Q4 2025 EARNINGS CONFERENCE CALL
DECEMBER 4, 2025

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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 that May Affect Future Results" section of the 2025 MD&A, and the sections related to 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, financial crime, reputational, environmental and social risk in the "Managing Risk" 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" or "Update on the Remediation of the U.S. Bank Secrecy Act (BSA)/Anti-Money Laundering (AML) Program and Enterprise AML Program" in the relevant MD&A, which applicable releases may be found on www.td.com. 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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. Retail, Wealth Management and Insurance, and Wholesale Banking segments, 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.

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PRESENTATION

Brooke Hales – TD Bank Group – Head of Investor Relations

Thank you, operator. Good morning and welcome to TD Bank Group's fourth quarter 2025 results presentation. We will begin today's presentation with remarks from Raymond Chun, the Bank's CEO, followed by Leo Salom, Group Head, U.S. Retail, after which Kelvin Tran, the Bank's CFO, will present our fourth quarter operating results. Ajai Bambawale, Chief Risk Officer, will then offer comments on credit quality, after which we will invite questions from analysts on the phone. Also present today to answer your questions are: Sona Mehta, Group Head, Canadian Personal Banking; Barbara Hooper, Group Head, Canadian Business Banking; Tim Wiggan, Group Head, Wholesale Banking; and Paul Clark, Senior Executive Vice President, Wealth Management.

Please turn to the next slide.

Our comments during this call may contain forward-looking statements, which involve assumptions and have inherent risks and uncertainties. Actual results could differ materially. I would also remind listeners that the Bank uses non-GAAP financial measures to arrive at adjusted results. The Bank believes that adjusted results provide readers with a better understanding of how management views the Bank's performance. Ray, Leo and Kelvin will be referring to adjusted results in their remarks. Additional information about non-GAAP measures and material factors and assumptions is available in our 2025 Annual Report. With that, let me turn the presentation over to Ray.

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

Thank you, Brooke. And good morning, everyone.

We ended the year with another strong quarter, which I'm looking forward to discussing in a minute, along with the progress we've made against our new strategic pillars. First, I'd like to share my perspective on the external environment. There continues to be a high degree of uncertainty around tariffs and Canada-U.S. trade dynamics, with important impacts, particularly to industries facing the highest tariffs, such as steel and aluminum. While economic uncertainty has impacted business and consumer confidence, Canada's economy and employment remain largely resilient. New government actions, such as The Canadian Mutual Recognition Agreement, defense spending increases, the Major Projects Office, and other measures to incentivize private sector and foreign investment will help support economic activity as Canada prepares for CUSMA renegotiations. As one of Canada's largest employers, serving one in three Canadians, we will continue to work with our clients and governments to build a stronger economy. In the U.S., the economy continues to perform, with businesses and households benefiting from regulatory and monetary policy changes, and we are seeing a pick-up in investment activity in some sectors. With a strong presence across the eastern seabord of the U.S., serving more than 10 million American businesses and households, we are focused on helping them achieve their financial goals. Across our business, TD is well-positioned to manage through this period and help our clients successfully navigate a changing landscape.

Now, before I move to our performance, on behalf of all of our colleagues and the Board, I want to share our deepest condolences with the family and friends of Nadir Mohamed. We were fortunate to have him as a Director from 2008 to 2023, and like in all of his other professional endeavours, he made a tremendous and lasting impact on our organization. Our thoughts are with everyone who had the privilege of knowing him.

With that, let's turn to the next slide.

At our Investor Day, we described our strategy to deepen relationships, make TD simpler and faster, and execute with discipline. I am looking forward to providing updates on our progress each quarter. Our single greatest growth opportunity is to deepen relationships with clients across our businesses. This year, we achieved record personal credit card penetration rates and delivered record closed referrals from the Canadian Personal Bank to Wealth. And we're just getting started. In TD Securities, we are leveraging our platform to provide a full suite of services to our clients, including acting across advisory and financing products for National Fuel Gas's recent acquisition of the CenterPoint business.

As you heard at Investor Day, AI is a massive opportunity for TD, and we have concrete plans that are already delivering clear outcomes. This year, we implemented approximately 75 AI use cases that generated $170 million in value. These use cases span from transforming loan underwriting to creating intelligent leads to deepening relationships and meet more of our client's needs. For next year, we expect AI use cases to generate $200 million in incremental value, including use cases to reimagine end-to-end processes, as described at Investor Day. We are prioritizing our AI investments with use cases focused across categories such as Customer Acquisition, Customer Insights, and Risk Management.

We are also delivering disciplined governance and controls. In fiscal 2025, fraud losses were down 26% year-over-year driven by ongoing investments in fraud modernization across capabilities, data, systems and processes. We have a clear strategy that will accelerate growth and returns – and drive long-term shareholder value. I remain confident that we will achieve the medium-term targets that we laid out at our Investor Day.

This year, we delivered 5% earnings growth – much stronger performance than we anticipated at this time last year, when we expected it would be challenging to deliver earnings growth through a transition year. Our year-over-year expense growth moderated this quarter and we delivered positive operating leverage. We are on track to deliver 3 to 4% expense growth and positive operating leverage in fiscal 2026, aligned with the targets we shared at Investor Day.

TD delivered a strong Q4, and we are carrying that momentum into fiscal 2026. We expect to achieve the 6-8% EPS growth and 13% ROE targets for fiscal 2026 that we provided on Investor Day. And we see potential upside to these EPS and ROE targets from our strong business momentum and the outcomes we are driving by deepening relationships, delivering a simpler and faster bank, and executing with discipline – supported by tailwinds if positive macroeconomic conditions continue and from PCLs if trade and tariff uncertainty reduces.

Both Ajai and Kelvin will provide more details on our fiscal 2026 outlook in their remarks.

Please turn to slide 3.

In Q4, the Bank delivered a strong quarter – with earnings of $3.9 billion, EPS of $2.18 and ROE up 110 basis points year-over-year. We saw robust fee and trading income in our markets-driven businesses and volume growth year-over-year in Canadian Personal & Commercial Banking. TD delivered positive operating leverage this quarter. PCLs were stable quarter-over-quarter, reflecting strong credit performance. Ajai will share more details shortly in his remarks.

We have moved from an annual dividend review cycle to a semi-annual cycle to support alignment of shareholder return with earnings growth. Today we announced a 3-cent dividend increase, bringing our dividend to $1.08 per share – reflecting confidence in TD's future growth and earnings power. As we shared at Investor Day, we expect earnings growth to accelerate over the medium-term.

The Bank's Q4 CET1 ratio was 14.7%, with strong capital generation in the quarter. As of quarter-end, we were over three quarters of the way through our current $8 billion share buyback, with 65 million shares repurchased for a total of over $6 billion. We continue to expect to complete this share buyback by the end of the first quarter of 2026. At that time – as we announced at Investor Day and subject to regulatory approval – we plan to initiate a new share buyback of $6-7 billion. Through these two share buyback programs, we will effectively return all the capital generated from the Schwab sale to our shareholders.

For fiscal 2025, we delivered a total payout ratio of 93%, including share buybacks and common share dividends.

Please turn to slide 4.

In Q4, we saw strong momentum across our businesses. Canadian Personal & Commercial Banking delivered record revenue, deposits, and loan volumes. We had a record year in digital sales for day-to-day banking products, continuing our momentum in mobile leadership. Real Estate Secured Lending posted robust sequential growth, delivering higher origination margin and record Q4 originations. In Cards, we delivered strong momentum, with the best year of cards acquisition in nearly a decade. In the Business Bank, loans were up 6% year-over-year reflecting growth across our commercial business. We also saw strong Small Business chequing account openings, up 10% year-over-year.

In U.S. Retail, we delivered continued momentum, and core loans were up 2% year-over-year. U.S. Bankcard balances were up 14% year-over-year, with the strongest account acquisition in seven years. In our U.S. Wealth business, total client assets were up 10% year-over-year, with mass affluent client assets up 21% year-over-year. In addition, for the ninth year in a row, the Bank ranked #1 in Small Business Administration lending in its footprint – as we continue to serve our communities from Maine to Florida. Leo will provide updates on our U.S. balance sheet restructuring and AML remediation in his remarks.

Wealth Management delivered record earnings and assets. We had a particularly strong quarter in Direct Investing, with new accounts up 27% and trades per day were up 37% year-over-year, respectively. As you heard at Investor Day, Direct Investing is an acquisition engine for the Bank and drives outsized opportunities to deepen relationships. This year, we saw record flows – $3.9 billion – from Direct Investing to Advice. We saw record sales of $1.6 billion in ETFs this quarter. For the year, TD's ETF market share is up 48 basis points. In Insurance, we continue to build on our position as Canada's leading digital, direct insurer. This quarter, we saw record digital adoption, supported by the launch of the new usage-based program for auto insurance.

This quarter, Wholesale Banking delivered a record $2.2 billion in revenue, showcasing the power of our client franchise and breadth of capabilities as we benefited from a more constructive backdrop, especially in capital markets. We also generated record net income and ROE over 12%, and executed on RWA optimization opportunities to grow revenue well above RWA growth for the quarter and fiscal year overall. Another indicator of our strong momentum – we rose to #6 in the U.S. Corporate Access rankings, which demonstrates the strength of our relationships across corporate and institutional clients, and our ability to deepen our share of wallet.

Please turn to slide 5.

Before I turn it over to Leo, I want to thank our colleagues across the Bank. Every day, you come to work with a commitment to our clients and a dedication to our Bank that is truly remarkable. At Investor Day, we outlined a clear strategy to accelerate growth and deliver peer-leading performance. You – our colleagues – are the source of TD's strength, and why I am confident we will deliver.

With that, Leo, over to you.

Leo Salom – TD Bank Group – President and CEO, TD Bank America's Most Convenient Bank

Thank you, Ray, and good morning, everyone. Please turn to slide 6.

It's now been more than a year since we announced the Global Resolution, and we have made significant progress against our U.S. AML remediation program. As you've heard me talk about previously, we have an outstanding AML leadership team guiding us through this critical work and we've completed a number of key milestones this year such as the deployment of the next generation transaction monitoring system, improved technology for our investigation practices, and the implementation of our first AI-powered financial crimes automation platform and machine learning case triage model which improved our team's productivity and risk assessment accuracy.

This quarter, we deployed another round of machine learning enhancements to our transaction monitoring system – these AI and machine learning tools are not only improving the efficacy and accuracy of our program, they are important levers in creating an efficient and sustainable program that will serve us well into the future. We also introduced a new and enhanced system for submitting unusual transaction referrals, improving the end-to-end process from intake through investigation through reporting. UTRs are a key tool in facilitating early detection, and by increasing both the accuracy and efficiency with which our teams submit these reports, we are doing our part in detecting, reporting and preventing criminal activity. Turning to our lookback activities, I'm very pleased to say that this quarter we made good headway against the suspicious activity lookback reviews required under the OCC Consent Order.

Importantly, thanks to the hard work and dedication of our teams, we completed the majority of our U.S. management remediation actions this year, in line with our previous commitment. That being said, we're not at end of job and AML remediation remains our top priority with significant work ahead and important milestones to come in 2026 and 2027.

For fiscal 2025, total U.S. BSA/AML remediation and governance and control investments in the segment were US$507 million, in-line with our guidance. While investments will fluctuate from quarter to quarter, we continue to expect similar investments in fiscal 2026.

Now, I'd like to give you an update on the balance sheet restructuring activities, so please turn to slide 7.

You will recall this effort has two critical objectives: first, to strictly comply with and maintain a buffer to the asset limitation and second, to ensure that we can continue to serve our clients and communities as their needs evolve. We made meaningful progress against our objectives this quarter. At the end of the fiscal quarter, total assets were US$382 billion, reflecting continued run-off of non-core lending portfolios. We've achieved and exceeded the 10% asset reduction that we announced on October 10, 2024, creating US$52 billion of capacity versus the asset limitation. With the actions taken to date, coupled with selective actions in fiscal 2026 and beyond, U.S. Retail has the capacity to grow core loans at a rate consistent with our historical performance through the medium-term without risking a breach to the asset limitation.

As disclosed in the third quarter, we completed the U.S. investment portfolio repositioning by selling lower yielding investment securities and reinvesting the proceeds into a similar composition of assets at higher rates. During the fourth quarter, we identified additional bonds and sold approximately US$7 billion notional, for an upfront loss of US$274 million pre-tax. In the aggregate, through our investment portfolio repositioning, we have sold approximately US$32 billion notional, for an upfront loss of US$1.6 billion pre-tax. The investment portfolio repositioning generated an NII benefit of approximately US$500 million pre-tax in fiscal 2025, and is expected to generate an NII benefit of approximately US$550 million pre-tax in fiscal 2026. We expect our investment portfolio repositioning – together with our asset reduction program – to help us improve return on equity through fiscal 2026 and deliver on our target of 9.5% ROE. We aim to deliver approximately US$20 billion of RWA release which will help support our medium-term target of 13% ROE.

With that, let me turn it over to Kelvin now.

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

Thank you Leo. Please turn to slide 8.

TD delivered a strong quarter. Total bank PTPP was up 25% year-over-year, after removing the impact of the U.S. strategic card portfolio, FX, and Insurance Service Expenses. We've shared the details on slide 26. Revenue net of ISE grew 15% year-over-year – or 12% excluding the $388 million net negative impact of severe weather related events in the prior year – reflecting growth across all our businesses.

Expenses increased 10% year-over-year, with approximately one-third of the growth driven by variable compensation, foreign exchange, and the impact of the U.S strategic card portfolio. We delivered positive operating leverage – while taking the opportunity to accelerate investments to drive business growth.

Impaired PCLs were relatively stable quarter-over-quarter, reflecting strong credit performance and performing provisions were also stable quarter-over-quarter.

Please turn to slide 9.

Through our restructuring program, we are reducing structural costs and creating capacity to invest to build the Bank for the future. We expect to conclude the restructuring program next quarter, with approximately $125 million pre-tax in additional charges, for a total expected program size of approximately $825 million pre-tax. We identified additional opportunities to drive productivity, including U.S. store optimizations as part of the Distribution Transformation described at Investor Day, and impacts from organizational reviews. We expect to generate higher savings from our restructuring program, with annual run-rate savings now estimated at approximately $750 million pre-tax.

Please turn to slide 10.

Canadian Personal & Commercial Banking delivered record revenue, deposit and loan volumes. Average deposits rose 4% year-over-year, reflecting 3% growth in personal deposits and 5% growth in business deposits. Average loan volumes rose 5% year-over-year, with 5% growth in personal volumes and 6% growth in business volumes. Strong loan growth across our businesses this quarter capped a record year in RESL proprietary channel originations and in retail auto finance originations.

Net interest margin was relatively stable quarter-over-quarter. The impact of balance sheet mix was partly offset by higher RESL origination margins. Tractor on and off rates were offset by rate reductions. As we look forward to Q1, with similar drivers, we again expect NIM to be relatively stable.

Expenses increased year-over-year reflecting higher employee-related expenses and other operating expenses.

Please turn to slide 11.

U.S. Retail sustained business momentum and continued to execute against critical deliverables. Deposits excluding sweeps were down 1% year-over-year, and were up 1% excluding targeted run-off in our government banking business. Core loans grew 2% year-over-year, reflecting continued strength in Bankcard, home equity and middle market.

Net interest margin was 3.25%, up 6 basis points quarter-over-quarter, driven by higher deposit margins, higher loan margins from U.S. balance sheet restructuring, and normalization of elevated liquidity. As we look forward to Q1, we again expect NIM to moderately expand.

Expenses increased US$84 million – or 5% year-over-year reflecting higher governance and control investments and higher employee-related expenses, partially offset by costs associated with the extension of the Nordstrom program agreement last year. Overall, we continue to expect U.S. Retail expense growth in the mid-single digit range this year. We remain focused on productivity initiatives to help fund investments in our core franchise. These include the conversion of Nordstrom strategic card customers onto our servicing platform in the first half of fiscal 2026, and investments in our digital and mobile capabilities and technology modernization.

Please turn to slide 12.

In Q4, the Wealth Management business – which serves almost 2.7 million clients – fired on all cylinders. We saw client growth, net asset growth, strong trades per day, and market appreciation. We saw strong fundamentals in Insurance, with double-digit premium growth in general insurance in fiscal 2025 and more than 3.5 million quotes which drives future client acquisition.

For the Wealth Management and Insurance segment overall, revenue net of ISE was up 39%, with approximately two-thirds of the growth driven by the impact of prior year catastrophe claims. Expenses were up year-over-year reflecting higher variable compensation, technology spend supporting business growth, and employee-related expenses.

Please turn to slide 13.

Wholesale Banking delivered record revenue and net income, driven by broad-based growth across Global Markets and Corporate and Investment Banking. This quarter we benefitted from a constructive backdrop, especially in capital markets – and our pipeline of future deals remains robust.

Reported expenses include acquisition and integration-related charges for TD Cowen. We do not expect these charges to continue going forward. Adjusted expenses increased year-over-year reflecting higher variable compensation and spend supporting business growth, including technology. These investments are part of the strategy we outlined at Investor Day. We are continuing to mature our platform to support our ambition to become a top 10 North American investment bank.

Please turn to slide 14.

Corporate net loss for the quarter was $195 million, largely flat year-over-year. Higher net corporate expenses were offset by higher revenue from treasury and balance sheet management activities.

Please turn to slide 15.

The Common Equity Tier 1 ratio ended the quarter at 14.7%, down 15 basis points sequentially. We delivered strong internal capital generation this quarter, which was partially offset by RWA growth (excluding FX).

The Bank repurchased 19 million common shares under its share buyback program in Q4, which reduced CET1 by 33 basis points. We continue to expect to complete our current share buyback by the end of Q1, subject to market conditions.

Please turn slide 16.

At this time last year, we noted that 2025 would be a transition year for the Bank. Throughout the year, we took charges as we restructured our U.S. balance sheet. We do not expect balance sheet restructuring charges to continue going forward. Looking back over the year, I am pleased that we largely delivered what we said we would deliver in 2025 – and in many cases, we delivered more. Even with a prudent reserve build for policy and trade uncertainty, fiscal 2025 earnings were up 5% year-over-year. And – reflecting our commitment to return value to shareholders – we bought back over $6 billion in shares this year, helping drive EPS up 7% year-over-year.

As Ray said, TD is entering fiscal 2026 in a position of strength. We expect to achieve our fiscal 2026 targets – with upside potential driven by strong business momentum and execution against the strategy we laid out at Investor Day, supported by tailwinds if positive macroeconomic conditions continue and from PCLs if trade and tariff uncertainty reduces.

With that Ajai, over to you.

Ajai Bambawale – TD Bank Group – Group Head and Chief Risk Officer

Thank you, Kelvin, and good morning everyone. Our key message for the quarter is that credit results for the Bank are strong.

Please turn to slide 17.

Gross impaired loan formations were 23 basis points, a decrease of 3 basis points, or $256 million quarter-over-quarter. The decrease was largely recorded across the Wholesale Banking and U.S. commercial lending portfolios, partially offset by higher formations in Canadian Personal and Commercial.

Please turn to slide 18.

Gross impaired loans were stable quarter-over-quarter at 56 basis points.

Please turn to slide 19.

Recall that our presentation reports PCL ratios both gross and net of the partners' share of the U.S. strategic card PCLs. We remind you that U.S. Card PCLs recorded in the Corporate segment are fully absorbed by our partners and do not impact the Bank's net income. The Bank's provision for credit losses was stable quarter-over-quarter at 41 basis points, as higher provisions in the Canadian Personal & Commercial segment were offset by lower provisions in the Wholesale and U.S. Retail segments.

Please turn to slide 20.

Impaired PCLs were $943 million, increasing $39 million quarter-over-quarter, driven by the Canadian and U.S. consumer lending portfolios, including the impact of seasonal trends in the U.S. card and auto portfolios.

Performing PCL was $39 million, a decrease of $28 million quarter-over-quarter. The current quarter performing build largely reflects the adoption impact of a model update in our Canadian credit card portfolio, partially offset by improvement in the Canadian and U.S. economic forecasts.

Please turn to slide 21.

The Allowance for Credit Losses increased $40 million quarter-over-quarter reflecting the adoption impact of a model update in our Canadian credit card portfolio, and a $47MM impact from foreign exchange, largely offset by lower impaired allowance in the Canadian commercial and Wholesale lending portfolios, driven by resolutions, and some improvement in the Canadian and U.S. economic forecasts.

Now, in summary, the Bank exhibited strong credit performance in the fourth quarter, reflected in lower gross impaired loan formations, and stable gross impaired loans and PCLs. Our fourth quarter credit results capped off a strong fiscal 2025, as elevated performing provisions for policy and trade uncertainty were offset by good underlying credit performance, resulting in a full year PCL rate of 47 basis points, stable year-over-year, and within the guidance we offered at the start of the year.

Looking forward, while results may vary by quarter, and are subject to changes to economic conditions, we expect PCLs to be in the 40 to 50 basis points range, an improvement from the 45 to 55 basis points range guided for fiscal 2025.

Though economic uncertainty remains elevated, TD is well positioned, considering our prudent provisioning, broad diversification across products and geographies, our strong capital position, and our through-the-cycle underwriting standards.

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

QUESTION AND ANSWER

Operator

[Operator Instructions] The first question comes from John Aiken from Jefferies.

John Aiken – Jefferies – Analyst

Ajai, I know that most of the deterioration on the domestic consumer portfolio came out of residential mortgages and really no risk on that front. What I was hoping that you might be able to explain to me is the dynamic where we've seen degradation in the residential mortgages year-over-year, but we really haven’t seen the HELOC portfolio show any – really any degradation. What are the dynamics behind that? And what incremental impairments on residential mortgages – and when will that start to impact the HELOC portfolio?

Ajai Bambawale – TD Bank Group – Group Head and Chief Risk Officer

Thanks, John. Let me talk more generally about Canadian housing and our asset quality, and that should give you very good colour on what's going on. So you would have seen that our Canadian housing outlook is actually slightly better. And the reason it's slightly better is that there is pent-up demand and the job market is also a little better.

Our customer profile continues to be strong. And again, this is across all of RESL, HELOC and residential mortgages. If you look at some of our stats, and I'm very focused on what's – the distribution and what's in the tails, we have less than 1% of our uninsured Canadian RESL portfolio which scores less than 650 and LTV greater than 75%. And if you look at some of the other metrics like our uninsured current LTVs – again, they're low, at 56%. Now let me just turn to quality. And I'm seeing this quality broadly across residential mortgages and HELOCs. And I look at things like delinquencies across both those asset classes and our sub-asset classes – they are stable quarter-over-quarter. And I'm not seeing huge differences between residential mortgages or HELOCs.

If I look at the greater than 90-day delinquencies, it's up 1 basis point quarter-over-quarter at 15 basis points and that 15 basis points is a pre-COVID number. Again, charge-offs across both these books – very, very low. Impaired PCLs, yes, are slightly higher. But if I would quantify that, that's $6 million – very, very low. And then I think you talked about gross impaired loans. The gross impaired loans are slightly higher – I think that number has gone up $55 million or $60 million. I don't remember the distribution between residential mortgages and HELOCs. But what's occurring there, that's actually vintages from '22 to '24 that were originated at higher rates. So that's where we're seeing the migration, and that's probably what you're talking about. And that's coming largely from the marginal segment. So again, some uptick in residential mortgages, but again, if you ask me, am I concerned about that portfolio? No, I think that portfolio is a very strong portfolio. So hopefully, I've given you enough colour and tried to answer your question as well.

Ebrahim Poonawala – BofA Securities – Analyst

Good morning. Maybe for Kelvin or Ray, just in terms of capital. When we look at the CET1 at 14.7%, half of retained earnings going to dividends, half going into buybacks, I guess, would be the way to think about it. Do you think you can flex this capital ratio into – I think you've talked about mid-13s over the next year via RWA growth? Or should we expect the pace of buybacks to materially increase over the next few quarters?

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

Maybe I'll start it off and then pass it over to Kelvin. I would say that as per my comments, I do think that there are opportunities and tailwinds as we head into fiscal 2026, both on the EPS side and from an ROE perspective, Ebrahim. But I'd say preface that with making sure that the macro conditions prevail. And then certainly from the uncertainty that we have around some of the tariff and trade uncertainty. But as you saw in our Q4 results, the momentum of the businesses, I think, will have a strong play with respect to ROE. With respect to capital, as we said in our Investor Day, we are definitely taking a very different disciplined approach on capital allocation.

First, and always, the priority is capital organically to be allocated. And that's looking at, Ebrahim, all of our existing portfolios – the non core businesses – and you've seen the actions that we've taken. We'll continue to go through that and make sure that any of our existing businesses that are non core do provide appropriate returns, and we're looking at that. And then making sure that we're deploying the capital even within our organic businesses to the ones that have the most accretive ROE on a long-term basis to give shareholder value. And then we've said very publicly at the Investor Day that we will continue to consistently return capital back to shareholders if we don't see – if we don't have a need on an organic perspective. So on that, I'll pause there and maybe hand it over to you, Kelvin, to talk about RWA.

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

Sure. It's Kelvin. So as Ray said – first we plan to complete our existing share buyback program by the end of Q1 and then initiate the next buyback program of $6 billion to $7 billion subject to regulatory approval. And we will strive to grind down our CET1 ratio as much as possible, subject to market conditions. And I think the issue is that we continue to spin off and generate significant capital accretion every year. Again, it all depends on market conditions. But right now, we're seeing that it is still – we're not getting to 13% yet in '26, but maybe in '27.

Ebrahim Poonawala – BofA Securities – Analyst

That's helpful. And if I can have a follow-up for Leo – maybe on Slide 6, Leo. So I just want to make sure I understand this correctly. I understand you need to demonstrate sustainability. Nothing needs to break in a material way. But just hypothetically, if we go through all of '26 through the sustainability review, I'm just wondering, in a world where there was no big sort of leakage in terms of all the systems that you put in place, is there anything different that needs to happen in 2027? And I'm asking this in the context of the U.S. regulatory framework that's becoming a little bit more pragmatic and not sort of belaboring banks that have had issues in the past. I'm just wondering, is there a scenario where assuming you check all the boxes in '26 on sustainability, where maybe the asset cap could get reviewed as early as '27? Thanks.

Leo Salom – TD Bank Group – President and CEO, TD Bank America's Most Convenient Bank

Thank you very much for the question, Ebrahim. I won't comment with regards to the timing of any sort of relief. But I will – I just want to maybe provide a little bit of colour to your question. I think to your point, I think we've made really good progress on the delivery of the management actions. And I've iterated some of the areas where we've made progress, whether that's the transaction monitoring platform, the work that we've done on the customer risk rating tools, the AI tool.

So I think we feel very good about the residual risk reduction that we've actually brought forward in terms of the overall AML program. But as I've said before, I think we've got a couple of stages. Everything we do – every management action we do is going to be subject to internal challenge and ultimately to internal audit validation. And that's an important – an important process that much of that will take place in 2026.

And then thereafter, as you know, we're working very closely with the monitor and as well, we're working with the regulator to ensure that we can demonstrate sustainability over the long term. Both of those stages are an important part of the process. So I think being able to demonstrate that not only we've implemented the right actions, we've reduced residual risk – but that we can demonstrate that over time will be critical in terms of earning release from the consent order eventually and then potentially any interim relief.

So I think we're making good progress at this point. We'll keep you abreast of the progress over the next few quarters. But at this point, I feel very comfortable with the AML remediation plan.

Gabriel Dechaine – National Bank Financial – Analyst

Good morning. The margin outlook – more stable or relatively stable, whatever. In Canada, I'm just wondering because a few of your peers, I mean, there's a bit of a mixed bag, frankly, but some peers are talking about and exhibiting a wider benefit from wider mortgage spreads. And I'm wondering if that's something that could factor into your outlook and surprise on the positive side? Then on expenses, you had guided to 5% to 7% growth this year. It came in at 10%, including 10% in Q4. And you talked about some year-end investment undertakings – that you took advantage of the strong revenue growth, that's fine. I'm just wondering about 2026, you're guiding to mid-single digits now. You've taken another restructuring charge. Those investments you made perhaps help your efficiency performance. Are you – you should be more capable to deliver. Are you more committed as well is the question?

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

Thanks, Gabe. It's Sona. Maybe I'll start with your first question on Canadian margins and specifically RESL, and I can share a little bit more on what's underlying our NIM. Kelvin had already alluded to the 3 factors. If I start out in RESL, we had a really good volume growth quarter. And what I'm particularly pleased to see is we're staying true to our strategy where we're anchoring on speed and specialization to drive growth, but with incredible pricing discipline.

And so again, that enabled us to drive sequential origination margin expansion. So that's obviously positive to NIM. But then when I step back and look at overall CAD P&C NIM, that strong loan growth outpacing deposits – that naturally has a balance sheet dilutive impact to NIM. And then finally, tractor on/off, Kelvin alluded to, is an important factor. And when we look at that, the magnitude of the NIM benefit that we see is really quite dependent on the maturing tractor rate. And so if I go back – sorry, go ahead, Gabe.

Gabriel Dechaine – National Bank Financial – Analyst

That tractor tailwind is sort of flattening out, I guess. Is that what you're saying?

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

Yes, in a sense. And that really is reflective of the maturing tractor profile. So if I go back several years ago when rates were the lowest, we locked in less tractors through prudent treasury management. And so as we fast forward to today, our tractor on-off lift was largely offset by the recent Bank of Canada rate cut. So in sum total, many factors but that's what's driving stability in NIM.

Gabriel Dechaine – National Bank Financial – Analyst

So I'm not quite clear on the mortgage commentary then, and some other banks, I mean quite specific that it's going to be good. You've originated a bunch in 2021, 2022 that were – was a very competitive environment and the renewals are coming in at higher spreads. Is that not something dynamic that will work in your favour?

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

Absolutely. It is something that we are seeing, Gabe. It's been several quarters we've had positive expansion. And so as this accumulates, that becomes a broader tailwind.

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

The other thing, Gabe – I think you'll see in our mortgage portfolio, and Sona has commented on that on a number of occasions – is just the mix of the mortgages. And so you're going to see more and more proprietary mortgages that are booked through our proprietary channels. Whether it's our branches or (sic) [and] our MMS, which are both proprietary and obviously, better margin in those. And you're seeing that margin expansion in our residential book, while we continue to take market share and loan and mortgage growth, as you saw on a quarter basis. So I think it's a good story from both a volume perspective but also from a mix and margin expansion in the RESL book that you're going to continue to see favourability as we play.

Gabriel Dechaine – National Bank Financial – Analyst

All right. Then on the expenses?

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

Just on the – just on your expense – the second part of your question, Gabe, here on the expense side. Let me just sort of walk you through a little bit. On the 5% to 7% guidance that we provided at the beginning of the year – if I sort of take you back, I mean, that was with guidance that we thought and Kelvin commented in his comments – that we thought earnings were going to be relatively flat on a year on year basis, and we delivered 5% earnings growth. So I think some of the expense that you see – growth on that side of it is due to the outperformance on our earnings growth.

I'd say the second piece is where we've been saying that you're going to start to see moderation of our expenses on a quarter-over-quarter basis, and you saw that from a Q3 to Q4 moderation of our expenses. And so if you factor in the variable cost and the FX that Kelvin said, we're probably down to about a 7% expense growth on Q4 and definitely trending in the right direction to get us to the 3% to 4% expense growth in 2026 – and I have high confidence we're going to deliver on that. And where that confidence comes from is the 6 buckets of expense categories that we outlined in the Investor Day, Gabe, where we have – that was a bottoms-up exercise, and we actually have identified initiatives and tactics in each one of those 6 expense buckets, and we've already started to make progress. So the $900 million of the $2.5 billion expense takeout that we've committed to over the medium term, $900 million of that is in 2026, of which $500 million is the restructuring that carries from 2025 to 2026 and the incremental $400 million – we already have clear sight lines into that.

And then I'd say, finally, what's really important that we said at Investor Day is that we continue to deliver positive operating leverage. You're seeing that for the second consecutive quarter, TD Bank delivered positive operating leverage, and we expect to have that continue in fiscal 2026. So on your question about conviction and commitment, absolute on what we said in the Investor Day, and cost management and the disciplined execution around that is one of our strategic pillars.

Doug Young – Desjardins Securities – Analyst

Good morning. Hopefully this will be relatively quick. But Leo, you set out a target at the Investor Day, and thanks, Ray, and everyone for all the other targets and guidance provided in the remarks. Leo, you set a target of US$2.9 billion NIAT for fiscal '26 at the Investor Day. Just wondering how you're feeling about that as you sit and look at today and all the different variables – macro, rates, balance sheet restructuring, expenses. Can you unpack that?

Leo Salom – TD Bank Group – President and CEO, TD Bank America's Most Convenient Bank

Sure, Doug. Maybe I can just ask you to take a look at the quarter as sort of an indication of the momentum going into 2026. We're really pleased with the quarter revenue growth of 7% and – that was driven by a 7% growth in NII on 6 basis points worth of NIM expansion. But also, we had about an 11% growth in fees, where we saw service fees, our lending fees and wealth management all contributing to a double-digit growth rate. And I do think that's a sustainable momentum as we go into 2026.

Expenses, we did – very aligned to Ray's point. We did see moderation in the expense growth profile in the fourth quarter. Expenses were up 5%, but we did manage positive operating leverage of 232 basis points and our commitment and our guidance of mid-single-digit expense growth stands. We feel quite comfortable with that.

And then, as Ajai outlined, I think from a PCL perspective, PCL came in at US$220 million, which was down on a quarter-on-quarter basis and down year-on-year, and it was the lowest level of PCL that we've had since the last quarter of 2023. So if you look at all of the fundamental indicators, I feel quite comfortable with the guidance of both the US$2.9 billion NIAT target for the year, but also the return on equity number. Our return on equity for the quarter closed at 9.3%. We've managed to post 180 basis points worth of ROE improvement since the fourth quarter of last year.

So Doug, at this point, obviously, we still have a lot of macro uncertainty. We still have to work through potential rate declines, etc., that will obviously add some degree of uncertainty for next year. But from an underlying business momentum perspective, I'm quite confident with some of the guidance that we provided on the September Investor Day.

Doug Young – Desjardins Securities – Analyst

I appreciate it. And then just second, I know Insurance is a small business, but the earnings were quite weak, and I was a bit surprised, given I think it was relatively low CATs this quarter relative to last year – at least in companies that I'm following. So maybe you can – is there anything unusual like actuarial assumption reviews or anything unusual going through the insurance results that caused the weaker bottom line results?

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

Thanks, Doug. Let me take that. So from an Insurance perspective – I do think having run the business – I look at Insurance from a full year perspective. And if you look at it from a full year perspective, gross written premiums continued to be very strong – 10% growth on the general insurance gross written premiums.

As per the Investor Day, our goal is to double the size of our home and auto business by 2029. And so when you look at it from a full year's perspective, I think strong performance. The ROE came in at 24.4% – above what we expected – sorry 24.2% – above what we had expected on a full year basis. But when you double-click into Q4, your specific question, one nuance that we did in the – over the course of 2025, but it hit more in Q4 – is that we did look at making sure that we are growing profitably across all of our geographies across the Insurance business.

And we rebalanced in some of the higher severe weather regions. And so you saw that play through. That's actually going to prove to be a positive around resiliency and stability of our earnings as we play through. And so I feel very confident in the Investor Day commitments that we made on the Insurance business, but we did actually use it as an opportunity in Q4 to rebalance from a geography perspective and the profitability in the high CAT zones.

Doug Young – Desjardins Securities – Analyst

So you moved out of the high CAT zones? Or you were in high CAT zones and therefore that impacted Q4, and therefore you've moved out of that, and that should benefit you going forward? Is that it?

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

It's a little less concentration. And so where we had higher concentration in some of the high severe weather zones, we've moderated the concentration there, while accelerating growth in 2026 going forward in the geographies with less CAT exposure.

Paul Holden – CIBC World Markets – Analyst

I want to ask a couple of questions on deposit growth, maybe starting with Sona – because you already gave some flavor on NIMs or tailwinds and headwinds and you mentioned that deposits are not quite growing at the same pace as loans. So if you can talk about why that is and what TD is doing to accelerate particularly low-cost deposit growth?

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

Yes, absolutely. Thanks for that question, Paul. I'd start by saying it's been a tremendously strong quarter, closing a really strong year. So we've had #1 growth actually across our 3 major product lines in the

Canadian Personal Bank. So that includes deposits, cards as well as RESL. So we're feeling really good about the growth momentum that we're seeing.

In terms of the mix in demand deposits and term deposits, similar to what you would see right across the industry, we are seeing a decided shift. So that is a positive trend with the much faster clip of growth in non-term versus term deposits. What I would say, Paul, is we start from a position of real strength here, in non-term deposits. I think as we shared at our Investor Day, 86% of our new clients onboard with a chequing or savings account. And that fuels – that continues to fuel what is an enviable portfolio mix. So we have 69% of our deposits in non-term deposits versus an industry profile that's more in the mid-50s. So overall, we feel really comfortable with what we're seeing in the industry and certainly, what we're seeing amongst our own client base.

Paul Holden – CIBC World Markets – Analyst

Okay. So no reason to suggest any kind of change in trend then in the near term? You're happy with where you are?

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

Yes, we're very pleased with where we are.

Paul Holden – CIBC World Markets – Analyst

Okay. I also want to ask Leo about deposit growth there. It's down a little bit QoQ and year-over-year. I'm not going to make a big deal of it, because it's not down a lot, but it's still down. Like how should we think about that in '26? Should we start to see those personal deposits growing again? Or are they continuing to shrink because maybe you continue to rationalize the retail store count? Just help us think through that.

Leo Salom – TD Bank Group – President and CEO, TD Bank America's Most Convenient Bank

Thank you. So if you look at our deposit numbers on a headline basis, they were down slightly. The runoff is really coming from the Schwab sweep deposits running off – essentially as planned. We had indicated that under the new agreement, Schwab did have the ability to bring down the overall level of sweep deposits and they're executing that plan as per the agreement. In addition, we've targeted the government banking collateralized portfolios – those that provide us very little liquidity, largely commoditized in terms of pricing – we targeted about US$5 billion of that portfolio for runoff, and that was aligned to the overall portfolio balance sheet restructuring activity.

In addition, we have taken from about – as you know, earlier this year, we had taken a very defensive posture in terms of pricing to defend our deposit base. As we move through the year – as we've made progress on the balance sheet restructuring, on the lending side, or on the asset side of the house – we've also looked at our deposit business and implemented much more pricing discipline around some of our higher-priced deposit categories, both in consumer and corporate to make sure that we are managing healthy deposit margins. In the quarter, we saw a 5 basis point expansion in deposit margins as a result of the actions that we're taking. So given where we are in the U.S., given the restructuring activities, we are being more selective around our pricing and we have the opportunity to do so and that is translating into some margin expansion for us.

So to your point with regards to the outlook – absolutely, I expect us to go back to a growth posture. But particularly around our core deposits, our core chequing account – interest and noninterest-bearing chequing account balances, we believe that's critical for long-term profitability. And so we did provide guidance as part of Investor Day that we would target mid-single-digit deposit growth rates over the MTO period, and I fully expect us to go back to that profile.

Paul Holden – CIBC World Markets – Analyst

Is it too early to ask for that in '26 or not?

Leo Salom – TD Bank Group – President and CEO, TD Bank America's Most Convenient Bank

I think we've already provided enough guidance at this point. So maybe next quarter.

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

Maybe I can just ask Paul Clark to jump in. I do think we have terrific momentum in what we said at Investor Day on referrals from Retail to Wealth and the momentum that we see there because that, to me, is also another significant deepening of our client relationships and will play into sort of our volume story as we move forward.

Paul Clark – TD Bank Group – Senior Executive Vice President, Wealth Management

Thanks, Ray. For the full year, we saw over $31 billion in assets as a result of our relationship with Retail and Commercial. So this is closed referred business. In the quarter, the number was over $7 billion, Paul, which is just a testament to the momentum that we continue to gain. When you think about that in the context of Sona and Barb's business, but predominantly Sona's, the way that you have to think about that is for every $1 that Sona sends us, we're consolidating $3 roughly from our competitors.

So in the quarter, that results in two things. Sona graciously sends us business, which is obviously going to impact our numbers. But we're consolidating from our competitors away. And if you remember at Investor Day, we committed to get that number to $40 billion annually, and we're already up 11% year-over-year. So just great momentum from both Sona and Barbara – in the context of this.

Sohrab Movahedi – BMO Capital Markts – Analyst

Okay. Ray, I just wanted to focus on Slide 16. You have some targets for 2026, including 6% to 8% adjusted EPS growth. I wonder if you could just tell us which business segments are likely to exceed that and which may be a little bit below that? In other words, how are you arriving at that by business segment?

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

Why don't I start it? And then I think you've heard from Leo and Sona on some of the terrific momentum. Maybe I'll also ask Tim to jump in. But I think what you see Sohrab, when you look across our Q4 results, is actually strength across all of the businesses. I see momentum in every single one of the businesses. And so I would say – as I said in my comments, we do have positive tailwinds on EPS and ROE as we head into 2026, and that's on strength of both – a lot of that is on the strength of our fee income businesses, our market-driven businesses in TD Securities and the Wealth Management business. But our fundamentals, as Leo said, in our core banking businesses in Canada and the United States – the fundamentals are better than we had expected even at Investor Day as we ended Q4 and jumped into the fiscal new year. So – why don't I let Tim and Paul talk about their businesses because they're the ones that really from a fee income perspective is also providing tailwinds. And then Barb can maybe comment on the strength of the Business Bank, and then you'll get a full view of all of the businesses since already Sona and Leo have commented.

Tim Wiggan – TD Bank Group – President and CEO, TD Securities; Group Head, Wholesale Banking

Thanks, Ray. And sorry, I would just say, obviously, an exceptionally strong Q4, a record revenue and NIAT number. I would say that the shape of the year continued to play out in favour of investment banking in the second half of the year. And so if I look at Q4 specifically for our investment banking business, we had a record revenue quarter, exceeding Q2, which obviously had Schwab in it.

Early days for Q1, although I will say that the momentum is carrying through into the new fiscal year. And finally, something that we talked about at the Investor Day, a tremendous amount of focus on capital discipline and optimization. And that applies both to the markets side as well as the loan book and investment banking, which accounts for about 40% of our overall RWA.

And so if you look at the ROE – is obviously high in the quarter at 12.4%, up close to 500 basis points. But more importantly, if we look at revenue growth to RWA growth in Q4 – came in at 2.6x and 1.6x for the year as a whole. So I would say, overall results for the year exceeded our expectations. We had talked about delivering anywhere from $375 million to $425 million in NIAT on average per quarter, and we're at the high end there, and exceeded our revenue targets per quarter that we expected, which were $1.8 billion. So – feel very good about the momentum that we showed in Q4, and thus far, carrying over nicely into the new fiscal year.

Paul Clark – TD Bank Group – Senior Executive Vice President, Wealth Management

The only thing I'd add on ours, and I know Kelvin took you through the numbers and people tend to focus on the top line revenue line at 16% year-over-year. And each of our businesses have had tremendous market share growth this year, which bodes well for earnings next year. But what I would tell you – I've been most impressed with this year is just the focus on efficiency. Our efficiency ratio through the year improved about 250 basis points, and that really sets us up nicely as we head into next year. ROE for the full year was just over 62%, and we continue to see strong momentum this quarter and heading into 2026.

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

Barb?

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

Thanks, Sohrab. So for the Canadian Business Bank, we are seeing very strong momentum as well. We laid out the strategies at Investor Day that we are looking at to accelerate our growth – and I'm happy to report that we did add about 200 incremental frontline bankers in 2025. Almost half of those were in Small Business Banking, and we made those additions a little bit earlier in the year, and we did see in our results in Q4 a pickup in our new client originations and our deposit growth. We're looking to add more small business bankers in 2026, and so we expect good momentum to continue. We also added to our commercial banking – that was a little bit later in the year – so I don't think we're really seeing a significant amount of benefit in Q4, but we certainly expect to see that in '26. So we're feeling very positive.

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

Sohrab, I hope that gave you a sense of the momentum that we're carrying.

Sohrab Movahedi – BMO Capital Markts – Analyst

Yes. That's very helpful. And I just wanted to get with Kelvin on this, and get him to clarify something in the context of buybacks. I think a couple of times you mentioned subject to market conditions. So under what conditions would you not do the buyback?

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

Just how fast you can buy given the volatility in the market and how much you can actually – from a regulatory perspective – you can buy back. So if we would, and the market is conducive like earlier this year, we would step in harder on that front.

Sohrab Movahedi – BMO Capital Markts – Analyst

So you're price sensitive?

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

Not really, but at the margin, we would be.

Operator

There are no more questions in the queue at this time. I would now like to return the call to Mr. Raymond Chun for closing remarks.

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

Thank you, operator, and thank you, everyone, for joining us today. We certainly appreciate your questions and comments. TD delivered for its stakeholders in Q4 with robust top line growth, positive operating leverage and strong credit performance. We are well positioned for the year ahead. So let me take a moment to wish you and your families all the best for the holiday season, and we certainly look forward to connecting in the New Year. Thank you, everyone.