TD Bank Group, Aimia & CIBC Confirm Agreements Regarding Aeroplan

Monday, September 16th, 2013

Caution regarding forward-looking statements

From time to time, TD makes written and/or oral forward-looking statements, including in this document, in other filings with Canadian regulators or the U.S. Securities and Exchange Commission, and in other communications. In addition, representatives of TD may make forward-looking statements orally to analysts, investors, the media and others. All such statements are made pursuant to the "safe harbour" provisions of, and are intended to be forward-looking statements under, applicable Canadian and U.S. securities legislation, including the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, statements regarding TD's objectives and priorities for 2013 and beyond and strategies to achieve them, and TD's anticipated financial performance. Forward-looking statements are typically identified by words such as "will", "should", "believe", "expect", "anticipate", "intend", "estimate", "plan", "may", and "could". By their very nature, these forward-looking statements require TD to make assumptions and are subject to inherent risks and uncertainties, general and specific. Especially in light of the uncertainty related to the physical, financial, economic, political, and regulatory environments, such risks and uncertainties – many of which are beyond TD's control and the effects of which can be difficult to predict – may cause actual results to differ materially from the expectations expressed in the forward-looking statements.

With respect to the program agreement and the proposed purchase of part of the existing CIBC card portfolio, there can be no assurance that TD will realize the anticipated benefits or results; actual results could differ materially from the expectations expressed in the forward-looking statements. Examples of material assumptions made by TD in the forward-looking statements, including TD's expectations regarding the impact to earnings in 2014 and 2015, include: costs to launch the cards; performance of the acquired credit card portfolio; ability to attract and retain new credit card accounts; costs associated with conversion of accounts; cost of funds; and the amount of migration payments. Earnings per share contribution estimates above are based on TD's average number of diluted common shares outstanding for the quarter ended July 31, 2013.

Other factors that may cause actual results to differ materially from the expectations expressed in the forward-looking statements include: higher than anticipated costs to launch the cards; lower than anticipated (i) interchange rates, account origination, or card usage, (ii) appeal or market acceptance of Aeroplan's program, and/or (iii) yields (finance charges/fees); industry competition; risks associated with conversion of accounts; cost of funds; necessary approvals, and other closing conditions, in respect of the acquisition are not received or met; differences in the credit performance and risk characteristics of the Aeroplan program relative to TD's expectations; and changes in network rules, regulatory or legal environment.

We caution that the preceding list is not exhaustive of all possible risk factors and other factors could also adversely affect TD's results. For more detailed information, please see the "Risk Factors and Management" section of the Management's Discussion and Analysis ("MD&A") in TD's 2012 Annual Report as may be updated in subsequently filed quarterly reports to shareholders and news releases (as applicable) related the transactions discussed under the heading "Significant Events" in the relevant MD&A, which applicable releases may be found on td.com. All such factors should be considered carefully, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements, when making decisions with respect to TD and we caution readers not to place undue reliance on TD's forward-looking statements. Any forward-looking statements contained in this document represent the views of management only as of the date hereof and are presented for the purpose of assisting TD's shareholders and analysts in understanding TD's financial position, objectives and priorities and anticipated financial performance as at and for the periods ended on the dates presented, and may not be appropriate for other purposes. TD does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by or on its behalf, except as required under applicable securities legislation.

Overview

- Agreement with Aimia to be the primary issuer of co-branded Aeroplan Visa cards
  - Enables TD to team with the leading travel loyalty company in Canada
- TD to purchase approximately 50% of CIBC's existing Aeroplan portfolio
  - With the acquisition, TD will solidify our position as the #1 credit card issuer in Canada[1]
  - Better customer experience, lower execution risk
- A great deal strategically and financially for all stakeholders

1. Based on outstanding credit card balances

More choice for TD customers, improved value for Aeroplan members

- TD launching 5 new Aeroplan Visa cards
  - Series of new cards in Canada and the U.S.
- Exciting new “Distinction” value proposition
  - No miles expiration
  - 20% to 50% fewer miles to earn a flight under Market Fare Rewards
  - Network of more than 150 partners though which members can earn miles
  - 1.6MM flights redeemed in 2012
- Agreement with CIBC provides a better customer experience
  - No interruption in the earning of miles
  - Joint communication to members
  - CIBC will service for TD in advance of portfolio conversion

Program agreement between TD and Aimia

- 10 year agreement providing for launch January 1, 2014
- Upfront payment of $100 million to Aimia
  - To facilitate launch and development of enhanced Distinction program
- Joint marketing spend with Aimia of $140 million
  - Over 4 years to support program and franchise growth
- Revised minimum miles purchase commitment
  - 5 year volume commitment based on purchases by CIBC and TD
  - In aggregate, TD's payments will not exceed $95 million
- Exclusive mass marketing rights for Aeroplan Visa cards and future co-branded bank products

Terms of purchase

TD and CIBC to split existing card portfolio

TD

- To acquire approximately 550,000 accounts representing $3 billion in card balances and $20 billion in annual retail spend
- Will have exclusive mass marketing rights

CIBC

- To retain approximately 630,000 accounts representing $2.8 billion in card balances and $18 billion in annual retail spend
- Will continue to issue and market co-branded Aeroplan credit cards through its proprietary bank branded channels

Total payments to be made among TD, CIBC and Aimia

- $312.5 million in payments to CIBC by TD and Aimia:
  - TD to pay $50 million on closing of the acquisition for the conveyed CIBC accounts
  - TD to pay $112.5 million + HST over 3 years

- Potential payments of up to $400 million by TD/Aimia <u>or</u> CIBC for migration of Aeroplan credit card accounts between CIBC and TD:
  - TD will be responsible for, or entitled to receive, up to $300 million of these potential payments

Please note the CIBC portfolio acquisition transaction is expected to close in December 2013, subject to customary closing conditions and receipt of regulatory approvals. Portfolio details provided above are as of June 30, 2013; final split may vary slightly.

Financially attractive transaction

- Financially attractive transaction that fits within TD's risk appetite
- Expected to be approximately $0.10 accretive to adjusted EPS[1] in 2014 (approximately $0.07 dilutive to reported EPS)[2]
- Expected to be approximately $0.15[2] accretive to EPS in 2015 on both a reported and an adjusted basis
- Basel III Common Equity Tier 1 ratio is expected to decrease by approximately 19 basis points at closing[3]

1. TD prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), the current generally accepted accounting principles (GAAP), and refers to results prepared in accordance with IFRS as the "reported" results. TD also utilizes non-GAAP financial measures referred to as "adjusted" results (i.e., reported results excluding "items of note", net of income taxes) to assess each of its businesses and measure overall bank performance. Adjusted earnings per share contribution and items of note are not defined terms under GAAP and may not be comparable to similar terms used by other issuers. See "How the Bank Reports" in TD's Third Quarter 2013 Earnings News Release and MD&A (td.com/investor) for further explanation.
2. Adjusted EPS accretion estimates above are based on TD's average diluted common shares outstanding for the quarter ended July 31, 2013. The estimate of adjusted EPS for 2014 excludes the following items of note: expected amortization of intangibles of $15.8 pre-tax ($13 million after-tax), integration and conversion expenses of $65.2 million pre-tax ($48 million after-tax) and a commercial subsidy agreement of $123.8 million pre-tax ($91.2 million after-tax). Transaction adjustments are based on TDs internal management estimates. Please see the "Caution regarding forward-looking statements" on slide 2 of this presentation for a list of additional material assumptions and risk factors which could cause actual results, including the estimates regarding 2014 and 2015 EPS, to differ from these estimates.
3. At closing of the acquisition of the credit card portfolio, TD's Basel III Common Equity Tier 1 ratio is expected to decrease by approximately 19 basis points on a pro forma basis as at TD's last quarter ending July 31, 2013 as a result of the transaction.

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