TD Bank Group

Quarterly Highlights

Q4 2023

Financial Results (YoY)

- **Net income** of $2.9B, down 57%, primarily reflecting the gain from the impact of the terminated First Horizon acquisition-related capital hedging strategy, gain on sale of Schwab shares in the prior period, and higher non-interest expenses, partially offset by higher non-interest income. (adj [1] $3.5B, down 14%)
- **EPS[2]** of $1.49, down 59% (adj.[1] $1.83, down 16%)
- **Canadian Personal & Commercial Banking earnings:** $1.7B, down 1%
- **U.S. Retail earnings (incl. Schwab):** US$946MM, down 19% (adj.[1] US$946MM, down 21%) (C$ down 17% and adj.[1] down 19%)
  - U.S. Retail Bank: US$800MM, down 14% (adj.[1] US$800MM, down 17%) (C$ down 12% and adj.[1] down 15%)
- **Wealth Management & Insurance earnings:** $501MM, down 3%
- **Wholesale Banking earnings:** $17MM, down 93% (adj.[1] $178MM, down 35%)
- **Corporate:** net loss $591MM; adj.[1] net loss $133MM

Revenue, Expenses, Credit, Capital

- **Revenue**: Reported revenue decreased 16%, reflecting the gain from the impact of the terminated First Horizon acquisition-related capital hedging strategy and the gain on sale of Schwab shares in the prior period, partially offset by margin growth in the personal and commercial banking businesses; adjusted[1] revenue increased 8%
- **Expenses**: Up 20%, reflecting higher employee-related expenses, including the acquisition of Cowen Inc., restructuring charges, and acquisition and integration related charges related to the Cowen acquisition. Adjusted[1] expenses increased 13%
  - Adjusted[1] expenses up 12.3% YoY excl. the impact of U.S. strategic card portfolio ("SCP") accounting and FX[3]
- **PCL**: Provision of $878MM
- **CET 1 14.4%** down 81 bps QoQ, reflecting internal capital generation (+27 bps), increase in RWA (excluding impact of FX) (-33 bps), repurchase of common shares (-57 bps), impact of repurchase of common shares on capital deduction (-5 bps), restructuring program (-5 bps), unrealized loss on FVOCI securities (-7 bps), impacts related to the terminated First Horizon transaction and the integration of TD Cowen (-4 bps), and other (+3 bps)
- **Risk-Weighted Assets (RWA)** (including impact of FX) up 4.8% QoQ, reflecting higher Credit Risk due to Volume growth and credit conditions, including some credit migration

Items of Interest

- **Restructuring Program** – The Bank undertook certain measures in the fourth quarter of 2023 to reduce its cost base and achieve greater efficiency. In connection with these measures, the Bank incurred $363 million of restructuring charges in the fourth quarter of 2023. The Bank expects to incur additional restructuring charges of a similar magnitude in the first half of calendar 2024. The restructuring costs primarily relate to employee severance and other personnel-related costs, real estate optimization, and asset impairments as we accelerate transitions to new platforms (QRP slide 11, MD&A p.20, ENR p. 5)
- **Dividend increase** – Announced dividend increase of 6 cents per common share, up 6% (QRP slide 4, MD&A p. 65)
- **Share repurchase** – TD repurchased almost 38MM common shares in the quarter, including 22MM under the 90MM NCIB announced last quarter (QRP slide 4, MD&A p. 65)
- **Adoption of IFRS 17** – TD will implement IFRS 17 effective November 1, 2023, replacing IFRS 4 (MD&A p. 118)

Financial Results (C$MM)		Q4/2023	QoQ	YoY
Diluted EPS	Reported	$ 1.49	-5%	-59%
	Adjusted[1]	$ 1.83	-8%	-16%
Net Income	Reported	2,886	-3%	-57%
	Adjusted[1]	3,505	-6%	-14%
Revenue	Reported	13,121	3%	-16%
	Adjusted[1]	13,185	1%	8%
PCL Ratio[4]		0.39%	+4 bps	+10 bps
PCL – Total		878	+$112	+$261
PCL – Impaired		719	+$56	+$265
PCL – Performing		159	+$56	-$4
Insurance Claims		1,002	+9%	+39%
Expenses	Reported	7,883	4%	20%
	Adjusted[1]	7,243	4%	13%
CET 1 Ratio[5]		14.4%	-81 bps	-177 bps
Net Interest Margin (NIM)[1,2]	Reported	1.73%	4 bps	-8 bps
	Adjusted[1]	1.75%	5 bps	-5 bps

Loans[6] (Average balances $B)	Q4/2023	QoQ	YoY
Canadian Personal & Commercial Banking (C$)	552	2%	6%
Personal	436	3%	6%
Commercial	117	2%	9%
U.S. Retail (US$)	188	2%	10%
Personal	93	4%	12%
Commercial	95	1%	9%
Wealth Management & Insurance (C$)	7	2%	-8%
Wholesale Banking (Gross Lending) (C$)	93	-1%	9%
Total (C$B)	907	3%	8%

Deposits[6] (Average balances $B)	Q4/2023	QoQ	YoY
Canadian Personal & Commercial Banking (C$)	447	1%	2%
Personal	288	1%	5%
Commercial	159	1%	-3%
U.S. Retail (US$)	333	0%	-12%
Personal	127	0%	-4%
Commercial	106	2%	-5%
Sweep Deposits	100	-3%	-25%
Wealth Management & Insurance (C$)	28	-6%	-28%
Total (C$B)	928	1%	-5%

Except as noted, figures reflect year-over-year change. ENR: Q4 2023 Earnings News Release, MD&A: 2023 Management's Discussion and Analysis, SFI: Q4 2023 Supplemental Financial Information, SRD: Q4 2023 Supplementary Regulatory Disclosure, FS&N: 2023 Consolidated Financial Statements and Notes, QRP: Q4 2023 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 "Financial Results Overview" the Bank's 2023 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 2023 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 27 and 29 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

Canadian P&C Banking (C$MM)	Q4/2023	QoQ	YoY
Revenue	4,754	4%	7%
Net Interest Margin (NIM)	2.78%	+4 bps	+8 bps
PCL	390	+$11	+$161
Impaired PCL	274	-$11	+$90
Performing PCL	116	+$22	+$71
PCL Ratio	0.28%	+0 bps	+11 bps
Expenses	2,039	8%	6%
Net Income	**1,679**	**1%**	**-1%**

U.S. Retail (US$MM)		Q4/2023	QoQ	YoY
Revenue		2,622	-1%	-3%
Net Interest Margin (NIM)[7,10]		3.07%	+7 bps	-6 bps
PCL		213	+$28	+$44
Impaired PCL		227	+$34	+$102
Performing PCL		-14	-$6	-$58
PCL Ratio (Net[11])		0.46%	+5 bps	+6 bps
Expenses	Rep. / Adj.[7]	1,520 / 1,520	1% / 6%	3% / 6%
Net Income, U.S. Retail Bank	Rep. / Adj.[7]	800 / 800	-5% / -10%	-14% / -17%
Schwab contribution		146	3%	-38%
Total Net Income	Rep. / Adj.[7]	**946 / 946**	**-4% / -8%**	**-19% / -21%**

Wealth Mgmt. & Ins. (C$MM)	Q4/2023	QoQ	YoY
Revenue	2,864	3%	9%
AUA[8,9] / AUM[9] (C$B)	531 / 405	-5% / -4%	3% / 2%
Insurance Claims	1,002	9%	39%
Expenses	1,191	2%	-1%
Net Income	**501**	**-1%**	**-3%**

Wholesale Banking (C$MM)		Q4/2023	QoQ	YoY
Revenue		1,488	-5%	28%
Trading-Related Revenue (TEB)[7,12]		590	-6%	5%
PCL		57	+$32	+$31
Impaired PCL		0	-$10	-$24
Performing PCL		57	+$42	+$55
Expenses	Rep. / Adj.[7]	1,441 / 1,244	16% / 13%	80% / 59%
Net Income	Rep. / Adj.[7]	**17 / 178**	**-94% / -53%**	**-93% / -35%**

Corporate (C$MM)		Q4/2023	Q3/2023	Q4/2022
Net Corporate Expenses[9]		-227	-333	-187
Other		94	151	177
Net Income (Loss)	Rep. / Adj.[7]	**-591 / -133**	**-782 / -182**	**2,661 / -10**

Except as noted, figures reflect year-over-year change. ENR: Q4 2023 Earnings News Release, MD&A: 2023 Management's Discussion and Analysis, SFI: Q4 2023 Supplemental Financial Information, SRD: Q4 2023 Supplementary Regulatory Disclosure, FS&N: 2023 Consolidated Financial Statements and Notes, QRP: Q4 2023 Quarterly Results Presentation.

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.
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.

Q4 2023

Commentary (YoY)

ENR Table 9 (page 11) and SFI (page 9)

- CAD P&C net income down 1%, reflecting higher PCL and non-interest expenses, partially offset by revenue growth
- Revenue up 7%, reflecting volume growth and higher margins
- NIM up 4 bps QoQ, due to higher margins on deposits reflecting tractor maturities, partially offset by lower margin on loans
- PCL of $390MM
- Expenses up 6%, primarily reflecting higher technology spend supporting business growth and higher non-credit provisions
- Operating leverage[7,13] of +61 bps

ENR Table 10 (page 12) and SFI (page 11)

- U.S. Retail reported net income down 19% (adj.[7] down 21%)
- Revenue down 3%, reflecting lower deposit volumes, loan margins and overdraft fees, partially offset by higher deposit margins, loan volumes and fee income from increased customer activity
- NIM up 7 bps QoQ, as higher investment returns from matured tractors and positive balance sheet mix with lower borrowings were partially offset by migration to term deposits and high yield savings as well as modestly lower loan margins
- PCL of US$213MM
- Reported expenses up 3%, reflecting higher legal expenses, regulatory expenses and investments, higher employee-related expenses, and higher FDIC assessment fees partially offset by acquisition and integration-related charges for the terminated First Horizon transaction in the fourth quarter last year; adjusted[7] expenses up 6%
- Operating leverage[7,13] of -900 bps

ENR Table 11 (page 14) and SFI (page 12)

- WM&I net income down 3%
- Revenue up 9% reflecting higher insurance premiums, an increase in the fair value of investments supporting claims liabilities which resulted in a similar increase in insurance claims, and higher fee-based revenue, partially offset by lower transaction revenue in the wealth management business
- Insurance claims up 39%, reflecting increased claims severity, more severe weather-related events, and the impact of changes in the discount rate which resulted in a similar increase in the fair value of investments supporting claims liabilities reported in non-interest income
- Expenses down 1%

ENR Table 12 (page 15) and SFI (page 13)

- Wholesale reported net income down 93%; (adj.[7] down 35%)
- Revenue, including TD Cowen, up 28%, primarily reflecting higher equity commissions, advisory fees and equity underwriting fees
- Expenses, up 80%, primarily reflecting the acquisition of Cowen Inc. and acquisition and integration-related costs, continued investments in Wholesale Banking's U.S. dollar strategy, including the hiring of banking, sales and trading, and technology professionals, and the impact of foreign exchange translation

ENR Table 13 (page 16) and SFI (page 14)

- Corporate segment's reported net loss for the quarter was $591 million, compared with a net income of $2,661 million in the fourth quarter last year. The decrease primarily reflects gains in the prior year from the impact of the terminated First Horizon acquisition-related capital hedging strategy and from the sale of Schwab shares, and restructuring charges in the current quarter

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 TEB of $61 million (Q3 2023 – $8 million, Q4 2022 – $407 million), and trading income (loss) of $529 million (Q3 2023 – $618 million, Q4 2022 – $153 million). Trading-related revenue (TEB) is a non-GAAP financial measure. For additional information about this metric, refer to the Glossary in the 2023 MD&A.
13. Operating leverage is a non-GAAP ratio that is typically calculated by dividing revenue growth by expense growth. TD calculates operating leverage as the difference between the % change in adjusted revenue (U.S. Retail in source currency) net of fair value changes in investments supporting insurance claims liabilities, and the % change in adjusted expenses (U.S. Retail in source currency) and 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.