TD Bank Group (TD)

Q2/2012 Guide to Reader

Supplemental Financial Information

Page 1 – Highlights

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

The increase in the average number of diluted common shares is mainly driven by: shares issued for shares issued under the Bank's dividend reinvestment plan; options exercised; and shares issued for prudent capital management purposes in connection with the MBNA Canada transaction. These increases were partially offset by a lower dilution impact under IFRS due to the redemption of preferred shares in Q4 2011.

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

Page 2 – Shareholder Value

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

Book value per common share increased by $6.60 compared to Q2 2011 due increases in retained earnings, common shares and accumulated other comprehensive income, partially offset by an increase in the number of common shares outstanding.

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 3 – Adjustments for Items of Note, Net of Income Taxes

Page 3 line 8 – Why did the Bank release $90 million of reserves year-to-date?

As outlined in Page 24 of the Report to Shareholders, "The Bank periodically reviews the methodology for calculating the allowance for incurred but not identified credit losses. During the quarter ended April 30, 2012, certain refinements were made to the methodology, and the resulting net reduction was included as an Item of Note."

Page 25 – Impaired Loans

Page 25 line 13 – What led to the decrease in Gross Impaired Loans in Q2 2012 versus Q1 2012?

Gross Impaired Loans (GIL) of $2,369 million in Q2 2012 were down 7% sequentially, from $2,538 million in Q1 2012. The decrease was mainly in the U.S., where GILs were down $157 million due to the transfer to Other Real Estate Owned (OREO) of real estate in-substance foreclosures combined with improved credit conditions where new resolutions continued to outpace new formations.

The transfer of GILs to OREO was discussed during the Q2 2012 Conference Call, a transcript of which is available at www.td.com.

Page 32 – Provision for Credit Losses by Industry Sector and Geographic Location

Page 32 line 37 – Was there anything unusual/one-off that was benefiting Provision for Credit Losses (PCL) in the U.S. auto business since the acquisition of Chrysler Financial (e.g. recoveries, purchase accounting, etc.)?

A one-time change in the calculation for U.S. auto allowances led to a lower than normal loss rate for the segment in Q2 2012. Future loss rates should more closely align with those reported in Q1 2012 and Q4 2011, not withstanding any changes to the credit spectrum.

Page 36 – Impaired Loans

Page 36 line 31 – What leads to the volatility seen in Derivatives Related to Cash Flow Hedges? What led to the change seen in Q2 2012?

The Bank uses receive-fixed rate swaps as part of cash flow hedging relationships to hedge prime based loans. The Bank converts floating rate mortgages into synthetic fixed rate mortgages by entering into interest rate swaps. Interest rate increases result in losses on the swaps, and rate decreases result in gains.

Gains decreased in Q2 2012 primarily due to increases in both CAD and USD interest rate swap curve rates.

Report to Shareholders

Exposure to Europe

Table 18 from the Q2 2012 MD&A shows exposure to Europe of $31.2 billion. Page 41 of the Supplemental Financial Information package shows gross credit exposure to Europe of $70.7 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.

How would the Bank characterize the risk of this exposure?

95% of exposure is to AAA countries, with majority to sovereigns themselves and to well rated systemically important banks in those countries. Derivative exposure and repurchase agreements mainly have cash collateral, while the Bank's exposures are reviewed regularly.

The Bank's European exposures relate to which businesses?

The exposures primarily relate to the Bank's Wholesale operations (fixed income businesses in the U.K. and in Europe) and to general ALM activities / treasury functions within TD.

How have the Bank's exposures to Europe changed in Fiscal 2012?

Net exposure to the Rest of Europe (e.g. excluding GIIPS) decreased from $34.4 billion to $30.5 billion since Oct 2011, and collateral increased from $19.0 billion to $28.8 billion. The increased collateral offsets increased notional value of repurchase agreements since Oct 2011.

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 Q2 2012 Report to Shareholders.

Legal Liabilities

What can be inferred from the decrease in potential legal liability, from $572 million in Q1 2012 to $350 million in Q2 2012?

It is important to note that the decrease from $572 million in Q1 2012 to $350 million in Q2 2012 has nothing to do with provision usages.

The $350 million is not an accrual made on the balance sheet – it is the upper end of a range; and that range is an estimate of the aggregate range of reasonably possible losses, in excess of provisions on the balance sheet, for the Bank's legal proceedings where it is possible to make such an estimate. It is also worth highlighting that there are cases for which we cannot make an estimate and so those cases are not included in this range.

In other words, this range is very much a "point in time" disclosure and is likely to change from quarter to quarter.

Economic Value at Risk After Tax

Does the Economic Value at Risk After Tax chart on Page 33 of the Report to Shareholders suggest that TD was positioned for a cut in rates in Q2 2012?

The bank did not intentionally position itself for rate hikes or cuts.

The EVAR chart on Page 33 of the Report to Shareholders illustrates the effect of large rate shocks in the absence of any incremental hedge rebalancing activities. The change in value for small rate shocks (consistent with hedge rebalancing frequency) is significantly smaller. The exposure is not "neutral" due to the inherent time delay involved in collecting, modelling, and hedging all exposures across the organization.

For example, retail production that occurred on January 31 2012 would not be explicitly hedged until the following day, and as such the reported January 31 2012 position may not be neutral.

Securities Portfolio

What is the remaining duration on debt securities classified as loans? What is the average yield on these securities and are they included in segment NIM?

For the U.S., the debt securities classified as loans have an average duration in the 3 year range. Average yield is approximately 7%. This yield is included in segment NIM.

Is securities repricing in the AFS portfolio (i.e. securities maturing and being replaced in a lower rate environment) a significant source of NIM contraction?

The level of NIM contraction associated with the low rate environment is not as straightforward as looking at reduced asset yields, as it is also dependent on the funding source for the asset. As such, TD does not look at these elements in isolation.

NIM compression is a factor where TD is not able to lower the rate paid for deposits due to the low rate environment. A large portion of the AFS securities portfolio is funded with sweep deposits from TD Ameritrade where we do have the ability to adjust deposit costs. The contraction in yield from the AFS portfolio is gradual, but is a material driver over time for both TD and the industry.

Investor Presentation

Condo Exposure

Does the Bank's exposure to condo developers, disclosed this quarter as part of the Investor Presentation, include both drawn and undrawn lines or is it only the drawn portion?

The Bank's disclosed exposure to condo developers is only the drawn portion of available lines.

Gross Lending Portfolio under IFRS

The Investor Presentation includes a categorized breakdown of the Gross Lending Portfolio. In Q1 2011, Q2 2011 and Q3 2011, during the IFRS parallel year, these values were presented under Canadian GAAP. What were the balanced under IFRS?

An updated slide is included on the next page.

Gross Lending Portfolio_IFRS
Includes B/As

Balances (C$B unless otherwise noted)

	Q1/11	Q2/11	Q3/11
Canadian Personal & Commercial Portfolio	**$ 259.0**	**$ 265.2**	**$ 272.5**
Personal	**$ 226.0**	**$ 231.0**	**$ 236.9**
Residential Mortgages	129.1	132.8	138.2
Home Equity Lines of Credit (HELOC)	65.2	65.2	64.8
Indirect Auto	11.7	12.8	13.6
Unsecured Lines of Credit	9.0	9.0	8.9
Credit Cards	8.2	8.2	8.4
Other Personal	2.8	3.0	3.0
Commercial Banking (including Small Business Banking)	**$ 33.0**	**$ 34.2**	**$ 35.6**
U.S. Personal & Commercial Portfolio (all amounts in US$)	**US$ 60.2**	**US$ 68.2**	**US$ 70.0**
Personal	**US$ 24.1**	**US$ 30.7**	**US$ 31.3**
Residential Mortgages	10.3	11.0	11.5
Home Equity Lines of Credit (HELOC)[1]	9.1	9.3	9.5
Indirect Auto	3.2	9.1	9.1
Credit Cards	0.8	0.8	0.8
Other Personal	0.7	0.5	0.4
Commercial Banking	**US$ 36.1**	**US$ 37.4**	**US$ 38.7**
Non-residential Real Estate	8.9	9.3	9.4
Residential Real Estate	3.4	3.2	3.2
Commercial & Industrial (C&I)	23.8	24.9	26.1
FX on U.S. Personal & Commercial Portfolio	$ 0.1	($ 3.7)	($ 3.0)
U.S. Personal & Commercial Portfolio (C$)	**$ 60.3**	**$ 64.5**	**$ 67.0**
Acquired Credit-Impaired Loans[2]	**$6.4**	**$6.3**	**$5.7**
Wholesale Portfolio	**$ 17.6**	**$ 17.0**	**$ 20.1**
Other[3]	**$ 5.2**	**$ 5.2**	**$ 4.6**
Total	**$ 348.5**	**$ 358.2**	**$ 369.9**

1. U.S. HELOC includes Home Equity Lines of Credit and Home Equity Loans
2. Acquired Credit-Impaired Loans include the acquired credit-impaired loans from South Financial, Chrysler Financial, MBNA, and acquired loans from the FDIC-assisted acquisition
3. Other includes Wealth Management and Corporate Segment

Note: Some amounts may not total due to rounding
Excludes Debt securities classified as loans