

# RBC GLOBAL FINANCIAL INSTITUTIONS CONFERENCE

## MARCH 11, 2026

### DISCLAIMER

---

THE INFORMATION CONTAINED IN THIS TRANSCRIPT IS A TEXTUAL REPRESENTATION OF THE TORONTO-DOMINION BANK'S ("TD") PRESENTATION AT THE RBC GLOBAL FINANCIAL INSTITUTIONS CONFERENCE AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALL. IN NO WAY DOES TD ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON TD'S WEB SITE OR IN THIS TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE WEBCAST (AVAILABLE AT TD.COM/INVESTOR) ITSELF AND TD'S REGULATORY FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

### FORWARD-LOOKING INFORMATION

---

From time to time, the Bank (as defined in this document) makes written and/or oral forward-looking statements, including in this document, in other filings with Canadian regulators or the United States (U.S.) Securities and Exchange Commission (SEC), and in other communications. In addition, representatives of the Bank may make forward-looking statements orally to analysts, investors, the media, and others. All such statements are made pursuant to the "safe harbour" provisions of, and are intended to be forward-looking statements under, applicable Canadian and U.S. securities legislation, including the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, statements made in this document and/or on the conference call, the Management's Discussion and Analysis ("2025 MD&A") in the Bank's 2025 Annual Report under the heading "Economic Summary and Outlook", under the headings "Key Priorities for 2026" and "Operating Environment and Outlook" for the Canadian Personal and Commercial Banking, U.S. Banking, Wealth Management and Insurance, and Wholesale Banking segments, and under the heading "2025 Accomplishments and Focus for 2026" for the Corporate segment, and in other statements regarding the Bank's objectives and priorities for 2026 and beyond and strategies to achieve them, the regulatory environment in which the Bank operates, and the Bank's anticipated financial performance.

Forward-looking statements are typically identified by words such as "will", "would", "should", "believe", "expect", "anticipate", "intend", "estimate", "forecast", "outlook", "plan", "goal", "target", "possible", "potential", "predict", "project", "may", and "could" and similar expressions or variations thereof, or the negative thereof, but these terms are not the exclusive means of identifying such statements. By their very nature, these forward-looking statements require the Bank to make assumptions and are subject to inherent risks and uncertainties, general and specific. Especially in light of the uncertainty related to the physical, financial, economic, political, and regulatory environments, such risks and uncertainties – many of which are beyond the Bank's control and the effects of which can be difficult to predict – may cause actual results to differ materially from the expectations expressed in the forward-looking statements.

Risk factors that could cause, individually or in the aggregate, such differences include: strategic, credit, market (including equity, commodity, foreign exchange, interest rate, and credit spreads), operational (including technology, cyber security, process, systems, data, third-party, fraud, infrastructure, insider and conduct), model, insurance, liquidity, capital adequacy, compliance and legal, financial crime, reputational, environmental and social, and other risks. Examples of such risk factors include general business and economic conditions in the regions in which the Bank operates; geopolitical risk (including policy, trade and tax-related risks and the potential impact of any new or elevated tariffs or any retaliatory tariffs); inflation, interest rates and recession uncertainty; regulatory oversight and compliance risk; risks associated with the Bank's ability to satisfy the terms of the global resolution of the investigations into the Bank's U.S. Bank Secrecy Act (BSA)/anti-money laundering (AML) program; the impact of the global resolution of the investigations into the Bank's U.S. BSA/AML program on the Bank's businesses, operations, financial condition, and reputation; the ability of the Bank to execute on long-term strategies, shorter-term key strategic priorities, including the successful completion of acquisitions and dispositions and integration of acquisitions, the ability of the Bank to achieve its financial or strategic objectives with respect to its investments, business retention plans, and other strategic plans; technology and cyber security risk (including cyber-attacks, data security breaches or technology failures) on the Bank's technologies, systems and networks, those of the Bank's customers (including their own devices), and third parties providing services to the Bank; data risk; model risk; fraud activity; insider risk; conduct risk; the failure of third parties to comply with their obligations to the Bank or its affiliates, including relating to the care and control of information, and other risks arising from the Bank's use of third-parties; the impact of new and changes to, or application of, current laws, rules and regulations, including without limitation consumer protection laws and regulations, tax laws, capital guidelines and liquidity regulatory guidance; increased competition from incumbents and new entrants (including Fintechs and big technology competitors); shifts in consumer attitudes and disruptive technology; environmental and social risk (including climate-related risk); exposure related to litigation and regulatory matters; ability of the Bank to attract, develop, and retain key talent; changes in foreign exchange rates, interest rates, credit spreads and equity prices; downgrade, suspension or withdrawal of ratings assigned by any rating agency, the value and market price of the Bank's common shares and other securities may be impacted by market conditions and other factors; the interconnectivity of financial institutions including existing and potential international debt crises; increased funding costs and market volatility due to market illiquidity and competition for funding; critical accounting estimates and changes to accounting standards, policies, and methods used by the Bank; and the occurrence of natural and unnatural catastrophic events and claims resulting from such events.

The Bank cautions that the preceding list is not exhaustive of all possible risk factors and other factors could also adversely affect the Bank's results. For more detailed information, please refer to the "Risk Factors and Management" section of the 2025 MD&A, as may be updated in subsequently filed quarterly reports to shareholders and news releases (as applicable) related to any events or transactions discussed under the headings "Significant Events", "Significant and Subsequent Events" or "Update on U.S. Bank Secrecy Act (BSA)/Anti-Money Laundering (AML) Program Remediation and Enterprise AML Program Improvement Activities" in the relevant MD&A, which applicable releases may be found on [www.td.com](http://www.td.com). All such factors, as well as other uncertainties and potential

events, and the inherent uncertainty of forward-looking statements, should be considered carefully when making decisions with respect to the Bank. The Bank cautions readers not to place undue reliance on the Bank's forward-looking statements.

Material economic assumptions underlying the forward-looking statements contained in this document and/or on the conference call, are set out in the 2025 MD&A under the headings "Economic Summary and Outlook" and "Significant Events", under the headings "Key Priorities for 2026" and "Operating Environment and Outlook" for the Canadian Personal and Commercial Banking, U.S. Banking, Wealth Management and Insurance, and Wholesale Banking segments, and under the heading "2025 Accomplishments and Focus for 2026" for the Corporate segment, each as may be updated in subsequently filed quarterly reports to shareholders and news releases (as applicable).

Any forward-looking statements contained in this document and/or on the conference call represent the views of management only as of the date hereof and are presented for the purpose of assisting the Bank's shareholders and analysts in understanding the Bank's financial position, objectives and priorities and anticipated financial performance as at and for the periods ended on the dates presented, and may not be appropriate for other purposes. The Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by or on its behalf, except as required under applicable securities legislation.

## **PARTICIPANTS**

---

### **Kelvin Tran**

*TD Bank Group – Group Head & Chief Financial Officer*

### **Darko Mihelic**

*RBC Capital Markets – Analyst*

## **PRESENTATION**

---

### **Darko Mihelic – RBC Capital Markets – Analyst**

Kelvin, welcome again to the conference. Thank you for coming.

---

### **Kelvin Tran – TD Bank Group – Group Head and Chief Financial Officer**

Thank you for having me. Great to be here.

---

### **Darko Mihelic – RBC Capital Markets – Analyst**

So as per usual, what we've been – I've been sort of highlighting for everybody is Canadian Banks just recently reported. So we'll do a lot of follow-up on what we just saw in the quarter. And I think in your case, one of the things that I constantly get asked about is loan growth. It's a function of all bank – U.S., Canada. But essentially, the question that I keep getting is when we look at your loan growth in '25 it was relatively light, below the peer median growth. And a lot of people want to know a little bit more about how you see loan growth evolving over the course of '26. And in your case, in particular, because you have a strong position in Canada, people are quite interested in the mortgage market. And what kind of housing market do you need for much stronger mortgage growth. So why don't we start with the loan growth question, and I'm sure it will evolve from there. But over to you, how do you see it evolving over 2026?

---

### **Kelvin Tran – TD Bank Group – Group Head and Chief Financial Officer**

Sure, thanks for the question. Good afternoon, everyone. So why don't I just help you unpack the Canadian story versus the U.S. story and talk about how we see our results. So for Q1 this year, we are very pleased with our Canadian loan growth. If you look at the detail for the mortgage business, which is RESL, we call it – volume grew more than 5% year-over-year, and that's on the back of a relatively challenging mortgage market. What we're laser-focused on is growing the originations of our proprietary channels. That's a more profitable channel, stickier, and it proves that – and our originations there are up double-digit year-over-year. So it proves that our specialization strategy is working and our refinement of our referral model between the branch and our mobile mortgage specialists is working as well. So very pleased about that.

The other asset class that we're very focused on is credit cards. And for those in Canada, volume was up 7% year-over-year. And we look at active accounts, and those were at record levels, and still growing at

5% year-over-year. So those are like leading indicators of future growth that you're talking about in the credit card business.

---

**Darko Mihelic – RBC Capital Markets – Analyst**

Is that like new accounts, do you mean?

---

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

Those are active accounts. And so those would – if you grow your active accounts, over time, they'll build more and more volume. And so they're at record levels and still growing 5% year-over-year. And then on the business loan side, that is up 6% year-over-year despite a fairly uncertain macro environment, as you know, in Canada. So overall, very pleased with the results of our Canadian businesses.

And then on the U.S. business, as you know, we've worked really, really hard on restructuring our balance sheet over the last year. Because of the asset cap, we're very focused on creating 10% of balance sheet room so that we could continue to support our customers, our clients. And there, on loans or businesses that are less profitable, we exited them either by selling loans or by putting them in runoff mode.

So when you look at that year-over-year, that is impacting year-over-year loan growth. Excluding those runoff portfolios, we're really looking at core loan growth growing 2% year-over-year. But if you look underneath that on the areas that we really like, like in our proprietary bank card portfolio, that is up 15% year-over-year. And other areas that we really like, for example, are the commercial middle market business where we have synergies with TD Cowen. We like that space, we will continue to double down on that. So overall, that's the environment. We're very pleased with that on both sides of the border, given how we performed and the 2% loan growth ex runoff is very much in line with the U.S. market.

---

**Darko Mihelic – RBC Capital Markets – Analyst**

And can you speak to what you're seeing in terms of spreads for all of this loan growth? And we do see your net interest margin certainly in the U.S. has had a very big ramp up. And I know you can talk a little bit more about the NIM expansion that you've seen and what you're expecting going forward. But can you talk about the spreads that you're seeing on these loans?

---

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

Yes. Loans, our loan spreads are good. And like we talked about over our strategy deployment per Investor Day, we are much more disciplined in terms of ROE threshold when we issue these loans. And so therefore, you do expect loan margins to be better than what they used to be. Plus the fact that working with TD Cowen, it's going to generate fee income as well. So it's not just on NII growth, but also fee income growth, whether it sits in TD Securities or in U.S. Banking.

---

**Darko Mihelic – RBC Capital Markets – Analyst**

And a couple of weeks ago when I was fashioning these questions, I was thinking about possibly lower rates. I don't know if that's the case anymore. But if there was a change in interest rates in the U.S., how should we think about your margin?

---

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

Well, again, it depends on the week that you're asking me this question. Two weeks ago, maybe 2 to 3 rate cuts. Now seemingly potentially no rate cuts depending on who you're listening to. I would say the direction over the last 2 weeks with less rate cuts is going to be a tailwind and beneficial to our margin in the U.S.

---

**Darko Mihelic – RBC Capital Markets – Analyst**

Yes. That's what I figured. And maybe just to wrap up the balance sheet growth, deposits. How do you see that evolving? What we saw in Canada was a lot of term deposits sort of running off. Are we at the end of that? And can you talk about deposit, deposit mix and how that's affecting your margin?

---

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

Yes. I mean you're absolutely right. Several years ago when rates were really high, you saw a migration of core deposits, checking deposits to term. And it's been a while now that consistently every quarter, term deposits are coming down. It's going into core deposits, which we like.

---

**Darko Mihelic – RBC Capital Markets – Analyst**

So one of the things that I get asked a lot about is TD's stance on costs. And it became very clear at your Investor Day that you were going to be laser-focused on costs over the course of this time. Now one of the things that you guys did was a fairly large restructuring charge, savings of \$775 million – those are pretax numbers, by the way. And some of that, \$400 million in run rate cost savings is reaffirmed. I guess the question is, where have you been successful in reducing costs thus far in '26? And where could you maybe accelerate – maybe in '26 and into '27 as people think about your efficiency targets and your operating leverage targets?

---

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

Sure, sure. So you're right. On Investor Day, we talked about cost take out of about \$2 billion to \$2.5 billion. We have 6 levers where we could pull. And then more specifically by business segment, you would see a higher proportion of cost savings coming from the wholesale banking business and also U.S. Banking.

But all businesses would – are expected to contribute to that. And somewhat public, you've already seen it – like in Q1, we announced store closures in U.S. Banking. That's part of our distribution transformation lever. But there's also procurement, AI automation as well. And what Ray talked about and the management team is very focused on is reducing structural costs. It is looking at unit cost – how do we wake up every day just grinding down that cost day in, day out. And so if you look at RESL, we talked about that, how do you drive – that we did 20% or more savings from adjudication, funding and discharge through automation and AI.

And then even in the claims and insurance, well, how do you drive claims cost down and prevent fraud on claims? On the procurement side, it is about both driving down volume, which is demand management, like how do you prioritize your activities to drive down demand, but also for unit cost. So it's volume times cost. And given our purchasing power, we continue to negotiate with the power of our franchise. And one recent win was looking at a very large contract on a North American basis and driving down significant savings through that renewal. And those are structural unit cost savings because those are vendors that we use on a continuous basis. And so that would drive down unit costs. And so very pleased about all of those levers that we have.

---

**Darko Mihelic – RBC Capital Markets – Analyst**

And what's the – it was interesting, we had one of your peers up here was talking about sort of a bit of a philosophy. Do you guys kind of have a philosophy on, okay, we've driven down, I don't know, I will pick a number. How about I've driven down \$775 million pretax of costs. And part of that is going to go towards reinvestment in AI or is there a general philosophy at TD in terms of reinvestment and specifically into AI because there's probably going to be some follow-ups. AI has been very topical here.

---

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

Yes. We look at AI as one lever. So not specifically that we have to do that or not. It is all depending on the business case. And this year, where we guided to is expense growth of 3% to 4%, and that's all in. So

meaning we're investing in the business, investing in areas where it would drive future growth, net of the productivity savings.

---

**Darko Mihelic – RBC Capital Markets – Analyst**

Yes. I mean your expense growth was up 7% year-over-year and a bit ahead of your – I think, your longer-term guidance. So does it – when do you think it moderates this year? Is it a back half story just like credit? Or is this something that can happen relatively quickly?

---

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

Right. So if you look at our expense growth, we're already bending the expense growth curve. 7% is the lowest expense growth in the last 6 quarters. And you would see that expense growth continue to come down as we, I would say, implement these strategies and these levers quarter-over-quarter.

---

**Darko Mihelic – RBC Capital Markets – Analyst**

And maybe just shifting gears now to credit, credit quality because I had a little bit of – there's a few things out there on private credit that's hitting the markets recently. So I did want to touch on maybe just that first before we dive into some specifics. Can you speak to private credit exposure at TD and just give everybody a general idea of how you view the issues that we're seeing today in the private credit space?

---

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

Sure. Like we don't have big exposures to private credit, around 1%. So nothing that we would call out or be concerned about.

---

**Darko Mihelic – RBC Capital Markets – Analyst**

And how is it – what does it mostly consist of? Or is it very diversified by industry sector?

---

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

Yes, it's quite diversified.

---

**Darko Mihelic – RBC Capital Markets – Analyst**

So then looking at your ACLs and your existing and your PCLs that we recently saw. First and foremost, I think one of the things that everybody is really nervous about is the upcoming discussions on USMCA. Now we've got oil, high oil sort of some volatility around that. Can you maybe discuss how we should think about provisions for credit losses sort of playing out for the rest of the year? And maybe give us a range, like how – everybody – every Canadian bank is suggesting that provisions for credit losses are going to fall in the back half of the year. Why is that particularly true for your bank?

---

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

Yes. So number one, our guidance for PCL ratio is 40 to 50 basis points this year. We haven't changed our guidance, despite the fact that there are changes in macro environment. And that's down from 45 to 55 basis points last year. So that's an improvement year-over-year. In terms of our coverage ratio, we're at 99 basis points. So we feel very comfortable with that. And within that 99 basis points is inclusive of over \$500 million of tariff and trade policy-related risk reserves.

So we feel comfortable with that number because the way we go about it is actually looking at various scenarios that could play out given the information that we have now. Plus, we also do a bottoms-up file-by-file review on the non-retail portfolio. And so that gives us confidence and a good understanding of where the risk resides, and we continue to be comfortable with that number. And then on top of that, we do stress testing on different possible scenarios that could come up. And so nothing right now tells us that we need to change that number.

---

**Darko Mihelic – RBC Capital Markets – Analyst**

And when you do this file-by-file review, how much of a future look can this actually play out for you? Because I mean typically, I remember that the old adage, we really only have a view on this credit about 6 months. Is that a fair assessment?

---

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

I would say it's more than 6 months. But yes, you have to look at the customer, the geography, the industry they are in, watch how vulnerable they are in terms of financial situation, but also to the shock that you're seeing in the market. You take that all into account, you stress them notches of downgrade differently. And then you go, okay, well, what is your exposure? And then using some expert judgment overlay on top of that.

---

**Darko Mihelic – RBC Capital Markets – Analyst**

And so what do you tell investors that ask about the small creep up we see in the consumer delinquency statistics across all Canadian banks. Why is that not – why is that something that's not concerning the bank?

---

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

Because we expected that to happen. And so in – when consumers are under pressure, which they are, you do expect consumer credit to deteriorate. And where you expect to first go would be credit cards and auto, and you're seeing that playing out. And when we look at our models, it's playing out much as what we expected. And so therefore, from that perspective, we're not concerned. And we would expect continued pressure in that – in those categories throughout 2026.

---

**Darko Mihelic – RBC Capital Markets – Analyst**

Okay. So that's not a function – that's not what's going to help your PCL in the back half of the year.

---

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

Well, we're not one of the banks that said back half, first half. We said the 40 to 50 basis points. And I think in Q1, it was 43 basis points.

---

**Darko Mihelic – RBC Capital Markets – Analyst**

So you're still within the range for the rest of the year?

---

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

Exactly.

---

**Darko Mihelic – RBC Capital Markets – Analyst**

Okay. And how should we think about it – or have you thought about discussing your longer-term loss ratio?

---

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

Well, there's so much depending on the macro environment, but what makes us feel good about it is when we look at the credit quality of our book, it is strong. And that gives us comfort. We haven't seen anything that causes us concern. And with the \$500 million of reserve, we feel very comfortable.

---

**Darko Mihelic – RBC Capital Markets – Analyst**

So one of the other things that really sets you apart versus your peers is an extraordinarily high level of capital and a very active buyback program.

---

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

Good place to be in, right?

---

**Darko Mihelic – RBC Capital Markets – Analyst**

Yes. No, absolutely. There's no harm there. So last year, you returned a lot of capital. This year, I think you committed to about \$7 billion of return of capital.

---

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

Yes.

---

**Darko Mihelic – RBC Capital Markets – Analyst**

The issue that I have is I can't model down your common equity Tier 1 ratio even after that large outlay. So realistically, where could we expect your common equity Tier 1 ratio to land at the end of the year? And are you – is this a burning issue for you? Do you guys feel like really needs to come down to 13%. And I know you guys want to, but is it realistic for us to see it?

---

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

Right. And so one of the governors is ROE. We are very focused on driving ROE growth. We want ROEs to get to 16% in 2029 and hopefully even sooner. And so that's the amount of capital – excess capital matters because that's the denominator. And when you heard us talking about it on Investor Day, it is that we are disciplined in deploying our capital. We're deploying our capital organically because that is the highest return that we get.

And that would drive earnings growth, which would then come with higher dividends because we have a payout ratio that we want to stay with – within 40 to 50 basis points. And then if there's any excess capital, barring any additional usage, we will return that capital consistently back to our shareholders. And that's what we said, and that's what we are going to do.

And our goal is to get to 13% CET1 by the second half of 2027. And if that means that we need to launch another share buyback after this one, we will consider it, obviously subject to approvals and market conditions and what not, and we're not shy in returning capital that way.

---

**Darko Mihelic – RBC Capital Markets – Analyst**

And a question that I get from a lot of investors is, I mean, at some point, does the stock price stop you from buying back your stock?

---

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

Well, if you ask whether I care about what share price I buy back the stock, I do care. We're using shareholders' money to buy back our stock. But if you look at the increase in the stock price, it's just a reflection of our strong execution. And so we believe that if we continue to – so don't look backward, but look forward, continue to execute on our strategy, we will continue to drive earnings growth. We will continue to drive ROE growth, and that would be further reflected in our share price. So we will be – continue to be comfortable in doing that.

---

**Darko Mihelic – RBC Capital Markets – Analyst**

And so is it possible, Kelvin, that I don't have enough RWA growth built into the model because I can't get your common equity Tier 1 ratio down to – I think I still – I can't remember – I think I've got like almost 14 by the end of '27. So it's really hard to grind it down. Is it – is there a potential for RWA inflation here? Or what am I missing on that?

---

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

No, I think it's just a good problem to have. Like I said, we just spin off so much organic capital. But if there's a need, we're not shy in returning capital back to our shareholders through share buyback.

---

**Darko Mihelic – RBC Capital Markets – Analyst**

I will take questions from the audience. So don't be shy. If anybody wants to ask a question, please go ahead and raise your hand. Kelvin doesn't mind either, right?

---

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

No.

---

**Darko Mihelic – RBC Capital Markets – Analyst**

By any means, no. If there's no questions, I will march on. It's been a really strong capital markets kind of environment. We've had a lot of volatility in the markets, a lot of client activity, a lot of business. Several of the Canadian bank CEOs, CFOs have all told me a lot of momentum bleeding into 2026. Maybe you can give us a view. And maybe give us a reminder on what it is that you're trying to accomplish with TD Cowen.

---

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

Sure. So I agree with that view. If you look at '25, there was good momentum going into Q1 and then Q1 now going into Q2. The market generally continues to be constructive, though last 2 weeks, there's quite a bit of volatility. We'll see how that plays out over time – it's early days. But you're right, if you look at Q1, our results were very strong. Earnings of \$560 million, up 65% year-over-year, record revenue of \$2.5 billion. And that's the combination of efforts that we spent – it's a multi-year effort in investing in Wholesale Banking. We like that business. We want it to grow, and TD Cowen filled the gap that we had. And with the successful integration and the continued building investment in prime services or global transaction banking, we see a lot of potential with Wholesale Banking.

Now when you step back, what's interesting is we do talk about a good macro environment. But if you look at the last year, they're actually quite different quarter-to-quarter because they're not – it's not the exact same environment over time. In some quarters fixed income is stronger. Some quarters equity – equity derivatives is stronger. Some quarters, advisory is stronger. And even in Q1, it was commodities, but precious metals. And now in Q2, it seems like commodities but oil. And so to be able to perform in different markets just shows that we've built a diversified business that could capture opportunities when they arise. And so I feel really good about that.

---

**Darko Mihelic – RBC Capital Markets – Analyst**

Is the build over? Are there verticals that you need to work on?

---

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

There's no major gaps, but like I talked about, prime services – we are launching a few products, still more to go, but also global transaction banking is on its way. But a lot of the investments have been made already, but still some to go.

---

**Darko Mihelic – RBC Capital Markets – Analyst**

It's interesting, the global transaction banking. I mean, you hear it a lot, everybody is building it out, working on it. Is it getting to be a crowded space, what's your...

---

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

No, no, I don't think so. Like if you look at global transaction banking in my oversimplified world, it's just the equivalent of the deposits business on the retail side. But it's helping corporate. And so those are sticky deposits that you'd like. You're servicing the customer, helping them with cash management. So all these are very similar to retail on the core checking and deposits. We like that business. We like the space.

---

**Darko Mihelic – RBC Capital Markets – Analyst**

And not getting competitive?

---

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

Everything is competitive, Darko.

---

**Darko Mihelic – RBC Capital Markets – Analyst**

Fair enough. But increased competition...

---

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

Right. But I think increased competition is good, but we – we're strong and we're up for it.

---

**Darko Mihelic – RBC Capital Markets – Analyst**

All right. And one other thing, I mean, it's now been how many years that Cowen has been in the fold. And I think we're past the point where people were once concerned that there were sort of handcuffs on employees. And like where are we in that journey?

---

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

What I would say is what we find is that you have to have the right culture to begin with. And we did spend a lot of time looking at cultural fit when we first acquired TD Cowen. And then at the end of the day, people want to work for a winning bank. People want to work for a bank that they're building something together. It's exciting when you're building something together. That's what we're being told – for people who are from TD Cowen, but also people that are now joining the Wholesale Bank and say, we see that you are committed to investing in this franchise. We see that you're building something special here. We want to be part of it. And so, I think like what's not to like.

---

**Darko Mihelic – RBC Capital Markets – Analyst**

And I guess maybe just draw the link between TD Cowen and the U.S. Bank. I mean I think that's the one thing that I think a lot of people really want to get a little bit more firmer in their mind in terms of the opportunity set.

---

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

Sure. Like so if you look at our U.S. Banking business, they deal with small business and middle market clients. And TD Cowen, that is their sweet spot from an advisory perspective. But before when TD Cowen was on their own, they didn't have a balance sheet. So this is like a perfect marriage where we have a balance sheet in U.S. Banking – we didn't have the capabilities, the expertise that TD Cowen would bring in. And now there's really good synergies.

From a booking point perspective, it's a little bit different, right, because you see some of the fees that go into the Wholesale Bank – so it's slightly different. But at the end of the day, I see this as one big bank, one big TD Bank and how we are servicing our clients.

---

**Darko Mihelic – RBC Capital Markets – Analyst**

And – I mean, are we seeing tangible results? Or is this still more of an opportunity?

---

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

No, there's tangible results. And then – but some of these relationships are multi year relationships, like you build a relationship, it doesn't mean that there's an opportunity right away for them. But if you service them well and they build that relationship and you build that trust, it's just a matter of time.

---

---

**Darko Mihelic – RBC Capital Markets – Analyst**

And so another question that gets lobbed at me, and it's not one that I like to think about too much is Darko, what is your absolute best case scenario for TD and the asset cap? When could it come off? Could you maybe give us a bit of an update on the AML work that you've done and just give a reminder of kind of that asset cap and sort of the parameters around it.

---

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

Sure. Just high level, we're making good progress on the AML remediation. We try to be as transparent as we can. So in the investor deck that you see, we talked about what we've been able to accomplish this quarter, but also what to expect next quarter. And so this way, next quarter, if we say, hey, we're missing something, then you know whether we're on track or not. And that's the transparency that we want to provide. In terms of the asset cap, we were so laser-focused, as you know, when we had the global resolution back in 2024, immediately, we announced how we're going to create the capacity. And that was really important for us.

It's not just the numbers game, but our clients want to know that we are there for them. And we want to be able to tell them right away, this is our strategy, look at our execution and the execution was really, really strong, creating 10% of balance sheet room. So we're very comfortable that we have enough room and we have additional levers if we wanted to pull in servicing our clients. So from an asset cap perspective, we really like the space where we're at today.

---

**Darko Mihelic – RBC Capital Markets – Analyst**

Okay. Great. You mentioned earlier that you had some success with your credit card business. I think it was 15% growth in U.S?

---

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

Proprietary bank card in the U.S., that's right.

---

**Darko Mihelic – RBC Capital Markets – Analyst**

But on the flip side, you just did something with Nordstrom. So maybe you can talk about the changes. What are the financial benefits we should think about with the changes and more – and the business case, too? Maybe you can touch on that.

---

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

Sure. Stepping back, we just like the credit card space. It's a good space, not easy. You have to have scale, you have to have data so that you can manage the risk. Proprietary bank card is important because it helps us deepen relationships with our existing customers in the stores, the branches.

And then the partnerships are important because we can leverage their customer relationships to help us build scale. And this is just another evolution of that building scale because we now have taken over the servicing of Nordstrom's clients.

So full service provider. And so we've taken that over from Nordstrom. That required us to add people, a little bit of systems. But that shows the importance – the strategic importance of this asset class – that we're committed to this partnership, we're committed to investing in this business. And this is what we know what to do. Like this is our space and it helps us build scale. And the benefits with Target and Nordstrom are a revenue sharing and a credit risk sharing agreement. And so by taking the servicing over, we will take a bigger share of revenue but also expected credit losses. But net-net, it's a benefit to the bottom line.

---

**Darko Mihelic – RBC Capital Markets – Analyst**

So, it's an overall better benefit, but now you're participating in some of the credit risk?

---

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

We always participated in the credit risk, but it was a different percent – but yes, so I'm making it up here. So let's say it used to be 90-10. We had 10%. Now it was like 80-20. So we just have more revenue, but also more expected credit losses. But overall, the revenues, we expect to be higher than the credit losses. And so therefore, you make more money out of the deal.

---

**Darko Mihelic – RBC Capital Markets – Analyst**

So that was Nordstrom. The obvious question is Target? Or is this something that you – and is this a commercial for more of these kind of relationships?

---

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

We like the space. We think that we could operate this more efficiently. And so we've done it now with Nordstrom. It was converted this quarter. And so with scale, it's just going to be more profitability for us.

---

**Darko Mihelic – RBC Capital Markets – Analyst**

Okay. We're coming up to the end of our time together. Maybe you can give us a couple of key takeaways that you'd like to leave with investors.

---

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

Sure. Well, thank you for having me. I always enjoy this conference. We're very pleased about the execution that you've seen so far. We've laid out our strategy at Investor Day. And what we're asking our shareholders to do is trust us, we will do what we said we would do. If you look at Q1, that is playing out as we expected. And we're committed to delivering the financial targets and the strategies that we've laid out on Investor Day.

---

**Darko Mihelic – RBC Capital Markets – Analyst**

Okay. That's it. Thank you so much. Appreciate it.