TD Bank Group (TD)

Q1/2012 Guide to Reader

Supplemental Financial Information

Page 1 – Highlights

Page 1 line 22, 23 – How did the calculation of dilutive earning per share (EPS) change under IFRS compared to Canadian GAAP?

In order to calculate diluted EPS under IFRS, the net income attributable to common shareholders must be adjusted for the dilutive impacts of convertible instruments. The details of this calculation are available in Note 16 Earnings Per Share of the Q1 2012 Report to Shareholders.

Page 1 line 25 – What accounts for the change in average number of diluted common shares outstanding vs. last year (excluding IFRS)?

The increase in the average number of diluted common shares is mainly driven by: shares issued for options exercised; shares issued under the Bank's dividend reinvestment plan; and shares issued for prudent capital management purposes in connection with the MBNA transaction.

Details on the impact of each factor are included on page 36 of the Supplemental Financial Information package on lines 35 to 40.

Page 1 line 30 – What caused the decrease in the Bank's Tier 1 capital ratio?

Tier 1 capital ratio was 11.6% in Q1 2012, down 140 basis points from Q4 2011.

The decrease was primarily a result of an increase in Risk Weighted Assets (RWA) related to the Basel II Market Risk Amendment (page 51 of the Supplemental Financial Information package), the closing of the MBNA acquisition, IFRS transitioning and a new requirement to deduct insurance subsidiaries 50% from Tier 1 capital and 50% from Tier 2 capital (page 52 of the Supplemental Financial Information package).

The decrease in Tier 1 capital is partially offset by strong earnings and common share issuance through participation in the Bank's dividend re-investment plan and exercise of stock options (page 36 of the Supplemental Financial Information package on lines 35 to 40).

Page 2 – Shareholder Value

Page 2 line 8 – Why did Return on Risk Weighted Assets fall in Q1 2012?

Return on Risk Weighted Assets for Q1 2012 is not comparable with prior periods due to the transition to IFRS. Q1 2012 was calculated under IFRS, while periods prior to Q1 2012 were calculated under Canadian GAAP.

A contributing factor to the Return on Risk Weighted Assets in Q1 2012 was an increase in RWA. The segments with the largest change in RWA were:

- Wholesale, where RWA increased $15.5 billion from due to the adoption of the Basel II Market Risk Framework
- Canadian Personal and Commercial Banking, where RWA increased $4.3 billion as a result of the acquisition of the MBNA Canada credit card portfolio.

Further details are available on page 51 of the Supplemental Financial Information package

Page 2 line 15 – What caused the year-over-year increase in book value per common share?

Book value per common share increased by $6.03 compared to Q1 2011 due increases in retained earnings and common shares, partially offset by lower accumulated other comprehensive income.

The increase in common shares outstanding was the result of the factors included on page 36 of the Supplemental Financial Information package on lines 35 to 40.

Page 4 – Segmented Results Summary

Page 4 lines 8 to 12 – What are the implications of the change from Return on Invested Capital (ROIC) to Return on Equity (ROE)?

Effective the first quarter of 2012, the Bank revised its methodology for allocating capital to its business segments to align with the future common equity capital requirements under Basel III at a 7% Common Equity Tier 1 ratio. The return measures for business segments now reflect a return on common equity methodology and not return on invested capital which was reported previously. These changes have been applied prospectively.

For more detail on these changes, please see “Economic Profit and Return on Common Equity” in the Bank’s First Quarter 2012 Earnings News Release and MD&A.

Page 5 – Canadian Personal and Commercial Banking

Page 5 lines 19 – Is the increase in Credit Cards in Average Loans – Personal the result of MBNA? If so, why was the increase only $5.3 billion when MBNA added $7.4 billion to loans?

Credit Cards in Average Loans – Personal is an average balance. Since the MBNA acquisition closed on December 1, 2011 (one month into the quarter), the loans were only part of the calculation of average loans outstanding for two thirds of the quarter.

Page 6 – Wealth Management

Page 6 line 8 – What factors led to the change in the contribution from TD Ameritrade?

The Bank’s reported investment in TD Ameritrade generated net income for the quarter of $55 million, an increase of $7 million (14.6%) compared with the same quarter last year mainly due to higher underlying operating earnings.

For its first quarter ended December 31, 2011, TD Ameritrade reported net income of US$152 million, an increase of US$6.9 million (4.8%) compared with the first quarter last year. For more information on TD Ameritrade's results go to www.amtd.com/investors.

Page 13 – Non-Interest Expense

Page 13 line 15 – What caused the decrease in amortization of other intangibles?

Amortization declined from the prior year as the legacy Canada Trust intangibles were fully amortized in Q4 2011. The decrease in amortization is also reflected in the Amortization of Intangibles line of the Adjustments for Items of Note, Net of Taxes page of the Supplemental Financial Information package (page 3, line 1).

Exposure to Europe

Table 18 from the Q1 2012 MD&A shows exposure to Europe of $34.5 billion. Page 41 of the Supplemental Financial Information package shows gross credit exposure to Europe of $64.3 billion. What explains the difference between these tables?

The Supplemental Financial Information package does not include the impact of collateral (gross exposures). The MD&A includes the impact of collateral, with this factor making up the large majority of the difference between the two tables.

Note that page 41 of the Supplemental Financial Information package is a mandated disclosure with defined calculations within Basel. The table in the MD&A is more granular and is aligned with how TD monitors these exposures.

IFRS

Why do you only show five quarters of history in the Supp Pack?

IFRS was effective for the interim and annual periods beginning in the first quarter of 2012. The fiscal 2012 Interim and Annual Consolidated Financial Statements include comparative fiscal 2011 financial results under IFRS. Over time the Supplemental Information Package will expand to include additional quarters as more IFRS comparative information is available.

What were the major changes associated with the IFRS migration?

Note 21 to the Interim Consolidated Financial Statements includes a discussion of the transitional elections and exemptions under IFRS 1 and detailed reconciliations of the Bank's Interim Consolidated Financial Statements previously prepared under Canadian GAAP to those under IFRS.

Condo Market Exposures

What exposure does the Bank have to the condo market?

Condo Construction loans account for less than 2% of the Canadian Commercial portfolio excluding Small Business Lending.

Condo secured Residential mortgages or HELOCs represent a small portion of the RESL portfolio. LTVs for this segment are strong, consistent with the remainder of the portfolio and a large majority are insured.

Items of Note for MBNA

How are the Items of Note used to convert Canadian P&C Reported Expenses to Adjusted Expenses?

The item of note “Integration charges and direct transaction costs relating to the acquisition of the credit card portfolio of MBNA Canada” is a mix of revenue and expense impacts. The split between each is outlined in Table 3, Footnote 1 and Footnote 4 of the Q1 2012 Report to Shareholders.