TD Bank Group (TD)

Q4/2011 Guide to Reader

Supplemental Financial Information

Page 1 – Highlights

Page 1 line 23 – What accounts for the change in average number of diluted common shares outstanding vs. last year?

The average number of diluted common shares is impacted by factors including: shares issued for options exercised; shares issued under the Bank's dividend reinvestment plan; and a public issue of 9.2 million common shares at a price of $76.50 per common share for gross considerations of $704 million. Details on the impact of each factor are included on page 32 of the Supplemental Financial Information package on lines 39 to 45.

Page 2 – Shareholder Value

Page 2 line 2 – What factors led to the change in economic profit?

Economic profit decreased by $29 million (-5%) from the third quarter this year and increased $399 million (380%) from Q4 2010. The quarterly decrease was driven by higher invested capital and lower earnings in Retail segments and a higher loss in the Corporate segment, partially offset by higher earnings in Wholesale. The yearly increase was driven by higher earnings in all operating segments, a lower loss in the Corporate segment, and lower invested capital charges.

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

Book value per common share increased by $3.94 compared to Q4 2010 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 32 of the Supplemental Financial Information package on lines 39 to 45.

Page 5 – Canadian Personal and Commercial Banking

Page 5 lines 3, 5 – What was the year-over-year operating leverage in the current quarter?

Operating leverage was 3.4%, as revenue increased 5.0% year-over-year while expenses increased 1.7%.

Revenue for the quarter was $2,802 million, an increase of $134 million (5%) compared with same quarter last year. Revenue growth was driven by continued strong volume growth in real estate secured lending, auto lending, business loans and deposits as well as strong insurance revenue growth. These positives were partially offset by a lower margin on average earning assets. Non-interest expenses for the quarter were $1,353 million, an increase of $22 million (2%) compared with the same quarter last year.

Page 6 – Wealth Management

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

The Bank's reported investment in TD Ameritrade generated net income for the quarter of $54 million, an increase of $21 million (23%) compared with the same quarter last year mainly due to higher operating earnings.

For its fourth quarter ended September 30, 2011, TD Ameritrade reported net income of US$164 million, an increase of US$50 million (44%) compared with the fourth quarter last year. Earnings were attributed to transaction and asset based revenue growth that outpaced operating expenses. For more information on TD Ameritrade's results go to *www.amtd.com/investors*.

Page 6 lines 16, 17 – What caused the change in assets under administration and assets under management compared to last year?

Assets under administration were $241 billion at the end of the quarter, up $16 billion (7%) compared to last year primarily due to new client assets.

Assets under management were $189 billion at the end of the quarter, up $6 billion (3%) compared to last year primarily due to new client assets.

Page 14 – Balance Sheet

Page 11 line 13 / Page 14 line 29 – What accounts for the difference in the growth of 'as at assets' (page 14) versus the growth in 'average assets' (page 11)?

Our position in certain asset classes ended up being lower at the end of the quarter than during the quarter, producing a higher 'average asset' balance than our 'as at asset' balance. This difference was the result of the timing of customer transactions during the quarter.

Basel III Common Equity Ratio

Do the estimated Basel III Common Equity Ratios presented in the Q4 2011 Investor Presentation reflect 100% of the IFRS impact?

The estimated Basel III Common Equity Ratio of 6.7% at Q4 2011 does not reflect IFRS impacts. As permitted under IFRS, the impact will be phased in over five quarters.

The estimated Basel III Common Equity Ratio of 7 to 8% at Q1 2013 reflects IFRS impacts (no phase in) and Basel III capital rules.

Exposure to Europe

Table 39 from the Q4 2011 MD&A shows exposure to Europe of $35.4 billion. Page 37 of the Supplemental Financial Information package shows gross credit exposure to Europe of $57.7 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 37 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.

Expense Growth

What level of expense growth is TD projecting for 2012?

Expenses were discussed on the Q4 2011 earnings conference call. Ed Clark, Group President & CEO stated that:

> *We'll manage our expenses very closely to ensure that we deliver positive operating leverage.*

Colleen Johnston, CFO & Group Head, Finance stated that:

> *As we look ahead to our forecast for Q1, excluding MBNA, the impact of the acquisition, which obviously will add some expenses, I think you could expect to see that number down probably about $150 million or so. But, we tend to be a little bit conservative on that. Usually, you do see the Q1 number come down a fair bit. And again, then we'll be adding the MBNA expenses*

Colleen Johnston has also previously publicly stated that TD remains focused on expenses going into 2012, and will work to manage core expense growth at 3% plus 1% for strategic initiatives.

Mortgage Origination

What channels does TD use to originate mortgages? What role do brokers play?

Mortgage origination at TD is from three sources. In rank order they are branches, Mobile Mortgage Specialists, and brokers. The broker business is the smallest of the three sources by a wide margin.

Gross Impaired Loans

How have the disclosures related to Gross Impaired Loans (GIL) changed in Q4 2011?

The disclosure that TD has provided around GIL has changed as of Q4 2011, with TD providing new information about impaired loans. Please look to the Financial Statements (Note 4) and the MD&A (Table 40 - 43) for the new / modified details.

Key changes include:

- Separated the disclosures for acquired credit-impaired (ACI) loans and debt securities classified as loans (DSCL)
- Additional detail has been provided for ACI loans, with a better view on the nature of these loans. The financial statements provide details on the credit mark, the interest rate mark, and allowances. The MD&A provides detail on the carrying value and allowances relative to the unpaid principal balance, as well as changes in the past due status of these loans.

- Additional detail provided for DSCL portfolio, with reporting similar to the ACI loan portfolio.