

Q2 2019 Highlights – Overview

Except as noted, figures reflect year-over-year change



Reported Financial Results

- Reported **net income** \$3.2B, up 9% (adj.¹ \$3.3B, up 7%).
- Reported **EPS** of \$1.70, up 10% (adj.¹ \$1.75 and up 8%).
- Reported **Retail**² earnings \$3.1B, up 1% (adj.¹ up 9%);
 - Canadian Retail**: \$1,849MM, up 1% (adj.¹ up 2%); **Cdn. P&C** up 4%; **Wealth** down 7% rep. / up 3% adj.; **Insurance** down 11%
 - U.S. Retail** (incl. AMTD): US\$948MM, up 23% (C\$ up 29%)
- Wholesale Banking** reported earnings \$221MM, down 17%.
- Corporate** reported loss \$161MM; adjusted¹: \$95MM.

Revenue, Expenses, Credit, and Capital

- Revenue up 8%**: NII up 9%, non-interest income up 7%.
- Expenses up 8%**: Reflecting additional employees supporting business growth, higher spend on strategic initiatives, foreign currency translation, Greystone-related charges, and continued investments in Wholesale Banking's U.S. dollar strategy.
- PCL down 26% QoQ**: PCL – impaired down 17% reflecting lower provisions for the U.S. commercial portfolio and seasonal trends in the U.S. credit card and auto portfolios. PCL – performing down 70%.
- CET1 ratio of 12%**: flat QoQ reflecting strong organic capital generation (+40 bps), offset by RWA growth (-27 bps) and the repurchase of common shares (-9 bps). Higher RWA reflected volume growth and the transition of a Canadian credit card portfolio to AIRB (SRD, pg. 11, see footnotes).
- NCIB**: Announced intention to initiate a new NCIB for up to an additional 20MM common shares, subject to regulatory approval.

Items of Interest

- Some updates regarding regulatory developments** are described in the MD&A, including; "[Future Regulatory Capital Developments](#)" (pg. 27, re: OSFI Guideline B-2) and "[Regulatory Developments Concerning Liquidity and Funding](#)" (pg. 40, re: NSFR and OSFI LAR).
- Interim Consolidated Financial Statements**: The disclosures in the "Debt Securities by Risk Rating" table (FS&N Note 5, pg. 60), and the "Loans by Risk Rating" and "Allowance for Loan Losses" tables (FS&N Note 6, pg. 61) have been re-organized.
- Non-controlling interests in Subsidiaries**: NCI is nil this quarter reflecting redemption of all outstanding TD Capital Trust III Securities – Series 2008, on Dec. 31, 2018 (FS&N Note 13, pg. 70).
- Derivatives** (SRD, pg. 36-38): These disclosures were removed from the SRD in Q4/18, as they were no longer required under the new Pillar 3 Disclosure Requirements implemented that quarter. They have been reinstated this quarter.
- Pagination changes to the SFI**: For the ACL and PCL by Industry Sector and Geographic Location disclosures, the rolling 9-quarter historical period spanning IFRS 9 and IAS 39 accounting takes up two fewer pages this quarter, resulting in pagination differences beginning on page 25.

Financial Results (\$MM)

		Q2/19	QoQ	YoY
EPS	<i>Reported</i>	\$ 1.70	34%	10%
	<i>Adjusted¹</i>	\$ 1.75	11%	8%
Revenue		10,228	2%	8%
Non-interest Expenses	<i>Reported</i>	5,248	(10%)	8%
	<i>Adjusted¹</i>	5,163	0.0%	8%
Net Income	<i>Reported</i>	3,172	32%	9%
	<i>Adjusted¹</i>	3,266	11%	7%
CET 1 Ratio		12.0%	+1 bps	+16 bps
Net Interest Margin (NIM)		2.02%	+8 bps	+5 bps
PCL Ratio		0.39%	(11) bps	+3 bps
	<i>PCL – Total</i>	633	(217)	+77
	<i>PCL – Impaired</i>	593	(124)	+73
	<i>PCL – Performing</i>	40	(93)	+4

Loans (\$B)

	Q2/19	QoQ	YoY
Canadian Retail	420.4	0%	5%
<i>Personal</i>	342.4	(0%)	5%
<i>Commercial</i>	78.0	2%	9%
U.S. Retail (USD)	156.6	1%	5%
<i>Personal</i>	69.8	(1%)	3%
<i>Commercial</i>	86.8	2%	6%
Wholesale (Gross Drawn)	24.0	4%	9%
Total Bank	663.6	2%	7%

Deposits (\$B)

	Q2/19	QoQ	YoY
Canadian Retail	332.1	0%	3%
<i>Personal</i>	196.6	1%	4%
<i>Commercial</i>	111.0	(2%)	1%
<i>Wealth</i>	24.5	3%	2%
U.S. Retail (USD)	265.1	(0%)	0%
<i>Personal</i>	92.2	3%	5%
<i>Commercial</i>	68.2	0%	3%
<i>AMTD</i>	104.7	(4%)	(5%)
Total Bank (C\$)	685.1	0%	4%



TD's 2018 Environmental, Social and Governance Performance Report was released on May 7, 2019.

Q2 2019 Highlights – Segments

Except as noted, figures reflect year-over-year change



Canadian Retail (\$MM)	Q2/19	QoQ	YoY
Revenue	5,959	(0)%	8%
Net Interest Margin (NIM)	2.99%	+5 bps	+8 bps
Insurance Claims	668.0	(5%)	20%
PCL	280	(30)	+61
PCL Ratio	0.27%	(2) bps	+4 bps
Non-interest Expenses	<i>Reported</i> 2,481	(-20)%	11%
	<i>Adjusted</i> ¹ 2,451	0%	10%
Net Income	<i>Reported</i> 1,849	34%	1%
	<i>Adjusted</i> ¹ 1,877	1%	2%

U.S. Retail (in US\$MM)	Q2/19	QoQ	YoY
Revenue	2,183	(1%)	6%
Net Interest Margin (NIM)	3.38%	(4) bps	+15 bps
PCL	170	(60)	9
PCL Ratio (Net ³)	0.45%	(14) bps	0 bps
Non-interest Expenses	<i>Reported</i> 1,148	(5%)	(2%)
	<i>Adjusted</i> ¹ 1,148	(5%)	(1%)
Net Income, U.S. Retail Bank (rep.)	753	8%	14%
Net Income, U.S. Retail Bank (adj. ¹)	753	8%	12%
Equity Income, TD Ameritrade	<i>Reported</i> 195	(17%)	82%
	<i>Adjusted</i> ¹ 195	(17%)	27%
Total Net Income	<i>Reported</i> 948	1%	23%
	<i>Adjusted</i> ¹ 948	1%	15%

Wholesale Banking (\$MM)	Q2/19	QoQ	YoY
Revenue	887	52%	0%
<i>Trading-related income</i>	411	64%	-13%
PCL	(5)	(12)	(21)
Expenses	597	(1%)	16%
Net Income	221	+\$238	\$(46)

Corporate (\$MM)	Q2/19	QoQ	YoY
Net Corporate Expenses	(176)	(3%)	(7%)
Other	81	108%	0%
Non-Controlling Interests	0	(18)	(18)
Net Income (Loss)	<i>Reported</i> (161)	(16%)	(1%)
	<i>Adjusted</i> ¹ (95)	(24%)	6%

Canadian Retail – Q2 2019 ENR, Table 7, page 8

- Reported net income up reflecting higher revenue, partially offset by Greystone-related charges, higher other non-interest expenses, insurance claims, and PCL.
- PCL down QoQ and up YoY.
- NIM increased QoQ reflecting a refinement in revenue recognition assumptions in the auto finance portfolio and increased spread between the Prime Rate and the Bankers' Acceptance rate.
- Expenses up reflecting higher spend supporting business growth including employee-related costs, Greystone-related charges, and increased spend on strategic initiatives.
- Operating leverage⁴ net of claims of (300) bps.

U.S. Retail – Q2 2019 ENR, Table 8, page 10

- U.S. Retail Bank net income up, primarily due to higher revenue.
- Reported contribution from TD Ameritrade up primarily due to higher asset-based revenue, charges associated with the Scottrade transaction in the prior year, and decreased operating expenses, partially offset by lower trading volumes.
- NIM down QoQ primarily due to balance sheet mix.
- Expenses down reflecting the elimination of the FDIC deposit insurance surcharge, recovery of a legal provision, and charges associated with the Scottrade transaction in the prior year, partially offset by higher investments in business initiatives.
- Efficiency ratio of 52.6%.
- Operating leverage⁴: 630 bps.

Wholesale Banking – Q2 2019 ENR, Table 9, page 12

- Net income down YoY reflecting higher non-interest expenses, partially offset by lower PCL. Net income up QoQ reflecting higher revenue, lower PCL and lower non-interest expenses.
- Revenue flat YoY reflecting higher advisory and underwriting fees, offset by lower trading-related revenue.
- Expenses up YoY reflecting continued investments supporting the global expansion of Wholesale Banking's U.S. dollar strategy and the impact of foreign exchange translation.

Corporate – Q2 2019 ENR, Table 10, page 13

- Reported net loss decreased primarily reflecting lower net corporate expenses, and lower amortization of intangibles, partially offset by lower contribution from non-controlling interests.
- Net corporate expenses were lower largely reflecting lower pension expenses in the current quarter.

Footnotes and Important Disclosures

[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 referred to as "adjusted" results (i.e. reported results excluding "items of note") to assess each of its businesses and measure overall Bank performance. Adjusted net income, adjusted earnings per share (EPS) and related terms used in this presentation are not defined terms under GAAP and may not be comparable to similar terms used by other issuers. See "How the Bank Reports" in the Bank's Second Quarter 2019 Earnings News Release and 2018 MD&A (www.td.com/investor) for further explanation, reported basis results, a list of the items of note, and a reconciliation of non-GAAP measures.

[2] "Retail" comprises Canadian Retail and U.S. Retail segments. See the Bank's Second Quarter 2019 Earnings News Release and Q2 2019 MD&A.

[3] U.S. Retail PCL including only the Bank's contractual portion of credit losses in the U.S. strategic cards portfolio as an annualized percentage of credit volume.

[4] Operating leverage is calculated based on revenue (for Canadian Retail, net of insurance claims) and adjusted expenses.