TD Bank Group

Quarterly Highlights

Q1 2024

Financial Results (YoY)

- **Net income** of $2.8B, up 79%, primarily reflecting the impact of the Stanford litigation settlement in the prior year, the loss from the net effect of the terminated First Horizon acquisition-related capital hedging strategy, and prior year recognition of a provision for income taxes in connection with the Canada Recovery Dividend (CRD) and increase in the Canadian federal tax rate for fiscal 2022. (adj [1] $3.6B, down 12%)
- **EPS[2]** of $1.55, up 89% (adj.[1] $2.00, down 10%). Adj. EPS includes $0.06 impact from provision relating to industry-wide U.S. record keeping matter
- **Canadian Personal & Commercial Banking earnings:** $1.8B, up 3%
- **U.S. Retail earnings (incl. Schwab):** US$670MM, down 43% (adj.[1] US$896MM, down 27%) (C$ down 43% and adj.[1] down 27%)
  - U.S. Retail Bank: US$526MM, down 45% (adj.[1] US$752MM, down 26%) (C$ down 44% and adj.[1] down 25%)
- **Wealth Management & Insurance earnings:** $555MM, flat
- **Wholesale Banking earnings:** $205MM, down 38% (adj.[1] $298MM, down 14%). Includes $102MM provision relating to industry-wide U.S. record keeping matter. Excluding this provision, adj. earnings $400MM, up 15%
- **Corporate:** net loss $628MM; adj.[1] net loss $218MM

Revenue, Expenses, Credit, Capital

- **Revenue**: Reported revenue increased 12%. Prior year reported revenue includes the loss from the net effect of the terminated First Horizon acquisition-related capital hedging strategy. Reflects higher fee income in markets-driven businesses and higher volumes in Canadian Personal & Commercial banking; adjusted[1] revenue increased 5%
- **Expenses**: down 1%, primarily reflecting the prior year's impact from the Stanford litigation settlement, partially offset by higher employee-related expenses and the FDIC special assessment. Adjusted[1] expenses increased 12%
  - Adjusted[1] expenses up 13.7% YoY excl. the impact of U.S. strategic card portfolio ("SCP") accounting and FX[3]
- **PCL**: Provision of $1,001MM
- **CET 1 13.9%**: down 49 bps QoQ, reflecting internal capital generation (+25 bps), increase in RWA (excluding impact of FX) (-26 bps), repurchase of common shares (-33 bps), restructuring program and FDIC special assessment (-9 bps), impact of regulatory changes (-17 bps), unrealized gains on FVOCI securities (+6 bps), and other (+5 bps)

Items of Interest

- **Restructuring Program** – The Bank continued to undertake certain measures in the first quarter of 2024 to reduce its cost base and achieve greater efficiency. In connection with these measures, the Bank incurred $291MM of restructuring charges which primarily relate to employee severance and other personnel-related costs and real estate optimization. The Bank continues to expect to incur restructuring charges in the first half of calendar 2024 that are of a similar magnitude to the restructuring charges incurred in the fourth quarter of 2023. (QRP slide 11, MD&A p. 6, ENR p. 5)
- **Federal Deposit Insurance Corporation (FDIC) Special Assessment** – On November 16, 2023, the FDIC announced a final rule that implements a special assessment to recover the losses to the Deposit Insurance Fund arising from the protection of uninsured depositors during the U.S. bank failures in the spring of 2023. The FDIC special assessment resulted in the recognition of $411MM (US$300MM) pre-tax in non-interest expenses in Q1'24. On February 23, 2024, the FDIC notified all institutions subject to the special assessment that its estimate of total losses has increased. The FDIC plans to provide an updated estimate in June 2024. At this time, it is not known what the final FDIC special assessment will be, but the Bank expects the FDIC special assessment to increase. (MD&A p. 6, ENR p. 5)
- **Share repurchase** – TD repurchased almost 21MM common shares in the quarter. (QRP slide 4, MD&A p. 28)
- **Adoption of IFRS 17** – TD implemented IFRS 17 effective November 1, 2023, replacing IFRS 4 (QRP slide 35, MD&A p. 44)
- **Canadian Real Estate Secured Lending Portfolio** – Approximately 12% of our amortizing book is scheduled to renew throughout the remainder of fiscal 2024, 23% in fiscal 2025, 33% in fiscal 2026, 22% in fiscal 2027, and 10% in fiscal 28 and beyond (QRP slide 39)

Financial Results (C$MM)		Q1/2024	QoQ	YoY
Diluted EPS	Reported	$ 1.55	5%	89%
	Adjusted[1]	$ 2.00	10%	-10%
Net Income	Reported	2,824	-1%	79%
	Adjusted[1]	3,637	4%	-12%
Revenue	Reported	13,714	4%	12%
	Adjusted[1]	13,771	4%	5%
PCL Ratio[4]		0.44%	+5 bps	+12 bps
PCL – Total		1,001	+$123	+$311
PCL – Impaired		934	+$215	+$381
PCL – Performing		67	-$92	-$70
Insurance Service Expenses		1,366	+1%	+17%
Expenses	Reported	8,030	5%	-1%
	Adjusted[1]	7,125	2%	12%
CET 1 Ratio[5]		13.9%	-49 bps	-157 bps
Net Interest Margin (NIM)[1,2]	Reported	1.72%	-1 bps	-7 bps
	Adjusted[1]	1.74%	-1 bps	-8 bps

Loans[6] (Average balances $B)	Q1/2024	QoQ	YoY
Canadian Personal & Commercial Banking (C$)	560	1%	7%
Personal	441	1%	7%
Commercial	119	2%	8%
U.S. Retail (US$)	191	2%	9%
Personal	95	2%	11%
Commercial	96	1%	7%
Wealth Management & Insurance (C$)	6	-5%	-7%
Wholesale Banking (Gross Lending) (C$)	96	3%	-1%
Total (C$B)	920	1%	7%

Deposits[6] (Average balances $B)	Q1/2024	QoQ	YoY
Canadian Personal & Commercial Banking (C$)	455	2%	3%
Personal	296	3%	6%
Commercial	158	-1%	-2%
U.S. Retail (US$)	329	-1%	-9%
Personal	129	1%	-1%
Commercial	105	-1%	-4%
Sweep Deposits	95	-5%	-23%
Wealth Management & Insurance (C$)	28	-1%	-22%
Total (C$B)	927	0%	-4%

Except as noted, figures reflect year-over-year change. ENR: Q1 2024 Earnings News Release, MD&A: Q1 2024 Management's Discussion and Analysis, SFI: Q1 2024 Supplemental Financial Information, SRD: Q1 2024 Supplementary Regulatory Disclosure, FS&N: Q1 2024 Consolidated Financial Statements and Notes, QRP: Q1 2024 Quarterly Results Presentation.

1. The Bank 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. The Bank also utilizes non-GAAP financial measures referred to as "adjusted" results (i.e., reported results excluding "items of note") and non-GAAP ratios to assess each of its businesses and measure overall Bank performance. Non-GAAP financial measures and ratios used in this presentation are not defined terms under IFRS and, therefore, may not be comparable to similar terms used by other issuers. See "How We Performed" in the Q1 2024 MD&A (available at www.td.com/investor and www.sedar.com), which is incorporated by reference, for further explanation, reported basis results, a list of the items of note, and a reconciliation of adjusted to reported results.
2. For additional information about this metric, refer to the Glossary in the Q1 2024 MD&A, which is incorporated by reference.
3. FX impact solely related to the U.S. Retail Bank. Adjusted expenses excluding the partners' share of net profits for the U.S. SCP and adjusted expenses excluding the partners' share of net profits and FX are non-GAAP financial measures. For further information on accounting for the partners' program, please see slides 25 and 26 in the QRP.
4. PCL Ratio: Provision for Credit Losses on a quarterly annualized basis/Average Net Loans & Acceptances.
5. This measure has been calculated in accordance with the Office of the Superintendent of Financial Institutions Canada's (OSFI's) Capital Adequacy Requirements guideline.
6. Numbers may not add due to rounding.

TD Bank Group Quarterly Highlights

Segments *(C$MM unless otherwise noted)*

Q1 2024

Canadian P&C Banking		Q1/2024	QoQ	YoY
Revenue		4,884	3%	6%
Net Interest Margin (NIM)		2.84%	+6 bps	+4 bps
PCL		423	+$33	+$96
Impaired PCL		364	+$90	+$144
Performing PCL		59	-$57	-$48
PCL Ratio		0.30%	+2 bps	+5 bps
Expenses		1,984	-3%	6%
Net Income		**1,785**	**6%**	**3%**

U.S. Retail (US$MM)		Q1/2024	QoQ	YoY
Revenue		2,587	0%	-6%
Net Interest Margin (NIM)[7,10]		3.03%	-4 bps	-26 bps
PCL		285	+$72	+$136
Impaired PCL		279	+$52	+$121
Performing PCL		6	+$20	+$15
PCL Ratio (Net[11])		0.61%	+15 bps	+27 bps
Expenses	Rep. / Adj.[7]	1,779 / 1,479	18% / -2%	18% / 3%
Net Income, U.S. Retail Bank	Rep. / Adj.[7]	526 / 752	-34% / -5%	-45% / -26%
Schwab contribution		144	-1%	-35%
Total Net Income	Rep. / Adj.[7]	**670 / 896**	**-28% / -4%**	**-43% / -27%**

Wealth Mgmt. & Ins.	Q1/2024	QoQ	YoY
Revenue	3,135	6%	8%
Insurance Service Expenses	1,366	1%	17%
Revenue net of Insurance Service Expenses	1,769	10%	1%
PCL	-	-	-
Expenses	1,047	9%	4%
Net Income	**555**	**13%**	**0%**
AUA[8,9] / AUM[9] (C$B)	576 / 479	8% / 9%	6% / 6%

Wholesale Banking		Q1/2024	QoQ	YoY
Revenue		1,780	20%	32%
Trading-Related Revenue (TEB)[7,12]		730	24%	10%
PCL		10	-$47	-$22
Impaired PCL		5	$5	$4
Performing PCL		5	-$52	-$26
Expenses	Rep. / Adj.[7]	1,500 / 1,383	4% / 11%	70% / 60%
Net Income	Rep. / Adj.[7]	**205 / 298**	**>100% / 67%**	**-38% / -14%**

Corporate		Q1/2024	Q4/2023	Q1/2023
Net Corporate Expenses[9]		-254	-227	-191
Other		36	94	51
Net Income (Loss)	Rep. / Adj.[7]	**-628 / -218**	**-591 / -133**	**-2,617 / -140**

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7. Refer to footnote 1 on page 1.
8. Includes assets under administration (AUA) administered by TD Investor Services, which is part of the Canadian Personal and Commercial Banking segment.
9. Refer to footnote 2 on page 1.

Commentary (YoY)

Canadian P&C Banking – ENR Table 7 (page 9) and SFI (page 9)

- CAD P&C net income up 3%, primarily reflecting volume growth
- Revenue up 6%
- NIM up 6 bps QoQ, primarily due to higher deposit margins
- PCL of $423MM
- Expenses up 6%, reflecting higher spend supporting business growth including employee-related expenses and technology costs
- Operating leverage[13] of -3 bps

U.S. Retail – ENR Table 8 (page 10) and SFI (page 11)

- U.S. Retail reported net income down 43% (adj.[7] down 27%)
- Revenue down 6%, reflecting lower deposit volumes and margins, partially offset by higher loan volumes and fee income growth from increased customer activity
- NIM down 4 bps QoQ, due to lower deposit margins reflecting higher deposit costs partially offset by the benefit of higher reinvestment rates
- PCL of US$285MM
- Reported expenses up 18%, reflecting the FDIC special assessment, and higher employee-related expenses, partially offset by acquisition and integration-related charges for the terminated First Horizon transaction in the first quarter last year (adj.[7] up 3%)
- Operating leverage[7,13] of -951 bps

Wealth Mgmt. & Ins. – ENR Table 9 (page 12) and SFI (page 12)

- Implemented IFRS 17 effective November 1, 2023
- WM&I net income was relatively flat
- Revenue up 8%, reflecting higher insurance premiums and higher fee-based revenue in the wealth management business
- Insurance service expenses up 17%, reflecting increased claims severity and less favourable prior years' claims development
- Expenses up 4%, reflecting higher variable compensation commensurate with higher revenues, and technology costs

Wholesale Banking – ENR Table 10 (page 13) and SFI (page 13)

- Wholesale reported net income down 38% (adj.[7] down 14%). Excluding provision noted in expenses below, adj.[7] up 15%
- Revenue, including TD Cowen, up 32%, primarily reflecting higher equity commissions, lending revenue primarily from syndicated and leveraged finance, underwriting fees, and trading-related revenue
- Reported expenses up 70%, primarily reflecting TD Cowen and the associated acquisition and integration-related costs and higher variable compensation commensurate with higher revenues as well as a provision of $102 million taken in connection with the industry-wide U.S. record keeping matter (adj.[7] up 60%). Excluding provision, adj.[7] up 49% reflecting inclusion of TD Cowen (closed March 1, 2023)

Corporate – ENR Table 11 (page 14) and SFI (page 14)

- Corporate segment's reported net loss for the quarter was $628MM, compared with a reported net loss of $2,617MM in the first quarter last year. The lower net loss primarily reflects the impact of the Stanford litigation settlement in the prior year, the net effect of the terminated First Horizon acquisition-related capital hedging strategy, and prior year recognition of a provision for income taxes in connection with the CRD and increase in the Canadian federal tax rate for fiscal 2022, partially offset by restructuring charges in the current quarter
- Net corporate expenses increased $63MM compared to the prior year, mainly reflecting investments in our risk and control infrastructure

10. Net interest margin is calculated by dividing net interest income by average interest-earning assets. For the U.S. Retail segment, this calculation excludes the impact related to sweep deposits arrangements and intercompany deposits and cash collateral. The value of tax-exempt interest income is adjusted to its equivalent before-tax value. For investment securities, the adjustment to fair value is included in the calculation of average interest-earning assets. Management believes this calculation better reflects segment performance. Net interest income and average interest-earning assets used in the calculation are non-GAAP financial measures.
11. U.S. Retail PCL ratio including only the Bank's contractual portion of credit losses in the U.S. strategic cards portfolio as an annualized percentage of credit volume.
12. Includes net interest income (loss) TEB of ($54) million (Q4 2023: $61 million, Q1 2023: $261 million), and trading income (loss) of $784 million (Q4 2023: $529 million, Q1 2023: $401 million). Refer to "Non-GAAP and Other Financial Measures" in the "How We Performed" section of the Q1 2024 ENR and the Glossary in the Bank's first quarter of 2024 MD&A for additional information about this metric.
13. Operating leverage is a non-GAAP measure. At the total bank level, TD calculates operating leverage as the difference between the % change in adjusted revenue (U.S. Retail in source currency) net of insurance service expense, and adjusted expenses (U.S. Retail in $US) grossed up by the retailer program partners' share of PCL for the Bank's U.S. strategic card portfolio. Collectively, these adjustments provide a measure of operating leverage that management believes is more reflective of underlying business performance.