TD Bank Group

Quarterly Highlights

Q4 2024

Financial Results (YoY)

- **Net income** of $3.6B, up 27% primarily reflecting higher revenues and the current year gain on sale of Schwab shares, partially offset by higher insurance service expenses and higher non-interest expenses, including investments in risk and control infrastructure (adj[1] $3.2B, down 8%)
- **EPS[2]** of $1.97, up 33% (adj.[1] $1.72, down 5%)
  - For F'25, it will be challenging to generate earnings growth, as the Bank navigates a transition year, continues to advance its AML remediation with investments in risk and control infrastructure, and invests in its businesses[3]
  - Undertaking broad-based strategic review and will reassess organic opportunities and priorities, productivity and efficiency initiatives, and capital allocation alternatives – with objective of delivering competitive returns for shareholders. As a result, suspending medium-term adjusted EPS growth, ROE and operating leverage targets
    - Expect to provide updates on strategic review and medium-term financial targets in H2'25
    - Remain confident in earnings growth potential of CAD P&C, WM&I and TDS
    - While expect U.S. balance sheet restructuring and U.S. BSA/AML remediation will impact U.S. Retail, remain committed to U.S. market and confident in strength of U.S. franchise
- **Canadian Personal & Commercial Banking earnings:** $1.8B, up 9%
- **U.S. Retail earnings (incl. Schwab):** US$634MM, down 32% (adj.[1] US$803MM, down 14%) (C$ down 32% and adj.[1] down 14%)
  - U.S. Retail Bank: US$520MM, down 34% (adj.[1] US$689MM, down 13%) (C$ down 34% and adj.1 down 12%)
- **Wealth Management & Insurance earnings:** $349MM, down 29%
- **Wholesale Banking earnings:** $235MM, up >100% (adj.[1] $299MM, up 68%)
- **Corporate:** Net income $365MM; adj.[1] net loss $361MM

Revenue, Expenses, Credit, Capital

- **Revenue:** Reported revenue increased 18%, primarily reflecting the inclusion of gain on sale of Schwab shares, reinsurance recoveries for catastrophe claims, and higher fee income in markets-driven businesses, volumes in Canadian P&C, deposit margins and insurance premiums, partly offset by the impact of U.S. balance sheet restructuring; adjusted[1] revenue increased 12%
- **Expenses**: Reported expenses increased 6%, primarily reflecting investments in risk and control infrastructure, provision for indirect tax matters, and higher technology and marketing spend supporting business growth including technology and occupancy costs, and other operating expenses, partially offset by the prior year's restructuring charges
  - Adjusted[1] expenses up 11% excl. the impact of U.S. strategic card portfolio ("SCP") accounting and FX[4]
  - Due to investments in risk and control infrastructure and investments supporting business growth, including employee-related expenses, net of expected productivity and restructuring run-rate savings, expect F'25 expense growth in the range of 5-7%[5]
- **PCL**: Provision of $1,109MM
  - While results may vary by quarter, and are subject to changes to economic conditions, F'25 PCLs are expected to be in the range of 45 to 55 bps[6]
- **CET 1 13.1%**: up 27 bps QoQ, reflecting internal capital generation (+14 bps), increase in RWA excluding impact of FX (-3 bps), sale of Schwab shares (+54 bps), operational risk RWA impact from Q3 U.S. BSA/AML provision (-35 bps), U.S. balance sheet restructuring (-4 bps), and other (+1 bp)

Items of Interest

- **Global Resolution of the Investigations into the Bank's U.S. BSA/AML program** – On Oct 10th, following active cooperation and engagement with authorities and regulators, the Bank reached a resolution with respect to previously disclosed investigations related to its U.S. BSA and AML compliance programs. (See "Significant Events", "Business Segment Analysis – U.S. Retail", and "Risk Factors and Management" in MD&A, and QRP slides 3, 12 & 33)
- **Dividend Increase** – 3 cent increase in dividend per share (up 3%) (MD&A p.54)
- **Catastrophe claims** – WM&I incurred $388MM in catastrophe claims net of reinsurance due to severe weather-related events in Calgary and Montreal in August. TD disclosed this number on Nov 5th and intends to continue to provide disclosure of catastrophe claims, net of reinsurance, shortly after the end of each fiscal quarter (QRP slide 14, SFI p.12)
- **Sale of Schwab shares** – On Aug 21st, TD sold 40.5MM common shares of Schwab, reducing TD's ownership interest from 12.3% to 10.1% (MD&A p.10)

Financial Results (C$MM)		Q4/2024	QoQ	YoY
Diluted EPS	Reported	$1.97	>100%	33%
	Adjusted[1]	$ 1.72	(16%)	(5%)
Net Income	Reported	3,635	>100%	27%
	Adjusted[1]	3,205	(12%)	(8%)
Revenue	Reported	15,514	9%	18%
	Adjusted[1]	14,897	5%	12%
PCL Ratio[7]		0.47%	+1 bp	+8 bps
PCL – Total		1,109	+$37	+$231
PCL – Impaired		1,153	+$233	+$434
PCL – Performing		(44)	-$196	-$203
Insurance Service Expenses		2,364	42%	76%
Expenses	Reported	8,050	(27%)	6%
	Adjusted[1]	7,731	7%	11%
CET 1 Ratio[8]		13.1%	27 bps	-130 bps
Net Interest Margin (NIM)[1,2]	Reported	1.72%	2 bps	-1 bp
	Adjusted[1]	1.74%	3 bps	-1 bp

Loans[6] (Average balances $B)	Q4/2024	QoQ	YoY
Canadian Personal & Commercial Banking (C$)[9]	578	1%	5%
Personal	454	1%	4%
Commercial	123	1%	6%
U.S. Retail (US$)[9]	193	0%	3%
Personal	97	1%	4%
Commercial	96	(1%)	1%
Wealth Management & Insurance (C$)	7	3%	6%
Wholesale Banking (Gross Lending) (C$)	97	0%	4%
Total (C$B)[9]	945	0%	4%

Deposits[9] (Average balances $B)	Q4/2024	QoQ	YoY
Canadian Personal & Commercial Banking (C$)[9]	471	2%	5%
Personal	306	1%	6%
Commercial	166	3%	4%
U.S. Retail (US$)[9]	316	0%	(5%)
Personal	132	0%	3%
Commercial	102	1%	(4%)
Sweep Deposits	83	(3%)	(17%)
Wealth Management & Insurance (C$)	28	2%	0%
Total (C$B)[9]	931	0%	0%

Except as noted, figures reflect year-over-year change. ENR: Q4 2024 Earnings News Release, MD&A: 2024 Management's Discussion and Analysis, SFI: Q4 2024 Supplemental Financial Information, SRD: Q4 2024 Supplementary Regulatory Disclosure, FS&N: 2024 Consolidated Financial Statements and Notes, and QRP: Q4 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 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 "Financial Results Overview" in the Bank's 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.
2. For additional information about this metric, refer to the Glossary in the MD&A, which is incorporated by reference.
3. See "Slide 2 of the QRP and Significant Events" section of the MD&A for additional information about the global resolution, and the "Risk Factors That May Affect Future Results" section of the MD&A for additional information about risks associated with the Global Resolution and the remediation of the Bank's U.S. BSA/AML program.
4. 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 26 and 28 in the QRP.
5. The Bank's expectations regarding expense growth is based on the Bank's assumptions regarding risk and control investments, employee-related expenses, foreign exchange impact, and productivity and restructuring savings. These assumptions are subject to inherent uncertainties and may vary based on factors both within and outside the Bank's control including the accuracy of the Bank's employee compensation and benefit expense forecasts, impact of business performance on variable compensation, inflation, the pace of productivity initiatives across the organization, and unexpected expenses such as legal matters. Refer to Slide 2 of the QRP and the "Risk Factors that May Affect Future Results" section of the MD&A for additional information about risks and uncertainties that may impact the Bank's estimates.
6. The Bank's estimated PCL range is based on forward-looking assumptions that have inherent risks and uncertainties. Results may vary depending on actual economic or credit conditions and performance, such as the level of unemployment, interest rates, economic growth or contraction, and borrower or industry specific credit factors and conditions. The Bank's PCL estimate is subject to risks and uncertainties including those set out in Slide 2 of the QRP and the "Risk Factors that May Affect Future Results" section of the MD&A.
7. PCL Ratio: Provision for Credit Losses on a quarterly annualized basis/Average Net Loans & Acceptances.
8. This measure has been calculated in accordance with the Office of the Superintendent of Financial Institutions Canada's (OSFI's) Capital Adequacy Requirements guideline.
9. Numbers may not add due to rounding.

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Q4 2024

Segments *(C$MM unless otherwise noted)*

Canadian P&C Banking	Q4/2024	QoQ	YoY
Revenue	5,064	1%	7%
Net Interest Margin (NIM)	2.80%	-1 bp	+2 bps
PCL	430	-$5	+$40
Impaired PCL	456	+$118	+$182
Performing PCL	(26)	-$123	-$142
PCL Ratio	0.30%	-	+2 bps
Expenses	2,102	7%	3%
Net Income	**1,823**	**(3%)**	**9%**

U.S. Retail (US$MM)		Q4/2024	QoQ	YoY
Revenue		2,353	(9%)	(9%)
Net Interest Margin (NIM)[10,13]		2.77%	-25 bps	-30 bps
PCL		285	+$9	+$72
Impaired PCL		306	+$64	+$79
Performing PCL		(21)	-$55	-$7
PCL Ratio (Net[14])		0.60%	+2 bps	+14 bps
Expenses	Rep. / Adj.[10]	1,546 / 1,560	(61%) / 11%	3% / 4%
Net Income, U.S. Retail Bank	Rep. / Adj.[10]	520 / 689	NM / (15%)	(34%) / (13%)
Schwab contribution		114	(12%)	(22%)
Total Net Income	Rep. / Adj.[10]	**634 / 803**	**NM / (15%)**	**(32%) / (14%)**

Wealth Mgmt. & Ins.	Q4/2024	QoQ	YoY
Revenue	3,937	18%	33%
Insurance Service Expenses (ISE)	2,364	42%	76%
Revenue net of ISE	1,573	(6%)	(2%)
PCL	-	-	-
Expenses	1,107	0%	16%
Net Income	**349**	**(19%)**	**(29%)**
AUA[11,12] / AUM[12] (C$B)	651 / 530	3% / 1%	23% / 20%

Wholesale Banking		Q4/2024	QoQ	YoY
Revenue		1,771	(1%)	19%
Global Markets		1,001	(4%)	12%
Investment Banking		751	(3%)	20%
PCL		134	+$16	+$77
Impaired PCL		134	+$25	+$134
Performing PCL		0	-$9	-$57
Expenses	Rep. / Adj.[10]	1,336 / 1,254	2% / 2%	(7%) / 1%
Net Income	Rep. / Adj.[10]	**235 / 299**	**(26%) / (21%)**	**>100% / 68%**

Corporate		Q4/2024	Q3/2024	Q4/2023
Net Corporate Expenses[12]		(550)	(426)	(227)
Other		189	102	94
Net Income (Loss)	Rep. / Adj.[10]	**365 / (361)**	**(525) / (324)**	**(591) / (133)**

Commentary (YoY)

Canadian P&C Banking – ENR Table 9 (page 16) and SFI (page 9)

- CAD P&C net income up 9% reflecting higher revenue, partially offset by higher non-interest expenses and PCL
- Revenue up 7%, primarily reflecting volume growth and higher deposit margins, partially offset by lower loan margins
- NIM down 1 bp QoQ, primarily due to changes in balance sheet mix reflecting the transition of BAs to CORRA-based loans; do not expect any further NIM impact from this transition[14]
  - In Q1'25, while many factors can impact margins, including further Bank of Canada rate cuts, competitive market dynamics, and deposit reinvestment rates and maturity profiles, we expect net interest margin to remain relatively stable[15]
- PCL of $430MM
- Expenses up 3%, primarily reflecting higher technology and marketing spend supporting business growth, partially offset by lower non-credit provisions
- Operating leverage[12] of +347 bps

U.S. Retail – ENR Table 10 (page 17) and SFI (page 10)

- U.S. Retail reported net income down 32% (adj.[10] down 14%)
- Revenue down 9%, primarily reflecting the impact of U.S. balance sheet restructuring
- NIM down 25 bps QoQ, primarily due to maintaining elevated liquidity levels; 24 bps of the 25 bps decrease driven by the impact of maintaining elevated liquidity levels
  - In Q1'25, NIM is expected to expand modestly driven by balance sheet restructuring actions, partially offset by deposit spread compression driven by Fed rate actions and competitive market dynamics[16]
- PCL of US$285MM
- Reported expenses up 3%, reflecting the impact of the charges for the global resolution of the investigations into the Bank's U.S. BSA/AML program, costs associated with the extension of our Nordstrom program agreement, higher legal and regulatory expenses, and higher operating expenses, partially offset by ongoing productivity initiatives and the FDIC special assessment (adj.[10] up 4%)
- Operating leverage[10,17] of -431 bps

Wealth Mgmt. & Ins. – ENR Table 11 (page 19) and SFI (page 12)

- WM&I net income down 29%, reflecting higher estimated losses from catastrophe claims, partially offset by higher revenue from both business lines
- Revenue up 33%, of which 24% was driven by reinsurance recoveries for catastrophe claims. The remaining increase was driven by higher insurance premiums, fee-based revenue, transaction revenue and deposit margins
- Insurance service expenses up 76%, of which 66% was driven by estimated losses from catastrophe claims. The remaining increase reflects less favourable prior years' claims development and increased claims severity
- Expenses up 16%, reflecting higher variable compensation and higher technology and marketing spend supporting business growth initiatives

Wholesale Banking – ENR Table 12 (page 20) and SFI (page 13)

- Wholesale reported net income up $218 million, reflecting higher revenue and lower non-interest expenses, partially offset by higher income taxes and PCL (adj.[7] up 68%)
- Revenue up 19%, primarily reflecting higher lending revenue, underwriting fees and trading-related revenue, partially offset by the net change in fair value of loan underwriting commitments in the prior year
- Reported expenses down 7%, primarily reflecting lower acquisition and integration-related costs, and lower variable compensation, partially offset by penalties arising from a trading regulatory matter (adj.[10] up 1%)

Corporate – ENR Table 13 (page 21) and SFI (page 14)

- Corporate segment's reported net income for the quarter was $365 million, compared with a net loss of $591 million in Q4'23. The YoY increase primarily reflects the impacts of current quarter's gain on sale of Schwab shares and prior year's restructuring charges, partially offset by the impact of provision for indirect tax matters in current quarter
- Net corporate expenses increased $323 million, primarily reflecting higher investments in risk and control infrastructure

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10. Refer to footnote 1 on page 1.
11. Includes assets under administration (AUA) administered by TD Investor Services, which is part of the Canadian Personal and Commercial Banking segment.
12. Refer to footnote 2 on page 1.
13. Net interest margin is calculated by dividing U.S. Retail segment's net interest income by average interest-earning assets excluding the impact related to sweep deposits arrangements and the impact of intercompany deposits and cash collateral, which management believes better reflects segment performance. In addition, the value of tax-exempt interest income is adjusted to its equivalent before-tax value. Net interest income and average interest-earning assets used in the calculation are non-GAAP financial measures. For additional information about the Bank's use of non-GAAP financial measures, refer to "Non-GAAP and Other Financial Measures" in the "Financial Results Overview" section of the MD&A.
14. As at October 31, 2024, BA balances were approximately nil.
15. The Bank's Q1'25 NIM expectations for the segment are based on the Bank's assumptions regarding factors such as Bank of Canada rate cuts, competitive market dynamics, and deposit reinvestment rates and maturity profiles, and are subject to risks and uncertainties, including those set out on Slide 2 of the QRP and in the "Risk Factors That May Affect Future Results" section of the MD&A.
16. The Bank's Q1'25 NIM expectations for the segment are based on the Bank's assumptions regarding interest rates, deposit reinvestment rates, and market conditions, and are subject to risks and uncertainties, including margin differential, rate cuts, liquidity needs, mark-to-market valuations, and other variables, including those set out on Slide 2 of the QRP and in the "Risk Factors That May Affect Future Results" section of the MD&A.
17. Operating leverage is a non-GAAP measure that is typically calculated by dividing revenue growth by expense growth. 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.