL as a % of net average loans	16	.85	.60	.58	1.00	1.26	3.81	2.84	.34	<b>.31</b>	(.95)	1.13	.33
PCL excluding special general provision as a % of net average loans	17	.38	.60	.58	1.00	1.26	3.81	2.84	.34	<b>.31</b>	(.95)	1.13	.33
Equity securities - surplus over book (MM)	18	\$ 654	\$ 603	\$ 370	\$ 437	\$ 455	\$ 233	\$ 228	\$ 158	<b>\$ 243</b>	(47)%	\$ 455	\$ 243
Efficiency ratio-excluding non-cash charges and special items <sup>3</sup>	19	65.2 %	64.4 %	66.0 %	62.0 %	66.0 %	66.5 %	65.5 %	66.8 %	<b>95.8 %</b>	29.8 pts	63.8 %	80.9 %
Number of full-time equivalent staff at period end	20	46,075	47,579	45,565	45,717	44,946	44,890	43,208	43,239	<b>42,805</b>	(5)%	44,946	42,805
Number of domestic retail outlets	21	1,365	1,350	1,294	1,265	1,228	1,182	1,178	1,172	<b>1,165</b>	(5)	1,228	1,165
Number of retail brokerage offices	22	297	297	284	285	285	283	283	283	<b>285</b>	-	285	285
Rating of senior debt: Moody's	23	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3	<b>Aa3</b>	n/a	Aa3	Aa3
Standard and Poor's	24	AA-	AA-	AA-	AA-	AA-	AA-	AA-	A+	<b>A+</b>	n/a	AA-	A+

<sup>1</sup> Operating cash basis results exclude the non-cash charges and special items which are summarized on page 4.

<sup>2</sup> Real estate gains in Q2/01 and gain on sale of mutual fund record keeping business in Q1/02 and custody business in Q3/02.

<sup>3</sup> Non-cash charges and special items are summarized on page 4.

# Shareholder Value



FOR THE PERIOD ENDED	LINE #	2001			2002				2003		Q2 % change vs Q2 02	Year to Date	
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2		2002	2003
<b>Per common share</b>													
Basic net income - operating cash basis <sup>1</sup>	1	\$ .84	\$ .80	\$ .79	\$ .79	\$ .46	\$ (.46)	\$ (.10)	\$ .71	<b>\$ (.26)</b>	+(100)%	\$ 1.25	\$ .45
Diluted net income - operating cash basis <sup>1</sup>	2	.83	.79	.78	.78	.45	(.46)	(.10)	.70	<b>(.26)</b>	+(100)	1.23	.44
- reported basis	3	.56	.51	.32	.55	.20	(.67)	(.34)	.50	<b>(.46)</b>	+(100)	.75	.04
Dividends	4	.28	.28	.28	.28	.28	.28	.28	.28	<b>.28</b>	-	.56	.56
Book value	5	18.52	18.70	18.97	19.45	19.38	18.62	17.91	18.10	<b>17.04</b>	(12)	19.38	17.04
Closing market price	6	38.90	39.34	35.94	42.60	41.87	33.00	29.35	32.18	<b>33.94</b>	(19)	41.87	33.94
<b>Financial ratios and statistics</b>													
ROE - operating cash basis <sup>1</sup>	7	18.7 %	17.1 %	16.8 %	16.4 %	9.7 %	(9.5)%	(2.1)%	15.6 %	<b>(6.0)%</b>	(15.7) pts	13.1 %	5.1 %
- reported basis	8	12.8	10.9	6.8	11.5	4.4	(13.9)	(7.4)	11.1	<b>(10.5)</b>	(14.9)	8.0	.5
Return on invested capital - operating cash basis <sup>1,2</sup>	9	17.1	15.4	15.0	14.4	8.4	(8.2)	(1.8)	13.1	<b>(5.0)</b>	(13.4)	11.5	4.2
Average common equity (MM)	10	\$ 11,494	\$ 11,647	\$ 11,777	\$ 12,231	\$ 12,407	\$ 12,227	\$ 11,817	\$ 11,607	<b>\$ 11,484</b>	(7)%	\$12,301	\$11,520
Average invested capital <sup>2</sup> (MM)	11	12,592	12,925	13,228	13,874	14,212	14,189	13,934	13,868	<b>13,875</b>	(2)	14,025	13,846
Return on risk-weighted assets - operating cash basis <sup>1</sup>	12	1.75 %	1.60 %	1.61 %	1.64 %	1.02 %	(.83)%	(.13)%	1.58 %	<b>(.48)%</b>	(1.50) pts	1.34 %	.55 %
Dividend yield <sup>3</sup>	13	2.5	2.6	2.7	2.8	2.6	3.2	3.7	3.5	<b>3.4</b>	.8	2.8	3.5
Common dividend payout ratio - operating cash basis <sup>1</sup>	14	33.5	35.1	35.3	35.4	61.3	-	-	39.6	<b>-</b>	-	44.9	125.3
Closing market price to book value	15	2.10	2.10	1.89	2.19	2.16	1.77	1.64	1.78	<b>1.99</b>	(8)%	2.16	1.99
Price earnings ratio - operating cash basis <sup>1,4</sup>	16	11.9	12.0	11.0	13.4	15.0	21.3	43.8	54.5	<b>-</b>	- pts	15.0	-
Total market return on common shareholders' investment <sup>5</sup>	17	16.6 %	14.3 %	(11.7)%	(1.0)%	10.5 %	(13.3)%	(15.2)%	(21.8)%	<b>(16.3)%</b>	(26.8)	10.5 %	(16.3)%
Number of common shares outstanding (MM)	18	628.1	628.3	628.5	639.6	641.4	643.2	645.4	647.9	<b>651.1</b>	2 %	641.4	651.1
Average number of common shares outstanding (MM) - basic	19	627.9	628.2	628.4	639.5	639.8	641.5	643.3	645.6	<b>648.5</b>	1	639.7	647.0
- diluted	20	636.7	636.0	635.6	646.8	647.1	646.6	647.3	649.7	<b>652.2</b>	1	647.0	651.0

<sup>1</sup> Operating cash basis results exclude the non-cash charges and special items which are summarized on page 4.

<sup>2</sup> Common shareholder's equity is increased by the cumulative amount of goodwill and intangible assets amortized as of the reporting date to reflect the invested capital.

<sup>3</sup> Dividends per common share for trailing 4 quarters divided by average of high and low common share prices for the period

<sup>4</sup> Closing common share price divided by diluted net income per common share for trailing 4 quarters

<sup>5</sup> Change in market price plus dividends paid in trailing 4 quarters as a percentage of the prior year's closing market price per common share

# Net Income



(\$MILLIONS) FOR THE PERIOD ENDED		2001				2002				2003		Q2 % change	Year to Date	
LINE #		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	vs Q2 02	2002	2003	
1	Interest income (TEB)	\$ 3,592	\$ 3,555	\$ 3,701	\$ 3,099	\$ 2,839	\$ 3,028	\$ 3,007	\$ 2,915	\$ <b>2,919</b>	3 %	\$ 5,938	\$ 5,834	
2	Interest expense	2,504	2,408	2,360	1,838	1,471	1,576	1,566	1,471	<b>1,446</b>	(2)	3,309	2,917	
3	<b>Net interest income (TEB)</b>	<b>1,088</b>	<b>1,147</b>	<b>1,341</b>	<b>1,261</b>	<b>1,368</b>	<b>1,452</b>	<b>1,441</b>	<b>1,444</b>	<b>1,473</b>	8	2,629	2,917	
4	Provision for credit losses	270	190	190	325	400	1,250	950	112	<b>98</b>	(76)	725	210	
5	<b>Net interest income after credit loss provision</b>	<b>818</b>	<b>957</b>	<b>1,151</b>	<b>936</b>	<b>968</b>	<b>202</b>	<b>491</b>	<b>1,332</b>	<b>1,375</b>	42	1,904	2,707	
	<b>Other income</b>													
6	Investment and securities services	549	553	483	569	534	522	460	503	<b>479</b>	(10)	1,103	982	
7	Credit fees	124	83	87	121	116	100	78	118	<b>100</b>	(14)	237	218	
8	Net investment securities gains/(losses)	13	26	137	60	(12)	(8)	(14)	5	<b>(23)</b>	92	48	(18)	
9	Trading income	375	373	121	432	106	(73)	64	83	<b>15</b>	(86)	538	98	
10	Service charges	136	150	148	145	143	151	157	155	<b>153</b>	7	288	308	
11	Loan securitizations	70	65	68	56	46	63	53	45	<b>54</b>	17	102	99	
12	Card services	59	66	60	62	57	64	66	66	<b>65</b>	14	119	131	
13	Insurance revenue (net of claims)	86	89	80	84	96	95	100	92	<b>97</b>	1	180	189	
14	Trust fees	27	21	15	18	22	18	18	17	<b>19</b>	(14)	40	36	
15	Gains on sale of investment real estate	200	-	-	-	-	-	-	-	-	-	-	-	
16	Gain on sale of mutual fund record keeping and custody business	-	-	-	18	-	22	-	-	-	-	18	-	
17	Other	120	108	89	83	81	84	72	85	<b>37</b>	(54)	164	122	
18	<b>Total other income</b>	<b>1,759</b>	<b>1,534</b>	<b>1,288</b>	<b>1,648</b>	<b>1,189</b>	<b>1,038</b>	<b>1,054</b>	<b>1,169</b>	<b>996</b>	(16)	2,837	2,165	
19	<b>Net interest and other income</b>	<b>2,577</b>	<b>2,491</b>	<b>2,439</b>	<b>2,584</b>	<b>2,157</b>	<b>1,240</b>	<b>1,545</b>	<b>2,501</b>	<b>2,371</b>	10	4,741	4,872	
	<b>Non-interest expenses</b>													
20	Salaries and staff benefits	915	942	887	1,014	882	868	802	965	<b>893</b>	1	1,896	1,858	
21	Occupancy including depreciation	167	143	143	146	151	154	154	152	<b>153</b>	1	297	305	
22	Equipment including depreciation	164	173	173	161	157	172	171	167	<b>156</b>	(1)	318	323	
23	Restructuring costs	-	54	130	-	-	-	-	-	<b>87</b>	+100	-	87	
24	Goodwill impairment	-	-	-	-	-	-	-	-	<b>624</b>	+100	-	624	
25	Other	480	468	532	470	497	447	508	461	<b>452</b>	(9)	967	913	
26	<b>Total non-interest expenses excluding non-cash goodwill / intangible amortization</b>	<b>1,726</b>	<b>1,780</b>	<b>1,865</b>	<b>1,791</b>	<b>1,687</b>	<b>1,641</b>	<b>1,635</b>	<b>1,745</b>	<b>2,365</b>	40	3,478	4,110	
27	<b>Income before provision for income taxes - TEB</b>	<b>851</b>	<b>711</b>	<b>574</b>	<b>793</b>	<b>470</b>	<b>(401)</b>	<b>(90)</b>	<b>756</b>	<b>6</b>	(99)	1,263	762	
28	Provision for income taxes - TEB	214	228	110	234	136	(163)	(66)	253	<b>129</b>	(5)	370	382	
29	<b>Net income before non-controlling interest</b>	<b>637</b>	<b>483</b>	<b>464</b>	<b>559</b>	<b>334</b>	<b>(238)</b>	<b>(24)</b>	<b>503</b>	<b>(123)</b>	+(100)	893	380	
30	Non-controlling interest - TD Waterhouse Group, Inc.	1	(4)	-	-	-	-	-	-	-	-	-	-	
31	- Preferred shares of subsidiaries	20	18	17	17	18	13	16	23	<b>23</b>	28	35	46	
32	<b>Net income - cash basis</b>	<b>616</b>	<b>469</b>	<b>447</b>	<b>542</b>	<b>316</b>	<b>(251)</b>	<b>(40)</b>	<b>480</b>	<b>(146)</b>	+(100)	858	334	
33	Preferred dividends	24	22	24	23	24	23	23	23	<b>22</b>	(8)	47	45	
34	<b>Net income applicable to common shares - cash basis</b>	<b>592</b>	<b>447</b>	<b>423</b>	<b>519</b>	<b>292</b>	<b>(274)</b>	<b>(63)</b>	<b>457</b>	<b>(168)</b>	+(100)	811	289	
35	Non-cash goodwill / intangible amortization, net of tax	233	126	220	164	160	154	156	133	<b>127</b>	(21)	324	260	
36	<b>Net income applicable to common shares - reported basis</b>	<b>\$ 359</b>	<b>\$ 321</b>	<b>\$ 203</b>	<b>\$ 355</b>	<b>\$ 132</b>	<b>\$ (428)</b>	<b>\$ (219)</b>	<b>\$ 324</b>	<b>\$ (295)</b>	+(100)%	<b>\$ 487</b>	<b>\$ 29</b>	
37	Diluted earnings per share - operating cash basis <sup>1</sup>	\$ 0.83	\$ 0.79	\$ 0.78	\$ 0.78	\$ 0.45	\$ (0.46)	\$ (0.10)	\$ 0.70	\$ <b>(0.26)</b>	+(100)%	\$ 1.23	\$ 0.44	
38	Diluted earnings per share - reported basis	0.56	0.51	0.32	0.55	0.20	(0.67)	(0.34)	0.50	<b>(0.46)</b>	+(100)	0.75	0.04	

<sup>1</sup> Operating cash basis results exclude the non-cash charges and special items which are summarized on page 4.

## Non-cash Charges and Special Items



(\$MILLIONS)  
FOR THE PERIOD ENDED

LINE #	2001			2002				2003		Q2 % change vs Q2 02	Year to Date	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2		2002	2003
<b>Non-cash charges and special items, net of income taxes:</b>												
1	\$ (185)	\$ (78)	\$ (171)	\$ (164)	\$ (160)	\$ (154)	\$ (156)	\$ (133)	\$ (127)	(21)%	\$ (324)	\$ (260)
2	(48)	(48)	(49)	-	-	-	-	-	-	-	-	-
3	(96)	-	-	-	-	-	-	-	-	-	-	-
4	-	-	-	14	-	18	-	-	-	-	14	-
5	163	-	-	-	-	-	-	-	-	-	-	-
6	-	(30)	(76)	-	-	-	-	-	-	-	-	-
7	-	(25)	-	-	-	-	-	-	-	-	-	-
<b>8</b>	<b>\$ (166)</b>	<b>\$ (181)</b>	<b>\$ (296)</b>	<b>\$ (150)</b>	<b>\$ (160)</b>	<b>\$ (136)</b>	<b>\$ (156)</b>	<b>\$ (133)</b>	<b>\$ (127)</b>	<b>(21)%</b>	<b>\$ (310)</b>	<b>\$ (260)</b>

<sup>1</sup>The goodwill impairment recorded in Q2/03 relating to TD Waterhouse International and TD Equity Options was not considered a special item for exclusion as it was considered a realized loss.

<sup>2</sup>Restructuring costs are reviewed by the Bank on a case-by-case basis to determine whether they are special items. The restructuring charges recognized in Q2/03 were not considered special items given that they were incurred as part of the rationalization of the existing businesses and not as part of an acquisition, which would normally be considered a special item.

Performance Measures by Major Business Segment - Total Bank



<i>OPERATING CASH BASIS (UNAUDITED, \$MILLIONS)<sup>1</sup></i>												
<i>FOR THE PERIOD ENDED</i>												
LINE #	2001			2002				2003		Q2 % change vs Q2 02	Year to Date 2002 2003	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2			
<b>Net income</b>												
Personal and Commercial Banking	\$ 271	\$ 275	\$ 277	\$ 281	\$ 264	\$ 282	\$ 287	\$ 309	\$ 306	16 %	\$ 545	\$ 615
Wealth Management	24	27	15	55	31	18	21	38	(299)	+(100)	86	(261)
Total Retail	295	302	292	336	295	300	308	347	7	(98)	631	354
Wholesale Bank	230	220	243	206	35	(542)	(356)	163	(120)	+(100)	241	43
Corporate	24	2	(12)	(14)	(14)	(27)	8	(30)	(33)	+100	(28)	(63)
<b>Total Bank</b>	<b>\$ 549</b>	<b>\$ 524</b>	<b>\$ 523</b>	<b>\$ 528</b>	<b>\$ 316</b>	<b>\$ (269)</b>	<b>\$ (40)</b>	<b>\$ 480</b>	<b>\$ (146)</b>	<b>+(100)</b>	<b>\$ 844</b>	<b>\$ 334</b>
<b>Percentage net income mix<sup>2</sup></b>												
Total Retail	56 %	58 %	55 %	62 %	89 %	100 %	100 %	68 %	100 %	11 pts	72 %	89 %
Wholesale Bank	44	42	45	38	11	-	-	32	-	(11)	28	11
<b>Total Bank</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>		<b>100 %</b>	<b>100 %</b>
<b>Economic profit<sup>3</sup></b>												
	\$ 157	\$ 110	\$ 100	\$ 113	\$ (96)	\$ (692)	\$ (457)	\$ 76	\$ (537)	+100%	\$ 17	\$ (461)
<b>Return on economic capital (ROE)<sup>4</sup></b>												
Personal and Commercial Banking <sup>5</sup>	29.7 %	29.2 %	29.0 %	26.9 %	26.1 %	26.7 %	27.0 %	29.0 %	29.7 %	3.6 pts	26.5 %	29.3 %
Wealth Management	12.0	13.7	8.9	34.8	20.7	13.8	17.2	31.1	(258.6)	(279.3)	28.1	(111.2)
Wholesale Bank	23.0	21.5	24.1	20.8	3.3	(59.8)	(35.8)	14.5	(12.7)	(16.0)	12.3	1.3
<b>Total Bank</b>	<b>18.7 %</b>	<b>17.1 %</b>	<b>16.8 %</b>	<b>16.4 %</b>	<b>9.7 %</b>	<b>(9.5)%</b>	<b>(2.1)%</b>	<b>15.6 %</b>	<b>(6.0)%</b>	<b>(15.7) pts</b>	<b>13.1 %</b>	<b>5.1 %</b>
<b>Percentage geographic contribution to total revenues</b>												
Canada	74 %	74 %	67 %	73 %	77 %	75 %	73 %	72 %	75 %	(2) pts	75 %	74 %
United States of America	10	15	16	17	15	12	15	19	14	(1)	16	16
Offshore	16	11	17	10	8	13	12	9	11	3	9	10
<b>Total Bank</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>		<b>100 %</b>	<b>100 %</b>

<sup>1</sup> Excludes the non-cash charges and special items which are summarized on page 4.

<sup>2</sup> Percentages exclude Corporate results.

<sup>3</sup> Economic profit is determined as the operating cash basis net income applicable to common shareholders less a charge for the cost of invested capital. Invested capital is equal to common equity plus the cumulative amount of goodwill and intangibles amortized as of the reporting date.

<sup>4</sup> Economic capital represents the economic capital required for credit, market and operational risk. Capital for goodwill and intangible assets is excluded from each business segments' ROE, but included in total bank ROE.

<sup>5</sup> Excluding Canada Trust acquisition funding costs.

**BASIS OF PRESENTATION OF RESULTS:** Results of each segment reflect revenue, expenses, assets and liabilities generated by the businesses in that segment. Transfer pricing of funds sold or purchased, and of commissions for services provided are generally at market rates. The Bank measures the performance of each segment based on net income (loss) before non-cash goodwill and intangible amortization and certain special items, and return on economic capital. Certain comparative amounts have been reclassified to conform with current period presentation.

**CORPORATE:** Includes non-controlling interests in subsidiaries, real estate investments, the effects of asset securitization programs, treasury management, general provisions for credit losses, certain taxable equivalent adjustments and corporate level tax benefits, and residual unallocated revenues, expenses or taxes.

## Performance Measures by Major Business Segment - Personal and Commercial Banking


**OPERATING CASH BASIS (UNAUDITED, \$MILLIONS)<sup>1</sup>  
FOR THE PERIOD ENDED**

LINE #	2001			2002				2003		Q2 % change vs Q2 02	Year to Date		
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2		2002	2003	
Net interest income (TEB)	1	\$ 955	\$ 992	\$ 1,046	\$ 1,033	\$ 973	\$ 1,020	\$ 1,032	\$ 1,032	<b>\$ 999</b>	3 %	\$ 2,006	\$ 2,031
Other income	2	433	440	401	418	421	438	433	433	<b>429</b>	2	839	862
Total revenue	3	1,388	1,432	1,447	1,451	1,394	1,458	1,465	1,465	<b>1,428</b>	2	2,845	2,893
Provision for credit losses	4	99	92	92	138	115	132	120	123	<b>104</b>	(10)	253	227
Non-interest expenses	5	834	897	908	872	864	879	886	865	<b>852</b>	(1)	1,736	1,717
Net income before taxes	6	455	443	447	441	415	447	459	477	<b>472</b>	14	856	949
Income taxes (TEB)	7	184	168	170	160	151	165	172	168	<b>166</b>	10	311	334
Net income	8	\$ 271	\$ 275	\$ 277	\$ 281	\$ 264	\$ 282	\$ 287	\$ 309	<b>\$ 306</b>	16 %	\$ 545	\$ 615
Total economic capital (\$billions)	9	\$ 4.0	\$ 4.0	\$ 4.0	\$ 4.4	\$ 4.4	\$ 4.4	\$ 4.5	\$ 4.5	<b>\$ 4.5</b>	2 %	\$ 4.4	\$ 4.5
Return on economic capital <sup>2</sup>	10	29.7 %	29.2 %	29.0 %	26.9 %	26.1 %	26.7 %	27.0 %	29.0 %	<b>29.7 %</b>	3.6 pts	26.5 %	29.3 %

**Selected volumes and ratios (\$billions)**

Risk-weighted assets	11	\$ 52	\$ 54	\$ 53	\$ 55	\$ 55	\$ 56	\$ 52	\$ 52	<b>\$ 53</b>	(4)%	\$ 55	\$ 53
Average loans - personal	12	71	73	74	77	79	81	84	85	<b>87</b>	10	78	86
Average loans and acceptances - business	13	19	19	19	19	18	18	18	18	<b>17</b>	(6)	19	18
Average securitized assets	14	28	27	26	24	22	22	21	22	<b>22</b>	-	23	22
Average deposits - personal	15	78	77	77	78	80	81	82	83	<b>83</b>	4	79	83
Average deposits - business	16	18	20	21	22	22	23	24	25	<b>25</b>	14	22	25
Margin on avg. earning assets incl. securitized assets	17	3.39 %	3.38 %	3.40 %	3.45 %	3.40 %	3.40 %	3.38 %	3.36 %	<b>3.34 %</b>	(0.06) pts	3.44 %	3.35 %
Efficiency ratio % <sup>2</sup>	18	58.2 %	60.7 %	60.8 %	58.2 %	60.0 %	58.5 %	58.7 %	57.3 %	<b>57.8 %</b>	(2.2) pts	59.1 %	57.6 %

<sup>1</sup> Excludes the non-cash charges and special items which are summarized on page 4.

<sup>2</sup> Excluding Canada Trust acquisition funding costs.

Provides financial services to consumers and small and medium-sized businesses. It encompasses retail and commercial banking, electronic banking, credit card services, and insurance businesses, operating through a network of retail outlets, automated banking machines, telephones, personal computers and the Internet. The segment's net interest income, other income and provision for credit losses present the results before the impact of asset securitization programs. Certain comparative amounts have been reclassified to conform with current period presentation.



# Performance Measures by Major Business Segment - Wealth Management



OPERATING CASH BASIS (UNAUDITED, \$MILLIONS) <sup>1</sup> FOR THE PERIOD ENDED	LINE #	2001			2002				2003		Q2 % change vs Q2 02	Year to Date	
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2		2002	2003
Net interest income (TEB)	1	\$ 117	\$ 107	\$ 109	\$ 107	\$ 106	\$ 106	\$ 107	\$ 106	\$ 95	(10)%	\$ 213	\$ 201
Brokerage commissions & other income <sup>2</sup>	2	452	436	401	468	451	418	400	437	353	(22)	919	790
Total revenue	3	569	543	510	575	557	524	507	543	448	(20)	1,132	991
<b>Non interest expenses</b>													
Restructuring costs	4	-	-	-	-	-	-	-	-	21	+100	-	21
Goodwill impairment	5	-	-	-	-	-	-	-	-	274	+100	-	274
Other non-interest expenses	6	523	489	476	480	499	480	463	474	431	(14)	979	905
Total non-interest expenses	7	523	489	476	480	499	480	463	474	726	45	979	1,200
Net income before taxes	8	46	54	34	95	58	44	44	69	(278)	+(100)	153	(209)
Income taxes (TEB)	9	21	27	20	40	27	26	23	31	21	(22)	67	52
Non-controlling interest	10	1	-	(1)	-	-	-	-	-	-	-	-	-
Net income <sup>3</sup>	11	\$ 24	\$ 27	\$ 15	\$ 55	\$ 31	\$ 18	\$ 21	\$ 38	\$ (299)	+(100)	\$ 86	\$ (261)
Total economic capital (\$billions)	12	\$ .8	\$ .8	\$ .7	\$ .7	\$ .6	\$ .5	\$ .5	\$ .5	\$ .5	(17)%	\$ .6	\$ .5
Return on economic capital	13	12.0 %	13.7 %	8.9 %	34.8 %	20.7 %	13.8 %	17.2 %	31.1 %	(258.6)%	(279.3) pts	28.1 %	(111.2)%
<b>Selected volumes and ratios (\$billions)</b>													
Risk-weighted assets	14	\$ 7	\$ 9	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 5	\$ 5	(17)%	\$ 6	\$ 5
Assets under administration	15	250	249	240	262	257	237	234	237	240	(7)	257	240
Assets under management	16	116	117	119	123	123	122	112	112	110	(11)	123	110
Personal margin loans	17	6	7	5	6	6	5	4	5	5	(17)	6	5
Average trades per day (000's)	18	129	105	94	119	109	100	86	98	83	(24)	114	91
Efficiency ratio %	19	91.9 %	90.1 %	93.3 %	83.5 %	89.6 %	91.6 %	91.3 %	87.3 %	162.1 %	72.5 pts	86.5 %	121.1 %

<sup>1</sup> Excludes the non-cash charges and special items which are summarized on page 4.

<sup>2</sup> Includes write downs of \$39 million during Q2 2003 as a result of other than temporary impairments in certain international joint ventures.

<sup>3</sup> Q2 2003 Restructuring and goodwill impairment charges and write downs amounted to \$328 million after-tax.

Provides a full range of investment management services, including private money management to high net worth individuals, passive, quantitative, enhanced and active institutional portfolios for pension funds, corporations, institutions, endowments and foundations, private banking, trust and mutual funds for retail investors, full service brokerage and discount brokerage. Certain comparative amounts have been reclassified to conform with current period presentation.

## Performance Measures by Major Business Segment - Wholesale Bank



OPERATING CASH BASIS (UNAUDITED, \$MILLIONS) FOR THE PERIOD ENDED	LINE #	2001			2002				2003 <sup>2</sup>		Q2 % change vs Q2 02	Year to Date	
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2		2002	2003
Net interest income (TEB)	1	\$ 151	\$ 242	\$ 402	\$ 243	\$ 385	\$ 433	\$ 444	\$ 404	<b>\$ 313</b>	(19)%	\$ 628	\$ 717
Trading and fee income	2	619	537	413	691	250	98	124	207	<b>199</b>	(20)	941	406
Total revenue	3	770	779	815	934	635	531	568	611	<b>512</b>	(19)	1,569	1,123
Provision for credit losses	4	41	119	126	217	300	1,132	841	-	-	(100)	517	-
<b>Non interest expenses</b>													
Restructuring costs	5	-	-	-	-	-	-	-	-	<b>66</b>	+100	-	66
Goodwill impairment	6	-	-	-	-	-	-	-	-	<b>350</b>	+100	-	350
Other non-interest expenses	7	347	340	320	407	304	248	276	357	<b>308</b>	1	711	665
Total non-interest expenses	8	347	340	320	407	304	248	276	357	<b>724</b>	+100	711	1,081
Net income before taxes	9	382	320	369	310	31	(849)	(549)	254	<b>(212)</b>	+(100)	341	42
Income taxes (TEB)	10	152	100	126	104	(4)	(307)	(193)	91	<b>(92)</b>	+100	100	(1)
Net income <sup>3</sup>	11	\$ 230	\$ 220	\$ 243	\$ 206	\$ 35	\$ (542)	\$ (356)	\$ 163	<b>\$ (120)</b>	+(100)%	\$ 241	\$ 43
Total economic capital (\$billions) <sup>4</sup>	12	3.9	3.9	3.9	3.8	3.7	3.6	4.0	4.2	<b>4.1</b>	11 %	\$ 3.7	\$ 4.2
Return on economic capital	13	23.0 %	21.5 %	24.1 %	20.8 %	3.3 %	(59.8)%	(35.8)%	14.5 %	<b>(12.7)%</b>	(16.0) pts	12.3 %	1.3 %
<b>Selected volumes and ratios (\$billions)</b>													
Risk-weighted assets	14	\$ 66	\$ 64	\$ 66	\$ 63	\$ 63	\$ 65	\$ 61	\$ 60	<b>\$ 56</b>	(11)%	\$ 63	\$ 56
Trading securities	15	75	76	66	72	71	67	53	65	<b>64</b>	(10)	71	64
Short sales of securities	16	25	27	21	26	24	23	17	20	<b>19</b>	(21)	24	19
Average loans and customers' liabilities under acceptances	17	31	27	27	26	25	24	23	21	<b>18</b>	(28)%	\$ 26	20
Efficiency ratio %	18	45.1 %	43.6 %	39.3 %	43.6 %	47.9 %	46.7 %	48.6 %	58.4 %	<b>141.4 %</b>	93.5 pts	45.3 %	96.3 %

<sup>1</sup> Excludes the non-cash charges and special items which are summarized on page 4.

<sup>2</sup> Refer to page 9 for a breakout of Wholesale Bank non-core.

<sup>3</sup> Q2 2003 Restructuring and goodwill impairment charges amounted to \$289 million after-tax.

<sup>4</sup> Economic capital has been restated for Q1 2003 as a result of a change in methodology.

A leading Canadian wholesale bank serving corporate, government, and institutional clients around the world. The Wholesale Bank has developed a strong, diverse customer base with its proven ability to meet client needs by combining its knowledge and experience with a broad range of products and services. The Wholesale Bank provides a full range of capital markets and investment banking services including advice on corporate strategy, underwriting and distributing capital, structuring tailored risk management solutions, and executing financial transactions. Certain comparative amounts have been reclassified to conform with current period presentation.

# Performance Measures - Wholesale Bank Non-Core<sup>1</sup>



OPERATING CASH BASIS (UNAUDITED, \$MILLIONS) FOR THE PERIOD ENDED	LINE #	2003		Year to Date
		Q1	Q2	
Net interest income (TEB)	1	\$ 48	\$ 40	\$ 88
Trading and fee income	2	(25)	(9)	(34)
Total revenue	3	23	31	54
Provision for credit losses	4	-	-	-
Non-interest expenses	5	14	8	22
Net income before taxes	6	9	23	32
Income taxes (TEB)	7	3	10	13
Net income	8	\$ 6	\$ 13	\$ 19

## Selected volumes and ratios (\$billions)

Risk-weighted assets	9	\$ 12.7	\$ 10.1	\$ 10.1
Total exposure <sup>3</sup>	10	17.0	13.8	13.8
Total drawn <sup>4</sup>	11	9.3	7.2	7.2

<sup>1</sup> Included in the Wholesale Bank business segment results found on page 8.

<sup>2</sup> Excludes the non-cash charges and special items which are summarized on page 4.

Certain comparative amounts have been reclassified to conform with current period presentation.

<sup>3</sup> Exposure equals committed authorized plus uncommitted utilized loan facilities and letters of credit and guarantees; net of specific allowances for credit losses, cash collateral, and credit protection.

<sup>4</sup> Drawn amounts (excluding letters of credit and guarantees) are net of specific allowances for credit losses, cash collateral, and credit protection.

# Balance Sheet



(\$MILLIONS) AS AT	LINE #	2001			2002				2003		Q2 % change vs Q2 02
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
Cash resources	1	\$ 4,313	\$ 5,692	\$ 5,945	\$ 6,388	\$ 6,999	\$ 7,861	\$ 6,538	\$ 9,017	\$ 6,946	(1)%
Securities purchased under resale agreements	2	23,337	24,560	20,205	34,694	32,332	28,072	13,060	26,447	42,397	31
Investment securities											
Issued or guaranteed by Canada or provinces	3	13,804	13,933	14,386	12,446	13,372	14,797	12,986	13,504	14,503	8
Issued by US federal government	4	2,231	2,404	2,598	3,285	2,008	2,620	2,853	2,672	3,557	77
Other securities	5	13,026	13,775	14,026	14,332	13,858	14,275	12,963	13,389	12,728	(8)
Total	6	29,061	30,112	31,010	30,063	29,238	31,692	28,802	29,565	30,788	5
Trading securities	7	74,503	75,681	66,184	72,298	70,550	66,994	53,395	64,840	63,516	(10)
Total	8	103,564	105,793	97,194	102,361	99,788	98,686	82,197	94,405	94,304	(5)
Loans and customers' liability under acceptances											
Residential mortgages	9	46,583	49,087	50,807	52,356	51,404	53,235	52,784	52,806	53,311	4
Personal	10	30,995	31,672	31,126	33,579	35,642	35,389	36,332	37,937	39,152	10
Business and government	11	50,073	47,838	46,862	45,997	43,812	44,025	41,230	38,753	36,826	(16)
Total	12	127,651	128,597	128,795	131,932	130,858	132,649	130,346	129,496	129,289	(1)
Other assets											
Intangible assets	13	4,986	4,674	4,381	4,107	3,870	3,608	3,383	3,171	2,972	(23)
Goodwill	14	2,350	2,308	2,298	2,676	2,990	3,065	3,134	3,102	2,360	(21)
Other	15	21,801	24,213	29,020	28,270	23,880	35,628	39,382	45,800	43,384	82
Total	16	29,137	31,195	35,699	35,053	30,740	42,301	45,899	52,073	48,716	58
<b>Total assets</b>	17	<b>\$ 288,002</b>	<b>\$ 295,837</b>	<b>\$ 287,838</b>	<b>\$ 310,428</b>	<b>\$ 300,717</b>	<b>\$ 309,569</b>	<b>\$ 278,040</b>	<b>\$ 311,438</b>	<b>\$ 321,652</b>	<b>7 %</b>
Deposits											
Personal non-term	18	\$ 43,947	\$ 43,315	\$ 46,468	\$ 49,701	\$ 51,018	\$ 51,059	\$ 50,775	\$ 51,294	\$ 51,355	1 %
Personal term	19	53,391	52,008	49,514	48,643	48,231	49,102	50,167	51,088	51,825	7
Banks and deposit taking institutions	20	28,102	26,280	23,173	27,224	23,981	23,796	16,800	25,855	25,892	8
Business and government	21	72,986	75,764	74,759	80,670	79,846	82,988	71,448	78,001	82,761	4
Total	22	198,426	197,367	193,914	206,238	203,076	206,945	189,190	206,238	211,833	4
Customers' liability under acceptances	23	8,913	8,423	9,122	8,218	8,236	8,006	7,719	7,048	6,918	(16)
Obligations related to securities sold short	24	25,407	26,996	21,436	25,594	24,019	23,470	17,058	20,263	19,325	(20)
Obligations related to securities sold under repurchase agreements	25	12,669	18,115	14,637	24,427	21,699	19,328	8,655	14,463	22,113	2
Other liabilities	26	23,303	24,764	29,161	26,699	24,795	33,373	36,784	44,657	43,072	74
Subordinated notes and debentures	27	4,896	5,686	4,892	4,413	4,077	4,080	4,343	4,318	4,261	5
Non-controlling interest in subsidiaries - TD Waterhouse Group, Inc.	28	379	361	372	-	-	-	-	-	-	-
- TD CaTS	29	900	900	900	900	900	900	900	900	900	-
- TD CaTS II	30	-	-	-	-	-	-	350	350	350	+100
Shareholders' equity											
Preferred shares	31	1,480	1,479	1,492	1,492	1,487	1,491	1,485	1,477	1,786	20
Common shares	32	2,254	2,257	2,259	2,663	2,727	2,782	2,846	2,917	3,000	10
Contributed surplus	33	-	-	-	-	-	-	-	2	5	+100
Retained earnings	34	9,375	9,489	9,653	9,784	9,701	9,194	8,710	8,805	8,089	(17)
Total	35	13,109	13,225	13,404	13,939	13,915	13,467	13,041	13,201	12,880	(7)
<b>Total liabilities and shareholders' equity</b>	36	<b>\$ 288,002</b>	<b>\$ 295,837</b>	<b>\$ 287,838</b>	<b>\$ 310,428</b>	<b>\$ 300,717</b>	<b>\$ 309,569</b>	<b>\$ 278,040</b>	<b>\$ 311,438</b>	<b>\$ 321,652</b>	<b>7 %</b>
Assets under administration											
Personal and Commercial Banking	37	\$ 36,454	\$ 35,114	\$ 35,010	\$ 31,361	\$ 30,504	\$ 30,253	\$ 29,951	\$ 29,841	\$ 29,529	(3)%
Wealth Management	38	249,781	248,903	240,113	262,239	256,543	236,980	233,710	237,081	240,330	(6)
Total	39	\$ 286,235	\$ 284,017	\$ 275,123	\$ 293,600	\$ 287,047	\$ 267,233	\$ 263,661	\$ 266,922	\$ 269,859	(6)%
Assets under management											
Wealth Management	40	\$ 115,768	\$ 117,366	\$ 119,467	\$ 123,090	\$ 123,335	\$ 121,833	\$ 111,920	\$ 112,025	\$ 110,455	(10)%

# Reconciliation of Operating Cash Basis Earnings to GAAP Earnings



Q2, 2003

Year to Date 2003

Adjustments to determine GAAP earnings

Adjustments to determine GAAP earnings

(\$MILLIONS)	LINE #	Q2, 2003					Year to Date 2003						
		Operating Cash Basis Earnings	Special Items <sup>1</sup>	Cash Basis Earnings	Taxable Equivalent Basis	Amortization of Intangibles	GAAP Earnings	Operating Cash Basis Earnings	Special Items <sup>1</sup>	Cash Basis Earnings	Taxable Equivalent Basis	Amortization of Intangibles	GAAP Earnings
Net interest income	1	\$ 1,473	\$ -	\$ 1,473	\$ (56)	\$ -	\$ 1,417	\$ 2,917	\$ -	\$ 2,917	\$ (110)	\$ -	\$ 2,807
Provision for credit losses	2	98	-	98	-	-	98	210	-	210	-	-	210
Other income	3	996	-	996	-	-	996	2,165	-	2,165	-	-	2,165
Net interest and other income	4	2,371	-	2,371	(56)	-	2,315	4,872	-	4,872	(110)	-	4,762
Non-interest expenses	5	2,365	-	2,365	-	199	2,564	4,110	-	4,110	-	411	4,521
Income (loss) before provision for (benefit of) income taxes	6	6	-	6	(56)	(199)	(249)	762	-	762	(110)	(411)	241
Provision for (benefit of) income taxes	7	129	-	129	(56)	(72)	1	382	-	382	(110)	(151)	121
Income (loss) before non-controlling interest	8	(123)	-	(123)	-	(127)	(250)	380	-	380	-	(260)	120
Non-controlling interest	9	23	-	23	-	-	23	46	-	46	-	-	46
Net income (loss)	10	\$ (146)	\$ -	\$ (146)	\$ -	\$ (127)	\$ (273)	\$ 334	\$ -	\$ 334	\$ -	\$ (260)	\$ 74
Preferred dividends	11	22	-	22	-	-	22	45	-	45	-	-	45
Net income (loss) applicable to common shares	12	\$ (168)	\$ -	\$ (168)	\$ -	\$ (127)	\$ (295)	\$ 289	\$ -	\$ 289	\$ -	\$ (260)	\$ 29
Diluted earnings (loss) per share	13	\$ (0.26)	\$ -	\$ (0.26)	\$ -	\$ (0.20)	\$ (0.46)	\$ 0.44	\$ -	\$ 0.44	\$ -	\$ (0.40)	\$ 0.04

<sup>1</sup> There were no special items in Q1 or Q2, 2003.

# Net Interest Income and Margin



(\$MILLIONS) FOR THE PERIOD ENDED													
LINE #	2001			2002				2003		Q2 % change vs Q2 02	Year to date		
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2		2002	2003	
<b>Interest income</b>													
Loans	1	\$ 2,537	\$ 2,481	\$ 2,366	\$ 2,141	\$ 1,651	\$ 2,006	\$ 1,998	\$ 1,934	\$ <b>1,897</b>	15 %	\$ 3,792	\$ 3,831
Securities	2	932	956	1,102	841	1,064	892	881	849	<b>913</b>	(14)	1,905	1,762
Deposits with banks	3	60	69	154	56	64	82	75	78	<b>53</b>	(17)	120	131
Total interest income	4	3,529	3,506	3,622	3,038	2,779	2,980	2,954	2,861	<b>2,863</b>	3	5,817	5,724
<b>Interest expense</b>													
Deposits	5	2,094	1,918	1,822	1,322	1,126	1,222	1,216	1,157	<b>1,060</b>	(6)	2,448	2,217
Subordinated notes and debentures	6	73	73	71	53	44	54	63	63	<b>63</b>	43	97	126
Other	7	337	417	467	463	301	300	287	251	<b>323</b>	7	764	574
Total interest expense	8	2,504	2,408	2,360	1,838	1,471	1,576	1,566	1,471	<b>1,446</b>	(2)	3,309	2,917
<b>Net interest income</b>	9	1,025	1,098	1,262	1,200	1,308	1,404	1,388	1,390	<b>1,417</b>	8	2,508	2,807
TEB	10	63	49	79	61	60	48	53	54	<b>56</b>	(7)	121	110
<b>Net interest income (TEB)</b>	11	\$ 1,088	\$ 1,147	\$ 1,341	\$ 1,261	\$ 1,368	\$ 1,452	\$ 1,441	\$ 1,444	\$ <b>1,473</b>	8 %	\$ 2,629	\$ 2,917
Average total assets	12	\$ 293,667	\$ 300,278	\$ 305,682	\$ 311,808	\$ 308,597	\$ 308,954	\$ 314,552	\$ 312,281	\$ <b>319,216</b>	3 %	\$310,229	\$ 315,691
Average earning assets	13	\$ 251,543	\$ 258,943	\$ 256,013	\$ 265,075	\$ 268,514	\$ 265,790	\$ 259,983	\$ 257,447	\$ <b>262,276</b>	(2)%	\$266,766	\$ 259,821
Net interest margin (TEB) as a % of average earning assets	14	1.77 %	1.76 %	2.08 %	1.89 %	2.09 %	2.17 %	2.20 %	2.23 %	<b>2.30 %</b>	.21 pts	1.99 %	2.26 %
<b>Impact on NII from impaired loans</b>													
Reduction/(increase) in NII from impaired loans													
Gross	15	\$ 30	\$ 39	\$ 35	\$ 23	\$ 32	\$ 28	\$ 32	\$ 33	\$ <b>30</b>	(6)%	\$ 55	\$ 63
Recoveries	16	(12)	(4)	(5)	(4)	(5)	(6)	(5)	(3)	<b>(3)</b>	(40)	(9)	(6)
Net reduction/(increase)	17	\$ 18	\$ 35	\$ 30	\$ 19	\$ 27	\$ 22	\$ 27	\$ 30	\$ <b>27</b>	- %	\$ 46	\$ 57
Effective tax rate (TEB) - Operating cash basis <sup>1</sup>	18	28.8 %	29.2 %	23.3 %	29.7 %	28.9 %	39.5 %	73.3 %	33.5 %	<b>+100%</b>	+100 pts	29.4 %	50.1 %

<sup>1</sup> Operating cash basis results exclude the non-cash charges and special items which are summarized on page 4.

# Other Income and Trading Related Income (TEB)



(\$MILLIONS)  
FOR THE PERIOD ENDED

LINE #	2001			2002				2003		Q2 % change vs Q2 02	Year to Date		
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2		2002	2003	
<b>Other Income</b>													
TD Waterhouse fees and commissions	1	\$ 260	\$ 220	\$ 207	\$ 245	\$ 240	\$ 228	\$ 209	\$ 232	<b>\$ 202</b>	(16)%	\$ 485	\$ 434
Full service brokerage and other securities services	2	165	205	148	193	161	163	124	143	<b>157</b>	(2)	354	300
Mutual fund management	3	124	128	128	131	133	131	127	128	<b>120</b>	(10)	264	248
Credit fees	4	124	83	87	121	116	100	78	118	<b>100</b>	(14)	237	218
Net investment securities gains/(losses)	5	13	26	137	60	(12)	(8)	(14)	5	<b>(23)</b>	92	48	(18)
Trading income	6	375	373	121	432	106	(73)	64	83	<b>15</b>	(86)	538	98
Service charges	7	136	150	148	145	143	151	157	155	<b>153</b>	7	288	308
Loan securitizations	8	70	65	68	56	46	63	53	45	<b>54</b>	17	102	99
Card services	9	59	66	60	62	57	64	66	66	<b>65</b>	14	119	131
Insurance revenue (net of claims)	10	86	89	80	84	96	95	100	92	<b>97</b>	1	180	189
Trust fees	11	27	21	15	18	22	18	18	17	<b>19</b>	(14)	40	36
Gains on sale of investment real estate	12	200	-	-	-	-	-	-	-	<b>-</b>	-	-	-
Gain on sale of mutual fund record keeping and custody business	13	-	-	-	18	-	22	-	-	<b>-</b>	-	18	-
Foreign exchange - non-trading	14	20	21	32	29	27	29	25	25	<b>28</b>	4	56	53
Other services	15	100	87	57	54	54	55	47	60	<b>9</b>	(83)	108	69
<b>Total other income - page 3 (line 18)</b>	<b>16</b>	<b>\$ 1,759</b>	<b>\$ 1,534</b>	<b>\$ 1,288</b>	<b>\$ 1,648</b>	<b>\$ 1,189</b>	<b>\$ 1,038</b>	<b>\$ 1,054</b>	<b>\$ 1,169</b>	<b>\$ 996</b>	<b>(16)%</b>	<b>\$ 2,837</b>	<b>\$ 2,165</b>
<b>Trading related income (TEB)<sup>1</sup></b>													
Interest rate and credit portfolios	17	\$ 171	\$ 286	\$ 141	\$ 383	\$ 177	\$ 60	\$ 126	\$ 178	<b>\$ 186</b>	5 %	\$ 560	\$ 364
Foreign exchange portfolios	18	64	61	65	60	50	61	46	65	<b>65</b>	30	110	130
Equity and other portfolios	19	127	85	163	58	77	97	158	131	<b>83</b>	8	135	214
<b>Total trading related income</b>	<b>20</b>	<b>\$ 362</b>	<b>\$ 432</b>	<b>\$ 369</b>	<b>\$ 501</b>	<b>\$ 304</b>	<b>\$ 218</b>	<b>\$ 330</b>	<b>\$ 374</b>	<b>\$ 334</b>	<b>10 %</b>	<b>\$ 805</b>	<b>\$ 708</b>

<sup>1</sup> Includes trading-related income reported in net interest on page 12, line 11 and in other income (line 6 above). Trading-related income (TEB) includes TEB adjustments in respect of certain transactions which are not included in total bank TEB revenues but are included in the wholesale bank segment revenues.

# Non-Interest Expenses



(\$MILLIONS)													
FOR THE PERIOD ENDED													
LINE #	2001			2002				2003		Q2 % change vs Q2 02	Year to date		
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2		2002	2003	
<b>Salaries and employee benefits</b>													
Salaries	1	\$ 533	\$ 573	\$ 564	\$ 556	\$ 552	\$ 584	\$ 581	\$ 595	<b>\$ 536</b>	(3)%	\$ 1,108	\$ 1,131
Incentive compensation	2	299	278	250	363	232	173	107	251	<b>241</b>	4	595	492
Pension and other employee benefits	3	83	91	73	95	98	111	114	119	<b>116</b>	18	193	235
Total	4	915	942	887	1,014	882	868	802	965	<b>893</b>	1	1,896	1,858
<b>Occupancy</b>													
Rent	5	83	83	81	81	84	84	81	87	<b>86</b>	2	165	173
Depreciation	6	47	33	39	34	36	37	41	35	<b>36</b>	-	70	71
Other	7	37	27	23	31	31	33	32	30	<b>31</b>	-	62	61
Total	8	167	143	143	146	151	154	154	152	<b>153</b>	1	297	305
<b>Equipment</b>													
Rent	9	36	45	47	41	39	47	43	46	<b>51</b>	31	80	97
Depreciation	10	42	46	41	37	40	44	43	39	<b>38</b>	(5)	77	77
Other	11	86	82	85	83	78	81	85	82	<b>67</b>	(14)	161	149
Total	12	164	173	173	161	157	172	171	167	<b>156</b>	(1)	318	323
<b>General</b>													
Marketing and business development	13	106	100	100	88	114	97	89	97	<b>96</b>	(16)	202	193
Brokerage related fees	14	58	54	54	61	56	57	50	58	<b>55</b>	(2)	117	113
Professional and advisory services	15	82	63	105	90	87	84	105	75	<b>87</b>	-	177	162
Communications	16	50	53	50	52	58	59	56	54	<b>51</b>	(12)	110	105
Capital and business taxes	17	28	29	27	24	22	32	29	29	<b>32</b>	45	46	61
Postage	18	32	25	30	20	31	23	22	22	<b>25</b>	(19)	51	47
Travel and relocation	19	16	17	17	15	15	18	20	14	<b>15</b>	-	30	29
Restructuring costs	20	-	54	130	-	-	-	-	-	<b>87</b>	+100	-	87
Goodwill impairment	21	-	-	-	-	-	-	-	-	<b>624</b>	+100	-	624
Other	22	108	127	149	120	114	77	137	112	<b>91</b>	(20)	234	203
Total	23	480	522	662	470	497	447	508	461	<b>1,163</b>	+100	967	1,624
<b>Total expenses excluding non-cash goodwill / intangible amortization</b>	24	<b>\$ 1,726</b>	<b>\$ 1,780</b>	<b>\$ 1,865</b>	<b>\$ 1,791</b>	<b>\$ 1,687</b>	<b>\$ 1,641</b>	<b>\$ 1,635</b>	<b>\$ 1,745</b>	<b>\$ 2,365</b>	40 %	<b>\$ 3,478</b>	<b>\$ 4,110</b>
<b>Memo Items</b>													
Non-cash goodwill / intangible amortization	25	\$ 383	\$ 362	\$ 344	\$ 274	\$ 257	\$ 241	\$ 226	\$ 212	<b>\$ 199</b>	(23)%	\$ 531	\$ 411
Less tax effect - at normal rates	26	138	130	123	110	97	92	86	79	<b>72</b>	(26)	207	151
- resulting from tax rate changes	27	12	106	1	-	-	(5)	(16)	-	<b>-</b>	-	-	-
Non-cash goodwill / intangible amortization, net of tax	28	<b>\$ 233</b>	<b>\$ 126</b>	<b>\$ 220</b>	<b>\$ 164</b>	<b>\$ 160</b>	<b>\$ 154</b>	<b>\$ 156</b>	<b>\$ 133</b>	<b>\$ 127</b>	(21)%	<b>\$ 324</b>	<b>\$ 260</b>



Equity Securities, Intangibles and Goodwill,  
and Restructuring Costs



(\$MILLIONS) AS AT	LINE #	2001			2002				2003		Q2 % change vs Q2 02
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
<b>Equity securities - surplus (deficit) over book<sup>1</sup></b>											
Debt	1	\$ 30	\$ 26	\$ 40	\$ 64	\$ 43	\$ 47	\$ 99	\$ (6)	\$ 1	(98)%
Common & equivalents	2	604	573	329	362	418	194	124	136	194	(54)
Preferred shares	3	20	4	1	11	(6)	(8)	5	28	48	+(100)
<b>Total</b>	4	\$ 654	\$ 603	\$ 370	\$ 437	\$ 455	\$ 233	\$ 228	\$ 158	\$ 243	(47)%
<b>Identifiable intangible assets</b>											
Opening balance	5	\$ 5,318	\$ 4,986	\$ 4,674	\$ 4,381	\$ 4,107	\$ 3,870	\$ 3,608	\$ 3,383	\$ 3,171	(23)%
Arising during quarter	6	-	-	-	-	20	(21)	1	-	-	(100)
Amortized in quarter	7	(332)	(312)	(293)	(274)	(257)	(241)	(226)	(212)	(199)	(23)
<b>Closing balance</b>	8	\$ 4,986	\$ 4,674	\$ 4,381	\$ 4,107	\$ 3,870	\$ 3,608	\$ 3,383	\$ 3,171	\$ 2,972	(23)%
<b>Future tax liability on intangible assets</b>											
Opening balance	9	\$ (1,990)	\$ (1,841)	\$ (1,607)	\$ (1,486)	\$ (1,376)	\$ (1,279)	\$ (1,192)	\$ (1,122)	\$ (1,043)	(24)%
Arising during quarter - changes in tax rates	10	-	-	-	-	-	(5)	(16)	-	-	-
Recognized in quarter	11	149	234	121	110	97	92	86	79	72	(26)
<b>Closing balance</b>	12	\$ (1,841)	\$ (1,607)	\$ (1,486)	\$ (1,376)	\$ (1,279)	\$ (1,192)	\$ (1,122)	\$ (1,043)	\$ (971)	(24)%
<b>Net intangibles</b>	13	\$ 3,145	\$ 3,067	\$ 2,895	\$ 2,731	\$ 2,591	\$ 2,416	\$ 2,261	\$ 2,128	\$ 2,001	(23)%
<b>Goodwill</b>											
Opening balance	14	\$ 2,305	\$ 2,350	\$ 2,308	\$ 2,298	\$ 2,676	\$ 2,990	\$ 3,065	\$ 3,134	\$ 3,102	16 %
Arising during quarter	15	74	12	-	384	325	44	97	-	-	(100)
Amortized in quarter	16	(51)	(50)	(51)	-	-	-	-	-	-	-
Write-down of impairment in quarter	17	-	-	-	-	-	-	-	-	(624)	+(100)
Foreign exchange and other adjustments	18	22	(4)	41	(6)	(11)	31	(28)	(32)	(118)	+100
<b>Closing balance</b>	19	\$ 2,350	\$ 2,308	\$ 2,298	\$ 2,676	\$ 2,990	\$ 3,065	\$ 3,134	\$ 3,102	\$ 2,360	(21)%
<b>Total net intangibles and goodwill</b>	20	\$ 5,495	\$ 5,375	\$ 5,193	\$ 5,407	\$ 5,581	\$ 5,481	\$ 5,395	\$ 5,230	\$ 4,361	(22)%
<b>Restructuring costs accrual</b>											
Opening balance	21	\$ 322	\$ 278	\$ 303	\$ 337	\$ 207	\$ 137	\$ 81	\$ 36	\$ 27	(87)%
Expensed during quarter	22	-	54	130	-	-	-	-	-	93	+100
Amount utilized during quarter - Personal and Commercial Banking	23	(25)	(29)	(56)	(32)	(61)	(40)	(32)	(6)	(5)	(92)
- TD Waterhouse	24	-	-	(39)	(7)	(4)	(3)	(1)	-	-	(100)
- TD Waterhouse International	25	-	-	-	-	-	-	-	-	(13)	+(100)
- Wholesale Bank	26	-	-	(1)	(91)	(5)	(13)	(12)	(3)	(2)	(60)
- Wholesale Bank Equity Options	27	-	-	-	-	-	-	-	-	(26)	+(100)
- Newcrest	28	(19)	-	-	-	-	-	-	-	-	-
<b>Closing balance</b>	29	\$ 278	\$ 303	\$ 337	\$ 207	\$ 137	\$ 81	\$ 36	\$ 27	\$ 74	(46)%

<sup>1</sup> Excludes debt security positions which are used as part of the Bank's Asset and Liability Management hedging activities

Analysis of Change in Shareholders' Equity & Non-Controlling Interest



(\$MILLIONS)												
FOR THE PERIOD ENDED												
LINE #	2001			2002				2003		Q2 % change vs Q2 02	Year to Date	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2		2002	2003
<b>Preferred shares</b>												
1	\$ 1,472	\$ 1,480	\$ 1,479	\$ 1,492	\$ 1,492	\$ 1,487	\$ 1,491	\$ 1,485	\$ 1,477	(1)%	\$ 1,492	\$ 1,485
2	-	-	-	-	-	-	-	-	550	+100	-	550
3	-	-	-	-	-	-	-	-	(226)	+(100)	-	(226)
4	8	(1)	13	-	(5)	4	(6)	(8)	(15)	+100	(5)	(23)
5	1,480	1,479	1,492	1,492	1,487	1,491	1,485	1,477	1,786	20	1,487	1,786
<b>Common shares</b>												
6	2,248	2,254	2,257	2,259	2,663	2,727	2,782	2,846	2,917	10	2,259	2,846
7	6	3	2	4	5	2	2	8	13	+100	9	21
8	-	-	-	400	-	-	-	-	-	-	400	-
9	-	-	-	-	59	53	62	63	70	19	59	133
10	2,254	2,257	2,259	2,663	2,727	2,782	2,846	2,917	3,000	10	2,727	3,000
<b>Contributed surplus</b>												
11	-	-	-	-	-	-	-	-	2	+100	-	-
12	-	-	-	-	-	-	-	2	3	+100	-	5
13	-	-	-	-	-	-	-	2	5	+100	-	5
<b>Retained earnings</b>												
14	9,170	9,375	9,489	9,653	9,784	9,701	9,194	8,710	8,805	(10)	9,653	8,710
15	383	343	227	378	156	(405)	(196)	347	(273)	+(100)	534	74
16	(176)	(176)	(176)	(179)	(179)	(180)	(180)	(181)	(181)	1	(358)	(362)
17	(17)	(17)	(19)	(18)	(18)	(17)	(17)	(18)	(15)	(17)	(36)	(33)
18	(7)	(5)	(5)	(5)	(6)	(6)	(6)	(5)	(7)	17	(11)	(12)
19	31	(19)	143	(30)	(21)	102	(83)	(48)	(234)	+100	(51)	(282)
20	-	-	(1)	(7)	-	-	(1)	-	(6)	+(100)	(7)	(6)
21	(8)	(12)	(5)	(8)	(15)	(1)	(1)	-	-	(100)	(23)	-
22	(1)	-	-	-	-	-	-	-	-	-	-	-
23	9,375	9,489	9,653	9,784	9,701	9,194	8,710	8,805	8,089	(17)	9,701	8,089
24	11,629	11,746	11,912	12,447	12,428	11,976	11,556	11,724	11,094	(11)	12,428	11,094
25	\$ 13,109	\$ 13,225	\$ 13,404	\$ 13,939	\$ 13,915	\$ 13,467	\$ 13,041	\$ 13,201	\$ 12,880	(7)%	\$ 13,915	\$ 12,880
<b>Non-controlling interest in subsidiaries</b>												
26	\$ 1,282	\$ 1,279	\$ 1,261	\$ 1,272	\$ 900	\$ 900	\$ 900	\$ 1,250	\$ 1,250	39 %	\$ 1,272	\$ 1,250
27	-	-	-	-	-	-	350	-	-	-	-	-
28	1	(4)	-	-	-	-	-	-	-	-	-	-
29	(12)	(13)	-	(372)	-	-	-	-	-	-	(372)	-
30	8	(1)	11	-	-	-	-	-	-	-	-	-
31	\$ 1,279	\$ 1,261	\$ 1,272	\$ 900	\$ 900	\$ 900	\$ 1,250	\$ 1,250	\$ 1,250	39 %	\$ 900	\$ 1,250
<b>NUMBER OF COMMON SHARES</b>												
32	627,693,764	628,131,342	628,317,509	628,451,159	639,609,058	641,379,237	643,228,956	645,399,134	647,920,791		628,451,159	645,399,134
33	437,578	186,167	133,650	198,999	357,328	130,041	131,597	543,099	1,052,388		556,327	1,595,487
34	-	-	-	10,958,900	-	-	-	-	-		10,958,900	-
35	-	-	-	-	1,412,851	1,719,678	2,038,581	1,978,558	2,101,496		1,412,851	4,080,054
36	628,131,342	628,317,509	628,451,159	639,609,058	641,379,237	643,228,956	645,399,134	647,920,791	651,074,675		641,379,237	651,074,675

# Risk-Weighted Assets and Capital



(\$MILLIONS)		2001			2002				2003		Q2 % change
AS AT	LINE #	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	vs Q2 02
<b>Balance sheet assets</b>											
Cash resources	1	\$ 691	\$ 925	\$ 991	\$ 1,101	\$ 1,150	\$ 1,370	\$ 1,108	\$ 1,620	\$ 1,205	5 %
Securities	2	6,843	6,530	6,946	7,143	6,551	6,708	6,247	5,845	4,635	(29)
Loans	3	68,046	72,508	66,838	68,998	68,997	69,971	64,247	64,231	62,846	(9)
Customers' liability under acceptances	4	8,117	7,470	8,246	7,426	7,540	7,333	7,066	6,460	6,429	(15)
Other assets	5	7,153	6,742	6,342	6,237	6,037	6,479	6,288	6,158	6,189	3
<b>Total balance sheet assets</b>	6	90,850	94,175	89,363	90,905	90,275	91,861	84,956	84,314	81,304	(10)
<b>Off-balance sheet assets</b>											
Credit instruments	7	18,550	18,004	18,350	17,755	16,164	15,404	14,559	14,200	13,151	(19)
Derivative financial instruments	8	4,993	5,451	6,373	5,816	5,211	6,567	6,259	6,554	6,104	17
<b>Total off-balance sheet assets</b>	9	23,543	23,455	24,723	23,571	21,375	21,971	20,818	20,754	19,255	(10)
<b>Total risk-weighted asset equivalent - Credit risk</b>	10	114,393	117,630	114,086	114,476	111,650	113,832	105,774	105,068	100,559	(10)
<b>Total risk-weighted asset equivalent - Market risk</b>	11	13,592	12,558	13,032	13,246	14,621	16,037	14,859	16,043	17,448	19
<b>Total risk-weighted assets</b>	12	\$ 127,985	\$ 130,188	\$ 127,118	\$ 127,722	\$ 126,271	\$ 129,869	\$ 120,633	\$ 121,111	\$ 118,007	(7)%
<b>CAPITAL</b>											
<b>TIER 1</b>											
Common shareholders' equity	13	\$ 11,629	\$ 11,746	\$ 11,912	\$ 12,447	\$ 12,428	\$ 11,976	\$ 11,556	\$ 11,722	\$ 11,089	(11)%
Qualifying preferred shares	14	1,480	1,479	1,492	1,492	1,487	1,491	1,328	1,375	1,394	(6)
Contributed surplus	15	-	-	-	-	-	-	-	2	5	+100
Non-controlling interest in subsidiaries											
- TD Waterhouse Group, Inc.	16	379	361	372	-	-	-	-	-	-	-
- TD CaTS	17	900	900	900	900	900	900	1,119	1,188	1,216	35
Less: goodwill and intangible assets in excess of 5% limit	18	(4,336)	(4,222)	(4,041)	(4,246)	(4,423)	(4,345)	(4,213)	(4,033)	(3,264)	(26)
<b>Total Tier 1 capital</b>	19	10,052	10,264	10,635	10,593	10,392	10,022	9,790	10,254	10,440	-
<b>TIER 2</b>											
Subordinated notes and debentures	20	4,896	5,686	4,892	4,413	4,077	4,080	4,343	4,318	4,261	5
Qualifying preferred shares	21	-	-	-	-	-	-	157	102	392	+100
Less: amortization of subordinated notes and debentures	22	(517)	(554)	(545)	(574)	(566)	(561)	(357)	(381)	(373)	(34)
General allowance for credit losses included in capital	23	960	976	1,112	1,118	1,105	1,136	1,056	1,060	1,032	(7)
<b>Total Tier 2 capital</b>	24	5,339	6,108	5,459	4,957	4,616	4,655	5,199	5,099	5,312	15
Investment in unconsolidated subsidiaries/ substantial investments	25	(625)	(701)	(697)	(703)	(719)	(723)	(870)	(915)	(944)	31
First loss protection	26	(350)	(301)	(288)	(204)	(197)	(180)	(159)	(154)	(182)	(8)
<b>Total capital</b>	27	\$ 14,416	\$ 15,370	\$ 15,109	\$ 14,643	\$ 14,092	\$ 13,774	\$ 13,960	\$ 14,284	\$ 14,626	4 %
<b>Capital ratios</b>											
Tier 1 capital	28	7.9	7.9	8.4	8.3	8.2	7.7	8.1	8.5	8.8	.6 pts
Total capital	29	11.3	11.8	11.9	11.5	11.2	10.6	11.6	11.8	12.4	1.2 pts

# Interest Rate Sensitivity and Loan Securitization



(\$MILLIONS)

FOR THE PERIOD ENDED

LINE #	2001			2002				2003		Q2 % change vs Q2 02	Year to Date		
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2		2002	2003	
<b>Interest sensitive (asset) liability gap within 1 year (\$billions)</b>	1	\$ (5.3)	\$ (5.3)	\$ 5.1	\$ 5.4	\$ (8.0)	\$ 5.5	\$ 8.0	\$ 11.6	<b>\$ (0.9)</b>	(89)%	\$ (8.0)	\$ (0.9)
<b>After tax impact of 1% increase in interest rates on</b>													
Common shareholders' equity	2	\$ (32)	\$ (32)	\$ (45)	\$ (43)	\$ (36)	\$ (48)	\$ (40)	\$ (27)	<b>\$ (40)</b>	11 %	\$ (36)	\$ (40)
Annual net income	3	(6)	(5)	3	(3)	(3)	2	(5)	(1)	<b>(10)</b>	+100	(3)	(10)
<b>Loans securitized and sold to third party</b>													
Securitized/(repurchased) during the quarter													
Mortgages - conventional	4	\$ -	\$ 7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	<b>\$ -</b>	- %	\$ -	\$ -
Mortgages - MBS pools sold	5	4	452	543	84	1,174	1,273	1,203	1,600	<b>1,435</b>	22	1,258	3,035
Credit Cards	6	(10)	-	-	-	(668)	(219)	(107)	(500)	<b>(20)</b>	(97)	(668)	(520)
Personal Loans	7	-	-	-	(1,300)	-	(541)	(472)	(348)	<b>(36)</b>	+100	(1,300)	(384)
Mortgage - Commercial	8	-	-	-	-	-	90	(1)	577	<b>-</b>	-	-	577
Outstanding at period end	9	\$ 19,459	\$ 18,828	\$ 18,456	\$ 15,888	\$ 15,395	\$ 15,136	\$ 14,916	\$ 15,600	<b>\$ 15,858</b>	3 %	\$15,395	\$15,858
<b>Income statement classification impact</b>													
Net interest income	10	\$ (88)	\$ (88)	\$ (89)	\$ (87)	\$ (62)	\$ (75)	\$ (64)	\$ (56)	<b>\$ (60)</b>	(3)%	\$ (149)	\$ (116)
Other income	11	69	66	72	56	46	63	53	45	<b>54</b>	17	102	99
Provision for credit losses	12	23	22	20	31	16	12	11	11	<b>6</b>	(62)	47	17
Total impact	13	\$ 4	\$ -	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ -	<b>\$ -</b>	- %	\$ -	\$ -

# Impaired Loans by Business Line and General Allowances



(\$MILLIONS)  
AS AT

LINE #	2001			2002				2003		Q2 % change vs Q2 02
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
<b>GROSS IMPAIRED LOANS</b>										
<b>Personal and Commercial Banking</b>										
Retail	\$ 266	\$ 221	\$ 256	\$ 307	\$ 288	\$ 258	\$ 250	\$ 239	\$ 216	(25)%
Commercial	119	138	122	121	135	123	164	150	189	40
Total Personal and Commercial Banking	385	359	378	428	423	381	414	389	405	(4)
<b>Wholesale Bank</b>										
Corporate loans - core	830	1,010	829	895	1,212	1,611	2,080	-	-	(100)
- non-core <sup>1</sup>	-	-	-	-	-	-	-	2,363	2,089	+100
Investment banking	40	40	60	58	58	32	31	31	28	(52)
Total Wholesale Bank	870	1,050	889	953	1,270	1,643	2,111	2,394	2,117	67
<b>TOTAL GROSS IMPAIRED LOANS</b>	<b>\$ 1,255</b>	<b>\$ 1,409</b>	<b>\$ 1,267</b>	<b>\$ 1,381</b>	<b>\$ 1,693</b>	<b>\$ 2,024</b>	<b>\$ 2,525</b>	<b>\$ 2,783</b>	<b>\$ 2,522</b>	<b>49 %</b>
<b>NET IMPAIRED LOANS</b>										
<b>Personal and Commercial Banking</b>										
Retail	\$ 129	\$ 113	\$ 188	\$ 218	\$ 217	\$ 188	\$ 152	\$ 142	\$ 126	(42)%
Commercial	34	50	80	74	82	68	105	75	102	24
Total Personal and Commercial Banking	163	163	268	292	299	256	257	217	228	(24)
<b>Wholesale Bank</b>										
Corporate loans - core	661	729	760	674	749	924	1,163	-	-	(100)
- non-core <sup>1</sup>	-	-	-	-	-	-	-	1,264	956	+100
Investment banking	28	28	60	49	49	32	31	31	28	(43)
Total Wholesale Bank	689	757	820	723	798	956	1,194	1,295	984	23
Total impaired loans net of specific provisions	852	920	1,088	1,015	1,097	1,212	1,451	1,512	1,212	10
General allowance for credit losses	1,138	1,138	1,141	1,141	1,138	1,141	1,141	1,141	1,141	-
Sectoral allowance for credit losses	-	-	-	-	-	870	1,285	1,032	813	+100
<b>TOTAL NET IMPAIRED LOANS</b>	<b>\$ (286)</b>	<b>\$ (218)</b>	<b>\$ (53)</b>	<b>\$ (126)</b>	<b>\$ (41)</b>	<b>\$ (799)</b>	<b>\$ (975)</b>	<b>\$ (661)</b>	<b>\$ (742)</b>	<b>+100 %</b>
Allowance for credit losses as a % of gross impaired loans	122.8 %	115.5 %	104.2 %	109.1 %	102.4 %	139.5 %	138.6 %	123.8 %	129.4 %	27.0 pts
<b>Total Loans (page 10, line 12)</b>	<b>\$ 127,651</b>	<b>\$ 128,597</b>	<b>\$ 128,795</b>	<b>\$ 131,932</b>	<b>\$ 130,858</b>	<b>\$ 132,649</b>	<b>\$ 130,346</b>	<b>\$ 129,496</b>	<b>\$ 129,289</b>	<b>(1)%</b>
Net impaired loans as a % of net loans	(0.2)%	(0.2)%	- %	(0.1)%	- %	(0.6)%	(0.7)%	(0.5)%	(0.6)%	(.6) pts
<b>GENERAL ALLOWANCE FOR CREDIT LOSSES</b>										
Loans (line 17 above)	\$ 1,138	\$ 1,138	\$ 1,141	\$ 1,141	\$ 1,138	\$ 1,141	\$ 1,141	\$ 1,141	\$ 1,141	- %
Derivative financial instruments	27	31	34	31	48	52	65	76	71	48
Total general allowance	\$ 1,165	\$ 1,169	\$ 1,175	\$ 1,172	\$ 1,186	\$ 1,193	\$ 1,206	\$ 1,217	\$ 1,212	2 %

<sup>1</sup> Comparative figures have not been provided as the split between core and non-core is a result of a change in business strategy effective Q1/03

(\$MILLIONS)											
AS AT	LINE #	2001			2002				2003		Q2 % change vs Q2 02
		Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
<b>GROSS IMPAIRED LOANS</b>											
Balance at beginning of period	1	\$ 1,061	\$ 1,255	\$ 1,409	\$ 1,267	\$ 1,381	\$ 1,693	\$ 2,024	\$ 2,525	\$ 2,783	+100%
Additions to impaired loans and acceptances											
Personal and Commercial Banking - retail <sup>1</sup>	2	121	123	175	211	212	194	191	193	181	(15)
- commercial mid-market	3	19	38	24	16	29	7	66	9	40	38
Wholesale Bank - core	4	202	333	243	177	537	472	770	-	-	(100)
- non-core <sup>2</sup>	5	-	-	-	-	-	-	-	458	122	+100
Total additions to impaired loans and acceptances	6	\$ 342	\$ 494	\$ 442	\$ 404	\$ 778	\$ 673	\$ 1,027	\$ 660	\$ 343	(56)%
Return to performing status, repaid or sold	7	(50)	(214)	(56)	(127)	(263)	(136)	(205)	(199)	(313)	19
Net new additions (reductions)	8	\$ 292	\$ 280	\$ 386	\$ 277	\$ 515	\$ 537	\$ 822	\$ 461	\$ 30	(94)%
Write-offs	9	(98)	(126)	(528)	(163)	(203)	(206)	(321)	(165)	(202)	-
Foreign exchange and other adjustments	10	-	-	-	-	-	-	-	(38)	(89)	+(100)
Balance at end of period	11	\$ 1,255	\$ 1,409	\$ 1,267	\$ 1,381	\$ 1,693	\$ 2,024	\$ 2,525	\$ 2,783	\$ 2,522	49 %
<b>GROSS IMPAIRED LOANS BY LOCATION<sup>3</sup></b>											
Domestic	12	\$ 705	\$ 681	\$ 623	\$ 675	\$ 815	\$ 711	\$ 712	\$ 680	\$ 683	(16)%
International - USA	13	508	649	589	653	800	1,193	1,612	1,520	1,340	68
- Offshore	14	42	79	55	53	78	120	201	583	499	+100
Balance at end of period	15	\$ 1,255	\$ 1,409	\$ 1,267	\$ 1,381	\$ 1,693	\$ 2,024	\$ 2,525	\$ 2,783	\$ 2,522	49 %
<b>ALLOWANCE FOR CREDIT LOSSES</b>											
<b>Specific allowance</b>											
Balance at beginning of period	16	\$ 363	\$ 404	\$ 489	\$ 179	\$ 366	\$ 596	\$ 812	\$ 1,074	\$ 1,271	+100%
Write-offs <sup>4</sup>	17	(98)	(126)	(528)	(163)	(203)	(206)	(321)	(165)	(202)	-
Recoveries	18	19	21	27	25	32	42	28	27	31	(3)
Transfer from sectoral	19	-	-	-	-	-	-	205	236	170	+100
Provision for credit losses	20	120	190	190	325	400	380	350	112	98	(76)
Foreign exchange and other adjustments	21	-	-	1	-	1	-	-	(13)	(58)	+(100)
Balance at end of period	22	\$ 404	\$ 489	\$ 179	\$ 366	\$ 596	\$ 812	\$ 1,074	\$ 1,271	\$ 1,310	+100%
<b>Sectoral allowance</b>											
Balance at beginning of period	23	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 870	\$ 1,285	\$ 1,032	+100%
Transfer to specific	24	-	-	-	-	-	-	(205)	(236)	(170)	+(100)
Provision for credit losses	25	-	-	-	-	-	870	600	-	-	-
Foreign exchange and other adjustments	26	-	-	-	-	-	-	20	(17)	(49)	+(100)
Balance at end of period	27	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 870	\$ 1,285	\$ 1,032	\$ 813	+100%
<b>General allowance</b>											
Balance at beginning of period	28	\$ 984	\$ 1,138	\$ 1,138	\$ 1,141	\$ 1,141	\$ 1,138	\$ 1,141	\$ 1,141	\$ 1,141	- %
Increase in general allowance	29	150	-	-	-	-	-	-	-	-	-
Foreign exchange and other adjustments	30	4	-	3	-	(3)	3	-	-	-	+(100)
Balance at end of period	31	\$ 1,138	\$ 1,138	\$ 1,141	\$ 1,141	\$ 1,138	\$ 1,141	\$ 1,141	\$ 1,141	\$ 1,141	- %
Total allowance for credit losses at end of period	32	\$ 1,542	\$ 1,627	\$ 1,320	\$ 1,507	\$ 1,734	\$ 2,823	\$ 3,500	\$ 3,444	\$ 3,264	88 %

<sup>1</sup> Including Small Business Banking

<sup>2</sup> Comparative figures have not been provided as the split between core and non-core is a result of a change in business strategy effective Q1/03

<sup>3</sup> Based on geographic location of unit responsible for recording revenue

<sup>4</sup> Includes \$2 million relating to write-offs of restructured loans in Q2/03