

2025 INVESTOR DAY CONFERENCE CALL

SEPTEMBER 29, 2025

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PRESENTATION

Brooke Hales – Head of Investor Relations, TD Bank Group

Thank you, Sona, Barb and Leo. We'll now move into our first Q&A session. We'll begin by taking questions from those in the room. If you'd like to ask a question, please raise your hand and we'll bring you a mic. And please remember to introduce yourself. If you're watching on the webcast and would like to ask a question, please click the Ask button at the bottom of the page.

I would now like to welcome Ray, Kelvin, Sona, Barb and Leo back to the stage.

Matthew Lee – Canaccord Genuity – Analyst

Matt Lee, Canaccord Genuity. Just wanted to know – your 2026 guidance and medium-term targets, do they assume a status quo USMCA outcome at the review next year? And if not, do you have any concerns around potential for trade conflicts to escalate and maybe slow down the growth that you're expecting over the near term?

Raymond Chun – Group President and Chief Executive Officer, TD Bank Group

So maybe I'll start, Matt. Just if you look at 2026 or the medium term, what I would tell you is this – that we have already – we have factored into our provisions as we shared through our quarterly updates about \$600 million in reserves and allowances. And so, from an uncertainty perspective, I think we factored that in.

As we look forward into our 2026 numbers and longer, what we've shown consistently is that TD Bank is well positioned regardless of the uncertain environment, and we've shown we can manage that through the cycles. And then certainly, that holds true for the underwriting standards that we have. So, when we say we're a through the cycle lender, we factor in that there are ebbs and flows on that side.

Now I will say, I mean, that is considering sort of the base case scenario that I think we've factored into what we think will be potential tariffs but let's see how the USMCA plays out on that side, but we are optimistic, as I said in my comments, that we do see at some point – I don't think it's going to get resolved in the short term. But I do think as the USMCA plays itself through, we'll continue to monitor, but we are well provisioned for that.

Matthew Lee – Canaccord Genuity – Analyst

Just a quick follow-up. If the review doesn't confirm an extension in 2026, does that change your views around capital or CET1 comfort ratio?

Kelvin Tran – Group Head and Chief Financial Officer, TD Bank Group

Sorry, can you just repeat that question?

Matthew Lee – Canaccord Genuity – Analyst

Yes, like your comfort around your CET1 ratio, does it change if you don't get an extension in 2026 for USMCA?

Kelvin Tran – Group Head and Chief Financial Officer, TD Bank Group

So, we will have to look at it. If you look at our medium-term outlook, our assumption in our model is CET1 ratio would be around 13%. And so, we'll just manage that given the environment.

Raymond Chun – Group President and Chief Executive Officer, TD Bank Group

And again, I think the one advantage I'll add, Matt – and I think we pointed it out to everybody – is the organic capital accretion that we expect to achieve starting in 2027 and getting back to a normalized rate, which is considerably higher than any of our peers, allows us to weather different uncertainties but also gives us quite a bit of flexibility on the CET1.

Mike Rizvanovic – Scotia Capital – Analyst

Mike Rizvanovic at Scotiabank. Maybe one for Sona. Just wanted to go back to the 700 basis point advantage that you noted on the customer primacy. And I'm wondering how that's trended over time? And then secondly, given that you're peer leading, does it become progressively harder to move the needle or even to maintain that? Because we are hearing all the banks talk about very similar things when it comes to the dynamic of customer primacy and getting that customer relationship deeper.

Sona Mehta – Group Head, Canadian Personal Banking, TD Bank Group

Yes. Great questions, Mike. So let me start at the top. From a primacy perspective, that level of primacy has been quite consistent for us. So, we have a steady track record of performing at that level. As you talk about do we have upside, can we hold the fortress and maybe even widen the gap? I'm actually quite optimistic on that front. So, if I go back to our thesis, we've said we have these leading advantages. We lead in core banking, we lead in primacy, we lead in distribution advantage. And yet, we haven't yet achieved peer best-in-class on deepening. And I think I hinted to it, the operative word there is yet. And absolutely, I see that as well within the art of us achieving that. And so that – as we do that, that's actually a positive force to reinforce the flywheel of primacy. So that's the first point.

The second one we've noticed is as clients go digital. When you think about active mobile clients where we today have an advantage, they're interacting with us 22 times a month. On a physical bricks-and-mortar context maybe decades ago, you wouldn't have seen that level of traffic from an individual client. So that actually gives us opportunity to continually reinforce that connection and relationship and as we onboard new clients in digital, if anything, we see the same or better primacy. So, like all of these wins, I see blowing in our favor. So, we expect to continue to hold and widen our primacy advantage.

Mike Rizvanovic – Scotia Capital – Analyst

Just one quick one for Leo, not to sound facetious, but one of the priorities that you mentioned was the technology capabilities and your – I guess, your tech infrastructure in the U.S.. And you mentioned it was acquisition-related, but these deals go back to 2004, 2008. So, what has precluded the Bank from integrating tech in previous years? Has there been any hindrance that now maybe isn't holding you back?

Leo Salom – Group Head, U.S. Retail, TD Bank Group and President and CEO, TD Bank, America's Most Convenient Bank

Yes, Mike, I don't know if I want to revisit the past but let me talk a little bit about the future. So, we're doing a number of things from a technology standpoint. Well, first, we're rationalizing the overall technical and data architecture. We're looking at opportunities – whether it's in data to be able to consolidate onto our cloud-based infrastructure, whether it's on the systems side, we're in the Cards business, we're consolidating onto our single center of excellence platform. In the Commercial Banking areas, we're taking processing, dual processing environments and converging them onto a single environment. And we're also modernizing. So, we've embarked on a core modernization initiative to take our core back-end system and rewrite it to be able to reduce our run costs as well as reduce the cost of change – future innovation that will allow us to be much more innovative in terms of new product capabilities.

And then finally, I'd say where I think a lot of the opportunity is to be able to transform our businesses, it's to apply AI at scale in terms of end-to-end process engineering. And there, I think we've got the biggest opportunity because it's where you can really shave significant amounts of cost from our unit cost structure, which is going to be critical for us because we're large enough right now that we have a degree of scale being a top 10 bank – but scale is being redefined in the U.S. continuously. And so, for us to be focused on AI, focused on some of this process reengineering work will allow us to continue to become even more cost competitive in the future. So those are the things that we're doing now, Mike, and I'm very confident that we'll be able to make progress on all those items.

Ebrahim Poonawala – Bank of America Securities – Analyst

Ebrahim Poonawala, Bank of America. Maybe just sticking on the cost topic. And Ray, I think you said you're going to reset the cost base fundamentally. Just talk to us – I get AI-led productivity, but beyond that, were there aspects of TD in terms of how expenses were managed which probably was not the most

efficient way? Like how is that changing on an operational standpoint? Because all the time we hear about productivity improvement from all the banks. Just what should give us confidence when you look at the medium-term targets that you can actually achieve this operationally?

Raymond Chun – Group President and Chief Executive Officer, TD Bank Group

It's a very important question, Ebrahim. So, thanks for asking that. Maybe I'll break it down into three parts.

Number one, we have outlined in your presentation six very strategically important initiatives or buckets. And these are all structural costs. I mean this isn't about cutting your project spending or reducing your marketing spend. Those things all come back at some point over time. And I deliberately used the word structural cost reduction. And so, if you think about the vast majority of those savings, the \$2 billion to \$2.5 billion are going to come from process reengineering. And so, think about your top 20 processes. I'll give you an example. If you're onboarding clients, whether it's credit cards, checking accounts, savings accounts, direct investing accounts – that onboarding process has a unit cost. And so, one of the big shifts that you will see at TD Bank, and I don't think a lot of banks have gone down this journey. In other industries, manufacturing, that's very common. We are moving to a unit cost-based model. And so every product leader will understand the end-to-end unit cost of, for example, opening an account. And if it's just for round numbers – if that's \$100 – I would tell you that the vast majority of people would say, in the banking industry, especially as we automate and introduce AI and redesign and reengineer, you can reduce your structural costs in those top 20 processes between 20% to 30% at a minimum. Those top 20 processes account for about 60% of processing costs. That is a massive structural reduction.

Let me give you an example. I think TD Insurance, to me, is a terrific example of when I say structural cost reduction, what am I talking about? Go back 5 years in TD Insurance, we were a direct insurer, but we were a phone-based organization. Which meant that every time we scaled the organization – more people in the contact center, more people in our back offices' processing the manual processing of the operations – we've made significant investments, and you're going to hear that from James over the last number of years to digitize and be the most modern digital platform in the insurance industry.

So, what have we done? We've taken what would have been a very variable based, variable expense-based organization and made it flat fixed. The marginal cost of the next policy for TD Insurance is in the pennies. And when you're at 50% now digital sales end-to-end, no human intervention – that gives us a massive cost advantage, that is structurally reducing the cost of running the TD Insurance business – and you saw the numbers on efficiency for TD insurance. And that's why I've said that is the winning model going forward. I just wanted to give you a real example. We will replicate that across many, many areas of the organization.

Procurement is another area. When you're a company the size of TD with \$6 billion in procurement on an annual basis, we have a significant opportunity to be much, much more disciplined. And so think about that program as the first – this is probably, in my 30 years of being at TD everyone – the most focused, the most disciplined, the most comprehensive enterprise-wide structural cost reduction program that we're putting in place. And it's exactly why one of the big reasons that I've introduced a COO role and brought in Taylan Turan, who's run massive transformation programs to make sure that we don't lose focus on this.

Then you overlay that with a change in the tone. Make no mistake, everybody. We will get this work done and every leader in this organization is accountable. There's a different expectation around accountability. And I said that was one of the changes that we were making to our culture is accountability, courage and curiosity. And so I hope that helps you capture Ebrahim – that we're serious about the cost reductions. I'm confident we're going to get it done. And we're already down the road.

I hope you saw in my slide, \$500 million already will be captured from our restructuring that we do this year that comes into next year, \$400 million more in 2026. So \$1 billion of the \$2.0 billion - \$2.5 billion, we will capture in the first year in 2026 as we move forward.

Ebrahim Poonawala – Bank of America Securities – Analyst

That was pretty comprehensive, thank you. I guess maybe for Kelvin – just around capital targets you put out, I think, 13% CET1 next year with the \$6 to \$7 billion in incremental buybacks. I'm not sure if you're doing the math incorrectly, but it implies either significant RWA growth. Just give us a sense, given the earnings accretion through now through the end of 2026 net of dividends, it feels like you would have another \$5 billion to \$8 billion of excess capital. Are we missing something?

Kelvin Tran – Group Head and Chief Financial Officer, TD Bank Group

Yes. So let me clarify that. When we say 13 really exactly what you're saying, there's going to be so much capital. We're not going to be able to grind it down to 13% in 2026. And so, we just – for this slide, we just basically expected it to be stable from throughout the MTO period as opposed to giving you a higher level and then grinding it down. But we're not expecting 2026 to be getting to the 13% level yet. And then that's over time, we're going to grind down and then given the significant organic capital that we'll continue to generate, then we'll self-fund the business growth and also future NCIB as well.

Raymond Chun – Group President and Chief Executive Officer, TD Bank Group

And I think the important message that I want all of you to take away is the discipline that we will manage capital going forward is different. And so, I think we've been clear the organic opportunities that you would have heard already this afternoon, and you're going to hear from the rest of the speakers, is significant.

So that is priority one. But we have to be more disciplined, Ebrahim, on how we manage capital even within our businesses. And you heard from Leo some of the decisions that we've made in the first year to exit non-core businesses. And so, I do think the bar – we will hold ourselves high on making sure that all the businesses that we invest in are accretive from an ROE perspective. So that's one.

The second is if there is excess capital above and beyond the dividends that we return, that we will consistently return that excess capital back to our shareholders to create long-term value if we don't see an opportunity from an M&A perspective. And we do think that there will be selective opportunities, and I use that word very intentionally – selective M&A opportunities – and we look at those, and where we've seen success is where they add capability or allow us to scale an existing area.

And so, I think – and when Tim comes up, he'll talk about the acquisition of Cowen. That is a perfect example where we are selectively using our capital to accelerate the growth but there will be much, much more discipline around capital management as we move forward at TD Bank.

Sohrab Movahedi – BMO Capital Markets – Analyst

Sohrab Movahedi, BMO Capital Markets. A quick question for Ray first. Ray, you said there is no change in risk appetite. And presumably, in the first instance, we all think of that as credit quality, but you've also said I'm going to move faster and I'm going to deploy AI at scale. The cynic in me says you've changed your risk appetite. So, tell me what can't go wrong if you're moving quickly and deploying stuff that may be unproven?

Raymond Chun – Group President and Chief Executive Officer, TD Bank Group

Sohrab, thanks for the question. Let me just start by saying, first and foremost everybody, our colleagues are excited about the changes that we're proposing. And why do I say that? I mean this theme of simplicity and speed, I would tell you that there is risk Sohrab when you're slow. There's risk from a response to customers. There's risk in real-time data to make faster decisions around fraud and so when we talk about speed and simplification and speeding up our organization, in many ways, we're going to reduce our risk. We're going to reduce the cost to run our organization and be more efficient and you've seen our efficiency go the wrong way over the last number of years. And so, the introduction of AI, automation – all of that takes out also manual work. And when you have complex organizations like a TD Bank or any big bank, having manual operations and where there's lots and lots of manual work creates potential for errors, creates potential for risk.

And so, I see this Sohrab as not only speeding up and making our organization more efficient but reducing the risk for the organization. And I can tell you, as I go across our entire organization and I

speak to our colleagues and tell them, our strategic focus is about deepening our relationships, speeding up and simplifying our organization so they can do the jobs that they've been hired to do, and our clients can engage with us regardless of business line simpler.

My goodness, the excitement is contagious across the organization. So, I hope that answers your question, Sohrab, but I actually do think we're going to reduce our risk, not increase our risk.

Sohrab Movahedi – BMO Capital Markets – Analyst

That's helpful. Just the billion dollar or so of benefit from AI. I think 50-50 between revenue and expenses. I'm just curious as to how you arrived at that \$1 billion. Is that just the plug to get you to the 16% medium term?

Raymond Chun – Group President and Chief Executive Officer, TD Bank Group

I knew this question would come at some point, but Sohrab.

Sohrab Movahedi – BMO Capital Markets – Analyst

And then more importantly, how do we keep track of what you have to invest to get that benefit? I mean is it a good trade-off if you have to spend \$2 billion to get \$1 billion?

Raymond Chun – Group President and Chief Executive Officer, TD Bank Group

It's a good question. And I do want to dial the clock back a little bit and what I said in my speech. We have been on this AI journey since 2018 when we purchased Layer 6. And so, I know a lot of organizations are on the bandwagon fairly recently and all excited. We've been at this journey for 7 years. And so the learnings that we've had have been extraordinary. 2,500 colleagues at a minimum that are dedicated in our own house – I just can't emphasize to everybody how important that is, first of all, that we are not relying on third-party vendors for everything that we do.

Our talent is in our own house and is proprietary and we're investing and growing – and we've been doing that for 7 years. And if you speak to any of the leading AI experts in the world, they will tell you that is a massive differentiator for TD Bank – that we have the scale within our business within the AI field.

So, I just wanted to emphasize that. So when you say how did we get to the \$1 billion? It has been, first of all, a comprehensive bottoms-up exercise. So, we went out to every single business area across the entire organization in both Canada and the United States and in TD Securities globally – to look at, from a bottoms-up, what are all the real practical examples of where we are applying AI right now or very near future and what will the cost savings and revenue opportunities be?

And so, it's been actually very bottoms-up, and you'll hear throughout the course of today. And I'll hand it over to my colleagues to talk about real practical moments that we're implying right now. And so, this is not about savings that are coming – these are some of the stuff Sohrab – is things that we're recognizing and realizing as we speak. So maybe I'll pass it over to some of my colleagues.

Sona Mehta – Group Head, Canadian Personal Banking, TD Bank Group

Maybe I can start adding on there, Ray. Sohrab, so one of the things that I really like in the approach that we've taken is the discipline that Ray talks about is what we're applying as we grow the deployment of AI. What we're doing is looking at specific cases, patterns, if you will, and perfecting them, like really perfecting them and then using that and scaling across the organization.

So, if I look at knowledge management solutions. So, we talked about we first put it into play in NACCO, our contact center and it took us a certain amount of time to actually come through the curve of learning – getting to the accuracy and the intuitiveness that our colleagues need. We've really perfected that. And then what we do as we're building it for my branch teams now – we took that same learning and we actually delivered the tool for branches in 1/3 of the time that it took us for our contact center deployment with 20x the scope.

So, it's really a case of pattern recognition. And now we're doing this next thing in the Canadian Personal Bank is now moving on to Agentic AI. And so, our operations teams have really owned that hand in hand

with the Layer 6 team. They are coming up with incredible ideas by taking apart that whole process and saying, which are the parts that are incredibly manually intensive, that slow down speed to decision.

And as they do that block by block, it's the same idea. Let's perfect the first case with Agentic and then scale from there. So, what you will not see us do is it's not like 1,000 trees or flowers that we're planting and hoping many of them bloom. We're actually taking specific use cases, honing them and then scaling them.

Raymond Chun – Group President and Chief Executive Officer, TD Bank Group

I can give you one good example, everybody. And just Sona triggered me Sohrab, just to make it real for everybody. When we did this knowledge management system in the contact center, for those of you that cover contact centers, you know how precious one second of average handle time is. I mean – that is a critical metric in the contact center – how long does a colleague spend on the phone. And so, one second, an incremental one second of handle time in the contact center is equal to \$100,000 (sic) [\$200,000] in cost. Just absorb that.

And so, when we have colleagues that have to then call into a resource desk because there's a lot of churn in a contact center – they have to call into the resource desk where the experts sit to get an answer – that wait time that they have is very, very expensive potentially. And so now we've introduced a knowledge management system through AI, Gen AI, that they can, at their desktop, get the answers that they've been historically going to the resource desk and figure out from there how much average handle time in seconds we are saving. And what does that translate to as a bottom-s up exercise as per Sohrab, your question. I just wanted to give you one real example of what's been implemented. Now overlay that into the thousands of colleagues that Sona is talking about in our branch network that will be implementing the exact same Gen AI capability across the entire branch network as we move forward.

John Aiken – Jefferies – Analyst

John Aiken with Jefferies. Leo, in your commentary, one thing that stood out to me that was interesting was the low attrition rate that you're currently seeing with your employee base. Can you talk to your employee engagement measurements – however you do that – surveys, whatever in terms of where it stood in the dark days of the AML. Where you stand today and where that actually sits relative to where employee engagement was prior to all the AML issues bubbling up?

Leo Salom – Group Head, U.S. Retail, TD Bank Group and President and CEO, TD Bank, America's Most Convenient Bank

John, maybe I can take you back. We held a meeting, in fact, a live broadcast with 29,000 employees the day of the actual settlement or I should say, the day after. And in that day, we had a very frank conversation about what had happened, what was the path forward, what I needed from every employee in the organization.

And I promised them that we would engage them fully on a monthly basis in terms of giving them a sense of our journey forward. And that's exactly what we've done. We have kept doing live broadcast communicating in terms of the changes we've made to our AML infrastructure, the changes we've made in core processes, the investments that we're making. And I cannot tell you, John, how proud and humbled I am by the response of TD.

I think the organization felt itself in a place that it was – it had never been. We had historically held ourselves out as leaders in risk and governance and finally, finding themselves in debt with a tremendous task ahead of us. Some organizations might have turtled in our organization. I could not be more proud of the way people stood up and said, no, no, we've got to defend the shield. We've got to move forward. And a year into this, I think you can look to what's been accomplished and say that's a terrific set of deliverables.

But what I'm most proud of is the fact that to a person, the organization has expressed a commitment to trying to build the organization we need to be for the next 10 years as opposed to focusing on what might have happened or might not have happened in the past. And so once again, John, a long winded way of saying, I couldn't be more proud of my TD colleagues in the U.S.. Thank you.

Paul Holden – CIBC World Markets – Analyst

Paul Holden, CIBC. Question for Sona and maybe for Leo as well. Just thinking about the themes you're talking about today - digitization, speed, efficiency – those things don't make me think of the traditional bank branch. So just wondering how you're sort of balancing the push for efficiency versus maintaining the branch network? And maybe really the question is why not accelerate the pace of shrinking that branch footprint?

Sona Mehta – Group Head, Canadian Personal Banking, TD Bank Group

I can start. Thanks very much. It's a very fair and good question and one that we should talk about. As I look at our branch network, we've led both in our branch network and in our mobile network. I think what is really important, especially here in Canada, and TD is no different – we generate incredible growth through our branch network.

So even today, 70% of new client acquisition and complex sales happens through our branch network and so this is a real balancing act, I would say. As we think about it, there are both revenue upside opportunities as well as cost transformation opportunities. Both are important. It's not a one-way direction of travel.

And so, one of the things that we've done in our branch network is we've actually upped our game in specialization. We've seen that as clients increasingly come to the branch, they're coming in their complex moments, and so we've redeployed colleagues already, and we're actually planning to double down on that redeployment to catch that specialized need that clients are manifesting.

There are absolutely opportunities as we see digitization happening and clients are definitely moving that way. When I think about that in the context of TD, we have above average peer average foot traffic in our branches. It's 30% more – it amounts to 30 million transactions. Definitely over time, that will migrate to mobile, but it doesn't lessen the in moment benefit that branches generate. So, for me, it's really about sequencing.

As that activity migrates, our colleagues can focus more on complex advice moments and then when there's capacity – as we've done over the last 10 years – we adjust staffing mix, we adjust hours, we adjust footprint. That's a well tread combination. It's not entirely new.

It's well tread and it's something that with the right team, we can actually get that revenue cost trade-off, but sequencing is incredibly important. So, I don't see pacing ahead of that that would be impairing our revenue growth.

Leo Salom – Group Head, U.S. Retail, TD Bank Group and President and CEO, TD Bank, America's Most Convenient Bank

Yes. Maybe I can add, Paul. Just to build on Sona's point. First thing I would say is our store network is a differentiator. So, I think it's an incredibly valuable source of both net new deposit gathering activities as well as increasingly, it's going to be the source of the sale of more complex products and services. As we try to pivot and become a deeper organization with our clients, I think the store network – the character of the store network will change. Maybe the positioning of that store network might change and evolve over time. But I still think stores are going to be an invaluable part of the overall distribution mix.

What we do have to do though, is continue to invest deliberately in the digital channels so we can provide a much more fulsome servicing platform. So, we can take those less or more basic transactions out of the stores to permit that pivot to take place towards advice. But I do think that's a revenue lift play for us as well.

We'll certainly look to consolidate some stores. I gave you some stats in terms of what we've done since 2020. We'll continue to do that as a matter of course. But what I really care about is how quickly can I get that pivot. Because with that will come higher lending volumes, it will come greater wealth relationships and hopefully, greater small business partnerships as well. So that pivot, I think, is critically important for us.

Raymond Chun – Group President and Chief Executive Officer, TD Bank Group

The only thing I'll add, though, Paul, is that historically and even today, you heard from Sona, that our model attracts in many ways, because we win new to Canada in many ways, but it does attract a higher propensity for branch. And so, you've got clients today – and I think that's where we have an outsized opportunity, from a cost management as we move forward while delivering the experience that clients want.

So, we are very conscious, Paul, that we have 30% more foot traffic in our branches for a very specific reason. Our client base starts there. And that's why we won from a new to Canada. And we've been very strategic in where we place our branches across both Canada and the United States to take advantage of that.

So, as we transition to digital – you want to make sure, and we want to make sure that we're providing from a sales perspective, service perspective, I think we're well positioned on sales – that we remove all the friction. So that clients can actually go end-to-end, and that's where you're seeing acceleration of our spend and our focus. But it is providing us, over time, a greater opportunity on cost management than any of our competitors, because the structure of our client base and our transactions in our branches. We've got longer hours and the density, with our branches being in more urban markets, will provide more opportunities as we get better from a digital perspective.

Paul Holden – CIBC World Markets – Analyst

And, Ray, one question for you. As I think about your messaging regarding capital allocation, you've obviously gone through a very deep and long strategic review of the business. You've arrived at the decision to return most of the rest of the capital from Schwab through buyback and then you talked about M&A would come if there were product or capability gaps.

So, I guess my assumption would be you don't see any product or capability gaps today that need to be filled. Is that a correct assumption? Or is it there might be some, but you just have other priorities today where you just don't see timing of M&A is appropriate?

Raymond Chun – Group President and Chief Executive Officer, TD Bank Group

Thanks for the question. I'd say it will be very clear as we go through the rest of the afternoon, the priority for TD is organic growth. We think there is considerable outsized opportunity inside of our organization when it comes to that. And I do think you have to prioritize. You can't be great at everything. And so, we have prioritized, through the strategic review, organic growth as the priority.

The benefit that we have, even after we returned \$6 to \$7 billion of capital to our shareholders next year. Because of our both organic capital accretion and our strong capital position, we will have the flexibility if selective opportunities do occur. It's not a priority for us. As we've come through the strategic review, Paul, M&A, right now, is not a priority. You heard from Leo, getting the remediation done in the United States, the AML is the number one priority there.

And then you overlay organic growth, from a growth perspective, our greatest opportunity on that side. And then the focus and discipline that we will have around cross management as we execute the 6 pillars of our structural cost reduction across our organization. Look at those 3 as sort of the key priorities for this organization over the next 12 months.

Gabriel Dechaine – National Bank Financial – Analyst

Good afternoon, the first question I've got is on buyback here. Is it plausible that this is more of a permanent feature of your capital deployment plan than it has been in the past? Maybe there's a shift in priorities, it sounds like a desire to give capital back, but also to hit the 7% plus. Or, you almost kind of have to from an earnings per share growth standpoint.

Raymond Chun – Group President and Chief Executive Officer, TD Bank Group

So, Gabe maybe I'll take it. I mean I've been – as I said in the commentary, Gabe, it is what we are going to do on a go-forward basis, is part of the discipline around capital management. And, because of the fact

that we have an outsized organic capital accretion, we think we have the ability to invest in organic the way I just talked about. Look at sort of opportunistic moments for acquisition, but consistently return back majority of our excess capital back to our shareholders.

We think that's the right thing to do from a shareholder value long term. But we have the flexibility, as we sort of play out our strategy. But it is a fundamental change in how we will manage our capital going forward.

Kelvin Tran – Group Head and Chief Financial Officer, TD Bank Group

Maybe I can add to that. So, if you look at our MTO, we're not relying only on share buyback to drive the EPS growth. You look at our PTPP growth, we expect to be mid-to high single digit.

So, that's the biggest driver of EPS growth. And then the consistent return of capital is also the need to manage the denominator. Because we generate so much capital, and earnings are so strong, if you don't buy back shares your denominator will continue to balloon and you're not going to be able to hit the 16%. So, it's really a balancing act of managing ROE, EPS, and growth at the same time.

Gabriel Dechaine – National Bank Financial – Analyst

Yes. I concur with that. Other one, just in case I missed it, the \$2.5 billion of cost savings down the road, is there any, I know we wrapped up or just about wrapped up a restructuring program. Are we going to see more of those to get to the next level? Or is this built into your kind of run rate already?

Raymond Chun – Group President and Chief Executive Officer, TD Bank Group

No. From a restructuring perspective, we don't believe we'll need to do a restructuring to get into the \$2.0 - \$2.5 billion. Now inside of that \$2.0 - \$2.5 billion is the \$500 billion in 2026. That will be the carryover from the restructuring in 2025. But then the balance of it, we see it as structural cost reductions without requiring a restructuring charge.

Gabriel Dechaine – National Bank Financial – Analyst

Okay. And that number just conceptually, is this, I think it was asked on the earnings call earlier this year, like most of that stuff gets reinvested. So, the cost savings are something that you view as I would say facilitating internal investment.

Raymond Chun – Group President and Chief Executive Officer, TD Bank Group

That's a good question, Gabe. The majority of that \$2.0 - \$2.5 billion, we would see it flowing through to the bottom line.

Shalabh Garg – Veritas Investment Research – Analyst

Shalabh Garg from Veritas. So, I see you've identified \$20 billion of loan within the non-core portfolio in the U.S. retail. So, a couple of questions there. Do you expect the core loan growth portfolio to outpace the non-core portfolio runoff? And then B, do you see this as an opportunity to grow your core loan portfolio above the market rates over the next 3 to 5 years?

Leo Salom – Group Head, U.S. Retail, TD Bank Group and President and CEO, TD Bank, America's Most Convenient Bank

Yes. Thank you for the question. So, just to answer the core growth, we do expect core growth to be at or above overall market growth rate. So, we think we've got the flexibility, the capacity to be able to do that.

With regards to core / non-core, I think last time we were together, I did mention that we were looking at a portfolio that we would either reprice and/or exit.

That will take place over the next 3 years. You could see the overall level of loan growth still contract in the first and second quarter of next year, but we would expect thereafter core loan growth to be able to overcome and for us to be able to post overall loan growth in the portfolio.

And if I could just add one additional, because I think we've made the point, but if I could ask everyone to take away one point is with the actions that we've taken thus far – we've executed the balance sheet restructuring and the point that Kelvin raised in his presentation around the non-HQLA exposure – we do have \$90 billion of headroom, on a pro forma essentially \$180 million, just under \$180 billion loan book.

So, to the point of can we grow I just want to make sure that everyone is clear, we can absolutely grow our core loan growth. And certainly, through the MTO period, we would not have any restrictions or obstacles to be able to put on high-quality, in risk appetite, loan exposures on the book.

Shalabh Garg – Veritas Investment Research – Analyst

Thank you for that. And then I see there's an expectation for lower sweep deposit balances, and I get it's part of the agreement and its 8 years from now in terms of the life of that agreement. So, do you expect this agreement to carry forward now that you are expanding your wealth through adviser acquisition.

Is there any risk over there?

Leo Salom – Group Head, U.S. Retail, TD Bank Group and President and CEO, TD Bank, America's Most Convenient Bank

Which agreement, I'm sorry.

Shalabh Garg – Veritas Investment Research – Analyst

The IDA agreement.

Leo Salom – Group Head, U.S. Retail, TD Bank Group and President and CEO, TD Bank, America's Most Convenient Bank

So, we did, as you know, we did renegotiate that IDA agreement. It now is extended through 2034. I don't necessarily want to speculate on what's going to happen post 2034. But we do have, the agreement provides for a floor at \$60 billion.

I would expect them to operate to a buffer off that floor. And so, within the next few quarters, I would expect them to start to stabilize what their overall balance level is. And barring any major changes in the markets, I would expect them to keep that relatively constant over the life of the agreement.

Darko Mihelic – RBC Capital Markets – Analyst

It's Darko from RBC. A question for Kelvin on your Slide 44, where you present the sort of path to the higher ROE? I'm wondering if you could just unpack the 300 basis points of reduction. How much of that is PCL, taxes? And then the other one is 50 basis points, which is the one that's sort of confusing to me is sort of RWA growth net of buybacks.

I view both of those as actually positive to ROE, like RWA growth is organic deployment and a buyback would help with the denominator of the ROE. So maybe you can just unpack these 2. And if it's too complicated, happy to talk about this, mathematically, outside of your investor day.

Kelvin Tran – Group Head and Chief Financial Officer, TD Bank Group

I'm glad you described the slide because Slide 44 I to think about it. So, on the first one, the 300 basis points, I would say that first look at it on the headwinds, we have Schwab equity pickup that is going to go away. That's an important component.

And then another component is that we currently have a bunch of cash sitting on our balance sheet that is earning. We call it earnings on excess capital. And as you buy back shares, that earning is going to go away. So those 2 components alone, it's about 100 basis points of that. So, whether you put it in that column or put as part of the RWA column, you can think about it that way. And then the rest of it, the 200 basis points, the biggest component is really taxes. And then you have the other items, which are much smaller.

And then I would say on the RWA and NCIB, one way to look at it is you need to grow RWA in order to generate the PTPP that you see on the left-hand side of the graph. And so RWA consumes capital. And one way to look at it is you actually have to issue capital to support that.

And so, the NCIB is effectively our way to self-fund the RWA growth through our organic earnings. And so, you basically see here is that we can generate organic earnings and that will self-fund any capital increases that we need on the denominator. So, it's almost like flat there. Okay. If you need more detail, we'll go through it. There are various ways of presenting that. But that's how we're thinking about it.

Darko Mihelic – RBC Capital Markets – Analyst

I'll do a slightly different attribution later. My question for both Barbara and Leo. In your presentations, you're essentially going through what's going to be a process of some significant hiring activity, commercial bankers in both cases and then also Leo, a lot of advisers.

Why is now the time to increase and go above past levels of hiring growth? And who are you hiring these people from? Are these experienced commercial bankers, experienced wealth advisers? And maybe you can just speak to why now in the middle of all this uncertainty is the time that we could grow the commercial business by simply hiring people, possibly hiring people away from other areas.

Leo Salom – Group Head, U.S. Retail, TD Bank Group and President and CEO, TD Bank, America's Most Convenient Bank

The response might be a little different depending on the geographies. So, let me talk about it in the U.S. In the U.S., there's two areas that I think we are under scale in terms of our coverage model. First is the small business coverage. Despite the fact that we have an incredibly strong small business franchise, number one SBA lender in the U.S. for 8 consecutive years.

We still don't have the coverage across the footprint that I think is required to be able to be at scale. So, I would expect just growing into our natural small business coverage, more akin to the coverage profile that we've achieved in Canada would be something that we would want to do in the U.S.

And we already have a great brand in that space. We've got great followership. We've got an installed base. We have 700,000 clients. We're a little underrepresented on lending on non-SBA lending. So, I think that just lends itself to be able to shore up what is already a very strong part of the overall commercial bank.

The other area, which is where we're less developed. We didn't embark on a national mid-market strategy like some of our competitors did. And I do believe that we have an opportunity to be able to selectively and prudently continue to build out our mid-market capabilities, continue to invest in our specialty national capabilities, potentially specialized with greater precision.

And ultimately partner really effectively, and I'm sure Tim will talk about this a little bit more, but leverage TD Cowen's strong mid-market client base and mid-market sponsor base to be able to power accelerated referrals and accelerated growth in that space. Just to give you a sense, we've already hired three senior executives from TD Cowen, moved them over to the commercial bank, to be able to create that stitching between the two groups.

And you can point – you can look at the results that we've achieved thus far. We're seeing near double-digit growth rate in mid-market, in a market that's somewhat muted. And that's directly as a result of the partnership that's still developing. So, I do think, to your point, maybe it's a little idiosyncratic to what we're living right now, with the marriage of TD Securities and TD Cowen and the bank.

But I'm really optimistic about what we're going to be able to do in that space.

Barbara Hooper – Group Head, Canadian Business Banking, TD Bank Group

So, maybe quickly in Canada, Darko. It's a little bit different when you look at small business banking advisers versus commercial. So, I'll start with small business banking. But really in both sides, we are a little bit under clubbed from a frontline banker perspective versus some of our key competitors. So, we've been able to grow the business nicely and take share despite not having as many feet on the street, if you will.

So, we see a lot of opportunity to accelerate growth even in this environment by closing that gap a little bit. On the small business banker side, where do we get them from? It's a combination of experienced folks from outside, but really, a lot of our hiring into the small business is really from other parts of the bank, from Sona's business. Thank you, Sona.

So, we'll see people progress in their career from being a branch-based adviser, maybe a branch manager, moving into small business banking to expand on their experience. We find it's a very effective way to staff, small business banking. These are people who know TD, know the culture. They have serviced small business banking clients in the branches. They know what good customer service looks like. And we can get those folks trained up pretty quickly. So, in 6 to 12 months, they're fully productive on the small business banking side.

In Commercial Banking, it's a little bit more balanced between internal hires and external. We hire a lot of early talent into the commercial bank. We train them up. We've got a fair number of folks who are sort of promotion ready, they're ready to step up.

And by opening up new roles that we're looking to fill, we can give those folks the opportunity. But we do also hire a fair bit from outside of TD from other financial institutions, so experienced bankers. The other thing I would say is that in both small business banking and commercial, we don't hire a new banker and give them an empty book and ask them to go out and bring on board their first new client.

We do rebalancing of the portfolio. And so, the new bankers are, they're starting with a portfolio and with a portfolio of clients that they're going to start to look after. And then both the new bankers and the existing experienced bankers have more capacity to go out and generate new business.

Raymond Chun – Group President and Chief Executive Officer, TD Bank Group

I know we're at time. But maybe, Darko, just if I take all of this and say that across the enterprise, we have put a singular focus around deepening relationships, which will then carry through to the prioritization of our investment dollars. And so, where will we invest our dollars as we go forward.

And in the past, you might have had different business lines prioritizing different things, and that becomes challenging. And so, when you have the acquisition engine that we have, when you have the scale of TD Bank in both Canada and the United States, and we're serious about this deepening organic opportunity.

One of the big restrictions as to getting to that is actually having enough people to catch the business, and you're going to see the referral flow that Sona talked about to the Wealth Management business or Barb is putting into the well, but you're going to have people to catch this. And so, we have prioritized deepening across the entire organization and that is why we're making these substantial investments.

And you're going to hear from Paul Clark and the investments that we're making in the Canadian Wealth business because we have the clients. But we need to make sure that we are creating the capacity and have the people feet on the ground, local talent matters, both in Canada and United States. So, I just wanted to add that, Darko, that when we say this is a priority, it also means that it lines up against all of our investment spending going forward.