



# TD Bank Group Fixed Income Investor Presentation

Q4 2018

# Caution Regarding Forward-Looking Statements



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, the Management's Discussion and Analysis ("2018 MD&A") in the Bank's 2018 Annual Report under the heading "Economic Summary and Outlook", for the Canadian Retail, U.S. Retail, and Wholesale Banking segments under headings "Business Outlook and Focus for 2019", and for the Corporate segment, "Focus for 2019", and in other statements regarding the Bank's objectives and priorities for 2019 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", "plan", "goal", "target", "may", and "could".

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: credit, market (including equity, commodity, foreign exchange, interest rate, and credit spreads), liquidity, operational (including technology and infrastructure), reputational, insurance, strategic, regulatory, legal, environmental, capital adequacy, and other risks. Examples of such risk factors include the general business and economic conditions in the regions in which the Bank operates; the ability of the Bank to execute on long-term and shorter-term strategic priorities, including the successful completion of acquisitions and strategic plans; the ability of the Bank to attract, develop, and retain key executives; disruptions in or attacks (including cyber-attacks) on the Bank's information technology, internet, network access, or other voice or data communications systems or services; the evolution of various types of fraud or other criminal behaviour to which the Bank is exposed; 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; the impact of new and changes to, or application of, current laws and regulations, including without limitation tax laws, capital guidelines and liquidity regulatory guidance, and the bank recapitalization "bail-in" regime; exposure related to significant litigation and regulatory matters; increased competition from incumbents and non-traditional competitors, including Fintech and big technology competitors; changes to the Bank's credit ratings; changes in currency and interest rates (including the possibility of negative interest rates); 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; existing and potential international debt crises; 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 2018 MD&A, as may be updated in subsequently filed quarterly reports to shareholders and news releases (as applicable) related to any events or transactions or events discussed under the heading "Significant Events and Pending Acquisitions" in the relevant MD&A, which applicable releases may be found on [www.td.com](http://www.td.com). All such factors should be considered carefully, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements, when making decisions with respect to the Bank and 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 are set out in the 2018 MD&A under the headings "Economic Summary and Outlook", for the Canadian Retail, U.S. Retail, and Wholesale Banking segments, "Business Outlook and Focus for 2019", and for the Corporate segment, "Focus for 2019", each as may be updated in subsequently filed quarterly reports to shareholders.

Any forward-looking statements contained in this document 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.

# Contents

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1. **TD Bank Group**
2. Financial Highlights
3. Treasury & Balance Sheet Management
4. Appendix

## Our Businesses

### Canadian Retail

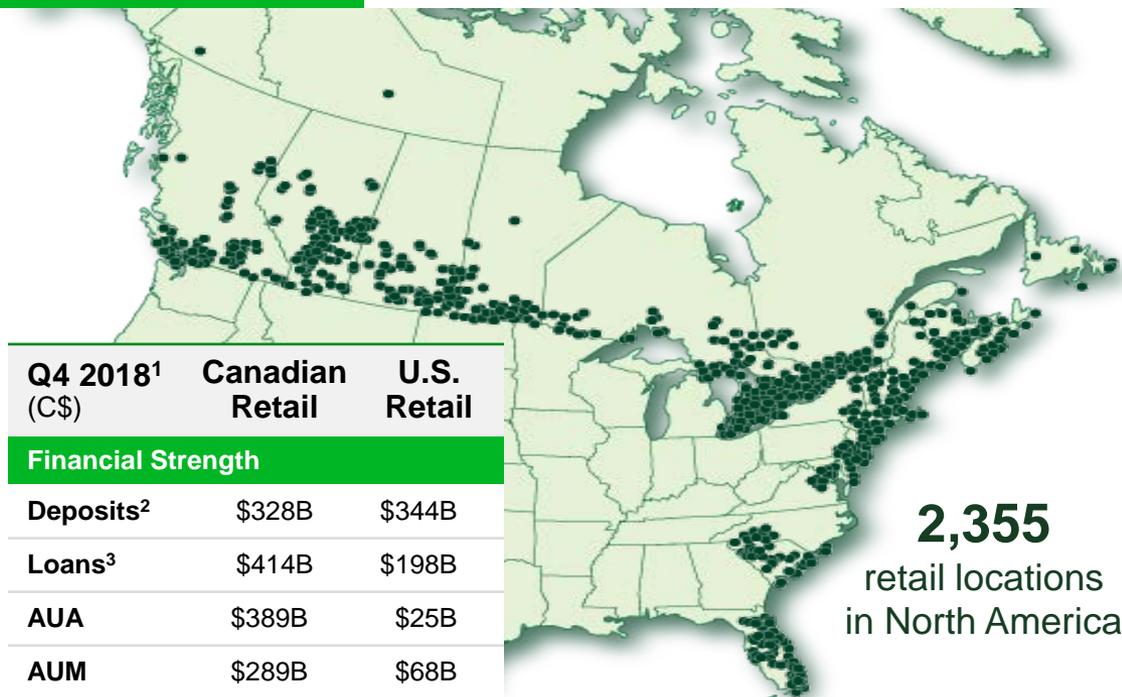
- Personal banking, credit cards and auto finance
- Small business and commercial banking
- Direct investing, advice-based wealth businesses, and asset management
- Property, casualty, life and health insurance

### U.S. Retail

- Personal banking, credit cards and auto finance
- Small business and commercial banking
- Corporate and specialty banking
- Wealth private client services
- Strategic relationship with TD Ameritrade

### Wholesale Banking

- Research, investment banking and capital market services
- Global transaction banking
- Presence in key global financial centres including New York, London and Singapore



**2,355**  
retail locations  
in North America

Q4 2018 <sup>1</sup> (C\$)	Canadian Retail	U.S. Retail
<b>Financial Strength</b>		
Deposits <sup>2</sup>	\$328B	\$344B
Loans <sup>3</sup>	\$414B	\$198B
AUA	\$389B	\$25B
AUM	\$289B	\$68B
Earnings <sup>4</sup>	\$7.2B	\$4.2B
<b>Network Highlights</b>		
Employees <sup>5</sup>	39,283	27,015
Customers	>15MM	>9MM
Branches	1,098	1,257
ATMs	3,394	2,655
Mobile Users	4.7MM	3.0MM



**15**  
TD Securities  
offices worldwide

1. Q4/18 is the period from August 1, 2018 to October 31, 2018.  
 2. Total Deposits based on total of average personal and business deposits during Q4/18. U.S. Retail deposits include TD Ameritrade Insured Deposit Accounts (IDAs), Canadian Retail deposits include personal, business and wealth deposits.  
 3. Total Loans based on total of average personal and business loans during Q4/18.  
 4. For trailing four quarters ended Q4/18.  
 5. Average number of full-time equivalent staff in these segments during Q4/18.

**TD aims to stand out from its peers by having a differentiated brand** – anchored in our proven business model, and rooted in a desire to give our customers, communities and colleagues the confidence to thrive in a changing world.



## Proven business model

Deliver consistent earnings growth, underpinned by a strong risk culture

- Diversification and scale
- Balance sheet strength
- Safety, security and trust



## Purpose-driven

Centre everything we do on our vision, purpose, and shared commitments

- Customers
- Communities
- Colleagues



## Forward-focused

Shape the future of banking in the digital age

- Omni-channel
- Modernized operations
- Innovation

**This is brought to life by the TD Framework**, which shapes our culture and guides our behaviour as we execute our strategy of being a premier Canadian retail bank, a top U.S. retail bank, and a leading Wholesale business aligned with our retail franchise.



**Our vision**  
Be the better bank

**Our purpose**  
Enrich the lives of our customers, communities and colleagues

## TD Framework

### Our shared commitments

Think like a customer; provide legendary experiences and trusted advice

Act like an owner; lead with integrity to drive business results and contribute to communities

Execute with speed and impact; only take risks we can understand and manage

Innovate with purpose; simplify the way we work

Develop our colleagues; embrace diversity and respect one another

# Competing in Attractive Markets



## Country Statistics



- 10<sup>th</sup> largest economy
- Real GDP of C\$1.9 trillion
- Population of 37 million

## Canadian Banking System

- One of the soundest banking systems in the world<sup>1</sup>
- Market leadership position held by the “Big 5” Canadian Banks
- Canadian chartered banks account for more than 74% of the residential mortgage market<sup>2</sup>
- Mortgage lenders have recourse to both borrower and property in most provinces

## TD's Canadian Businesses

- Network of 1,098 branches and 3,394 ATMs<sup>3</sup>
- Composite market share of 21%
- Ranked #1 or #2 in market share for most retail products<sup>4</sup>
- Comprehensive wealth offering with significant opportunity to deepen customer relationships
- Top two investment dealer status in Canada

## Country Statistics



- World's largest economy
- Real GDP of US\$18.6 trillion
- Population of 329 million

## U.S. Banking System

- Over 5,400 banks with market leadership position held by a few large banks<sup>6</sup>
- The 5 largest banks have assets of nearly 40% of the U.S. economy<sup>6</sup>
- Mortgage lenders have limited recourse in most jurisdictions

## TD's U.S. Businesses

- Network of 1,257 stores and 2,655 ATMs<sup>3</sup>
- Operations in 4 of the top 10 metropolitan statistical areas and 7 of the 10 wealthiest states<sup>5</sup>
- Operating in a US\$1.9 trillion deposits market<sup>6</sup>
- Access to nearly 110 million people within TD's footprint<sup>7</sup>
- Expanding U.S. Wholesale business with presence in New York and Houston

1. World Economic Forum, Global Competitiveness Reports 2008-2018.

2. Includes securitizations. As per Canada Mortgage and Housing Corporation (CMHC).

3. Total ATMs includes branch / store, remote, mobile and TD Branded ATMs.

4. Market share ranking is based on most current data available from OSFI for personal deposits and loans as at August 2018, from The Nilson Report for credit cards as at December 2017, from the Canadian Bankers Association for Real Estate Secured Lending as at June 2018, from the Canadian Bankers Association for business deposits and loans as at March 2018, and from Strategic Insight for Direct Investing asset, trades, and revenue metrics as at June 2018.

5. State wealth based on current Market Median Household Income.

6. FDIC Institution Directory and 2017 FDIC Summary of Deposits (deposits capped at \$500MM in every county within TD's U.S. banking footprint).

7. Market Population in each of the metropolitan statistical areas within TD's U.S. banking footprint.

# Top 10 North American Bank



Q4 2018 C\$ except otherwise noted		Canadian Ranking <sup>4</sup>	North American Ranking <sup>5</sup>
<b>Total assets</b>	\$1,335B	1 <sup>st</sup>	5 <sup>th</sup>
<b>Total deposits</b>	\$851B	1 <sup>st</sup>	5 <sup>th</sup>
<b>Market capitalization</b>	\$133.5B	2 <sup>nd</sup>	6 <sup>th</sup>
<b>Reported net income (<i>trailing four quarters</i>)</b>	\$11.3B	2 <sup>nd</sup>	5 <sup>th</sup>
<b>Adjusted net income<sup>1</sup> (<i>trailing four quarters</i>)</b>	\$12.2B	n/a	n/a
<b>Average number of full-time equivalent staff</b>	86,588	2 <sup>nd</sup>	6 <sup>th</sup>
<b>Common Equity Tier 1 capital ratio<sup>2</sup></b>	12.0%	1 <sup>st</sup>	1 <sup>st</sup>
<b>Moody's Senior Debt Ratings<sup>3</sup></b>	Aa3	n/a	n/a

1. The Bank prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), the current generally accepted accounting principles (GAAP), and refers to results prepared in accordance with IFRS as the "reported" results. The Bank also utilizes non-GAAP financial measures to arrive at "adjusted" results (i.e. reported results excluding "items of note") to assess each of its businesses and measure overall Bank performance. Please see "How the Bank Reports" in the Fourth Quarter Earnings News Release and MD&A as well as the 2018 MD&A for further explanation, reported basis results, a list of the items of note and a reconciliation of non-GAAP measures. Trailing four quarter items of note: Impact of U.S. tax reform of \$392 million after-tax, Charges associated with Scottrade transaction of \$188 million after-tax, amortization of intangibles of \$269 million after tax.

2. See slide 23, footnote 1.

3. Subject to conversion under the bank recapitalization "bail-in" regime. For senior debt of The Toronto-Dominion Bank, as at October 31, 2018. Credit ratings are not recommendations to purchase, sell, or hold a financial obligation inasmuch as they do not comment on market price or suitability for a particular investor. Ratings are subject to revision or withdrawal at any time by the rating organization.

4. Canadian Peers – defined as other 4 big banks (RY, BMO, BNS and CM). All Peers are based on Q4/18 results ended October 31, 2018.

5. North American Peers – defined as Canadian Peers and U.S. Peers. U.S. Peers – defined as Money Center Banks (C, BAC, JPM) and Top 3 Super-Regional Banks (WFC, PNC, USB), based on Q3/18 results ended September 30, 2018.

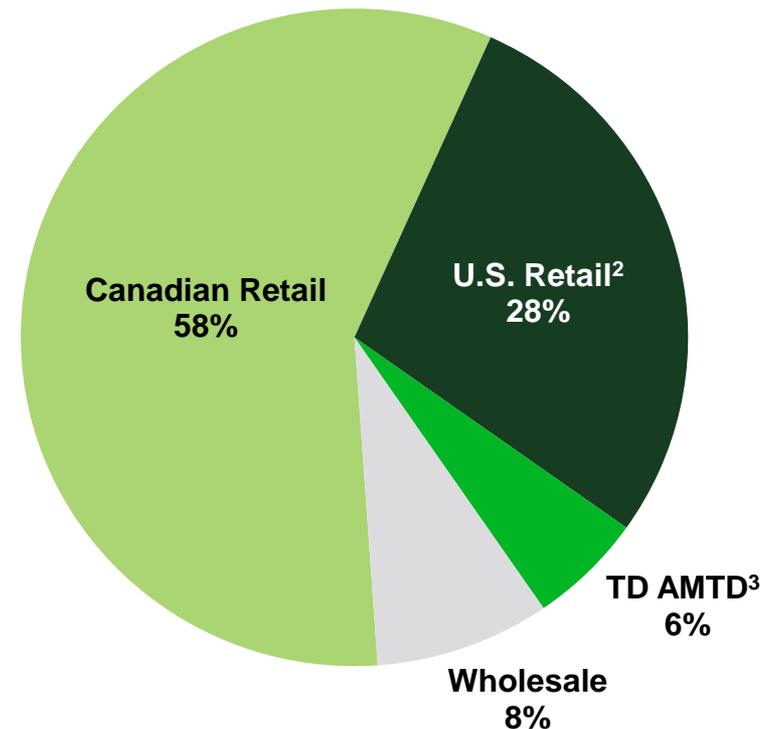
# Diversified Business Mix



## Three key business lines

- **Canadian Retail** robust retail banking platform in Canada with proven performance
- **U.S. Retail** top 10 bank<sup>4</sup> in the U.S. with significant organic growth opportunities
- **Wholesale Banking** North American dealer focused on client-driven businesses

## Fiscal 2018 Reported Earnings Mix<sup>1</sup>



1. For the purpose of calculating contribution by each business segment, earnings from the Corporate segment are excluded.  
2. For financial reporting purposes, TD Ameritrade is part of the U.S. Retail business segment, but it is shown separately here for illustrative purposes.  
3. TD had a reported investment in TD Ameritrade of 41.61% as at October 31, 2018 (October 31, 2017 – 41.27%).  
4. Based on total assets as of September 4, 2018. Source: SNL Financial, Largest Banks and Thrifts in the U.S. in Q2'18.

# Growing platform / North American scale...



## Increasing Retail Focus

Acquired 51% of Banknorth  
 TD Waterhouse USA / Ameritrade transaction  
 Privatized TD Banknorth  
 Acquired Commerce Bank  
 Commerce Bank integration  
 Acquired Riverside & TSFG  
 Acquired Chrysler Financial and MBNA credit card portfolio  
 Acquired Target credit card portfolio & Epoch; and announced agreement with Aimia and CIBC  
 Became primary issuer of Aeroplan Visa; acquired ~50% of CIBC's Aeroplan portfolio  
 Completed strategic credit card relationship with Nordstrom  
 Completed acquisition of Scotiabank  
 Completed acquisition of Layer 6 and Greystone Managed Investments Inc.



Exited select businesses  
 (structured products, non-franchise credit,  
 proprietary trading)

Partnering with TD Bank, America's Most Convenient Bank to expand U.S. presence

Achieved Primary Dealer status in the U.S.<sup>1</sup>  
 Participated in largest Canadian IPO in 14 years and one of the largest bond placements in Canadian history<sup>2</sup>

Expanded product offering to U.S. clients and grew our energy sector presence in Houston

Acquired Albert Fried & Company, a New York-based broker-dealer

Maintained top-two dealer status in Canada<sup>3</sup>

## From Traditional Dealer To Client-Focused Dealer

1. Primary dealers serve as trading counterparties of the New York Fed in its implementation of monetary policy. For more information please visit <https://www.newyorkfed.org/>  
 2. Nalcor Energy Muskrat Falls Project (C\$5 billion bond placement) and PrairieSky Royalty (C\$1.7 billion initial public offering). Please see "Business Highlights" in the Wholesale Banking Business Segment Analysis of the Bank's 2014 Annual Report.  
 3. Ranked #2 in Equity block trading: block trades by value on all Canadian exchanges, Source: IRESS; #1 in Equity options block trading: block trades by number of contracts on the Montreal Stock Exchange, Source: Montreal Exchange; #2 in Government and corporate debt underwriting: excludes self-led domestic bank deals and credit card deals, bonus credit to lead, Source: Bloomberg; #1 in Syndicated loans: deal volume awarded equally between the book-runners, on a rolling twelve-month basis, Source: Bloomberg; #1 in M&A announced: Canadian targets, on a rolling twelve-month basis, Source: Thomson Reuters; #1 in Equity underwriting (Full credit to Bookrunner), Source: Bloomberg. All rankings are for calendar year-to-date Oct 31, 2018 unless otherwise noted. Rankings reflect TD Securities' position among Canadian peers in Canadian product markets.

# Connected Experiences

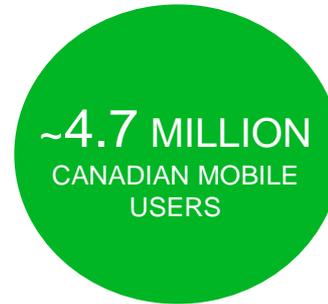


## Consistent Strategy

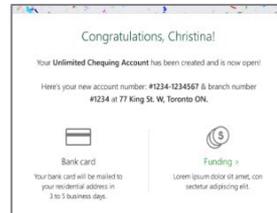
### How we compete

- Enabling seamless interactions between customers and the entire organization
- Leveraging industry leading Experience Design Center of Excellence to create rich experiences for our customers and colleagues
- Empowering colleagues with digital capabilities to create enterprise value and interact confidently with customers
- Modernizing platforms that enable us to be more agile in exceeding our customers' expectations

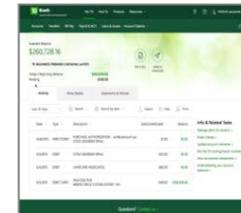
## Q4 2018 Highlights



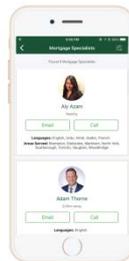
## Digital Enhancements



**EasyApply platform offers an industry-leading mobile optimized online account opening experience for some accounts with no need to visit a branch**



**Next Generation digital servicing platform is designed to make banking easier and more secure for U.S. online and mobile customers**



**Our Mortgage Concierge service uses geolocation technology to connect customers with nearby mobile mortgage specialists**



**One-Time Password authentication simplifies customers' experience, improves security and reduces fraud.**

## The Ready Commitment: Targeting \$1 billion in community giving by 2030

The Ready Commitment targets

**\$1 billion by 2030**

Opening doors  
for a more inclusive tomorrow



Financial Security



Vibrant Planet



Connected Communities



Better Health



**Q4 Highlight:** Awarded community organizations **\$10 million** in grants towards social innovation as part of the The Ready Challenge

# Corporate Responsibility Performance

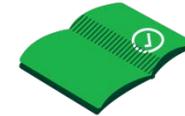


## Highlights

- **TD's low carbon commitment will target \$100B by 2030** to support the transition to a low-carbon economy, drive innovation, accelerate renewable energy technologies, and foster understanding and dialogue.
- Among 16 global banks participating in the UNEP FI program to pilot the FSB's task force's **climate related financial disclosure** recommendations.
- **Issued a US\$1B green bond in 2017**, one of the largest green bonds ever issued by a bank. TD Securities has participated in underwriting over \$15B in green bonds since 2010.
- **82% of employees report being engaged** at work, and 85% of employees say they are proud to work for TD.
- **Recognized** by external ratings organizations, including the Bloomberg Gender Equality Index, Great Place to Work Institute, and DiversityInc.
- **High performer in sustainability indices**, including the Dow Jones Sustainability Index, FTSE4Good, Sustainalytics and CDP.
- **Risk management is embedded** in TD's culture and strategy; we only take risks we can understand and manage.



**Low Carbon Commitment** targets \$100B by 2030 to support low-carbon transition.



**Early UN PRI signatory** and UNEP FI disclosure taskforce member



**Top Green Bond underwriter** among Canadian banks



**World-first WELL certification** for providing workplace wellness features



**39% women** in senior management in Canada



**Over 300,000 trees** planted through TD Tree Days since 2010



**First N.A.-based carbon neutral bank** committed to 100% renewable energy



**Highest-rated Canadian bank** among global safest banks per Global Finance magazine



**Spent \$116MM in 2018** in community investments to support non-profits across North America and U.K.

# Contents

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1. TD Bank Group
- 2. Financial Highlights**
3. Treasury & Balance Sheet Management
4. Appendix

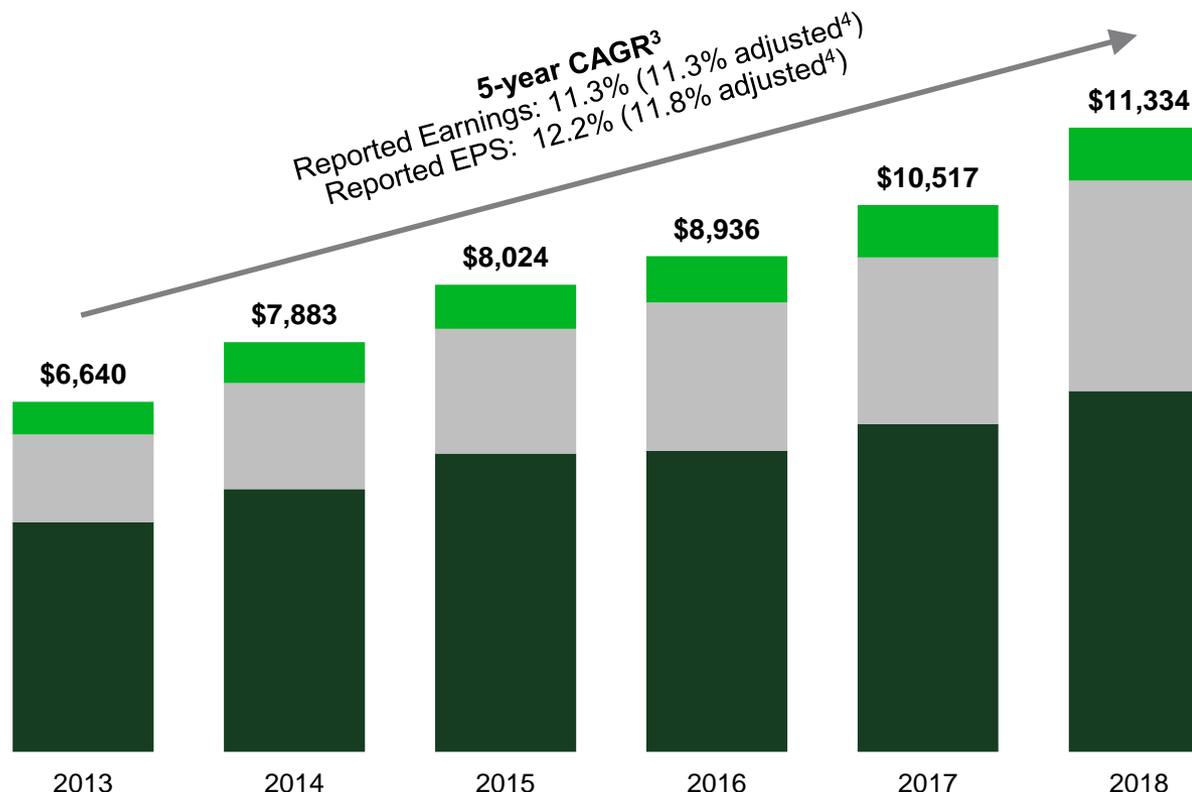
# Consistent Earnings Growth



Targeting 7-10% adjusted EPS growth over the medium term<sup>4</sup>

## Reported Earnings<sup>1,2</sup> (C\$MM)

- Canadian Retail
- U.S. Retail
- Wholesale Banking



1. For the purpose of calculating contribution by each business segment, earnings from the Corporate segment are excluded.  
 2. Effective Q1 2014, retail segments were realigned into Canadian Retail and U.S. Retail. The segment realignment along with implementation of new IFRS standard and amendments, and impact of the stock dividend announced on December 5, 2013 were applied retroactively to 2012 and 2013 results.  
 3. Compound annual growth rate for the five-year period ended October 31, 2018.  
 4. See slide 8 footnote 1 for definition of adjusted results.

# Q4 2018 Highlights



## Total Bank Reported Results (YoY)

**EPS up 11%**

- Adjusted<sup>1</sup> EPS up 20%

**Revenue up 9%**

**Expenses up 11%**

**PCL up 19% QoQ**

## Segment Reported Earnings (YoY)

**Canadian Retail up 5%**

**U.S. Retail up 44% (up 40% adjusted)<sup>1</sup>**

**Wholesale up 24%**

## Financial Highlights \$MM

Reported	Q4/18	Q3/18	Q4/17
Revenue	10,122	9,885	9,270
PCL	670	561	578
Expenses	5,352	5,117	4,828
Net Income	2,960	3,105	2,712
Diluted EPS (\$)	1.58	1.65	1.42

Adjusted <sup>1</sup>	Q4/18	Q3/18	Q4/17
Net Income	3,048	3,127	2,603
Diluted EPS (\$)	1.63	1.66	1.36

## Segment Earnings \$MM

Q4/18	Reported	Adjusted <sup>1</sup>
Retail <sup>2</sup>	2,855	2,880
Canadian Retail	1,741	1,741
U.S. Retail	1,114	1,139
Wholesale	286	286
Corporate	(181)	(118)

1. See slide 8, footnote 1. Fourth quarter items of note: Amortization of intangibles of \$53 million after tax.

2. "Retail" comprises the Canadian Retail and U.S. Retail segments. See the Bank's Fourth Quarter 2018 Earnings News Release and 2018 MD&A.

# High Quality Loan Portfolio



## Balances (C\$B unless otherwise noted)

	Q3/18	Q4/18
<b>Canadian Retail Portfolio</b>	<b>\$409.1</b>	<b>\$416.7</b>
<b>Personal</b>	<b>\$335.1</b>	<b>\$341.1</b>
Residential Mortgages	191.8	194.1
Home Equity Lines of Credit (HELOC)	83.4	86.3
Indirect Auto	23.8	24.2
Unsecured Lines of Credit	9.9	10.1
Credit Cards	17.9	18.1
Other Personal	8.3	8.3
<b>Commercial Banking (including Small Business Banking)</b>	<b>\$74.0</b>	<b>\$75.6</b>
<b>U.S. Retail Portfolio (all amounts in US\$)</b>	<b>US\$ 150.8</b>	<b>US\$ 153.1</b>
<b>Personal</b>	<b>US\$ 68.5</b>	<b>US\$ 69.2</b>
Residential Mortgages	23.0	23.6
Home Equity Lines of Credit (HELOC) <sup>1</sup>	9.5	9.4
Indirect Auto	22.5	22.7
Credit Cards	12.9	12.8
Other Personal	0.6	0.7
<b>Commercial Banking</b>	<b>US\$ 82.3</b>	<b>US\$ 83.9</b>
Non-residential Real Estate	16.8	16.7
Residential Real Estate	5.9	5.9
Commercial & Industrial (C&I)	59.6	61.3
<b>FX on U.S. Personal &amp; Commercial Portfolio</b>	<b>45.2</b>	<b>48.4</b>
<b>U.S. Retail Portfolio (\$)</b>	<b>\$196.0</b>	<b>\$201.5</b>
<b>Wholesale Portfolio<sup>2</sup></b>	<b>\$51.1</b>	<b>\$51.3</b>
<b>Other<sup>3</sup></b>	<b>\$0.5</b>	<b>\$0.5</b>
<b>Total<sup>4</sup></b>	<b>\$656.7</b>	<b>\$670.0</b>

1. U.S. HELOC includes Home Equity Lines of Credit and Home Equity Loans.

2. Wholesale portfolio includes corporate lending, other Wholesale gross loans and acceptances and loans booked in the corporate segment.

3. Other includes acquired credit impaired loans.

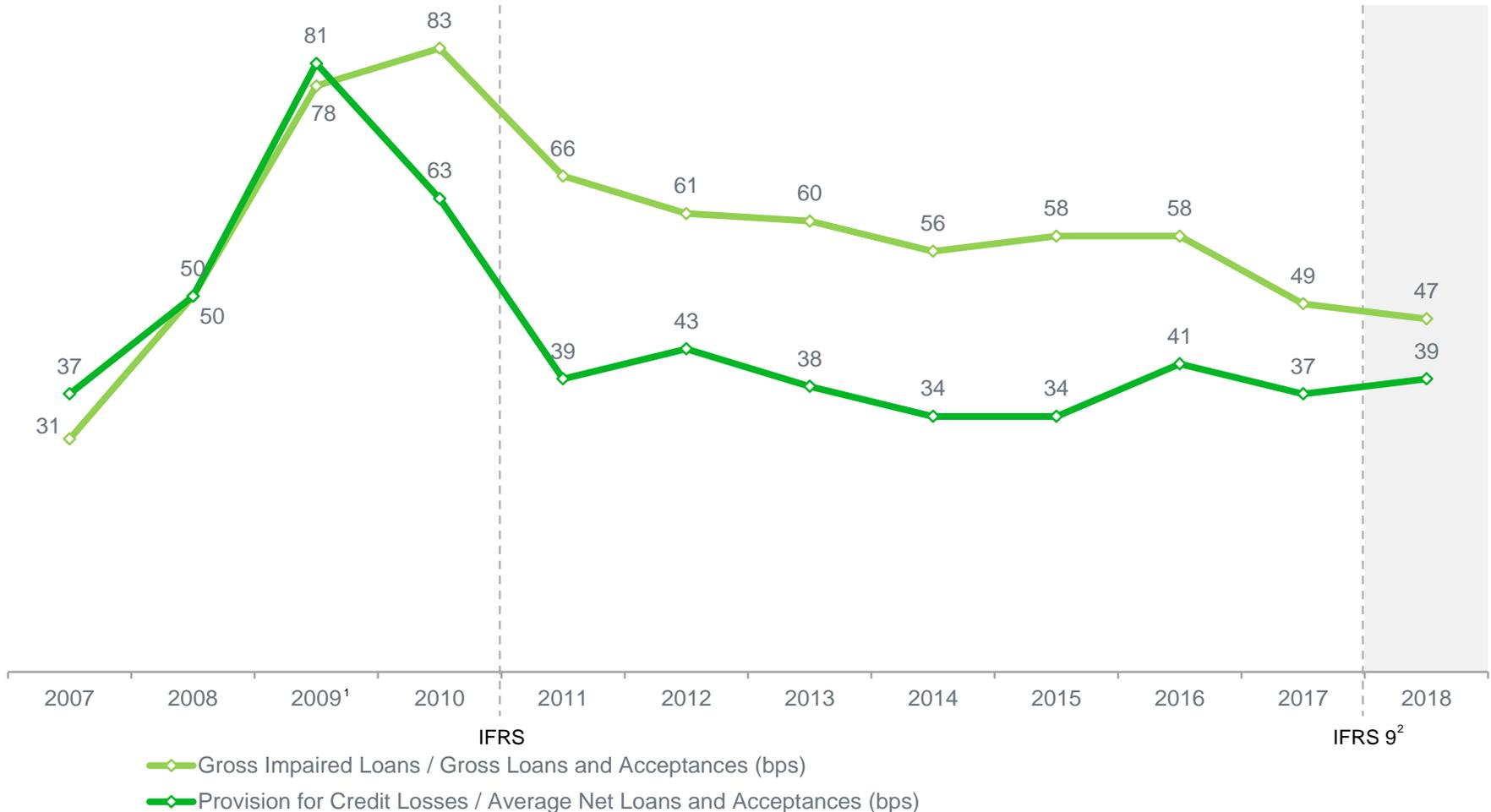
4. Includes loans measured at fair value through other comprehensive income.

Note: Some amounts may not total due to rounding.

# Strong Credit Quality



## GIL and PCL Ratios (bps)



1. Effective Q1/09 ratios exclude Debt Securities Classified as Loans and Acquired Credit Impaired.

2. Effective November 1, 2017, the Bank adopted IFRS 9, which replaces the guidance in IAS 39. The Bank has made the decision not to restate comparative period financial information and has recognized any measurement differences between the previous carrying amount and the new carrying amount on November 1, 2017 through an adjustment to opening retained earnings. As such, fiscal 2018 results reflect the adoption of IFRS 9, while prior periods reflect results under IAS 39.

# Canadian Personal Banking



Canadian Personal Banking	Gross Loans (\$B)	Q4/18	
		GIL (\$MM)	GIL / Loans
Residential Mortgages	\$194	\$264	0.14%
Home Equity Lines of Credit (HELOC)	86	130	0.15%
Indirect Auto	24	69	0.28%
Credit Cards	18	132	0.73%
Unsecured Lines of Credit	10	31	0.31%
Other Personal	9	15	0.17%
<b>Total Canadian Personal Banking</b>	<b>\$341</b>	<b>\$641</b>	<b>0.19%</b>
Change vs. Q3/18	\$6	\$53	0.01%

## Highlights

- Credit quality remains strong in the Canadian Personal portfolio

## Canadian RESL Portfolio – Loan to Value by Region<sup>1,2</sup>

	Q3/18			Q4/18		
	Mortgage	HELOC	Total RESL	Mortgage	HELOC	Total RESL
<b>Atlantic</b>	61%	47%	58%	62%	48%	58%
<b>BC</b>	49%	40%	46%	50%	40%	47%
<b>Ontario</b>	53%	43%	49%	53%	44%	49%
<b>Prairies</b>	65%	52%	60%	65%	52%	60%
<b>Quebec</b>	62%	54%	60%	62%	54%	59%
<b>Canada</b>	<b>56%</b>	<b>45%</b>	<b>52%</b>	<b>56%</b>	<b>45%</b>	<b>52%</b>

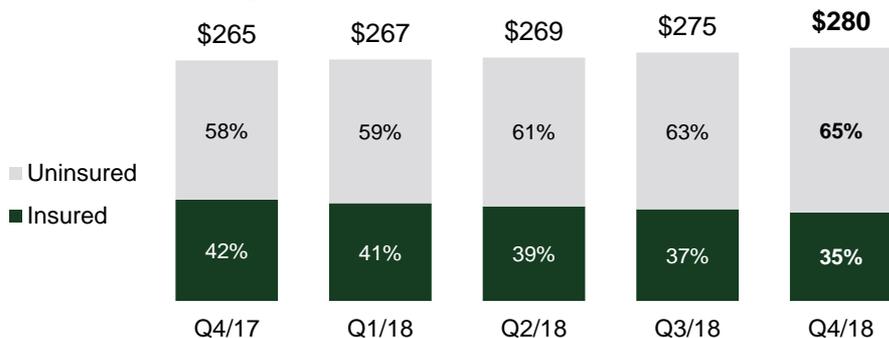
1. RESL Portfolio Loan to Value is calculated with the Teranet-National Bank House Price Index™ and weighted by the total exposure. The Teranet-National Bank House Price Index™ is a trademark of Teranet Enterprises Inc. and National Bank of Canada and has been licensed for internal use by The Toronto-Dominion Bank's real estate secured lending team only.

2. The territories are included as follows: Yukon is included in British Columbia; Nunavut is included in Ontario; and Northwest Territories is included in the Prairies region.

# Canadian Real Estate Secured Lending Portfolio



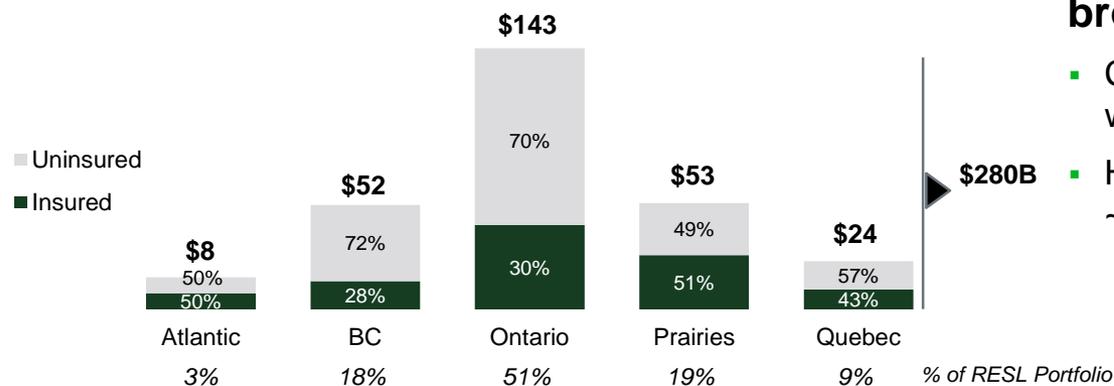
## Quarterly Portfolio Volumes \$B



Canadian RESL Portfolio – Loan to Value<sup>1</sup>

	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18
Uninsured	50%	51%	52%	52%	52%
Insured	52%	52%	52%	52%	51%

## Regional Breakdown<sup>2</sup> \$B



## Highlights

### Canadian RESL credit quality remains strong

- Uninsured and insured portfolio loan-to-value rates stable
- Less than 1% of uninsured mortgage portfolio has a Beacon score of 650 or lower and an LTV greater than 75%

### 87% of RESL portfolio is amortizing

- 59% of HELOC portfolio is amortizing

### Condo credit quality consistent with broader portfolio

- Condo borrower RESL outstanding of \$45.5B with 37% insured
- Hi-rise condo construction loans stable at ~1.3% of the Canadian Commercial portfolio

1. RESL Portfolio Loan to Value is calculated with the Teranet-National Bank House Price Index™ and weighted by the total exposure. The Teranet-National Bank House Price Index™ is a trademark of Teranet Enterprises Inc. and National Bank of Canada and has been licensed for internal use by The Toronto-Dominion Bank's Real Estate Secured Lending team only.

2. The territories are included as follows: Yukon is included in British Columbia; Nunavut is included in Ontario; and Northwest Territories is included in the Prairies region.

# Contents

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1. TD Bank Group
2. Financial Highlights
- 3. Treasury & Balance Sheet Management**
4. Appendix

# Industry-Leading Credit Ratings

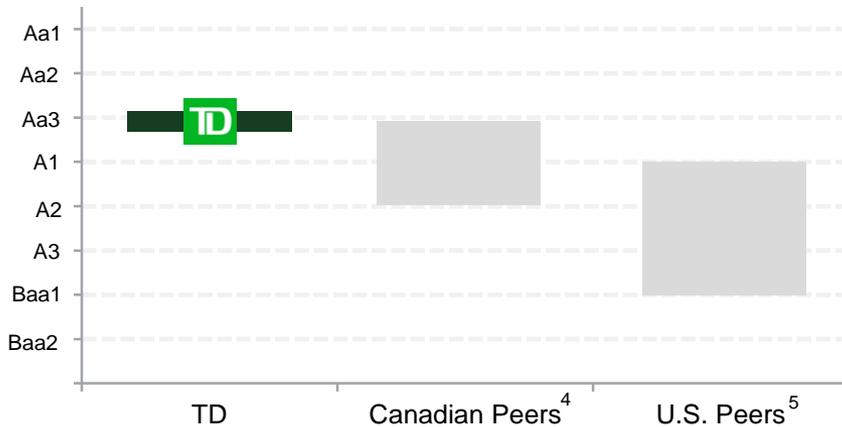


## Issuer Ratings<sup>1</sup>

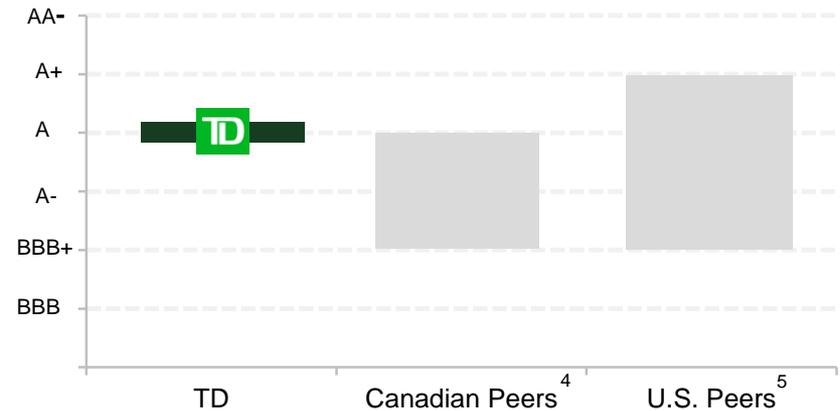
Rating Agencies	Senior Debt Ratings <sup>2</sup>	Outlook	Legacy Senior Debt Ratings <sup>3</sup>
Moody's	Aa3	Stable	Aa1
S&P	A	Stable	AA-
DBRS	Aa (low)	Positive	AA

## Ratings vs. Peer Group<sup>1</sup>

Moody's Senior Debt<sup>2</sup> / HoldCo<sup>6</sup> Rating



S&P Senior Debt<sup>2</sup> / HoldCo<sup>6</sup> Rating



1. See slide 8, footnote 3

2. Subject to conversion under the bank recapitalization "bail-in" regime

3. Includes: (a) Senior debt issued prior to September 23, 2018; and (b) Senior debt issued on or after September 23, 2018 which is excluded from the bank recapitalization "bail-in" regime, including debt with an original term to maturity of less than 400 days and most structured notes

4. Canadian peers defined as RY, BNS, BMO and CM

5. U.S. peers defined as BAC, BBT, C, JPM, PNC, USB and WFC

6. Ratings reflect holding company senior unsecured ratings

# Strong Capital & Liquidity Positions



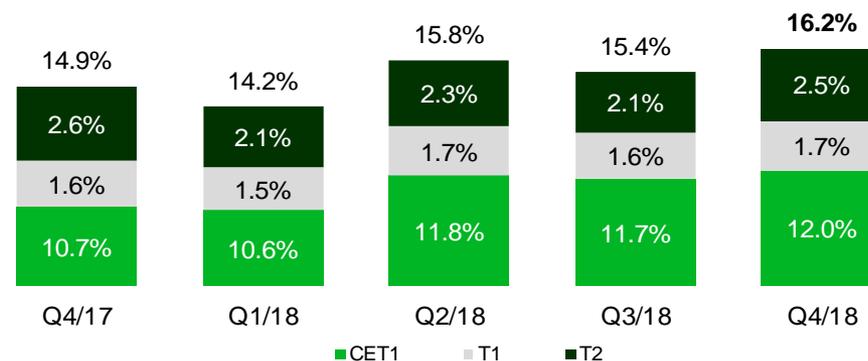
## Highlights

- Common Equity Tier 1 ratio of 12.0%
- Leverage ratio of 4.2%
- Liquidity coverage ratio of 129%
- Announced amendment to NCIB for up to an additional 20 million common shares, subject to regulatory approval
- Tier 1 and Total Capital ratios were 13.7% and 16.2%, respectively

## Common Equity Tier 1<sup>1</sup>

<b>Q3 2018 CET1 Ratio</b>		<b>11.7%</b>
Internal capital generation		39
Actuarial gain on employee pension plans		6
Organic RWA increase and other		(10)
<b>Q4 2018 CET1 Ratio</b>		<b>12.0%</b>

## Total Capital Ratio<sup>1</sup>



1. Amounts are calculated in accordance with the Basel III regulatory framework, and are presented based on the "all-in" methodology. The CVA capital charge is being phased in until the first quarter of 2019. For fiscal 2017, the scalars for inclusion of CVA for CET1, Tier 1, and Total Capital RWA were 72%, 77%, and 81%, respectively. For fiscal 2018, the corresponding scalars are 80%, 83%, and 86%, respectively.

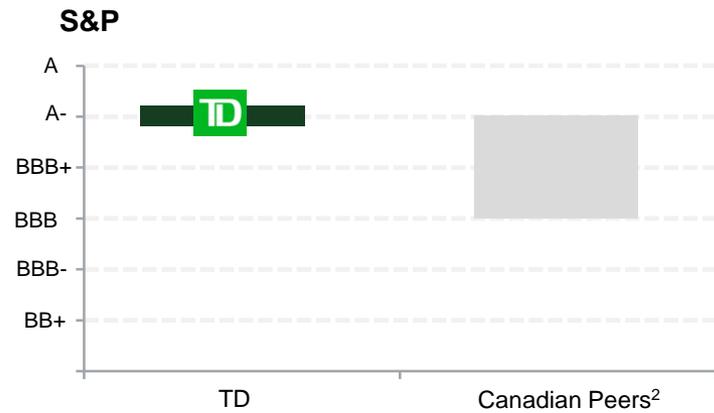
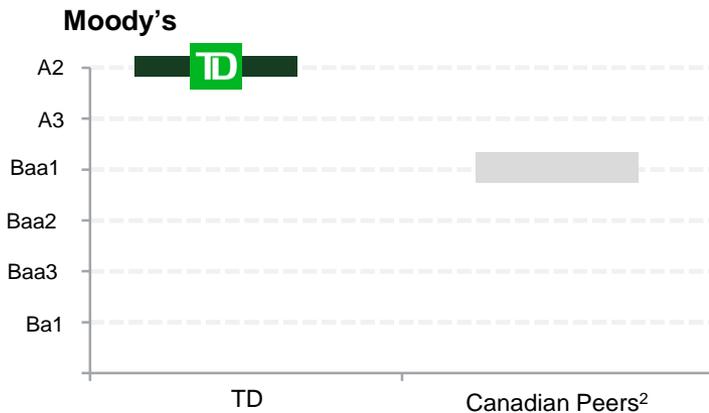
2. Effective in the second quarter of 2018, OSFI implemented a revised methodology for calculating the regulatory capital floor. The revised floor is based on the Basel II standardized approach, with the floor factor transitioned in over three quarters. The factor increases from 70% in the second quarter of 2018, to 72.5% in the third quarter, and 75% in the fourth quarter. Under the revised methodology, the Bank is no longer constrained by the capital floor.

# Leading Non-Common Equity Capital Ratings

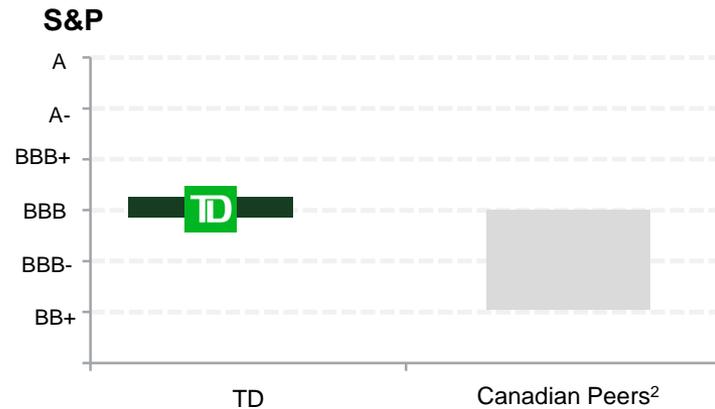
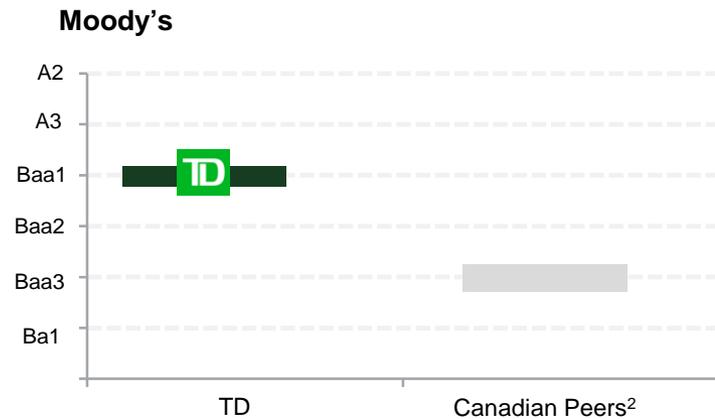


## Industry leading ratings<sup>1</sup> for Additional Tier 1 and Tier 2 capital instruments

### NVCC Tier 2 Subordinated Debt Ratings



### Additional Tier 1 NVCC Preferred Share Ratings



1. Subordinated Debt and Preferred Share ratings are as at October 31, 2018. Credit ratings are not recommendations to purchase, sell, or hold a financial obligation inasmuch as they do not comment on market price or suitability for a particular investor. Ratings are subject to revision or withdrawal at any time by the rating organization.

2. In the context of subordinated debt and preferred share ratings, Canadian peers defined as RY, BNS, BMO and CM.

# Robust Liquidity Management



## Liquidity Risk Management Framework

- Target a 90-day survival horizon under a combined Bank-specific and market-wide stress scenario, and a minimum buffer over regulatory requirements prescribed by the OSFI Liquidity Adequacy Requirements (LAR) guideline.
- Manage structural liquidity exposure by match funding to asset term or market depth.
- We maintain a comprehensive contingency funding plan to enhance preparedness for recovery from potential liquidity stress events.

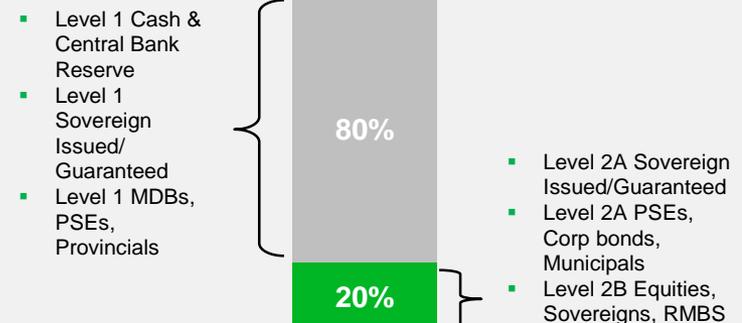
## Liquidity Coverage Ratio (LCR)



█ Liquidity Coverage Ratio (LCR)  
 - - - - - Regulatory Minimum

## High Quality Liquid Assets (HQLA)

- TD holds a variety of liquid assets commensurate with liquidity needs in the organization.
- The average eligible HQLA of the Bank for the purpose of LCR reporting for quarter ended October 31, 2018, was \$206.5 billion (July 31, 2018 – \$211.8 billion), with Level 1 assets representing 80% (July 31, 2018 – 80%).



Q4'18 Average HQLA (CAD \$B)

**Prudent liquidity management commensurate with risk appetite**

# Attractive Balance Sheet Composition<sup>1</sup>



## Large base of stable retail and commercial deposits

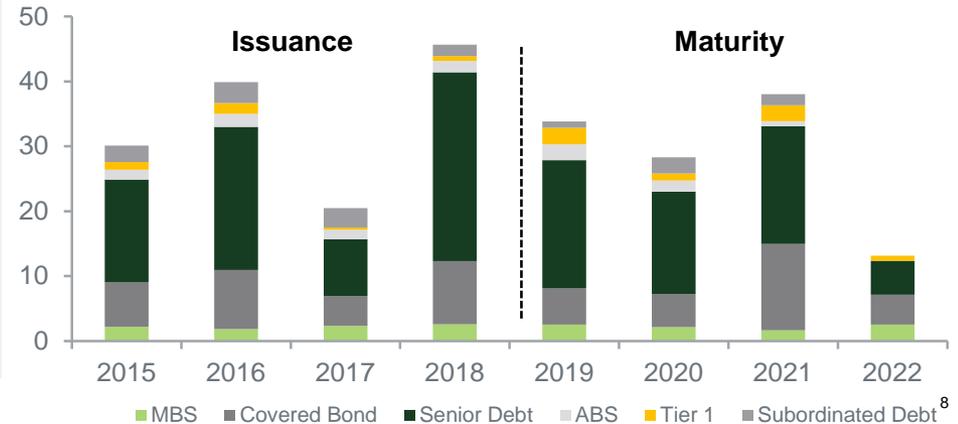
Personal and commercial deposits are TD's primary sources of funds

- Customer service business model delivers stable base of “sticky” and franchise deposits

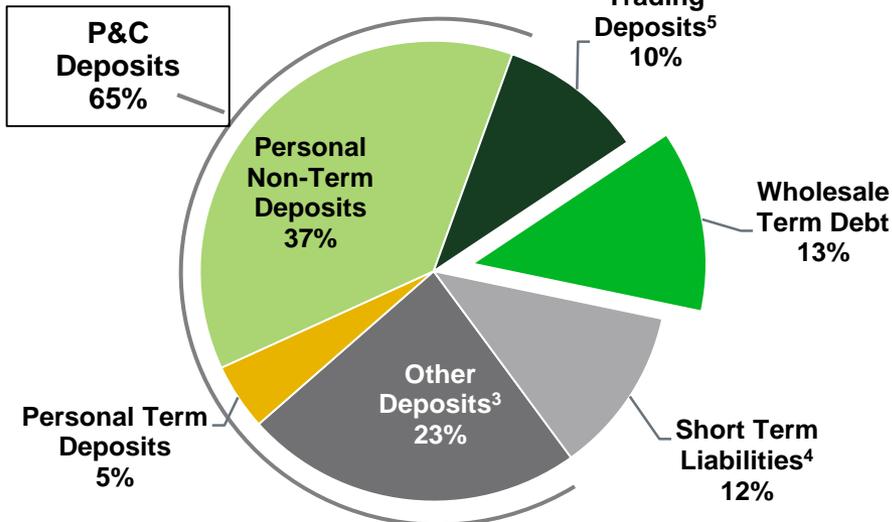
Wholesale funding profile reflects a balanced secured and unsecured funding mix

Maturity profile is manageable and well balanced

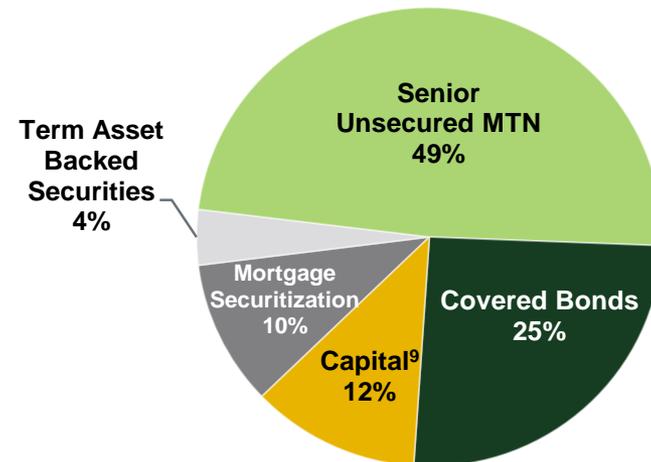
## Maturity Profile<sup>6,7</sup> (To first par redemption date) (C\$B)



## Funding Mix<sup>2</sup>



## Wholesale Term Debt



1. As of October 31, 2018.

2. Excludes certain liabilities which do not create funding which are: acceptances, trading derivatives, other liabilities, wholesale mortgage aggregation business, non-controlling interest and certain equity capital: common equity and other capital instruments.

3. Bank, Business & Government Deposits less covered bonds and senior MTN notes.

4. Obligations related to securities sold short and sold under repurchase agreements.

5. Consists primarily of bearer deposit notes, certificates of deposit and commercial paper

6. For wholesale term debt that has bullet maturities. Subordinated debt includes certain private placement notes. Chart re-posted on 3/20/2019 to reflect corrected 2021 maturities

7. Based on first par redemption date. The timing of an actual redemption is subject to management's view at the time as well as applicable regulatory and corporate governance approvals.

8. Includes Preferred Shares and Innovative T1

9. Includes Preferred Shares, Innovative T1, and Subordinated Debt

# Wholesale Term Debt Composition<sup>1</sup>



## Funding Strategy

### Wholesale term funding through diversified sources across domestic and international markets

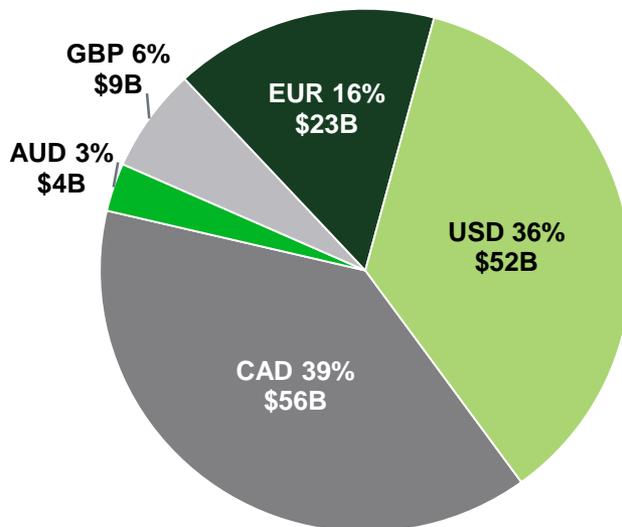
- Well-established C\$50 billion Legislative Covered Bond Program is an important pillar in global funding strategy
- Programmatic issuance for the established ABS program, backed by Canadian credit card receivables in the U.S. market

### Broadening of investor base through currencies, tenor and structure diversification

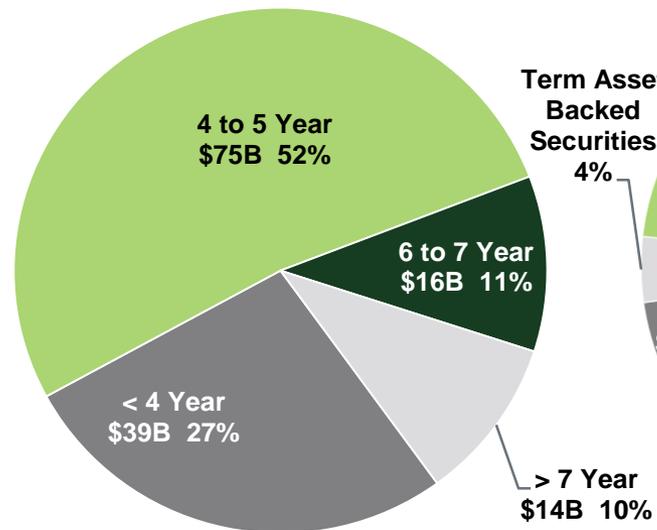
#### Recent transactions:

- US\$ 2.0BN 3-year Covered Bond issuance at 3.350%
- C\$ 1.0BN 2.5-year Deposit Note issuance at 2.045%
- US\$ 2.0BN 2-year Dual Tranche Senior Note issuance

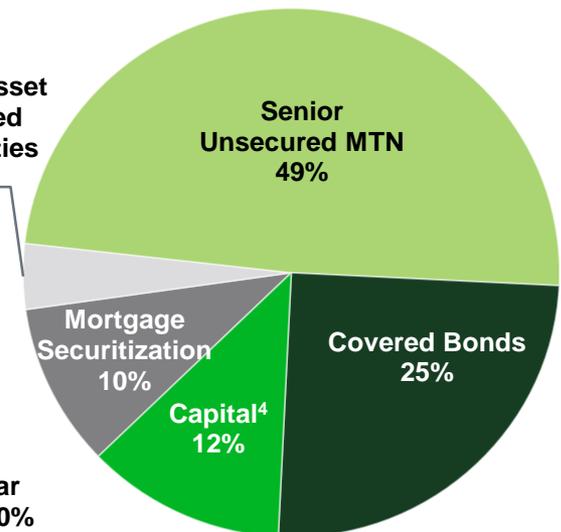
By Currency<sup>2,3</sup>



By Term<sup>2,3</sup>



Wholesale Term Debt



1. As of October 31, 2018.  
 2. Excludes certain private placement notes.  
 3. In Canadian dollars equivalent.  
 4. Includes Preferred Shares, Innovative T1, and Subordinated Debt. Subordinated debt includes certain private placement notes.

# Deposit Overview



## Domestic Leader in Deposits

Large base of personal and business deposits that make up 65% of the Bank's total funding

- TD Canada Trust (TDCT) ranked #1 in Total Personal Deposits<sup>1</sup>
- TDCT remains a leader in service and convenience, leveraging the strength of our customer service business model to drive growth
- TD U.S. Retail bank ranked in the top 10<sup>2</sup> with over 9MM customers, operating in retail stores in 15 states and the District of Columbia

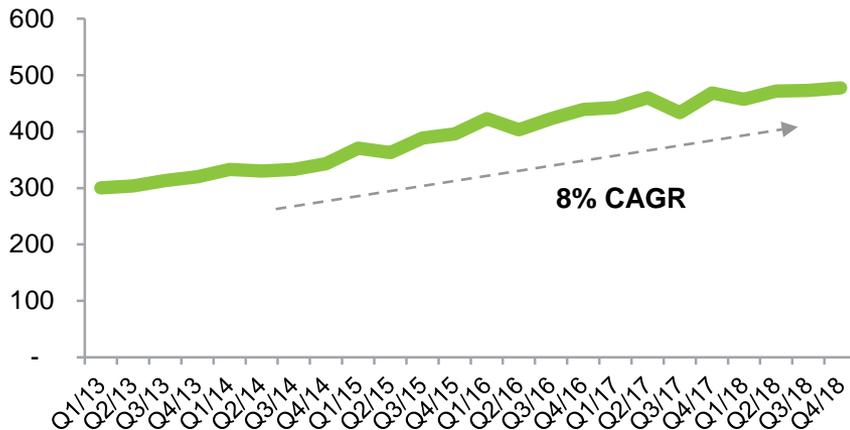
Personal and Business deposits continue to show strong growth

- Personal deposits have grown at 8% CAGR<sup>3</sup> over the last 5 years
- Business deposits have grown at 8% CAGR<sup>3</sup> over the last 5 years

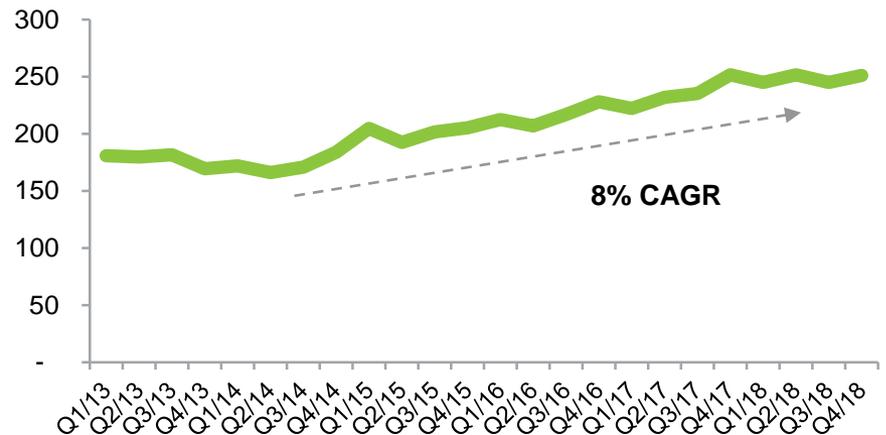
Deposits raised through personal and business banking channels remain the primary source of long-term funding for the Bank's non-trading assets

- Deposits enable the bank to manage its funding activities through wholesale funding markets in various channels, currencies, and tenors

### PERSONAL DEPOSITS (\$BN)



### BUSINESS & GOVERNMENT (\$BN)



1. Market share ranking is based on most current data available from OSFI as at November 2018 Market Share Summary (internally produced report).  
 2. Based on total deposits as of June 30, 2017. Source: SNL Financial, Largest Banks and Thrifts in the U.S. by total deposits  
 3. CAGR over the last 5 years is the compound annual growth rate calculated from Q4 2013 to Q4 2018 on a reported basis.  
 4. Business deposits exclude wholesale funding

# Key Takeaways

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- Strong capital base
- Industry leading credit ratings
- Proactive & disciplined risk management
- Attractive balance sheet composition
- Diverse funding strategy

# Contents

---



1. TD Bank Group
2. Financial Highlights
3. Treasury & Balance Sheet Management
4. **Appendix**
  - **Economic Outlook**
  - Credit Quality
  - Covered Bonds
  - Bail-in

## Global: Growth to Ease on Down the Road

- Global growth is slowing, weighing on commodity prices and investor sentiment. Peak global growth occurred in the first half of 2018 at 4%. It has since stepped down to roughly 3.5% in Q3 and is expected to hover near that mark in 2019 and 2020.
- There are few signs that the economic expansion is nearing an end, but downside risks to the outlook have risen. U.S. imposed steel and aluminum tariffs in March saw a clear rolling-over of business optimism and growth in trade volumes globally. Escalation since then, especially with China, threatens to delay global investment.

## U.S.: American Economy Hits A High Water Mark

- The U.S. economy remains the growth-leader among the G7, by a wide margin. Tax cuts and government spending pushed the U.S. expansion to an average of 3.5% over Q2 and Q3. Overall, we expect real GDP growth of 2.9% in 2018, slowing to 2.6% in 2019 and 1.9% in 2020, as fiscal stimulus fades.
- Rising trade tensions with China and fiscal policy uncertainty present the key downside risks to the U.S. outlook. For 2019, trade policy tops the list, but by 2020, the potential for steep automatic spending cuts could weigh considerably on the outlook.

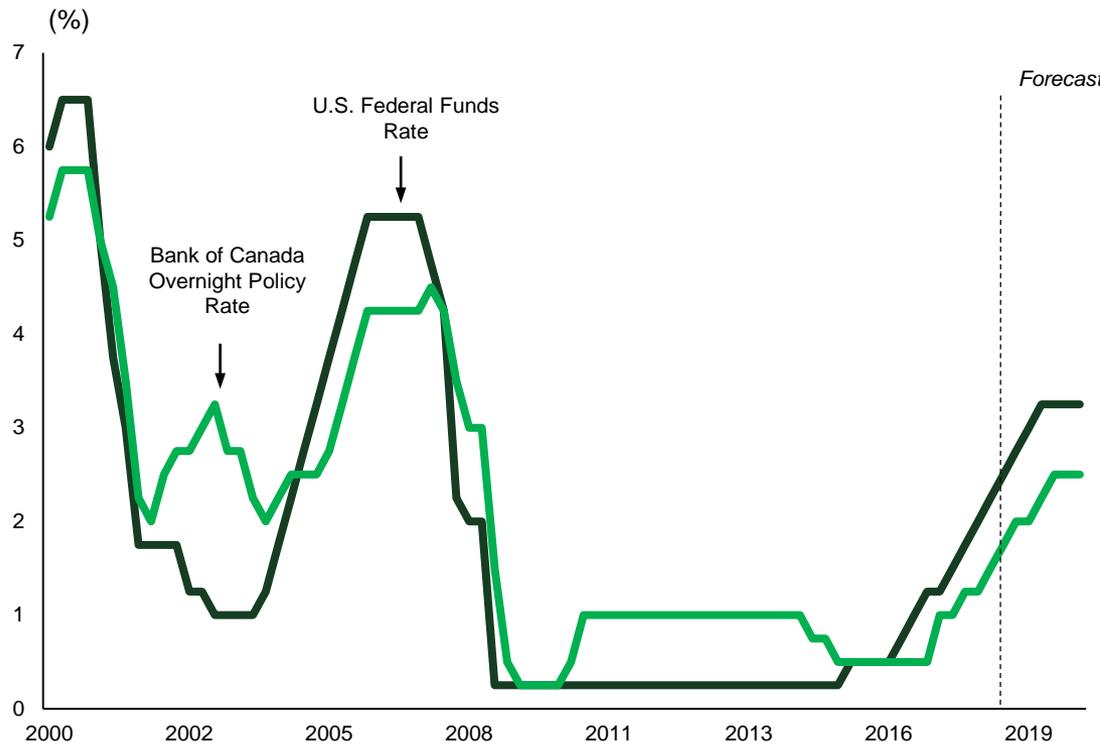
## Canada: Soft Near-term Growth on Oil Sector Woes

- The shutting-in of crude oil production in light of historically low heavy oil prices will weigh on near-term economic growth in Canada. This is not expected to be sustained into 2019, allowing economic growth to improve to around 2% over the next year.
- Reductions in trade policy risks and the USMCA are aiding the economic expansion and allowing a rotation in the economic growth drivers within Canada. This is a crucial development as consumer spending and residential construction is growing modestly due to rising debt servicing costs.

# Interest Rate Outlook



## Interest Rates, Canada and U.S.



- The Federal Reserve is expected to raise interest rates in December, followed by three more hikes in 2019, bringing the federal funds rate to 3.25% by the end of the year.
- The Bank of Canada is expected to maintain its policy rate at 1.75% in its December announcement, followed by three hikes in 2019, bringing the overnight rate to 2.50%.

**Further interest rate increases expected**

# Contents

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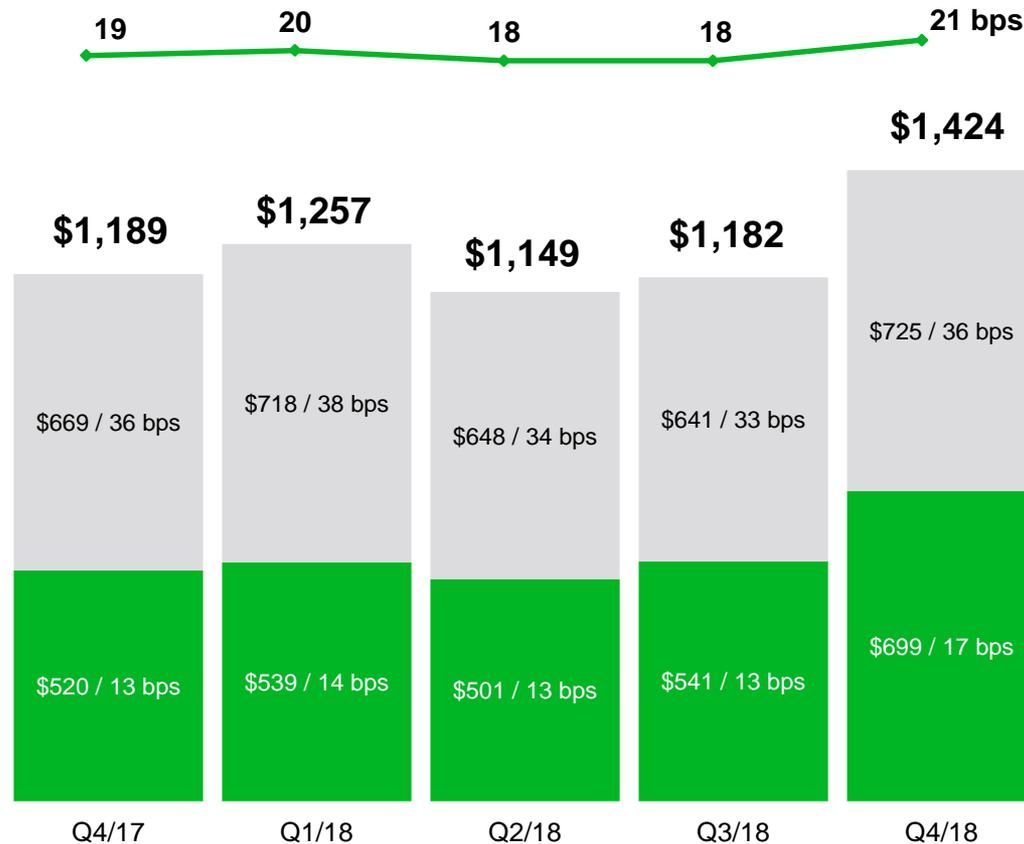


1. TD Bank Group
2. Financial Highlights
3. Treasury & Balance Sheet Management
4. **Appendix**
  - Economic Outlook
  - **Credit Quality**
  - Covered Bonds
  - Bail-in

# Gross Impaired Loan Formations By Portfolio



## GIL Formations<sup>1</sup>: \$MM and Ratios<sup>2</sup>



## Highlights

- Gross impaired loan formations increased 3 basis points quarter-over-quarter driven by:
  - New formations in the Canadian Commercial portfolio from which we anticipate immaterial credit losses
  - Seasonal trends in the U.S. Credit Card and Auto portfolios

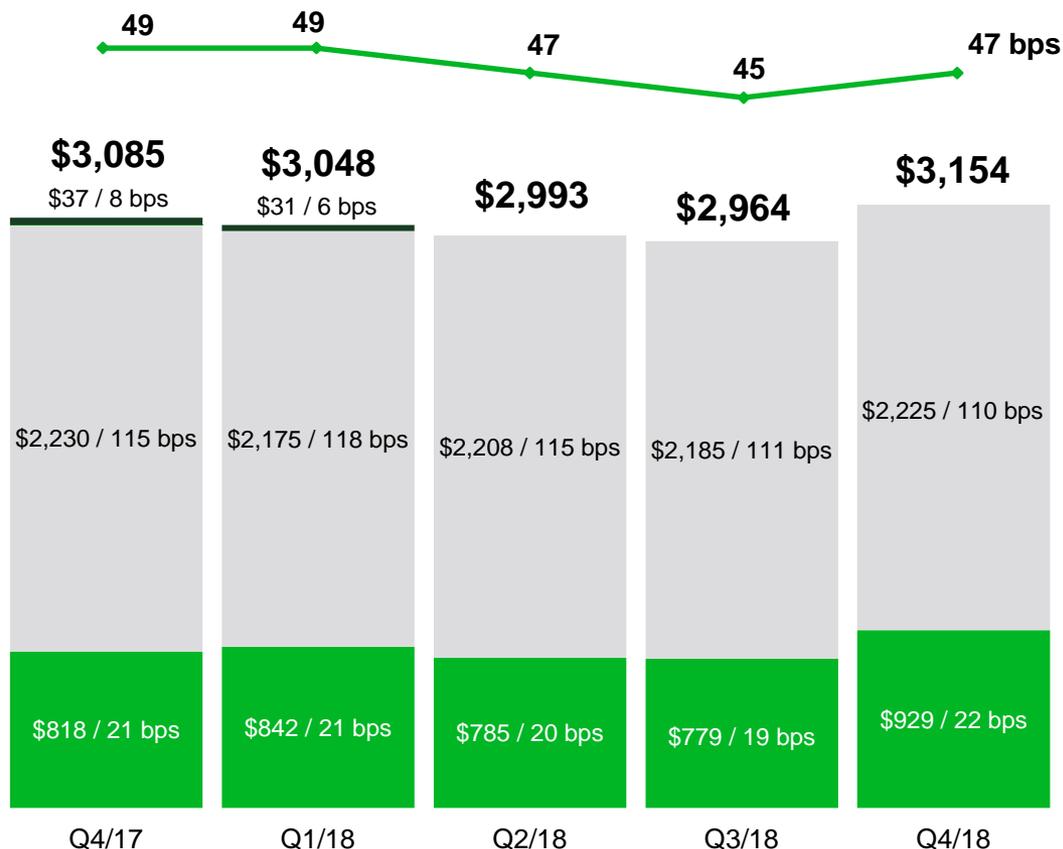
1. Gross Impaired Loan formations represent additions to Impaired Loans & Acceptances during the quarter; excludes the impact of acquired credit-impaired loans, and prior to November 1, 2017 excludes debt securities classified as loans under IAS 39.

2. GIL Formations Ratio – Gross Impaired Loan Formations/Average Gross Loans & Acceptances.

# Gross Impaired Loans (GIL) By Portfolio



## GIL<sup>1</sup>: \$MM and Ratios<sup>2</sup>



## Highlights

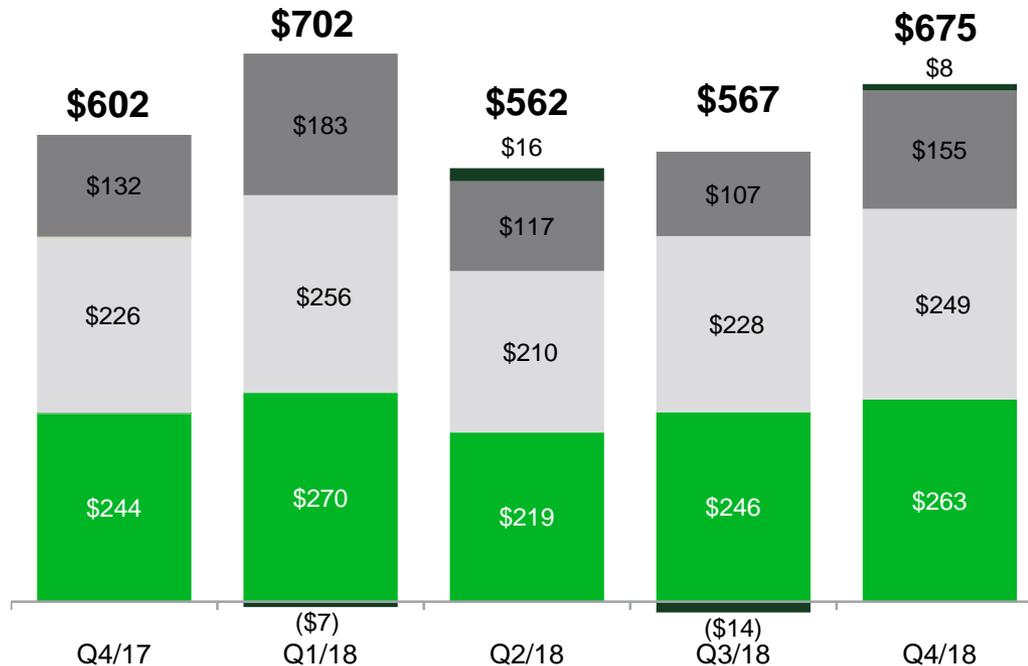
- Gross impaired loans increased \$190MM quarter-over-quarter reflecting:
  - \$97MM in the Canadian Commercial portfolio
  - US\$33MM in the U.S. Credit Card portfolio due to seasonal trends
  - A \$30MM impact of foreign exchange

1. Gross Impaired Loans (GIL) excludes the impact of acquired credit-impaired loans and prior to November 1, 2017 excludes debt securities classified as loans under IAS 39.  
2. GIL Ratio – Gross Impaired Loans/Gross Loans & Acceptances (both are spot) by portfolio.

# Provision for Credit Losses (PCL) By Portfolio



## PCL<sup>1</sup>: \$MM and Ratios<sup>2</sup>



## Highlights

- PCL increased \$108MM quarter-over-quarter reflecting:
  - US\$60MM in the U.S. Credit Card and Indirect Auto portfolios driven by seasonal trends
  - \$22MM in the Wholesale portfolio due largely to a prior period benefit
  - A one-time impact related to methodology enhancements in the Canadian RESL portfolio

PCL Ratio	Q4/17	Q1/18	Q2/18	Q3/18	Q4/18
Canadian Retail	25	27	23	24	25
U.S. Retail (net) <sup>3</sup>	49	54	46	47	50
U.S. Retail (gross) <sup>4</sup>	76	93	72	69	81
Wholesale	0	(6)	13	(11)	6
<b>Total Bank</b>	<b>39</b>	<b>45</b>	<b>36</b>	<b>35</b>	<b>41</b>



1. PCL excludes the impact of acquired credit-impaired loans, items of note, and debt securities classified as loans in Q4/17 under IAS 39.  
 2. PCL Ratio – Provision for Credit Losses on a quarterly annualized basis/Average Net Loans & Acceptances.  
 3. Net U.S. Retail PCL ratio excludes credit losses associated with the retailer program partners' share of the U.S. Strategic Cards Portfolio, which is recorded in the Corporate Segment.  
 4. Gross U.S. Retail PCL ratio includes the retailer program partners' share of the U.S. Strategic Cards Portfolio, which is recorded in the Corporate Segment.

# Provision for Credit Losses (PCL)<sup>1,2</sup> By Business Segment



PCL (C\$MM)	IAS 39	IFRS 9	
	Q4/17	Q3/18	Q4/18
<b>Total Bank</b>	<b>\$ 602</b>	<b>\$567</b>	<b>\$675</b>
Impaired	\$ 557	\$ 536	\$ 564
Performing	45	31	111
<b>Canadian Retail</b>	<b>\$ 244</b>	<b>\$ 246</b>	<b>\$ 263</b>
Impaired	244	226	245
Performing	n/a	20	18
<b>U.S. Retail</b>	<b>\$ 226</b>	<b>\$ 228</b>	<b>\$ 249</b>
Impaired	209	191	210
Performing	17	37	39
<b>Wholesale</b>	<b>\$ -</b>	<b>\$ (14)</b>	<b>\$ 8</b>
Impaired	-	-	-
Performing	n/a	(14)	8
<b>Corporate</b>	<b>\$ 132</b>	<b>\$ 107</b>	<b>\$ 155</b>
<small>Includes U.S. strategic cards partners' share</small>			
Impaired	104	119	109
Performing	28	(12)	46

## Highlights

- Impaired PCL broadly stable quarter-over-quarter and year-over-year
- Performing PCL quarter-over-quarter increase driven by:
  - The Corporate segment, reflective of the U.S. strategic cards partners' share
  - A prior period benefit in the Wholesale segment

1. PCL excludes the impact of acquired credit-impaired loans, items of note, and debt securities classified as loans in Q4/17 under IAS 39.

2. PCL – impaired represents Stage 3 PCL under IFRS 9, performing represents Stage 1 and Stage 2 on financial assets, loan commitments, and financial guarantees.

# Canadian Commercial and Wholesale Banking



Canadian Commercial and Wholesale Banking	Gross Loans/BAs (\$B)	Q4/18	
		GIL (\$MM)	GIL/Loans
Commercial Banking <sup>1</sup>	\$76	\$288	0.38%
Wholesale	51	-	0.00%
<b>Total Canadian Commercial and Wholesale</b>	<b>\$127</b>	<b>\$288</b>	<b>0.23%</b>
Change vs. Q3/18	\$1	\$97	0.08%

Industry Breakdown <sup>1</sup>	Gross Loans/BAs (\$B)	Gross Impaired Loans (\$MM)
Real Estate – Residential	\$18.6	\$9
Real Estate – Non-residential	14.1	4
Financial	24.7	2
Govt-PSE-Health & Social Services	10.9	10
Pipelines, Oil and Gas	6.4	35
Metals and Mining	1.9	17
Forestry	0.6	1
Consumer <sup>2</sup>	5.8	14
Industrial/Manufacturing <sup>3</sup>	7.0	158
Agriculture	7.7	6
Automotive	8.7	9
Other <sup>4</sup>	20.7	23
<b>Total</b>	<b>\$127.1</b>	<b>\$288</b>

## Highlights

- Canadian Commercial and Wholesale Banking portfolios continue to perform well
- GIL increase due to new formations in the Canadian Commercial portfolio from which we anticipate immaterial credit losses

1. Includes Small Business Banking and Business Visa.

2. Consumer includes: Food, Beverage and Tobacco; Retail Sector.

3. Industrial/Manufacturing includes: Industrial Construction and Trade Contractors; Sundry Manufacturing and Wholesale.

4. Other includes: Power and Utilities; Telecommunications, Cable and Media; Transportation; Professional and Other Services; Other.

# U.S. Personal Banking – U.S. Dollars



U.S. Personal Banking <sup>1</sup>	Gross Loans (\$B)	Q4/18 GIL (\$MM)	GIL / Loans
Residential Mortgages	\$23	\$338	1.47%
Home Equity Lines of Credit (HELOC) <sup>2</sup>	9	650	6.93%
Indirect Auto	23	169	0.75%
Credit Cards	13	244	1.90%
Other Personal	1	6	0.92%
<b>Total U.S. Personal Banking (USD)</b>	<b>\$69</b>	<b>\$1,407</b>	<b>2.04%</b>
Change vs. Q3/18 (USD)	-	\$10	-
Foreign Exchange	\$22	\$446	
<b>Total U.S. Personal Banking (CAD)</b>	<b>\$91</b>	<b>\$1,853</b>	<b>2.04%</b>

## Highlights

- Continued good asset quality in U.S. Personal

## U.S. Real Estate Secured Lending Portfolio<sup>1</sup>

Indexed Loan to Value (LTV) Distribution and Refreshed FICO Scores<sup>3</sup>

Current Estimated LTV	Residential Mortgages	1 <sup>st</sup> Lien HELOC	2 <sup>nd</sup> Lien HELOC	Total
>80%	3%	6%	13%	5%
61-80%	37%	31%	53%	38%
<=60%	60%	63%	34%	57%
<b>Current FICO Score &gt;700</b>	90%	90%	87%	90%

1. Excludes acquired credit-impaired loans.

2. HELOC includes Home Equity Lines of Credit and Home Equity Loans.

3. Loan To Value based on authorized credit limit and Loan Performance Home Price Index as of August 2018. FICO Scores updated September 2018.

# U.S. Commercial Banking – U.S. Dollars



U.S. Commercial Banking <sup>1</sup>	Gross Loans / BAs (\$B)	Q4/18	
		GIL (\$MM)	GIL/ Loans
<b>Commercial Real Estate (CRE)</b>	<b>\$23</b>	<b>\$101</b>	<b>0.45%</b>
Non-residential Real Estate	17	79	0.47%
Residential Real Estate	6	22	0.37%
<b>Commercial &amp; Industrial (C&amp;I)</b>	<b>61</b>	<b>182</b>	<b>0.30%</b>
<b>Total U.S. Commercial Banking (USD)</b>	<b>\$84</b>	<b>\$283</b>	<b>0.34%</b>
Change vs. Q3/18 (USD)	\$2	-	-
Foreign Exchange	\$26	\$89	
<b>Total U.S. Commercial Banking (CAD)</b>	<b>\$110</b>	<b>\$372</b>	<b>0.34%</b>

## Highlights

- Sustained good credit quality in U.S. Commercial banking

Commercial Real Estate	Gross Loans/BAs (US \$B)	GIL (US \$MM)	Commercial & Industrial	Gross Loans/BAs (US \$B)	GIL (US \$MM)
Office	\$5.4	\$52	Health & Social Services	\$9.4	\$9
Retail	5.3	11	Professional & Other Services	7.5	36
Apartments	5.2	10	Consumer <sup>2</sup>	6.5	39
Residential for Sale	0.1	2	Industrial/Mfg <sup>3</sup>	6.8	30
Industrial	1.2	2	Government/PSE	9.5	6
Hotel	0.8	11	Financial	3.6	22
Commercial Land	0.1	9	Automotive	3.2	8
Other	4.5	4	Other <sup>4</sup>	14.8	32
<b>Total CRE</b>	<b>\$22.6</b>	<b>\$101</b>	<b>Total C&amp;I</b>	<b>\$61.3</b>	<b>\$182</b>

1. Excludes acquired credit-impaired loans.

2. Consumer includes: Food, beverage and tobacco; Retail sector.

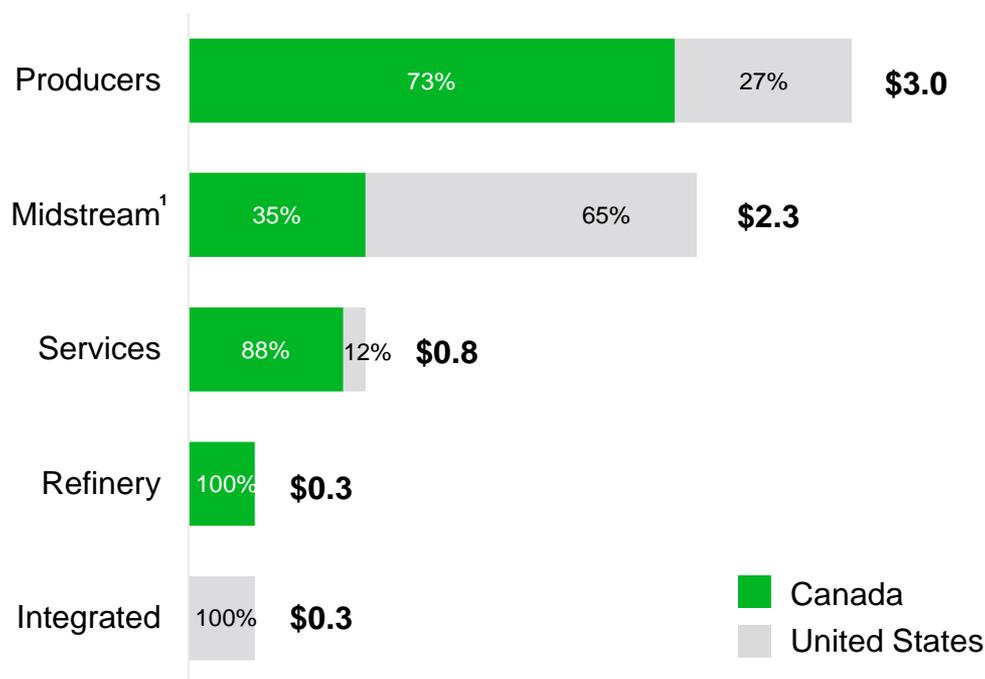
3. Industrial/Manufacturing includes: Industrial construction and trade contractors; Sundry manufacturing and wholesale.

4. Other includes: Agriculture; Power and utilities; Telecommunications, cable and media; Transportation; Resources; Other.

# Oil and Gas Exposure



## Corporate and Commercial Outstandings by Sector (\$B):



## Highlights

- Oil and Gas Producers and Services outstandings continue to represent <1% of total gross loans and acceptances
  - \$35MM impaired loans in Commercial; nil in Wholesale
  - Outstandings to Producers exposed to Western Canadian Select represent 0.09% of total gross loans and acceptances, of which 83% is investment grade
  
- Excluding RESL, consumer lending and small business banking exposure in the impacted provinces<sup>2</sup> represents 2% of total gross loans and acceptances
  - Consumer losses in oil-impacted regions remain low and stable

1. Midstream includes pipelines, transportation and storage.

2. Oil and Gas impacted Provinces include Alberta, Saskatchewan and Newfoundland and Labrador.

# Contents

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1. TD Bank Group
2. Financial Highlights
3. Treasury & Balance Sheet Management
4. **Appendix**
  - Economic Outlook
  - Credit Quality
  - **Covered Bonds**
  - Bail-in

# Canadian Registered Covered Bond Program



## Key Highlights

<b>Covered Bond Collateral</b>	<ul style="list-style-type: none"> <li>■ Canadian residential real estate property with no more than 4 residential units</li> <li>■ Uninsured conventional first lien assets with original loan to value ratio that is 80% or less</li> </ul>		
<b>Housing Market Risks</b>	<ul style="list-style-type: none"> <li>■ Latest property valuation shall be adjusted at least quarterly to account for subsequent price adjustments using the Indexation Methodology</li> </ul>		
<b>Tests and Credit Enhancements</b>	<table border="0"> <tr> <td data-bbox="523 544 1151 711"> <ul style="list-style-type: none"> <li>■ Asset Coverage Test</li> <li>■ Amortization Test</li> <li>■ Valuation Calculation</li> <li>■ Level of Overcollateralization</li> </ul> </td> <td data-bbox="1151 544 1854 711"> <ul style="list-style-type: none"> <li>■ Asset Percentage</li> <li>■ Reserve Fund</li> <li>■ Prematurity Liquidity</li> <li>■ OSFI issuance limit relative to bonds outstanding</li> </ul> </td> </tr> </table>	<ul style="list-style-type: none"> <li>■ Asset Coverage Test</li> <li>■ Amortization Test</li> <li>■ Valuation Calculation</li> <li>■ Level of Overcollateralization</li> </ul>	<ul style="list-style-type: none"> <li>■ Asset Percentage</li> <li>■ Reserve Fund</li> <li>■ Prematurity Liquidity</li> <li>■ OSFI issuance limit relative to bonds outstanding</li> </ul>
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<b>Required Ratings and Ratings Triggers</b>	<ul style="list-style-type: none"> <li>■ No less than two Rating Agencies must at all times have current ratings assigned to bonds outstanding</li> <li>■ All Ratings Triggers must be set for:             <ul style="list-style-type: none"> <li>• Replacement of other Counterparties</li> <li>• Establishment of the Reserve Fund</li> <li>• Pre-maturity ratings</li> <li>• Permitted cash commingling period</li> </ul> </li> </ul>		
<b>Interest Rate and Currency Risk</b>	<ul style="list-style-type: none"> <li>■ Management of interest rate and currency risk:             <ul style="list-style-type: none"> <li>• Interest rate swap</li> <li>• Covered bond swaps</li> </ul> </li> </ul>		
<b>Ongoing Disclosure Requirements</b>	<ul style="list-style-type: none"> <li>■ Monthly investor reports shall be posted on the program website</li> <li>■ Plain disclosure of material facts in the Public Offering Document</li> </ul>		
<b>Audit and Compliance</b>	<ul style="list-style-type: none"> <li>■ Annual specified auditing procedures performed by a qualified cover pool monitor</li> <li>■ Deliver an Annual Compliance Certificate to the Canada Mortgage and Housing Corporation (CMHC)</li> </ul>		

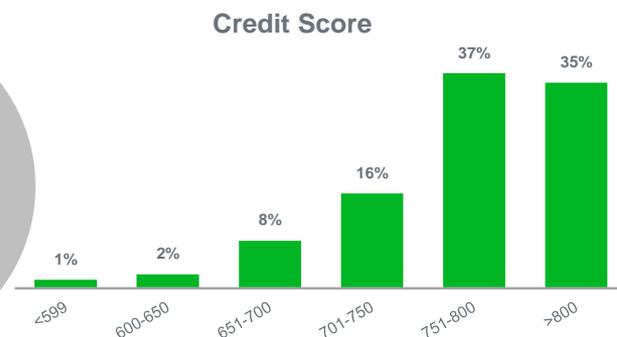
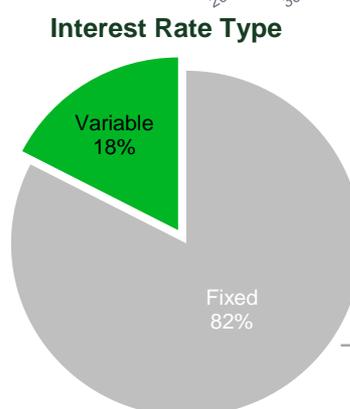
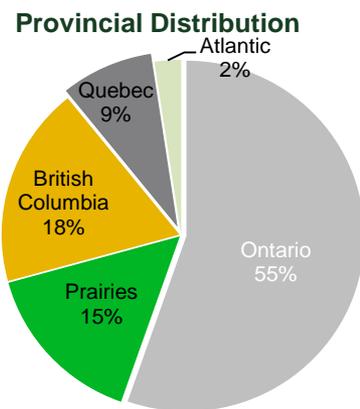
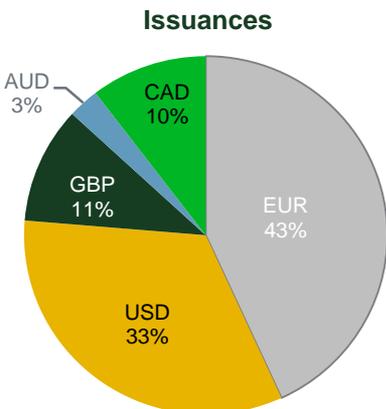
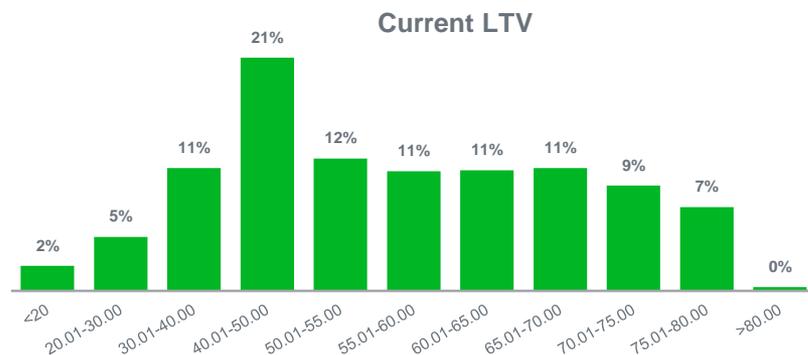
# TD Global Legislative Covered Bond Program

## TD Covered Bond Programme Highlights

- TD has a C\$50B legislative covered bond program
- Covered bonds issuance for Canadian issuers governed by CMHC-administered guidelines
- Only uninsured Canadian residential real estate assets are eligible, no foreign assets in the pool
- Covered pool is composed of 100% amortizing mortgages
- Strong credit ratings; Aaa / AAA<sup>1</sup>
- Issuances capped at 4% of total assets<sup>2</sup>, or, ~C\$51B for TD
- TD has ~C\$36.1B aggregate principal amount of Legislative covered bonds outstanding, about ~2.9% of the Bank's total assets. Ample room for future issuance
- Effective January 2017, TD joined the Covered Bond Label<sup>3</sup> and commenced reporting using the Harmonized Transparency Template

## Cover Pool as at October 31, 2018

- High quality, conventional first lien Canadian Residential mortgages originated by TD
- All loans have original LTVs of 80% or lower. Current weighted average LTV is 54%<sup>4</sup>
- The weighted average of non-zero credit scores is 771



1. Ratings by Moody's and DBRS, respectively. For the Covered Bond program, as at October 31, 2018. Credit ratings are not recommendations to purchase, sell, or hold a financial obligation inasmuch as they do not comment on market price or suitability for a particular investor. Ratings are subject to revision or withdrawal at any time by the rating organization.  
 2. Total assets are determined in accordance with the OSFI letter dated December 19, 2014 related to the Revised Covered Bond Limit Calculation for deposit-taking institutions issuing covered bonds.  
 3. The Covered Bond Label Foundation and its affiliates are not associated with and do not approve or endorse TD's covered bond products.  
 4. Current Loan to Value is calculated with the Teranet-National Bank House Price Index and weighted by balance.

# Contents

---



1. TD Bank Group
2. Financial Highlights
3. Treasury & Balance Sheet Management
4. **Appendix**
  - Economic Outlook
  - Credit Quality
  - Covered Bonds
  - **Bail-in**

# CDIC Resolution Tools



## Resolution Tools

- **Reimbursement of insured deposits** – following a failure, when the bank ceases to operate, CDIC would reimburse all insured deposits up to \$100,000.
- **Forced sale of a failing bank** – CDIC takes temporary control of a failing bank and completes a sale to a willing buyer to enable critical banking operations to continue and insured deposits to be protected.
- **Bridge Bank** – CDIC takes temporary control of a failing bank and transfers some or all businesses to a bridge bank, which is temporarily owned by CDIC, until a buyer or private-sector solution can be found. The transfer enables critical banking operations to continue and insured deposits to be protected.
- **Financial Assistance** – CDIC can provide financial assistance on a stand-alone basis or in combination with any other resolution tool. This assistance can include: loans, guarantees, deposits, loss sharing agreements or acquiring shares.
- **Bail-in Regime** – CDIC takes temporary control of a failing bank and converts some or all bail-in debt into common shares to recapitalize the bank and help restore it to viability.

# Bail-in Implementation



## Regulation Overview

- On April 18, 2018, the Government of Canada published final regulations under the CDIC Act and the Bank Act providing details of the bank recapitalization "bail-in" regime and final Total Loss Absorbing Capacity (TLAC) guideline.
- The issuance regulations under the Bank Act and the conversion regulations under the CDIC Act came into force on **September 23, 2018**.
- All Canadian Domestic Systemically Important Banks (D-SIBs) will have to comply with the TLAC guideline by **November 1, 2021**.
- The legislation builds on CDIC's existing resolution toolkit to allow it to take temporary control of a failing D-SIB and grants CDIC statutory powers to convert certain of the D-SIB's qualifying debt into common shares of the bank at the point of non-viability.
- Pursuant to the TLAC guideline, in August 2018, OSFI provided notification to TD setting a supervisory target TLAC ratio at 23.0% of RWA (21.5% plus a 1.5% Domestic Stability Buffer).

# Bail-in Overview



## Scope of Bail-in

- **In Scope Liabilities.** Senior unsecured long-term debt (original term to maturity of 400 or more days) that is tradable and transferable (has a CUSIP, ISIN or other similar identification) and issued on or after September 23, 2018<sup>1</sup>. Unlike other jurisdictions, Canadian D-SIBs cannot elect to issue non bail-in unsecured senior debt.
- **Excluded Liabilities.** Bank customers' deposits (including chequing accounts, savings accounts and term deposits such as GICs), secured liabilities (e.g., covered bonds), ABS or most structured notes<sup>2</sup>.
- All in scope liabilities, including those governed by foreign law, are subject to conversion and must indicate in their contractual terms that the holder of the liability is bound by the application of the CDIC Act.

## Bail-in Conversion Terms

- **Flexible Conversion Terms.** CDIC has discretion in determining the proportion of bail-in debt that is converted, as well as an appropriate conversion multiplier<sup>3</sup> which respects the creditor hierarchy and that is more favourable than the multiplier provided to NVCC capital investors.
- **No Contractual Trigger.** Bail-in conversion is subject to regulatory determination of non-viability, not a fixed trigger.
- **Full NVCC Conversion.** There must be a full conversion of NVCC capital instruments before bail-in debt can be converted. Through other resolution tools, holders of legacy non-NVCC capital instruments could also be subject to losses, resulting in bail-in note holders being better off than such junior-ranking instruments.
- **No Creditor Worse Off.** CDIC will compensate investors if they incur greater losses under bail-in than under a liquidation scenario. Bail-in debt holders rank *pari passu* with other senior unsecured obligations, including deposits, for the purposes of the liquidation calculation.
- **Equity Conversion.** Unlike some other jurisdictions, bail-in is effected through equity conversion only, with no write-down option.

1. Any non-NVCC preferred shares and non-NVCC subordinated debt issued after September 23, 2018 would also be in scope.

2. Term as defined in the bail-in regulations.

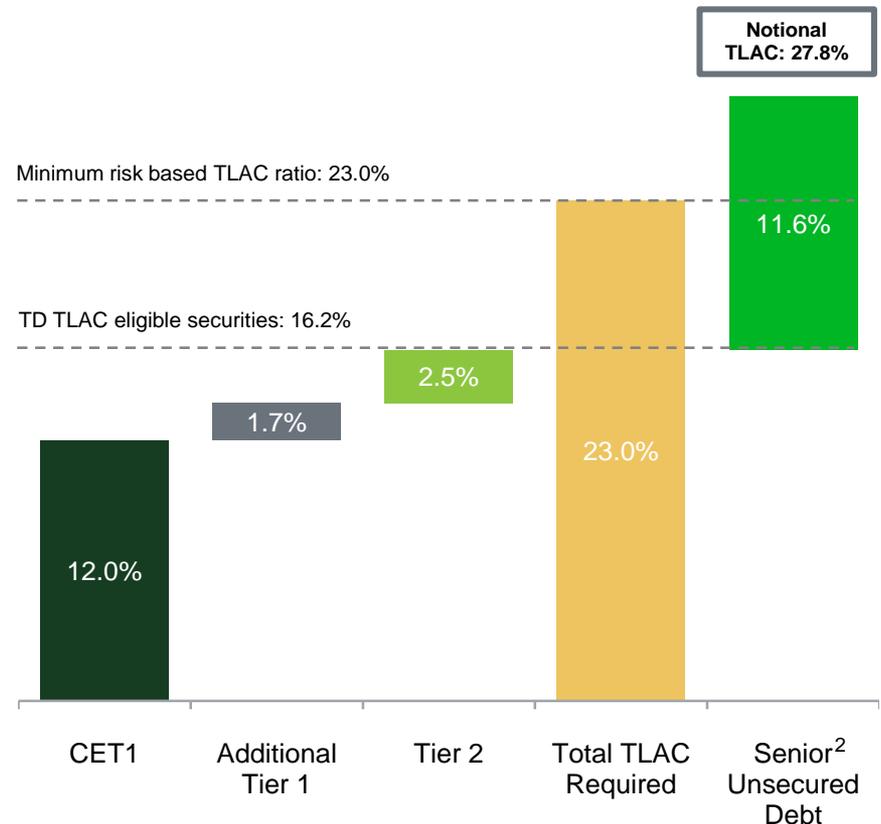
3. In determining the multiplier, CDIC must take into consideration the requirement in the Bank Act for banks to maintain adequate capital and that equally ranking bail-in eligible instruments must be converted in the same proportion and receive the same number of common shares per dollar of claim.

# TD TLAC Requirements



- Canadian D-SIBs will be required to meet their regulatory TLAC requirements by the November 1, 2021 implementation date.
- OSFI has stipulated that D-SIBs will be subject to 2 supervisory ratios:
  - Minimum risk based TLAC ratio: **23.0%** (21.5% + 1.5% Domestic Stability Buffer)
  - TLAC leverage ratio: **6.75%**
- TD expects to meet the TLAC supervisory ratios by the implementation date in the normal course without altering our business as usual funding practices.
- Unlike other jurisdictions, Canadian D-SIBs cannot elect to issue non bail-in unsecured senior debt.

## TD Regulatory Capital Ratios<sup>1</sup>



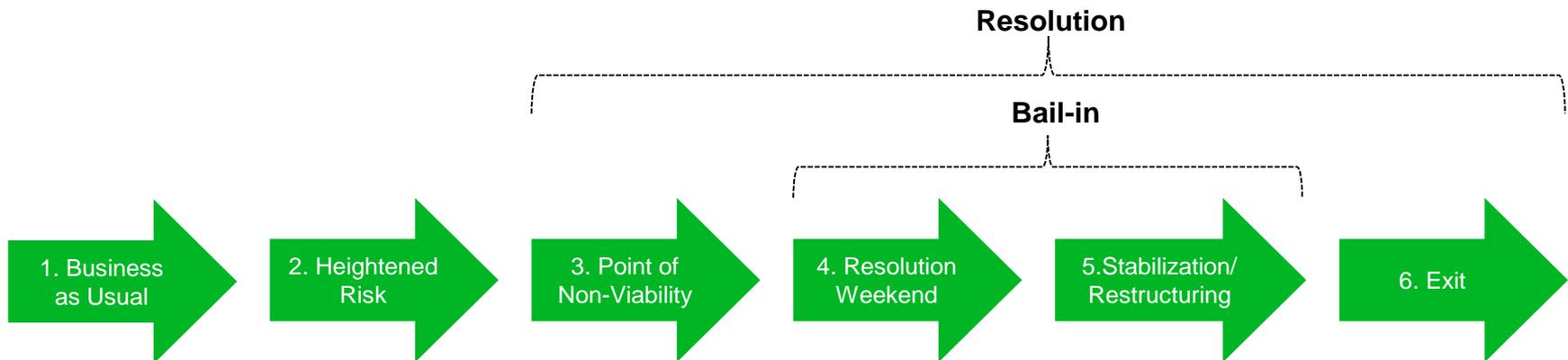
1. Regulatory capital ratios as at Q4/18.

2. Senior unsecured debt outstanding includes senior unsecured debt with original maturity greater than 400 days, converted at FX rate on the day of issue.

# Bail-In Resolution Stages

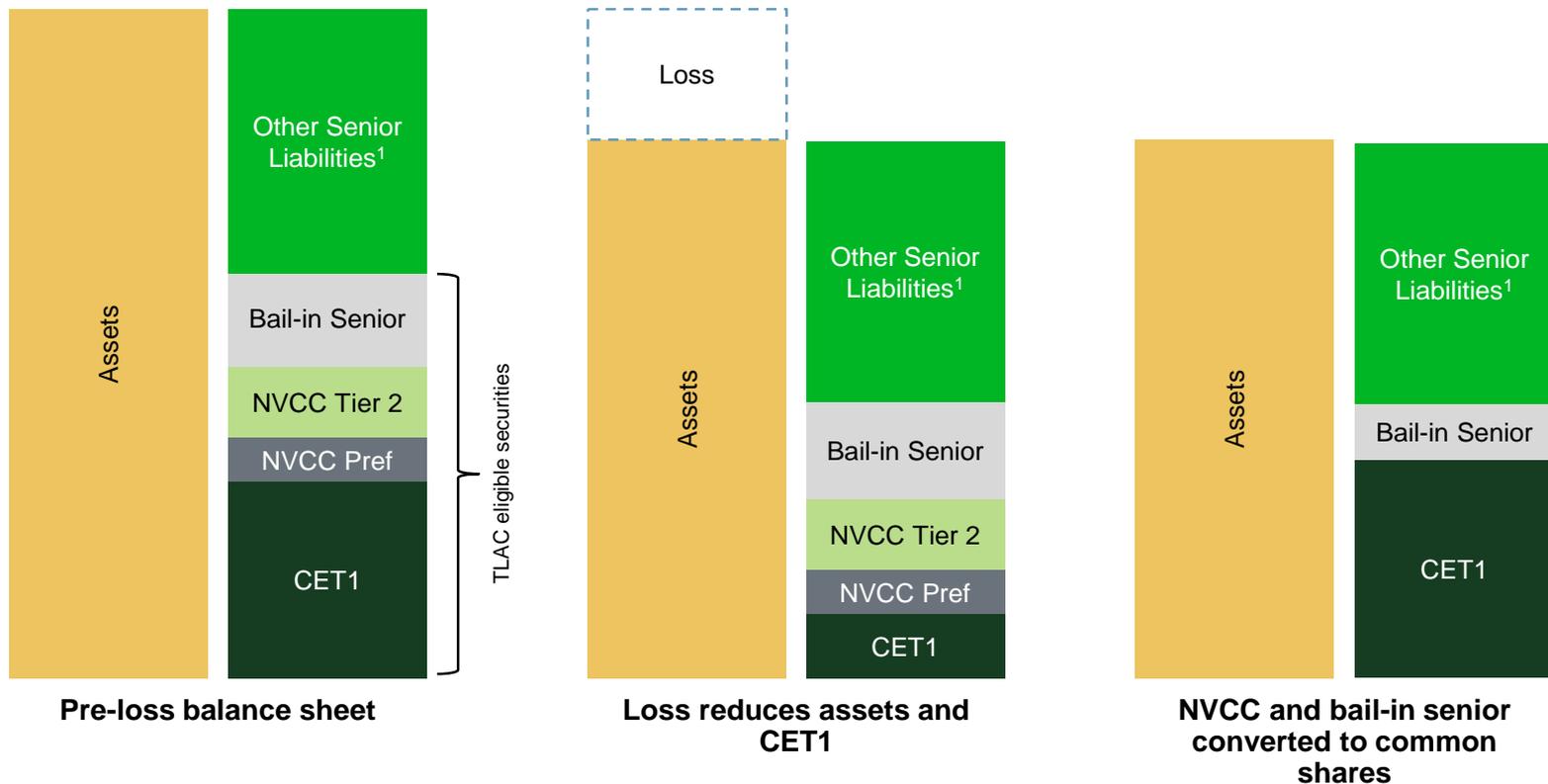


- The resolution of a D-SIB would involve a number of key phases. Below is an illustrative timeline that details the various stages of a bail-in resolution, and the actions and events that might take place at each stage.



1. D-SIB is in good financial health.
2. D-SIB is facing severe financial difficulties and could experience credit rating downgrades and challenges raising capital and/or funding. D-SIB may implement recovery plan under OSFI oversight, while CDIC may monitor and undertake any necessary preparatory activities.
3. OSFI determines that the D-SIB has ceased or is about to cease to be viable. The Minister of Finance recommends to Governor in Council (GIC) to authorize CDIC to take temporary control of the non-viable D-SIB and direct CDIC to carry out a bail-in conversion.
4. CDIC takes temporary ownership of the failing D-SIB. NVCC automatic conversion is triggered and NVCC instruments are converted into common shares. Voting rights of existing and new common shares are suspended until CDIC no longer controls the D-SIB.
5. Bail-in debt is converted. CDIC has the flexibility to determine the timing and proportion of the conversion. Other restructuring actions can also be taken during this period including, for example, selling off troubled assets. CDIC's goal would be to return the D-SIB to private control as soon as possible, although the GIC may authorize CDIC to be in control for up to five years.
6. CDIC returns the D-SIB to private control and common shareholders would regain control and voting rights.

# Illustration of Impact of Bail-in Conversion on Balance Sheet



Source: Canadian Deposit Insurance Corporation (CDIC) – Example of Bail-in Conversion.

<sup>1</sup> Senior liabilities excluded from bail-in include: bank customers' deposits (includes chequing accounts, savings accounts and term deposits such as GICs), secured liabilities (e.g., covered bonds), eligible financial contracts (e.g., derivatives) and most structured notes.

# Compensation Regime



## "No Creditor Worse Off"

- Under a scenario where CDIC uses a resolution tool to resolve a failing bank, shareholders and creditors are expected to be in a better financial position than if the institution had been liquidated.
- Bail-in note holders are entitled to compensation equal to the difference, assuming it is positive, between the estimated liquidation value and the estimated resolution value of the bail-in notes as estimated by CDIC.
- **Estimated liquidation value** – estimated value the bail-in noteholders would have received if the financial institution had been liquidated, with the assumption that the financial institution received no financial assistance or support from CDIC, the Bank of Canada, the Government of Canada or a province as part of the liquidation.
- **Estimated Resolution value** – includes both:
  - Value that the person retained through the resolution (for example, bail-in notes that are not converted to common shares); and
  - Value that the person received during the resolution process from CDIC, the financial institution or a liquidator (for example, common shares that bail-in note holders received as a result of the bail-in conversion; or any other cash or securities received in the context of the resolution process).

# Investor Relations Contacts

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# TD Bank Group Fixed Income Investor Presentation

Q4 2018