Investor Relations
Guide to Reader

Q4 2012

Supplemental Financial Information

What were the circumstances behind the impairment of HELOC in CAD P&C?

- A system issue involving performing HELOC's was identified during a risk review. The system issue represented an error where over limit positions on HELOCs and credit cards were not being captured.
- $138 million of performing HELOC's were classified impaired upon correction of the error. Based on an average LTV of 53%, nominal losses are expected as we work with the customers to resolve the files.
- Similar issues were identified in other loan systems resulting in the balance of the one time increase in impaired loans and PCL during the quarter.
- A sweep of all other loan systems has confirmed that no other similar issues exist.

What is the expected impact of Employee Benefits IAS 19?

- The Employee Benefits IAS 19 amendments are effective for the Bank commencing November 1, 2013 (fiscal 2013 will be our "parallel" year)
- One of the main changes will be the elimination of the corridor approach for actuarial gains and losses – no more deferral of unamortized actuarial gains/losses. Hence, on transition all unamortized actuarial gains and losses relating to our pension plans will be recorded in retained earnings – offset to pension asset/liability.
- The Bank's total unamortized actuarial losses at October 31, 2012 are $1,197 million based on Note 25 of the Bank's Financial Statements.
- Assuming all inputs into the calculation remain stable during 2013, it would represent the pre-tax adjustment to retained earnings on transition to the new rules (the actual accounting adjustment will depend on a number of factors such as the performance of the supporting assets and the impact of interest rate movements will have on the discount rate of the obligation).
- The following is an explanation on the related capital impacts:
    - To determine the impact of IAS 19R, the unamortized net actuarial losses (after tax) should be offset with existing pension asset deduction
    - Capital impact from IAS19R is considered in the bank's capital planning process. Overall, on a pro forma basis, as at Q4 2012 the impact on our CET1 would be approx - 20bps.

The tax rate in 2012 was well below statutory tax rates. What drove the difference?

- The low tax rate across the bank was driven mainly by mix of business as segments, like Wholesale, with lower rates contributed more to earnings this quarter while businesses like Canadian P&C contributed less.
- With respect to the Wholesale segment in particular, the lower rate was due primarily due to: (a) securities gains taxed at a lower rate; (b) the tax effects related to completed CRA audits and (c) the impact of earnings taxed in foreign jurisdictions with lower rates.

Was the OSFI add-on charge for counterparty risk on OTC derivatives included in the Q4 2012 estimate of Basel III Common Equity Tier 1 (CET1) ratio?

- The Basel III CET1 ratio disclosed in the Q4 2012 MD&A included RWAs for the CVA (from counterparty risk on OTC derivatives) as OSFI had not published their final rules prior to the release of our Q4 2012 results.
- If TD had deducted these RWAs, the Bank's CET1 ratio would have been somewhat higher.

What impact did Trading have on Net Interest Income?

- $316M of Trading Related Income in Wholesale Banking is disclosed in the Supp Pack on page 9, line 20.

- $(66) in Non-Interest income is disclosed in the Supp Pack on page 12, line 9.
- Combining these numbers provides an estimate of the Trading impact on Net Interest Income ($316MM + $66MM = $382MM).
- The estimate is missing a small amount attributable to Treasury and Balance Sheet Management activities.

Has TD changed its outlook for NIM compression in Canadian Personal and Commercial Banking?

- As part of the Q4 2012 earnings conference call, Colleen Johnston, CFO & Group Head Finance stated that "In Q1 2013, margins may be down by approximately seven basis points as the credit mark release from the MBNA portfolio, which was embedded in NII, will not recur in 2013."
- The estimated impact of 7 bps represents the total decline in Q1 2013, incorporating the credit mark impact and the decline in core NIM previously described as 1-2 basis points per quarter.

Announcement of Acquisition of Epoch Investment Partners

Does this result in new regulatory scrutiny for TD?

- We do not believe this transaction will result in new regulatory scrutiny.
- TD will continue to work with the same regulators after the program agreement comes into force.
- We expect to continue our strong relationship with regulators in Canada and in the U.S.
- It is anticipated that Epoch will be a wholly owned subsidiary of TDAM (USA), so will be an indirect subsidiary of TD Bank. There is no legal connection to the U.S. banking entities.

What types regulatory approvals are required?

- Regulatory approvals are customary for this type of transaction, including Hart Scott Rodino in the U.S., and approvals of securities regulators, commissions and exchanges in the applicable jurisdictions.
- FINRA approval is not required.

Who was TD's legal advisor for the transaction?

- Simpson Thacher & Bartlett LLP

Is this a typical merger with a simple majority of EPHC voters required to approve?

- A "simple majority" is required i.e. the affirmative vote of the holders of a majority of the outstanding shares of Common Stock of Epoch Holding Corporation is required.

Is there an Assets Under Management test as a condition to closing?

- The merger agreement includes customary closing conditions for a transaction of this type.
- The merger agreement has been filed on Form 8-K by Epoch and is available on EDGAR at sec.gov

Is Epoch allowed to continue to pay their dividend until closing?

- The merger agreement includes customary covenants for a transaction of this type, including with respect to conduct of business between now and closing.
- Please contact Epoch's Investor Relation team for information on Epoch's dividend policies and payout schedule.