

TD BANK GROUP
TD BANK GROUP PRESIDENT AND CEO BHARAT MASRANI TO
RETIRE APRIL 10, 2025; BOARD NAMES RAYMOND CHUN AS
SUCCESSOR
SEPTEMBER 19, 2024

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CORPORATE PARTICIPANTS

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TD Bank Group – Group President and CEO

Raymond Chun

TD Bank Group – Group Head, Canadian Personal Banking

Brooke Hales

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CONFERENCE CALL PARTICIPANTS

Meny Grauman

Scotia Capital – Analyst

Ebrahim Poonawala

Bank of America Securities – Analyst

Sohrab Movahedi

BMO Capital Markets – Analyst

Lemar Persaud

Cormark Securities - Analyst

PRESENTATION

Brooke Hales – TD Bank Group – Head of Investor Relations

Thank you, operator. Good morning and welcome to TD Bank Group's conference call.

We will begin today's call with remarks from Bharat Masrani, the Bank's CEO, and Raymond Chun, Group Head, Canadian Personal Banking, after which we will invite questions from pre-qualified analysts and investors on the phone. Today's announcement was timed to enable Bharat and Ray to connect with 2,500 TD executives currently gathered in Toronto for the Bank's annual Senior Management Group conference. Therefore, we will be ending promptly at 10:30am. Accordingly, please limit yourself to one question and then requeue.

Our comments during this call may contain forward-looking statements, which involve assumptions and have inherent risks and uncertainties. More information is available in this morning's press release, which is on our website.

With that, let me turn the call over to Bharat.

Bharat Masrani – TD Bank Group – Group President & CEO

Thank you, Brooke. And thank you, everyone for joining us today.

It is an exciting day for TD's future. We issued a press release this morning announcing the Bank's succession plan, including a series of Senior Executive Team changes reflecting the strength of our leadership bench and our commitment to executing a smooth CEO transition. We have set my retirement for April 10, 2025.

The Board has a rigorous and well-defined succession planning process, undertaken over many years. The process involved careful and dynamic consideration of the characteristics and skills required to fulfil the Bank's strategic ambitions, a review of the external marketplace against our internal talent, and ongoing development of that talent to create a deep succession bench. Following this robust process and careful consideration, the Board has chosen Ray Chun as my successor.

Effective November 1, 2024, Ray will be appointed to TD's Board of Directors and will become the Bank's Chief Operating Officer, with responsibility for all of TD's business lines. The Board announced its intention that Ray will become Group President & CEO on April 10, 2025, at the Bank's next Annual Meeting of Shareholders. Following my retirement as CEO, I will continue to serve as an advisor to the Bank until October 31, 2025.

I am delighted the Board has selected Ray as TD's next CEO. I have known Ray for a long time. He started at TD in 1992 in our management training program. Over the decades, as he rose through the ranks, he grew businesses across our franchise. Ray led regions, product teams, and key business segments – each time, he captured opportunity and built winning teams. Ray has delivered in every single role in his over 30 years at the Bank. I am confident he will continue to deliver as the Bank's Chief Operating Officer, and then as TD's Group President & CEO. Ray is the right leader at the right time.

This morning we also announced that Riaz Ahmed will retire at the end of January 2025. For close to three decades, Riaz helped define TD's strategy and deliver business growth. He led corporate strategy, expanded our Insurance and North American Credit Cards businesses, helped solidify one of the strongest balance sheets in banking, and delivered exceptional financial performance as CFO. For the past three years, as head of TD Securities, Riaz led the TD Cowen acquisition and integration, enhancing our competitiveness and accelerating our strategy. I want to extend my personal thanks for his close partnership, sound counsel, and successful leadership over many years. I wish him the very best in his next exciting chapter.

We also announced additional changes to the Senior Executive Team. Effective November 1, 2024, the following leaders will report to Ray:

Sona Mehta, who already leads the Bank's Real Estate Secured Lending and Everyday Banking, Saving & Investing businesses, will become Group Head, Canadian Personal Banking, and join the Senior Executive Team. Sona is a terrific leader who inspires her teams to deliver.

Tim Wiggan, who is currently Group Head, Wealth Management & Insurance, will return to TD Securities as its President and CEO. Tim helped build TD Securities and will continue the momentum in the Wholesale Bank.

And Paul Clark, currently Executive Vice President, Private Wealth Management & Financial Planning, will become Senior Executive Vice President, Wealth Management, and join the Senior Executive Team. A long-time TD leader, Paul's contributions span multiple businesses and roles.

Barbara Hooper, Group Head, Canadian Business Banking and Leo Salom, Group Head U.S. Retail Banking and President and CEO, TD Bank, America's Most Convenient Bank will also report to Ray. In addition, while Wealth Management & Insurance will remain together as a reporting segment, James Russell will report directly to Ray.

Along with Ray, our Chief Risk Officer, Ajai Bambawale, our Chief Financial Officer, Kelvin Tran and other members of the Senior Executive Team who lead corporate functions will continue to report to me.

These changes demonstrate the depth of our leadership bench, combining long-standing leaders and newly elevated talent. Together, they will ensure a successful transition and lead the Bank into the future.

Before I turn it over to Ray, I want to acknowledge that – as we've stated previously – TD's U.S. AML deficiencies were serious, and a significant remediation work is underway. This took place on my watch as CEO, and I take full responsibility. As I have said before, AML remediation is my top priority. In the coming months, I will continue to advance and direct the critical remediation program required to meet our obligations and responsibilities and strengthen our risk and control foundation – supporting Leo and Ray in that endeavor.

With that, I'll turn the call over to Ray.

Raymond Chun – TD Bank Group – Group Head, Canadian Personal Banking

Thank you, Bharat.

First, let me say that I am honoured by the trust the Board has placed in me. TD is a critical part of our financial system and economy. The Bank helps households and businesses achieve their financial goals, communities thrive, and our colleagues succeed. I understand what it means to be entrusted with the privilege and responsibility to lead TD – a place I have called home for over 30 years.

I also want to congratulate Riaz on his retirement. Riaz has made an enormous contribution to TD, and I personally have learned so much from him over the years.

The new Senior Executive Team structure we announced today demonstrates the depth of leadership talent at TD – and positions the Bank to continue to deliver for all our stakeholders. I am particularly excited about the opportunity to interact with you – our shareholders – in my new capacity.

As Bharat said, he and I have worked together for a long time. Bharat, I want to thank you for your leadership and support over many years. Through a tough period, you have been a steady hand, guiding us forward. For almost four decades, and as CEO for the past ten years, you helped build and strengthen the Bank.

TD has so many advantages – a powerful balance sheet, terrific talent, high-performing businesses, and leading franchises in Canada and the U.S. with over 28 million customers and clients. We also have a significant challenge in front of us – we must remediate our U.S. AML program. This is our top priority.

We have the team in place to strengthen our foundations, overcome the current challenges, and write the next chapter of TD's story. I am committed to the work ahead and energized by the opportunity to lead this outstanding Bank into the future.

With that, let me turn it back over to Bharat.

Bharat Masrani – TD Bank Group – Group President & CEO

Thank you, Ray.

Before we begin the Q&A session, I want to note that we will not be providing any update on the U.S. AML investigations at this time. Today is about our succession plan.

With that, operator, we are now ready to begin the Q&A session.

QUESTION AND ANSWER

Operator

[Operator Instructions] The first question is from Meny Grauman from Scotiabank.

Meny Grauman – Scotia Capital – Analyst

Good morning and first off let me congratulate you Ray on the appointment.

The first question is really about process, maybe Bharat you're best placed to answer, just in terms of process, did the board consider outside candidates for this role? Could you give us sort of an insight into that?

Bharat Masrani – TD Bank Group – Group President & CEO

Good morning, Meny and nice to talk to you again.

It is the Board's process and of course, much of the process is confidential. But I can confirm that, absolutely, we considered the external market. Any strong process would. The most important aspect of a succession process is to really focus on the profile of the CEO you are looking for – which is dynamic and contextual. What qualities, skills and experiences does the organization need for the short-, medium- and long-term. The Board and our HR committee specifically defined the CEO profile and once developed, considered the internal and the external market available to match that profile. That profile was reviewed regularly to ensure it accurately reflected the view of the Board. Internally – we've spent – as we've talked many many times before – we've spent years developing talent and our process was very intentional in that regard. The Board was, of course, assisted throughout by independent consultants. Ray was selected after a lengthy and competitive process, and I couldn't be happier with the decision. It's terrific to have Ray in seat as we move forward, so I hope that covers off the process for you Meny.

Meny Grauman – Scotia Capital – Analyst

Yes, thank you.

Just a question to follow up just on strategy. Ray's background is very much Canada focused, so the question is what can we read into that? Can we say that this is a signal that Canada is really going to take even more of a central role in terms of the strategic direction of the bank going forward, especially in the context of the AML issues, that the U.S. is less of a focus right now and maybe even into the future given Ray's background?

Bharat Masrani – TD Bank Group – Group President & CEO

Absolutely not, Meny.

TD has a unique franchise in the U.S., we serve over more than 10 million Americans. Ray and Leo, whom you know, have strong working relationships. Ray has run many businesses and is looking forward to working closely with Leo in the years to come.

Meny Grauman – Scotia Capital – Analyst

Thank you.

Ebrahim Poonawala – Bank of America Securities – Analyst

Good morning and congratulations Bharat, Tim, Ray and Riaz on your respective announcements.

Maybe a question, Bharat for you – you mentioned Ray's very successful track record at TD. I think some of the feedback over the last few months around the CEO succession has been it felt like the line of business

heads were still kind of new in their seats so not quite ready to be CEO. Just talk to us in terms of – you mentioned that you looked externally so maybe spend some time – and not to put Raymond on the spot – but why Ray was the right choice in terms of running this through the AML process and just managing a bank as complex as TD?

Bharat Masrani – TD Bank Group – Group President & CEO

I am delighted the Board has selected Ray as TD's next CEO Ebrahim and I've known Ray for a long time.

He started at TD in 1992 in our management training program. And over the decades, he rose through various ranks, he grew businesses across our franchise. He's led regions, product teams, and operations. He's led critical business segments at TD and has deep retail banking experience, which is important to TD now and into the future. Each time Ray captured every opportunity that was available and built winning teams – working collaboratively with his peers and always focused on making strategic decisions to benefit the entire Bank.

Ray has really delivered, Ebrahim, for the past 30 years and I am confident he will continue to deliver as the Bank's Chief Operating Officer, and then TD Bank Group's CEO.

Ray is the right leader at the right time. Absolutely, he is the right leader at the right time. So very comfortable where we are, it is a terrific choice and I'm looking forward to transitioning with Ray over the next few months as he becomes the next CEO of TD.

Ebrahim Poonawala – Bank of America Securities – Analyst

Noted. And just one question I had was should we expect another round of leadership changes as Ray gets in his seat, particularly in terms of the U.S. business just given the perspective around Leo heading that business and your comfort around him being with the bank through this AML issue?

Bharat Masrani – TD Bank Group – Group President & CEO

Leo is a great leader. Ray and Leo have worked together. In fact, Ray was in the wealth management business when Leo was there as well.

I don't expect and I am not aware of any pending changes.

Ebrahim Poonawala – Bank of America Securities – Analyst

Thank you.

Sohrab Movahedi – BMO Capital Markets – Analyst

Thank you, congrats Bharat on your retirement and Ray on your appointment.

I wanted to put Ray on the spot, and could you talk to us a little bit – based on his 30 year history – where can he draw – on what sort of experience can he draw – over the past 30 years that will be relevant for the next 5 years at TD Bank – taking both AML but other strategic considerations into account?

Raymond Chun – TD – Group Head, Canadian Personal Banking

Thanks for the question Sohrab and thanks for your comment at the start.

As Bharat said, I have spanned my career at TD over a variety of different areas so I would tell you that from a retail banking background not only have I run the regions, but I have run all of our product areas, both sides of the balance sheet and worked very closely. When you are running the largest deposit business in the country we work very closely with treasury, we work very closely with risk and compliance, AML teams and also had responsibility for the lending side.

And also, when I was in Canadian Personal Banking previously, had all of our data and analytics teams reporting into us and as we think forward with the importance of Gen AI and analytics, that will prove to be valuable.

I've also had the opportunity to run all of our channels whether that's physical channels, contact centres, digital. At one point in my career, they've all reported into me and as we move forward I can't think of a channel, certainly digital and mobile will absolutely be important for our customers and for our organization.

So I'd say over the last few years as I took over as President and CEO of the TD Insurance business it gave me lens into the entirety of a business and certainly from a risk perspective lots of exposure and then I took over as President of the Direct Investing business, one of our most innovative businesses that we moved forward.

And then when I took over for Leo in our global Wealth and Insurance business, I did have responsibility for all of global wealth for TD Bank which includes TD Asset Management, our Advice businesses, our Direct Investing and our Trust and Estate businesses – which also had responsibility into the U.S. wealth strategy and U.S. wealth management. So lots of experience, running big businesses, complicated businesses, big P&Ls and having to work with all of our control and risk partners across TD Bank.

I hope that answers your question Sohrab.

Sohrab Movahedi – BMO Capital Markets – Analyst

That is very helpful, I appreciate you answering the question.

And any of those experiences – like what would be the single biggest problem you've had to deal with given the AML issue that the bank sorts through, I'm just trying to understand if you've had to deal with problems before and if there's something we could look back to, just to get a sense?

Raymond Chun – TD – Group Head, Canadian Personal Banking

All I would say is, when you're running these large complex businesses that I've run, running into complexity and dealing with regulators and mapping out complex strategies as we move forward has all been in my experience.

It's early days and I look forward to sharing more with all of you in the days and weeks and months to come.

Sohrab Movahedi – BMO Capital Markets – Analyst

Thank you very much and congrats to Riaz as well.

Lemar Persaud – Cormark Securities – Analyst

My question is more on the timing of the announcement. Why did the board find it necessary to make this announcement today vs waiting until everything was out there on the outcome of the U.S. AML investigations which you guys are clear in suggesting that that will be by the end of the calendar year. Why is September 19th the right time to make this announcement?

Bharat Masrani – TD Bank Group – Group President & CEO

Lemar, by the way good morning and good to hear you.

As Brooke mentioned in her opening, every year TD has a Senior Management Group conference, it's a once-a-year event when 2,500 of our executives from around the world gather here in Toronto. They are here today; our conference has just started this morning, so we thought it's the perfect time to make the announcement and have our senior leaders all here in person. It's the perfect opportunity to make such an announcement.

Lemar Persaud – Cormark Securities – Analyst

It seems like your retirement date Bharat, of April 10th – it doesn't allow all that much time for Ray to get fully up to speed on discussions with the U.S. regulators, addressing their needs and concerns effectively while learning and building all of the relationships required for a large Canadian bank CEO. Are you going to be very involved up until you actually step down as a special advisor at the end of October 2025? Is that the intention here?

Bharat Masrani – TD Bank Group – Group President & CEO

I'll be available to Ray and the bank in any capacity that I'm required post April 10th. We'll see what needs are important, and where I can add value and that will be up to Ray and the bank to take advantage of my time as Advisor.

Lemar Persaud – Cormark Securities – Analyst

Congratulations on the appointment Ray and Bharat on your retirement.

Operator

Thank you, there are no further questions at this time. I will turn the call back to Bharat Masrani.

Bharat Masrani – TD Bank Group – Group President & CEO

Thanks very much operator, and thanks for folks who joined this morning. Very exciting day for TD, a big, big announcement. We're in front of our 2,500 executives from around the world and there's lots of excitement for the future and we're going to be spending the day with them.

And look forward to Ray becoming COO on November 1st and then of course Group President and CEO of TD Bank Group.

Thanks for joining and we'll see you in December, thank you.