

TD Bank Group

Quarterly Highlights

Q2 2024

Financial Results (YoY)

- Net income** of \$2.6B, down 22%, primarily reflecting the AML investigations provision, higher non-interest expenses, higher PCL, a civil matter provision, and restructuring charges, partially offset by higher revenues (adj.¹ \$3.8B, up 2%)
- EPS**² of \$1.35, down 20% (adj.¹ \$2.04, up 7%)
- Canadian Personal & Commercial Banking earnings:** \$1.7B, up 7%
- U.S. Retail earnings (incl. Schwab):** US\$433MM, down 58% (adj.¹ US\$939MM, down 17%) (C\$ down 59% and adj.¹ down 16%)
 - U.S. Retail Bank: US\$297MM, down 65% (adj.¹ US\$803MM, down 15%) (C\$ down 66% and adj.¹ down 14%)
- Wealth Management & Insurance earnings:** \$621MM, up 19%
- Wholesale Banking earnings:** \$361MM, up 141% (adj.¹ \$441MM, up 107%)
- Corporate:** net loss \$737MM; adj.¹ net loss \$284MM

Revenue, Expenses, Credit, Capital

- Revenue:** Reported revenue increased 11% primarily reflecting higher trading-related revenue, underwriting fees and lending fees in Wholesale Banking, higher insurance premiums, fee-based revenue commensurate with market growth and transaction revenue in Wealth Management, and higher volumes and margins in Canadian Personal & Commercial Banking; adjusted¹ revenue increased 10%
- Expenses:** up 24%, primarily reflecting the AML investigations provision, higher employee-related expenses, including TD Cowen, a civil matter provision, restructuring charges, investments in our risk and control infrastructure, and FDIC special assessment. Adjusted¹ expenses increased 10%
 - Adjusted¹ expenses up 10.4% YoY excl. the impact of U.S. strategic card portfolio ("SCP") accounting and FX³
- PCL:** Provision of \$1,071MM
- CET 1 13.4%:** down 51 bps QoQ, reflecting internal capital generation (+28 bps), increase in RWA (excluding impact of FX) (-36 bps), repurchase of common shares (-23 bps), AML investigations provision (-11 bps), civil matter provision (-4 bps), restructuring program and additional FDIC special assessment (-3 bps) and other (-2 bps)

Items of Interest

- Restructuring Program** – This quarter, the Bank continued to undertake certain measures to reduce its cost base and achieve greater efficiency, and identified additional opportunities to drive productivity. In Q2'24, the Bank incurred restructuring charges of \$165MM pre-tax. In Q3'24, the Bank expects to incur additional restructuring charges of approximately \$50MM, and to conclude the restructuring program. The Bank expects savings of ~\$400MM pre-tax for fiscal 2024 and fully realized annual cost savings of ~\$725MM pre-tax. (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. On February 23, 2024, the FDIC notified all institutions subject to the special assessment that its estimate of total losses has increased. Accordingly, the Bank recognized an additional expense for the special assessment of \$103MM (US\$75MM) pre-tax in Q2'24. (MD&A p. 6, ENR p. 5)
- Share repurchase** – TD repurchased more than 15MM common shares in the quarter. (QRP slide 4, MD&A p. 28)
- Provision for Investigations Related to the Bank's AML Program** – (MD&A p. 6, ENR p. 5)

Financial Results (C\$MM)		Q2/2024	QoQ	YoY
Diluted EPS	Reported	\$ 1.35	-13%	-20%
	Adjusted ¹	\$ 2.04	2%	7%
Net Income	Reported	2,564	-9%	-22%
	Adjusted ¹	3,789	4%	2%
Revenue	Reported	13,819	1%	11%
	Adjusted ¹	13,883	1%	10%
PCL Ratio⁴		0.47%	+3 bps	+19 bps
PCL – Total		1,071	+\$70	+\$472
PCL – Impaired		870	-\$64	+\$319
PCL – Performing		201	+\$134	+\$153
Insurance Service Expenses		1,248	-9%	+12%
Expenses	Reported	8,401	5%	24%
	Adjusted ¹	7,084	-1%	10%
CET 1 Ratio⁵		13.4%	-51 bps	-194 bps
Net Interest Margin (NIM)^{1,2}	Reported	1.73%	+1 bps	-3 bps
	Adjusted ¹	1.75%	+1 bps	-6 bps
Loans⁶ (Average balances \$B)		Q2/2024	QoQ	YoY
Canadian Personal & Commercial Banking (C\$)		564	1%	7%
Personal		444	1%	7%
Commercial		121	2%	7%
U.S. Retail (US\$)		193	1%	7%
Personal		95	0%	10%
Commercial		98	1%	5%
Wealth Management & Insurance (C\$)		6	3%	-2%
Wholesale Banking (Gross Lending) (C\$)		96	0%	1%
Total (C\$B)		928	1%	7%
Deposits⁶ (Average balances \$B)		Q2/2024	QoQ	YoY
Canadian Personal & Commercial Banking (C\$)		456	0%	4%
Personal		300	1%	6%
Commercial		156	-1%	-1%
U.S. Retail (US\$)		324	-1%	-6%
Personal		131	2%	1%
Commercial		103	-2%	-2%
Sweep Deposits		91	-5%	-18%
Wealth Management & Insurance (C\$)		28	0%	-14%
Total (C\$B)		924	0%	-2%

Except as noted, figures reflect year-over-year change. ENR: Q2 2024 Earnings News Release, MD&A: Q2 2024 Management's Discussion and Analysis, SFI: Q2 2024 Supplemental Financial Information, SRD: Q2 2024 Supplementary Regulatory Disclosure, FS&N: Q2 2024 Consolidated Financial Statements and Notes, QRP: Q2 2024 Quarterly Results Presentation.

- 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 uses 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 Q2 2024 MD&A (available at www.td.com/investor and www.sedarplus.ca), 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.
- For additional information about this metric, refer to the Glossary in the Q2 2024 MD&A, which is incorporated by reference.
- 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.
- PCL Ratio: Provision for Credit Losses on a quarterly annualized basis/Average Net Loans & Acceptances.
- This measure has been calculated in accordance with the Office of the Superintendent of Financial Institutions Canada's (OSFI's) Capital Adequacy Requirements guideline.
- Numbers may not add due to rounding.

TD Bank Group Quarterly Highlights

Segments (C\$MM unless otherwise noted)

Q2 2024

Commentary (YoY)

Canadian P&C Banking	Q2/2024	QoQ	YoY
Revenue	4,839	-1%	10%
Net Interest Margin (NIM)	2.84%	0 bps	+10 bps
PCL	467	+\$44	+\$220
Impaired PCL	397	+\$33	+\$163
Performing PCL	70	+\$11	+\$57
PCL Ratio	0.34%	+4 bps	+15 bps
Expenses	1,957	-1%	3%
Net Income	1,739	-3%	7%

U.S. Retail (US\$MM)	Q2/2024	QoQ	YoY
Revenue	2,540	-2%	-3%
Net Interest Margin (NIM) ^{7,10}	2.99%	-4 bps	-26 bps
PCL	280	-\$5	+\$140
Impaired PCL	229	-\$50	+\$92
Performing PCL	51	+\$45	+\$48
PCL Ratio (Net ¹¹)	0.6%	-1 bps	+27 bps
Expenses	Rep. / Adj. ⁷ 1,909 / 1,384	7% / -6%	28% / 0%
Net Income, U.S. Retail Bank	Rep. / Adj. ⁷ 297 / 803	-44% / 7%	-65% / -15%
Schwab contribution	136	-6%	-26%
Total Net Income	Rep. / Adj. ⁷ 433 / 939	-35% / 5%	-58% / -17%

Wealth Mgmt. & Ins.	Q2/2024	QoQ	YoY
Revenue	3,114	-1%	11%
Insurance Service Expenses	1,248	-9%	12%
Revenue net of Insurance Service Expenses	1,866	5%	11%
PCL	-	-	-\$1
Expenses	1,027	-2%	7%
Net Income	621	12%	19%
AUA ^{8,9} / AUM ⁹ (C\$B)	596 / 489	3% / 2%	9% / 6%

Wholesale Banking	Q2/2024	QoQ	YoY
Revenue	1,940	9%	37%
Global Markets	1,081	-1%	62%
Investment Banking	869	23%	19%
PCL	55	+\$45	+\$43
Impaired PCL	-1	-\$6	-\$6
Performing PCL	56	+\$51	+\$49
Expenses	Rep. / Adj. ⁷ 1,430 / 1,328	-5% / -4%	20% / 19%
Net Income	Rep. / Adj. ⁷ 361 / 441	76% / 48%	141% / 107%

Corporate	Q2/2024	Q1/2024	Q2/2023
Net Corporate Expenses ⁹	-411	-254	-191
Other	127	36	14
Net Income (Loss)	Rep. / Adj. ⁷ -737 / -284	-628 / -218	-399 / -177

Canadian P&C Banking – ENR Table 7 (page 10) and SFI (page 9)

- CAD P&C net income up 7%, reflecting higher revenue, partially offset by higher PCL and non-interest expenses
- Revenue up 10%, reflecting volume growth and higher margins
- NIM was flat QoQ
- PCL of \$467MM
- Expenses up 3%, reflecting higher spend supporting business growth including higher employee-related expenses and technology costs
- Operating leverage¹² of +701 bps

U.S. Retail – ENR Table 8 (page 12) and SFI (page 11)

- U.S. Retail reported net income down 58% (adj.⁷ down 17%)
- Revenue down 3%, reflecting lower deposit margins and volumes, partially offset by higher loan volumes and fee income growth from increased customer activity
- NIM down 4 bps QoQ, due to balance sheet mix and higher funding costs
- PCL of US\$280MM
- Reported expenses up 28%, reflecting the AML investigations provision and FDIC special assessment, partially offset by acquisition and integration-related charges for the terminated First Horizon transaction in the second quarter last year (adj.⁷ relatively flat)
- Operating leverage^{7,12} of -364 bps

Wealth Mgmt. & Ins. – ENR Table 9 (page 15) and SFI (page 12)

- WM&I net income up 19%
- Revenue up 11%, reflecting higher insurance premiums, fee-based revenue commensurate with market growth, transaction revenue and deposit margins
- Insurance service expenses up 12%, reflecting business growth, increased claims severity and less favourable prior years' claims development
- Expenses up 7%, reflecting higher variable compensation commensurate with higher revenues, and technology costs

Wholesale Banking – ENR Table 10 (page 16) and SFI (page 13)

- Wholesale reported net income up 141% (adj.⁷ up 107%)
- Revenue, including TD Cowen, up 37%, primarily reflecting higher trading-related revenue, underwriting fees, and lending revenue
- Reported expenses, including TD Cowen, up 20%, primarily reflecting higher variable compensation commensurate with higher revenues, TD Cowen and the associated acquisition and integration-related costs (adj.⁷ up 19%)

Corporate – ENR Table 11 (page 17) and SFI (page 14)

- Corporate segment's reported net loss for the quarter was \$737MM, compared with a reported net loss of \$399MM in the second quarter last year. The higher net loss primarily reflects a civil matter provision, higher risk and control expenses and restructuring charges, partially offset by higher revenue from treasury and balance sheet activities in the current quarter
- Net corporate expenses increased \$220MM compared to the prior year, primarily 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. 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.

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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.