# TD Bank Group
# Fixed Income Investor Presentation

Q2 2019

# 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 as may be updated in subsequently filed quarterly reports to shareholders and news releases (as applicable), 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 and Subsequent Events, and Pending Acquisitions” in the relevant MD&A, which applicable releases may be found on 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

# Our Strategy



**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

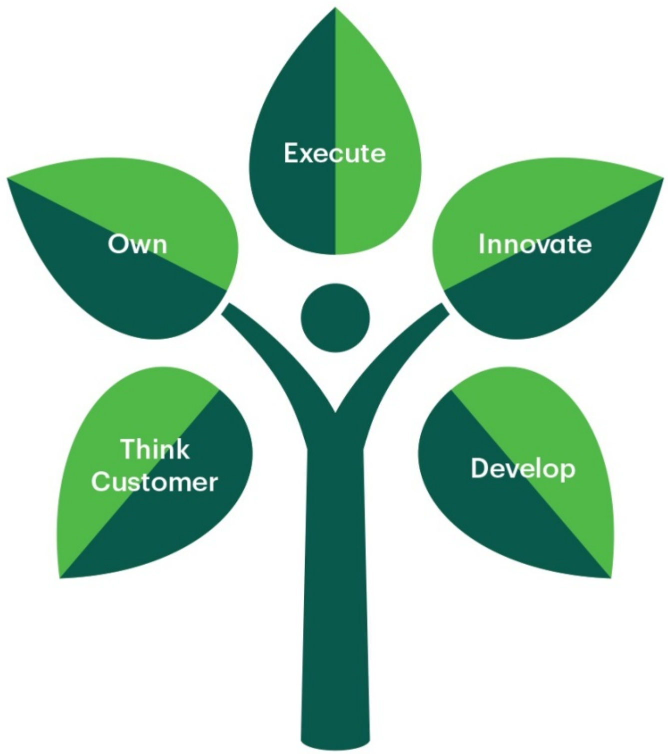
Shape the future of banking in the digital age

- 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.

# TD Framework

**Own** the future




**Our vision**
Be the better bank

## TD Framework

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

**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 |

# TD Snapshot

## 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

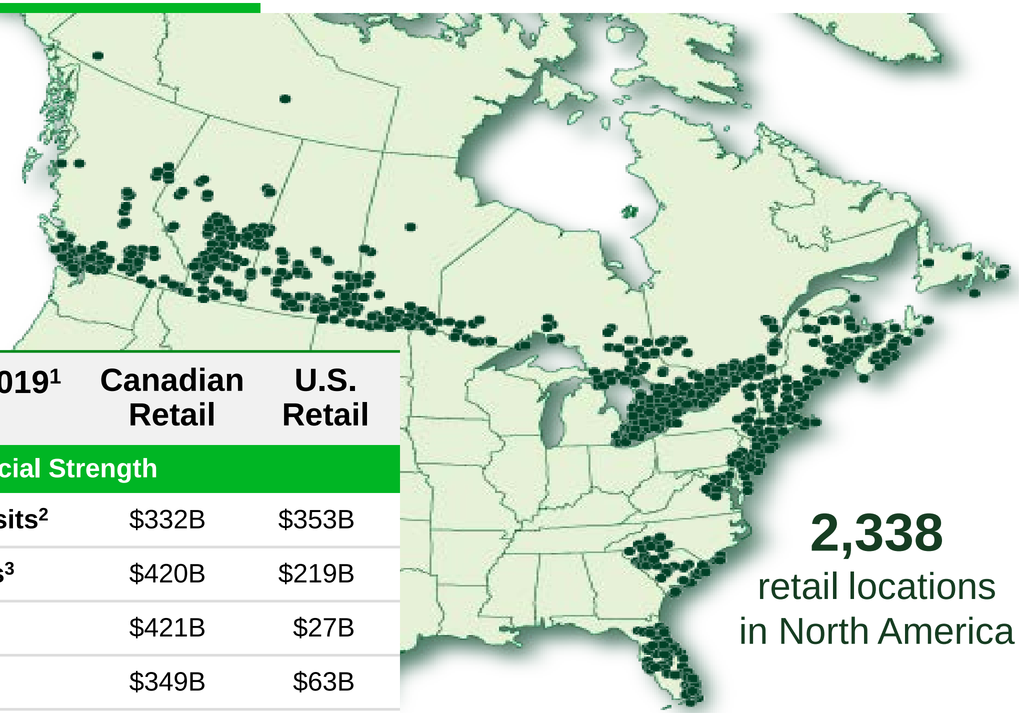
### U.S. Retail

- 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

| Q2 2019[1] (C$) | Canadian Retail | U.S. Retail |
|---|---|---|
| **Financial Strength** | | |
| **Deposits[2]** | $332B | $353B |
| **Loans[3]** | $420B | $219B |
| **AUA** | $421B | $27B |
| **AUM** | $349B | $63B |
| **Earnings[4]** | $6.8B | $4.8B |
| **Network Highlights** | | |
| **Employees[5]** | 40,498 | 26,735 |
| **Customers** | >15MM | >9MM |
| **Branches** | 1,100 | 1,238 |
| **ATMs** | 3,496 | 2,648 |
| **Mobile Users** | 5.0MM | 3.1MM |





1. Q2/19 is the period from February 1, 2019 to April 30, 2019.
2. Total Deposits based on total of average personal and business deposits during Q2/19. 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 Q2/19.
4. For trailing four quarters ended Q2/19.
5. Average number of full-time equivalent staff in these segments during Q2/19.

# Competing in Attractive Markets

## Country Statistics

- 10th 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[1]
- Market leadership position held by the "Big 5" Canadian Banks
- Canadian chartered banks account for more than 74% of the residential mortgage market[2]
- Mortgage lenders have recourse to both borrower and property in most provinces

## TD's Canadian Businesses

- Network of 1,100 branches and 3,496 ATMs[3]
- Composite market share of 21%
- Ranked #1 or #2 in market share for most retail products[4]
- 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[6]
- The 5 largest banks have assets of nearly 40% of the U.S. economy[6]
- Mortgage lenders have limited recourse in most jurisdictions

## TD's U.S. Businesses

- Network of 1,238 stores and 2,648 ATMs[3]
- Operations in 4 of the top 10 metropolitan statistical areas and 7 of the 10 wealthiest states[5]
- Operating in a US$4.2 trillion deposits market[6]
- Access to nearly 110 million people within TD's footprint[7]
- 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 February 2019, from The Nilson Report for credit cards as at December 2018, from the Canadian Bankers Association for Real Estate Secured Lending as at December 2018, from the Canadian Bankers Association for business deposits as at September 2018 and loans as at December 2018, and from Strategic Insight for Direct Investing asset, trades, and revenue metrics as at September 2018.
5. State wealth based on current Market Median Household Income.
6. FDIC Institution Directory and 2018 FDIC Summary of Deposits (deposits capped at $500MM in every county within TD's U.S. banking footprint).
7. Aggregate market population in each of the metropolitan statistical areas within TD's U.S. banking footprint.

# Top 10 North American Bank

| **Q2 2019**<br>**C$ except otherwise noted** | **TD** | **Canadian Ranking[4]** | **North American Ranking[5]** |
|---|---|---|---|
| **Total assets** | $1,357B | 2nd | 6th |
| **Total deposits** | $875B | 1st | 5th |
| **Market capitalization** | $139.7B | 2nd | 6th |
| **Reported net income *(trailing four quarters)*** | $11.6B | 2nd | 6th |
| **Adjusted net income[1] *(trailing four quarters)*** | $12.4B | n/a | n/a |
| **Average number of full-time equivalent staff** | 88,445 | 2nd | 6th |
| **Common Equity Tier 1 capital ratio[2]** | 12.0% | 1st | 2nd |
| **Moody's long-term debt (deposits) rating[3]** | Aa1 | n/a | n/a |

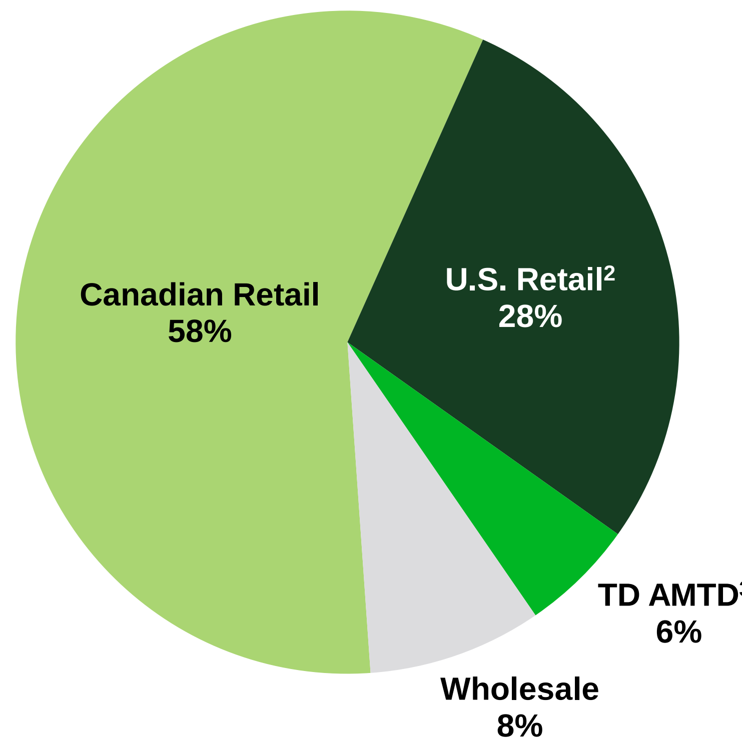
1. The Bank prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), the current generally accepted accounting principles (GAAP), and refers to results prepared in accordance with IFRS as the "reported" results. The Bank also utilizes non-GAAP 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" section of the MD&A in the Second Quarter Earnings News Release for further explanation and a reconciliation of the Bank's non-GAAP measures to reported basis results. Trailing four quarter items of note: Charges related to the long-term loyalty agreement with Air Canada of $446 million after-tax, Charges related with the acquisition of Greystone of $58 million after-tax, Charges associated with Scottrade transaction of $43 million after-tax, amortization of intangibles of $261 million after tax, and impact from U.S. tax reform of $(61) million after tax.
2. See slide 22, footnote 1.
3. For long term debt (deposits) of The Toronto-Dominion Bank, as at April 30, 2019. 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 Q/19 results ended April 30, 2019.
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 Q1/19 results ended March 31, 2019.

# Diversified Business Mix

## Three key business lines

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

### Fiscal 2018 Reported Earnings Mix[1]




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 42.32% as at April 30, 2019.
4. Based on total deposits as of March 1, 2019. Source: SNL Financial, Largest Banks and Thrifts in the U.S.

# 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 Scottrade Bank

Completed acquisition of Layer 6 and Greystone, and entered into Air Canada Credit Card Loyalty Program Agreement

2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018

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.[1]

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Participated in largest Canadian IPO in 14 years and one of the largest bond placements in Canadian history[2]

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[3]

## 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 Apr 30, 2019 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

## Q2 2019 Highlights

**13.1 MILLION** ACTIVE DIGITAL CUSTOMERS

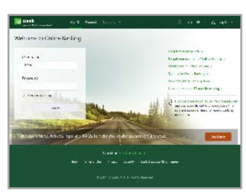
**5.0 MILLION** CANADIAN MOBILE USERS

**3.1 MILLION** U.S. MOBILE USERS

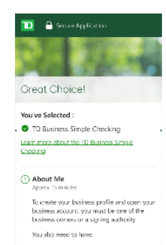
## Digital Enhancements

**TD Direct Investing GoalAssist™** – a first-in-Canada online interactive tool within WebBroker enabling customers to create a customized financial plan and assisting them to achieve their goals.

**Verified.Me** is a collaborative effort between TD, Canada's leading banks and SecureKey, to provide a blockchain-driven digital identity service enabling users to safely confirm their identities and share their personal information with participating third parties.



**US NGP** – Allows small business customers access to their business and consumer checking accounts through one website and one mobile app and includes enhanced security features.



**Easy Apply for Small Business Customers –** Digital experience simplifies account openings for both new and existing customers including document upload, debit cards, online banking access and e-signatures.

# The Better Bank

THE READY COMMITMENT

## 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 and
sustainable tomorrow

Financial Security

Vibrant Planet

Connected Communities

Better Health

## Q2 Highlights:

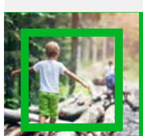
TD issued the 2018 Ready Commitment Report, one year after the strategy was launched, detailing the impact of TD's work across the four interconnected drivers of change.

TD published a 2018 SDG report to help measure the impact of The Ready Commitment against the United Nations Sustainable Development Goals (SDGs).

# ESG Performance

## Highlights

- **TD's low carbon commitment targets $100B**, in total, towards initiatives in low-carbon lending, financing, asset management and internal corporate programs by 2030**.**
- **TD is the only financial institution globally to participate in all three** of the United Nations Environment Programme Finance Initiative (UNEP FI) Task Force on Climate-related Financial Disclosures (TCFD) pilots on lending, investment and insurance.
- **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.
- **89% of employees** agreed that TD is doing the right things to make a positive impact on the communities in which it does business.
- **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.



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

ENVIRONMENT:

**$30.3B**
Towards low-carbon initiatives in 2017/8

**43%**
Reduction in paper usage

**Insurance discount** incentives offered for Hybrids and EVs

SOCIAL:

Recognized as the **Best Bank for Seniors U.S.** by *Money* magazine

**$91.7MM**
Invested in employee training

**173,000+**
hours volunteered by TD employees

GOVERNANCE:

**36%**
Women on Board

**Gender-Pay Equity**
Women earned more than 99 cents for every dollar earned by men in base salary and total compensation, adjusted for factors such as level, geography and role

**First Canadian Bank** to join the Canadian Institute for Cybersecurity

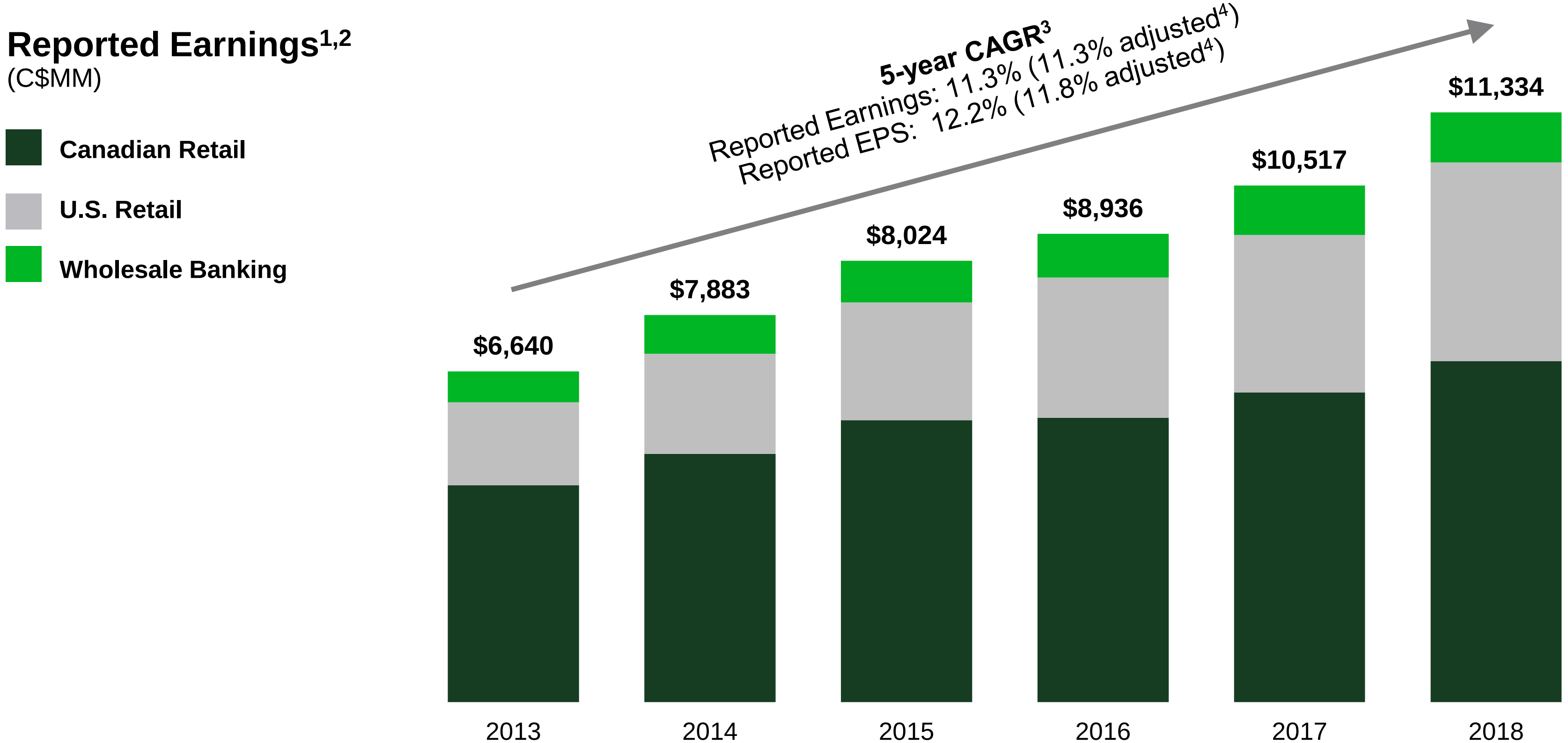
For further information, please visit www.td.com/responsibility/.

# Contents

# Consistent Earnings Growth

## Targeting 7-10% adjusted EPS growth over the medium term[4]

**Reported Earnings[1,2]**
(C$MM)




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.

# Q2 2019 Highlights

## Total Bank Reported Results (YoY)

### EPS up 10%

- Adjusted[1] EPS up 8%

### Revenue up 8%

### Expenses up 8%

### PCL down 26% QoQ

## Segment Reported Earnings (YoY)

### Canadian Retail up 1% (up 2% adj.)[1]

### U.S. Retail up 29% (up 20% adj.)[1]

### Wholesale down 17%

## Financial Highlights $MM

| Reported | Q2/19 | Q1/19 | Q2/18 |
|---|---|---|---|
| **Revenue** | 10,228 | 9,998 | 9,482 |
| **PCL** | 633 | 850 | 556 |
| **Expenses** | 5,248 | 5,855 | 4,837 |
| **Net Income** | **3,172** | **2,410** | **2,916** |
| **Diluted EPS** ($) | **1.70** | **1.27** | **1.54** |

| Adjusted[1] | Q2/19 | Q1/19 | Q2/18 |
|---|---|---|---|
| **Net Income** | 3,266 | 2,953 | 3,062 |
| **Diluted EPS** ($) | 1.75 | 1.57 | 1.62 |

## Segment Earnings $MM

| Q2/19 | Reported | Adjusted[1] |
|---|---|---|
| **Retail**[2] | 3,111 | 3,140 |
| *Canadian Retail* | *1,849* | *1,877* |
| *U.S. Retail* | *1,263* | *1,263* |
| **Wholesale** | 221 | 221 |
| **Corporate** | (161) | (95) |

1. See slide 8, footnote 1.
2. "Retail" comprises the Canadian Retail and U.S. Retail segments. See the Bank's Second Quarter 2019 Earnings News Release and MD&A.

# High Quality Loan Portfolio

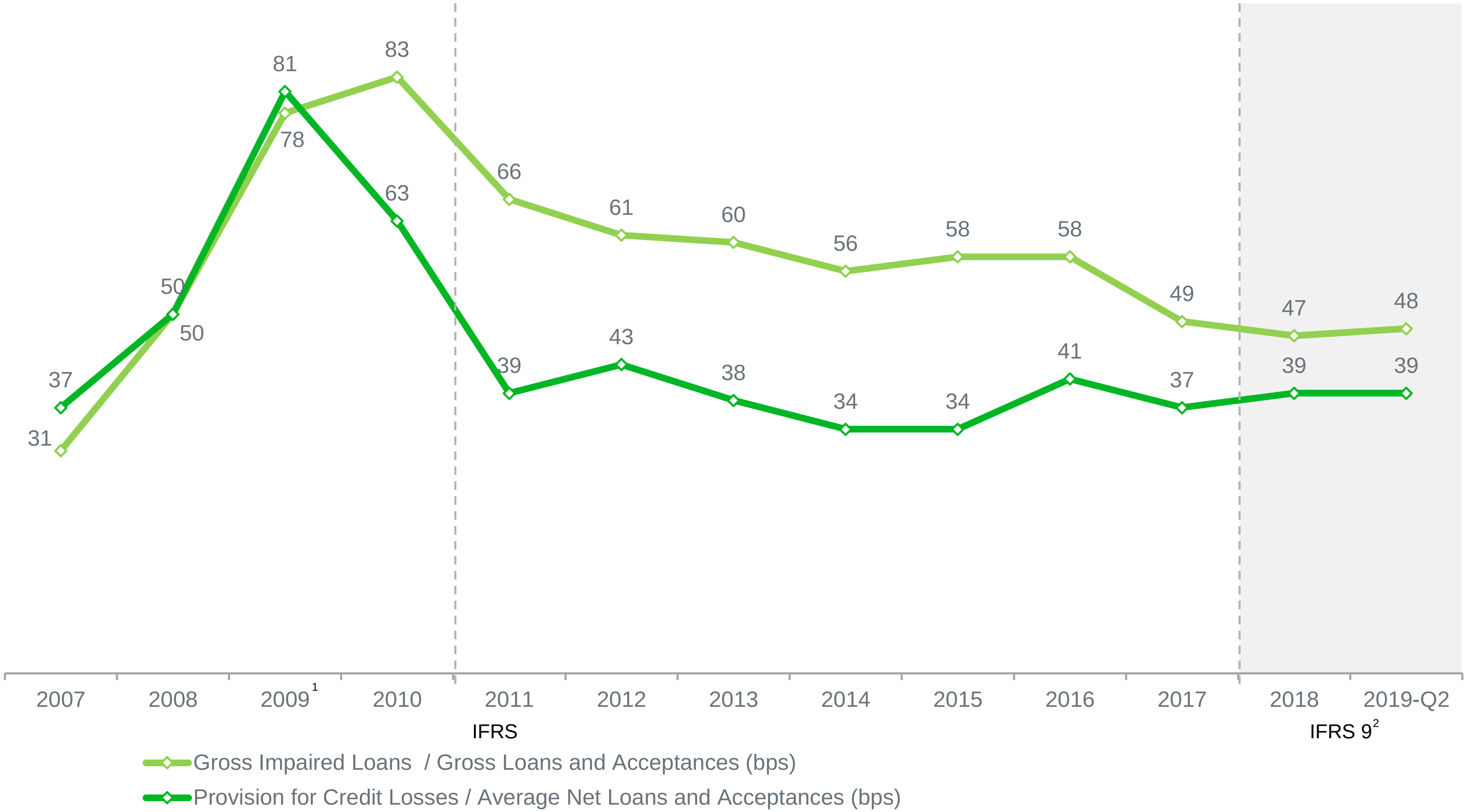
## **Balances** ($B unless otherwise noted)

| | Q1/19 | Q2/19 |
|---|---|---|
| **Canadian Retail Portfolio** | **$417.7** | **$422.3** |
| **Personal** | **$341.1** | **$343.7** |
| Residential Mortgages | 193.9 | 194.4 |
| Home Equity Lines of Credit (HELOC) | 87.1 | 88.2 |
| Indirect Auto | 24.1 | 24.5 |
| Credit Cards | 18.0 | 18.3 |
| Other Personal | 18.0 | 18.3 |
| *Unsecured Lines of Credit* | *10.2* | *10.2* |
| **Commercial Banking (including Small Business Banking)** | **$76.6** | **$78.6** |
| **U.S. Retail Portfolio** (all amounts in US$) | **US$ 156.3** | **US$ 157.5** |
| **Personal** | **US$ 69.9** | **US$ 69.9** |
| Residential Mortgages | 24.0 | 24.1 |
| Home Equity Lines of Credit (HELOC)[1] | 9.2 | 9.1 |
| Indirect Auto | 22.5 | 22.8 |
| Credit Cards | 13.5 | 13.2 |
| Other Personal | 0.7 | 0.7 |
| **Commercial Banking** | **US$ 86.4** | **US$ 87.6** |
| Non-residential Real Estate | 17.2 | 17.5 |
| Residential Real Estate | 6.2 | 6.3 |
| Commercial & Industrial (C&I) | 63.0 | 63.8 |
| **FX on U.S. Personal & Commercial Portfolio** | 49.1 | 53.3 |
| **U.S. Retail Portfolio** ($) | **$205.4** | **$210.8** |
| **Wholesale Portfolio**[2] | **$48.6** | **$52.4** |
| **Other**[3] | **$0.4** | **$0.4** |
| **Total**[4] | **$672.1** | **$685.9** |

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.

# Strong Credit Quality

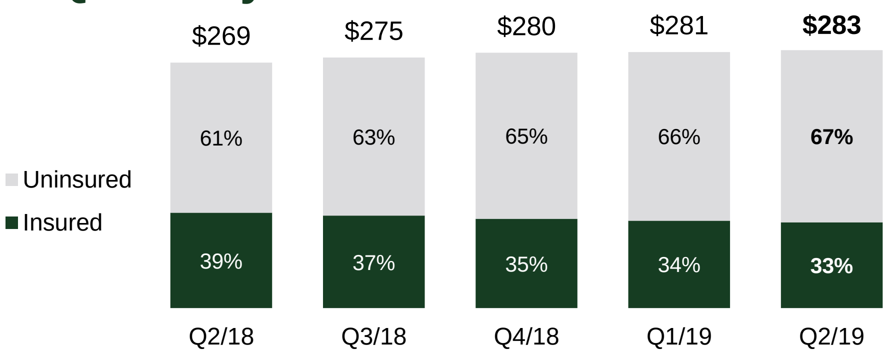
## GIL and PCL Ratios (bps)




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 and 2019 results reflect the adoption of IFRS 9, while prior periods reflect results under IAS 39.

# Canadian Real Estate Secured Lending Portfolio

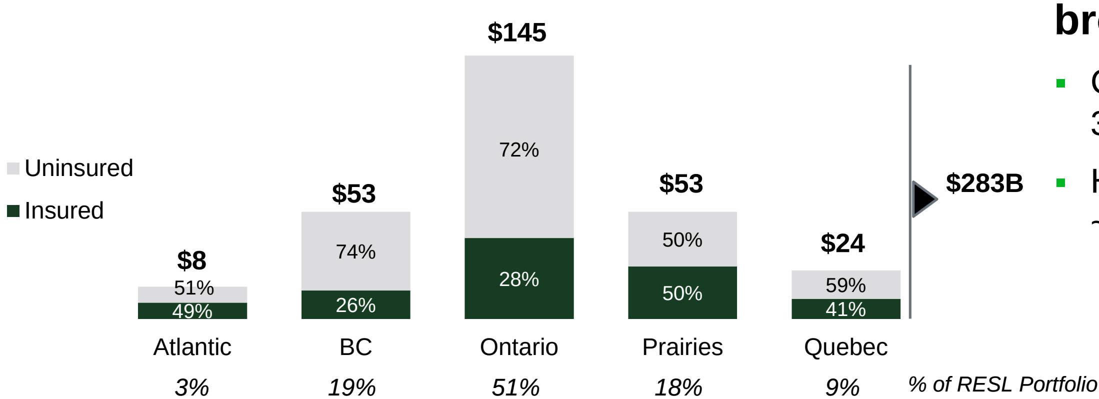
## Quarterly Portfolio Volumes $B




**Canadian RESL Portfolio – Loan to Value[1]**

| | Q2/18 | Q3/18 | Q4/18 | Q1/19 | Q2/19 |
|---|---|---|---|---|---|
| **Uninsured** | 52% | 52% | 52% | 53% | 54% |
| **Insured** | 52% | 52% | 51% | 52% | 53% |

## Regional Breakdown[2] $B




## Highlights

### Canadian RESL credit quality remained 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%

### 88% of RESL portfolio is amortizing

- 60% of HELOC portfolio is amortizing

### Condo credit quality consistent with broader portfolio

- Condo borrower RESL outstanding of $47B with 35% insured
- Hi-rise condo construction loans stable at ~1.1% 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

# Highlights

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

# Strong Capital & Liquidity Positions

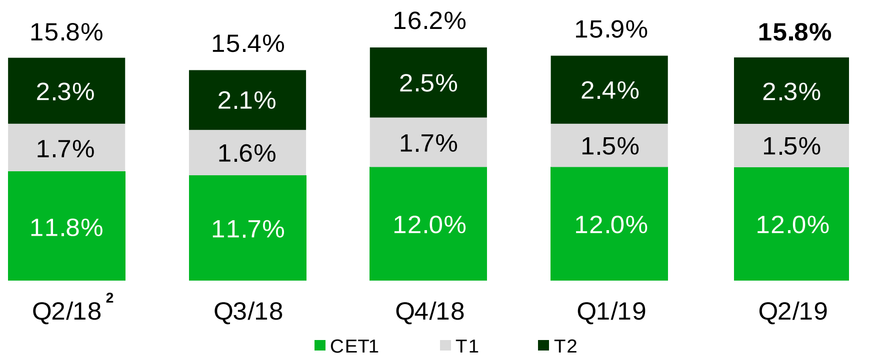
## Highlights

- Common Equity Tier 1 ratio of 12.0%
- Leverage ratio of 4.2%
- Liquidity coverage ratio of 135%
- Announced intention to initiate a new NCIB for up to 20 million common shares, subject to regulatory approval

## Common Equity Tier 1[1]

| | |
|---|---|
| **Q1 2019 CET1 Ratio** | **12.0%** |
| Internal capital generation | 40 |
| Actuarial losses on employee pension plans | (3) |
| Repurchase of common shares | (9) |
| Organic RWA increase and other | (27) |
| **Q2 2019 CET1 Ratio** | **12.0%** |

## Total Capital Ratio[1]

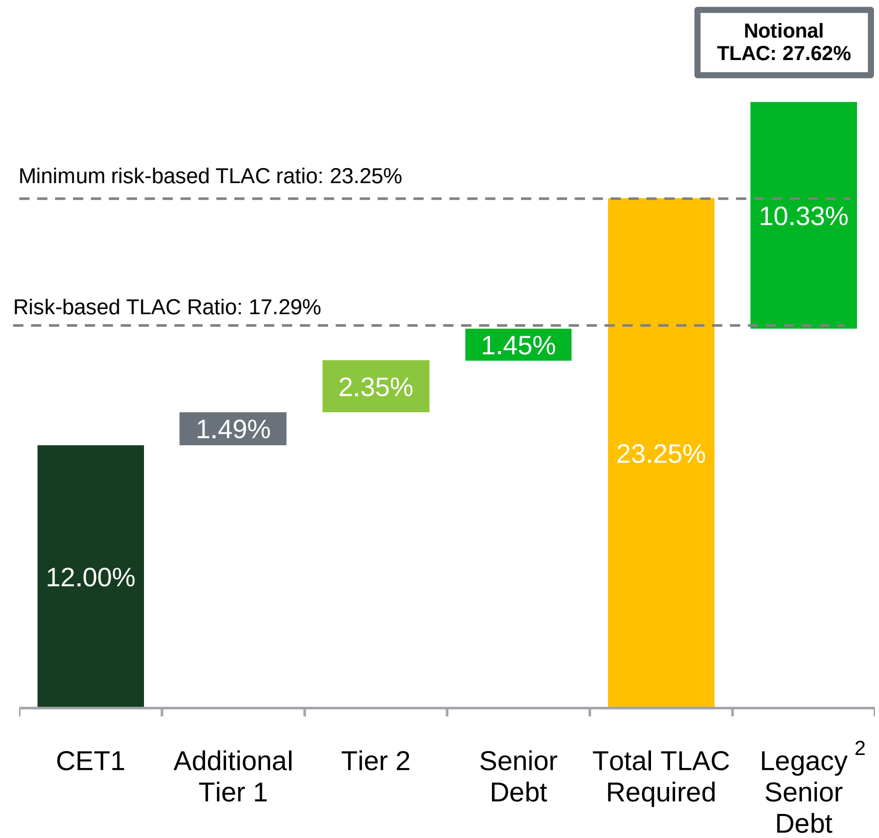



1. Amounts are calculated in accordance with the Basel III regulatory framework, and are presented based on the "all-in" methodology. The CVA capital charge was being phased in until the first quarter of 2019. For fiscal 2018, the scalars for inclusion of CVA for CET1, Tier 1, and Total Capital RWA were 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.

# 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:
    1. *Minimum risk based TLAC ratio: **23.25%** (21.50% + 1.75% Domestic Stability Buffer)*
    2. *TLAC leverage ratio: **6.75%***
- TD expects to meet the TLAC supervisory ratios by the implementation date in the normal course without altering its 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[1]




1. Converted at FX rate as of April 30, 2019.
2. Includes senior unsecured debt outstanding with an original term to maturity of 400 or more days and a remaining term to maturity greater than 1 year.

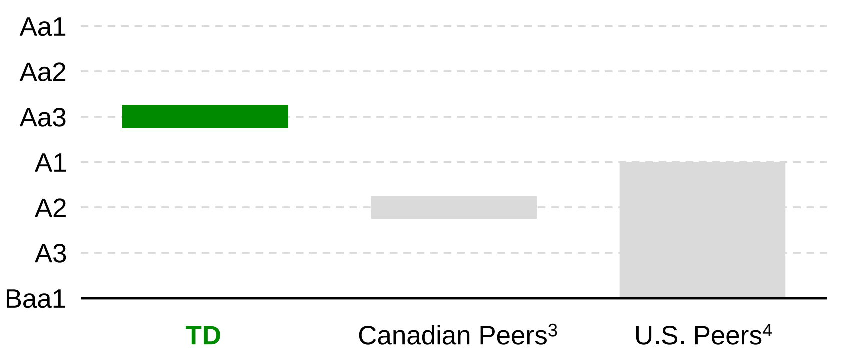
# Industry-Leading Credit Ratings

## Issuer Ratings[1]

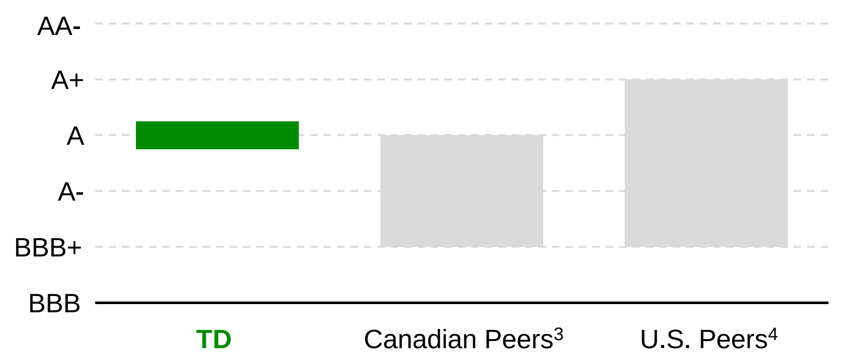
| Rating Agencies | Senior Debt Ratings[2] | Outlook / Trend |
|---|---|---|
| Moody's | Aa3 | Stable |
| S&P | A | Stable |
| DBRS | AA | Stable |

## Ratings vs. Peer Group[1]

Moody's Senior Debt[2] / HoldCo[5] Rating




S&P Senior Debt[2] / HoldCo[5] Rating

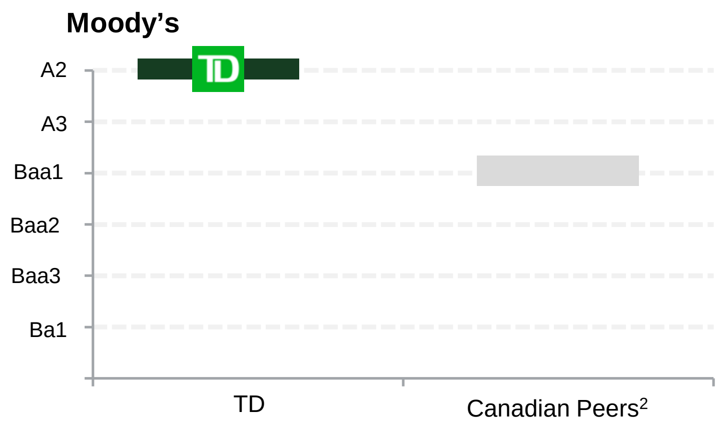


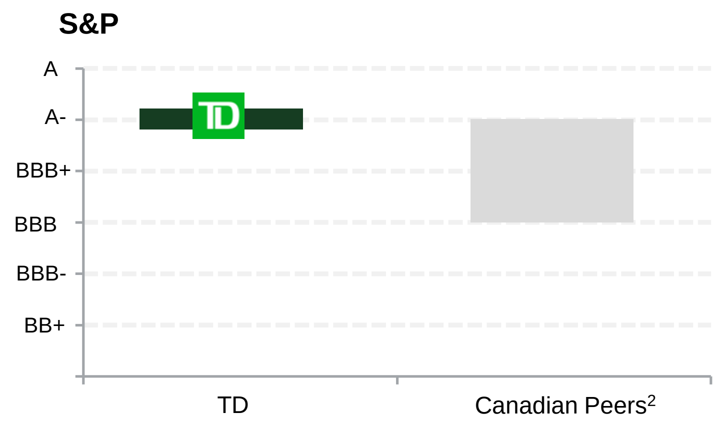

1. As of April 30, 2019, except for DBRS, which is as of May 30, 2019. Credit ratings are not recommendations to purchase, sell, or hold a financial obligation inasmuch as they do not comment on market price or suitability for a particular investor. Ratings are subject to revision or withdrawal at any time by the rating organization.
2. Subject to conversion under the bank recapitalization "bail-in" regime
3. Canadian peers defined as RY, BNS, BMO and CM
4. U.S. peers defined as BAC, BBT, C, JPM, PNC, USB and WFC
5. Ratings reflect holding company senior unsecured ratings

# Leading Non-Common Equity Capital Ratings

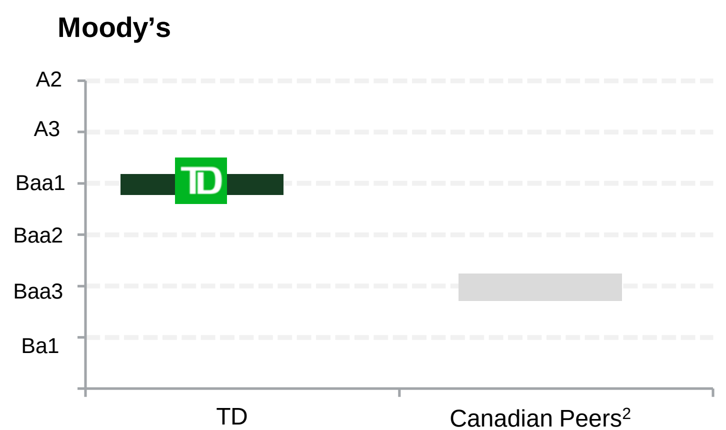
## Industry leading ratings[1] for Additional Tier 1 and Tier 2 capital instruments

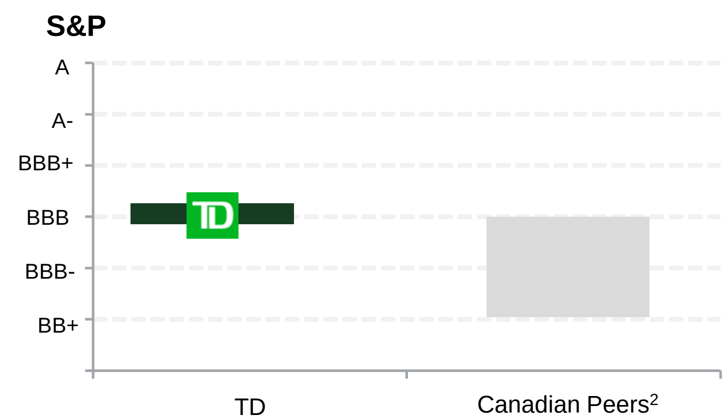
### NVCC Tier 2 Subordinated Debt Ratings




### Additional Tier 1 NVCC Preferred Share Ratings



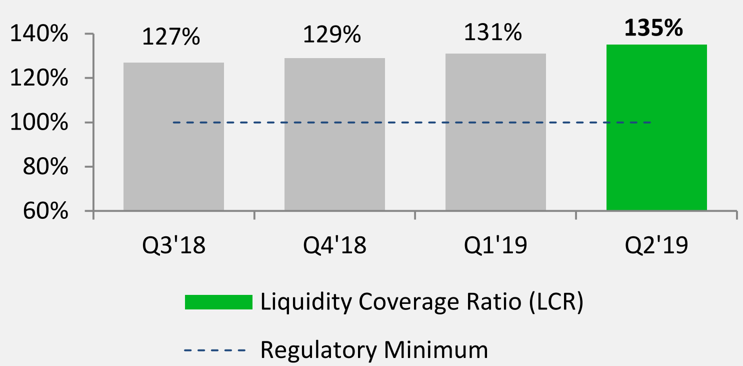

1. Subordinated Debt and Preferred Share ratings are as at April 30, 2019. Credit ratings are not recommendations to purchase, sell, or hold a financial obligation inasmuch as they do not comment on market price or suitability for a particular investor. Ratings are subject to revision or withdrawal at 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

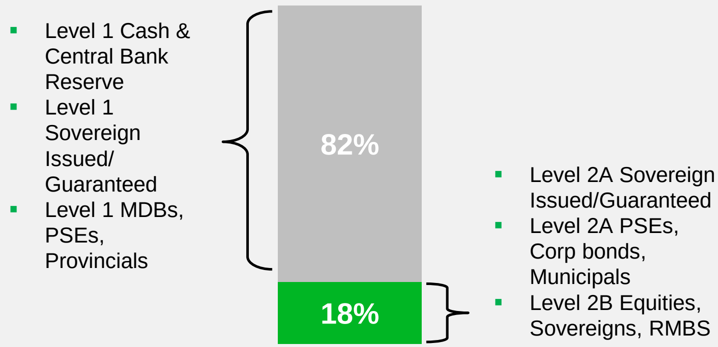
- Target a 90-day survival horizon under a combined Bank-specific and market-wide stress scenario, and a minimum buffer over regulatory requirements prescribed by the OSFI Liquidity Adequacy Requirements (LAR) guideline.
- Manage structural liquidity exposure by match funding to asset term or market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

## Liquidity Coverage Ratio (LCR)




## 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 April 30, 2019, was $213.5 billion (January 31, 2019 – $214.0 billion), with Level 1 assets representing 82% (January 31, 2019 – 79%).




Q2'19 Average HQLA (CAD $B)

**Prudent liquidity management commensurate with risk appetite**

# Deposit Overview

## Domestic Leader in Deposits

**Large base of personal and business deposits[4] that make up 69% of the Bank's total funding**

- TD Canada Trust (TDCT) ranked #1 in Total Personal Deposits[1]
- Canadian Retail competes with legendary personal connected customer service and the power of One TD to drive growth
- TD U.S. Retail bank ranked in the top 10[2] with over 9MM customers, operating in retail stores in 15 states and the District of Columbia

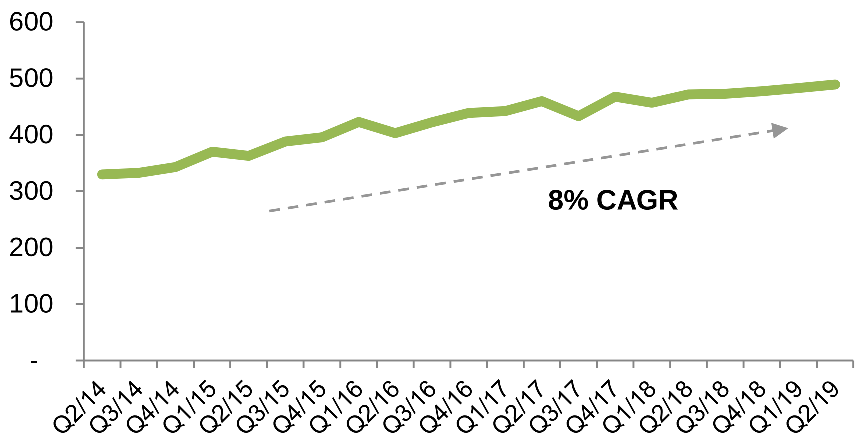
**Personal and Business deposits continue to show strong growth**

- Personal deposits have grown at 8% CAGR[3] over the last 5 years
- Business deposits have grown at 9% CAGR[3] over the last 5 years

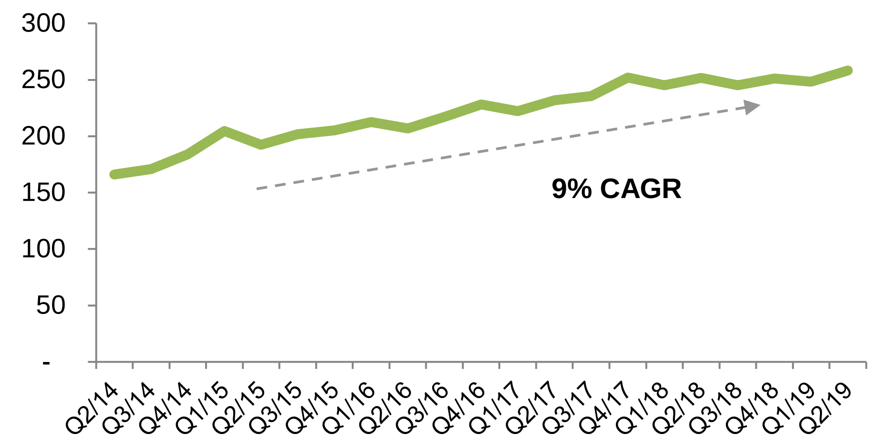
**Deposits raised through personal and business banking channels remain the primary source of long-term funding for the Bank's non-trading assets**

- 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 February 2019 Market Share Summary (internally produced report).
2. Based on total deposits as of March 1, 2019. Source: SNL Financial, Largest Banks and Thrifts in the U.S.
3. CAGR over the last 5 years is the compound annual growth rate calculated from Q2 2014 to Q2 2019 on a reported basis.
4. Business deposits exclude wholesale funding

# Attractive Balance Sheet Composition[1]

## Large base of stable retail and commercial deposits

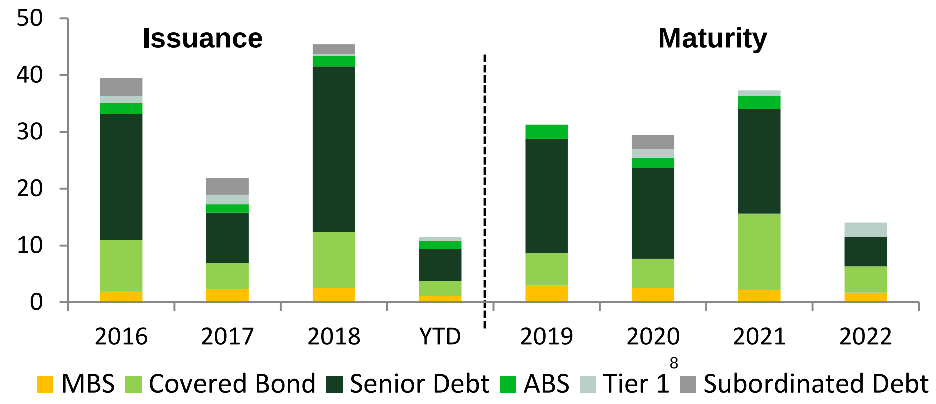
**Personal and commercial deposits are TD's primary sources of funds**

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

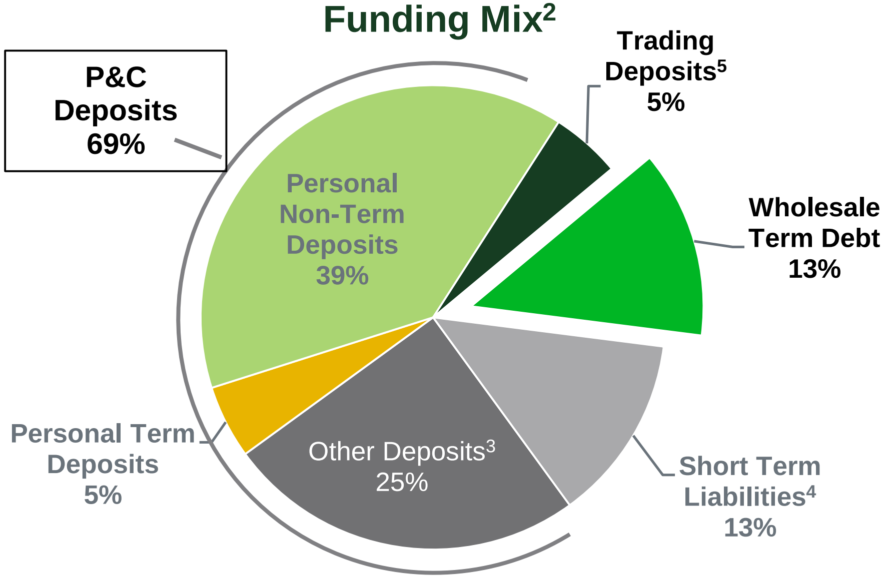
**Wholesale funding profile reflects a balanced secured and unsecured funding mix**

**Maturity profile is manageable and well balanced**

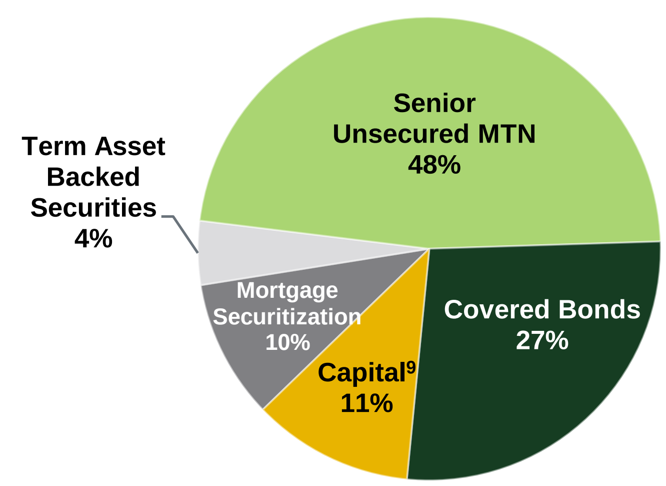
## Maturity Profile[6,7] (To first par redemption date) (C$B)




## Funding Mix[2]




## Wholesale Term Debt




1. As of April 30, 2019.
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.
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[1]

## Funding Strategy

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

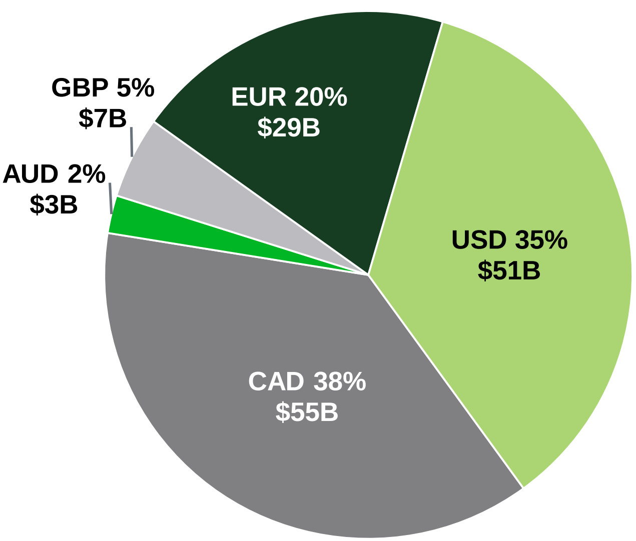
- Well-established C$50 billion Legislative Covered Bond Program is an important pillar in global funding strategy
- Programmatic issuance for the established ABS program, backed by Canadian credit card receivables in the U.S. market

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

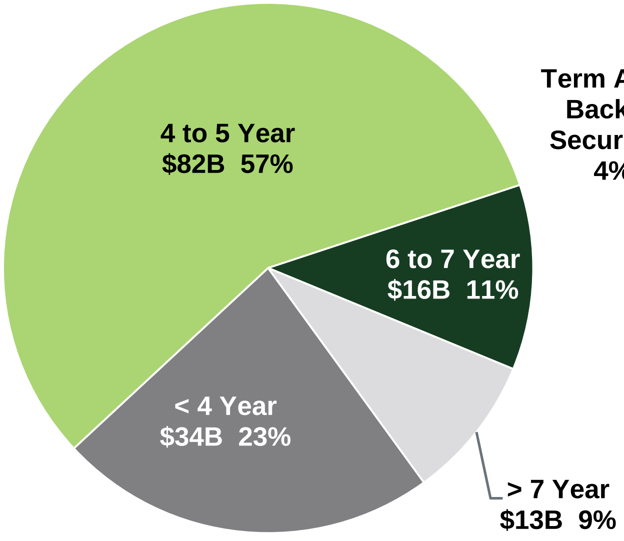
**Recent transactions:**

- EUR€1.50BN 5-year Senior Unsecured Note[5]
- EUR€1.75BN 5-year Covered Bond
- USD$1.25BN 5-year Senior Unsecured Note[5]
- CAD$2.00BN 5-year Senior Unsecured Note[5]

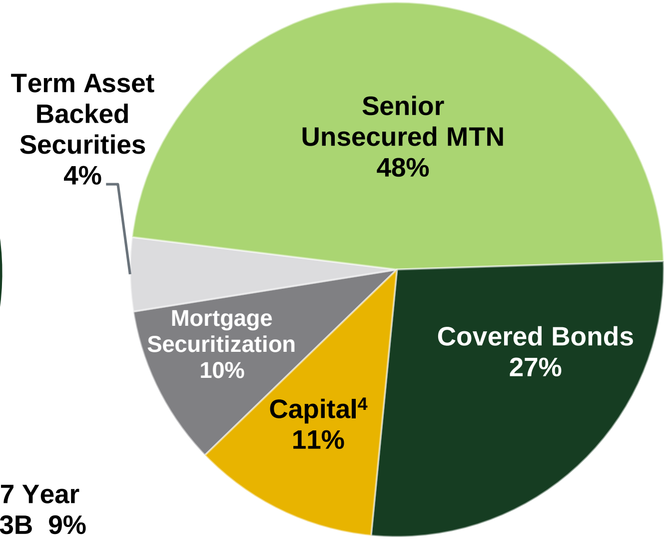
### By Currency [2,3]




### By Term [2,3]




### Wholesale Term Debt




1. As of April 30, 2019.
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.
5. Subject to conversion under the bank recapitalization "bail-in" regime

# Contents

# TD Economics Update

## Global: At a crossroads

- Our global growth outlook for 2019 is set at a subdued 3.2%. The improvement in global financial conditions so far this year is set against ongoing heightened uncertainty on the international trade front.
- Signs of recovery are becoming more widespread, but activity is stabilizing at a low rate, leaving little room for error.
- Trade uncertainty and geopolitical tensions remain significant near-term risks that could weaken global financial sentiment and economic growth prospects.

## U.S.: Outperformance, but risks loom

- Economic growth in the first quarter of 2019 registered an unexpected 3.2%, bumping our 2019 annual average to 2.6% (+0.2%). Real GDP is expected to gravitate towards 2.0% for the second half of 2019 and for all of 2020 as capacity constraints bind and fiscal policy becomes a drag.
- The trade war with China remains a sizable downside risk particularly for business investment. Recent tariff escalations have left a drag on business sentiment despite ongoing U.S.-China negotiations. This could shave as much as 0.3 percentage points from economic growth over the next year.

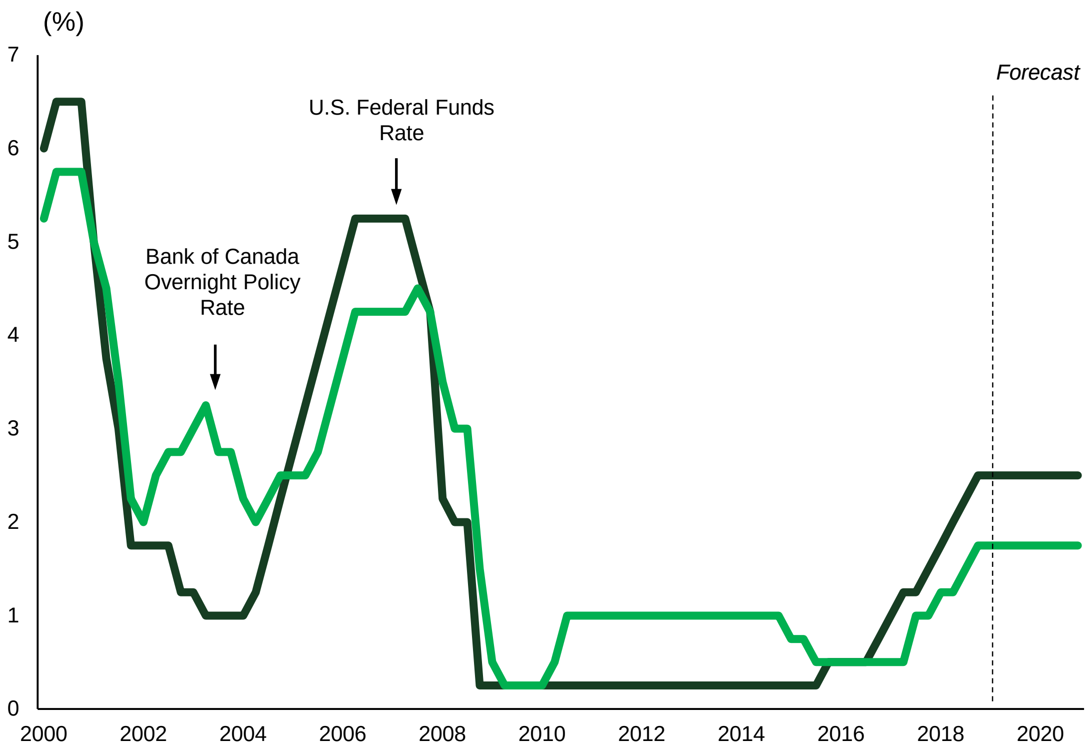
## Canada: Faith in fundamentals

- A weak handoff from 2018 and soft start to the year maintain our 2019 real GDP outlook at 1.2%. As a number of growth headwinds ease however, we expect an expansion to begin in the second half of 2019 cumulating in 1.8% real GDP growth for 2020.
- Strong employment numbers to begin the year indicate underlying economic health despite soft GDP print.
- The housing outlook is a point for optimism as recent data points to stabilization and easier financial conditions and federal policy initiatives support demand.

Source: TD Economics, May 2019

# Interest Rate Outlook

## Interest Rates, Canada and U.S.




- The Federal Reserve remains in a "wait-and-see" stance given domestic and global uncertainty. TD Economics anticipates the Fed to hold its policy rate at 2.50% for the foreseeable future.
- The Bank of Canada has adopted a cautious position in face of uncertainty and mixed economic data. Given this environment, we expect the policy interest rate to remain at 1.75% over the forecast horizon.

**No rate hikes anticipated in the foreseeable future**

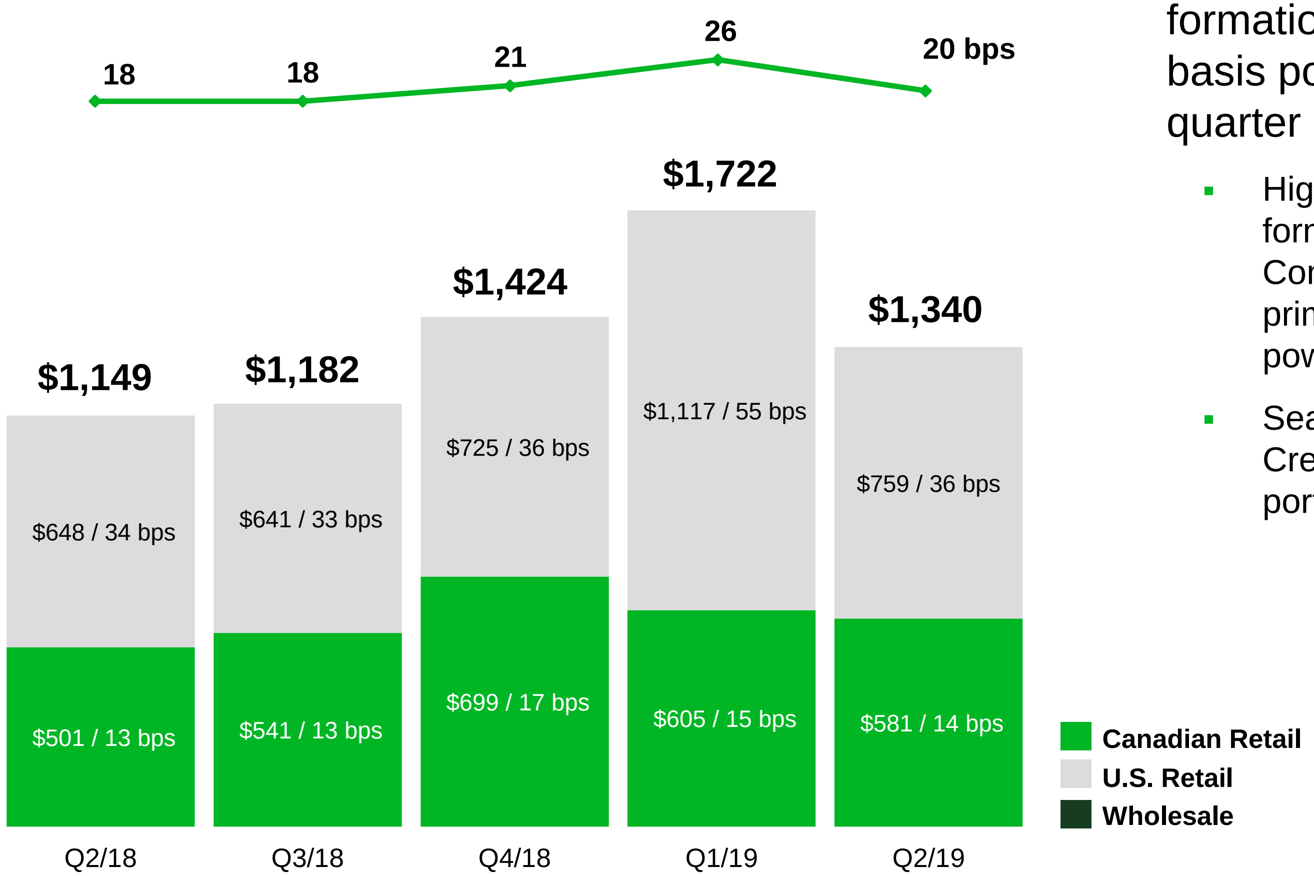
Source: Bloomberg, Bank of Canada, Federal Reserve. Forecast by TD Economics as of May 2019

*For an economic update please refer to* [https://economics.td.com](https://economics.td.com)

# Contents

# Gross Impaired Loan Formations
## By Business Segment

### GIL Formations[1]: $MM and Ratios[2]



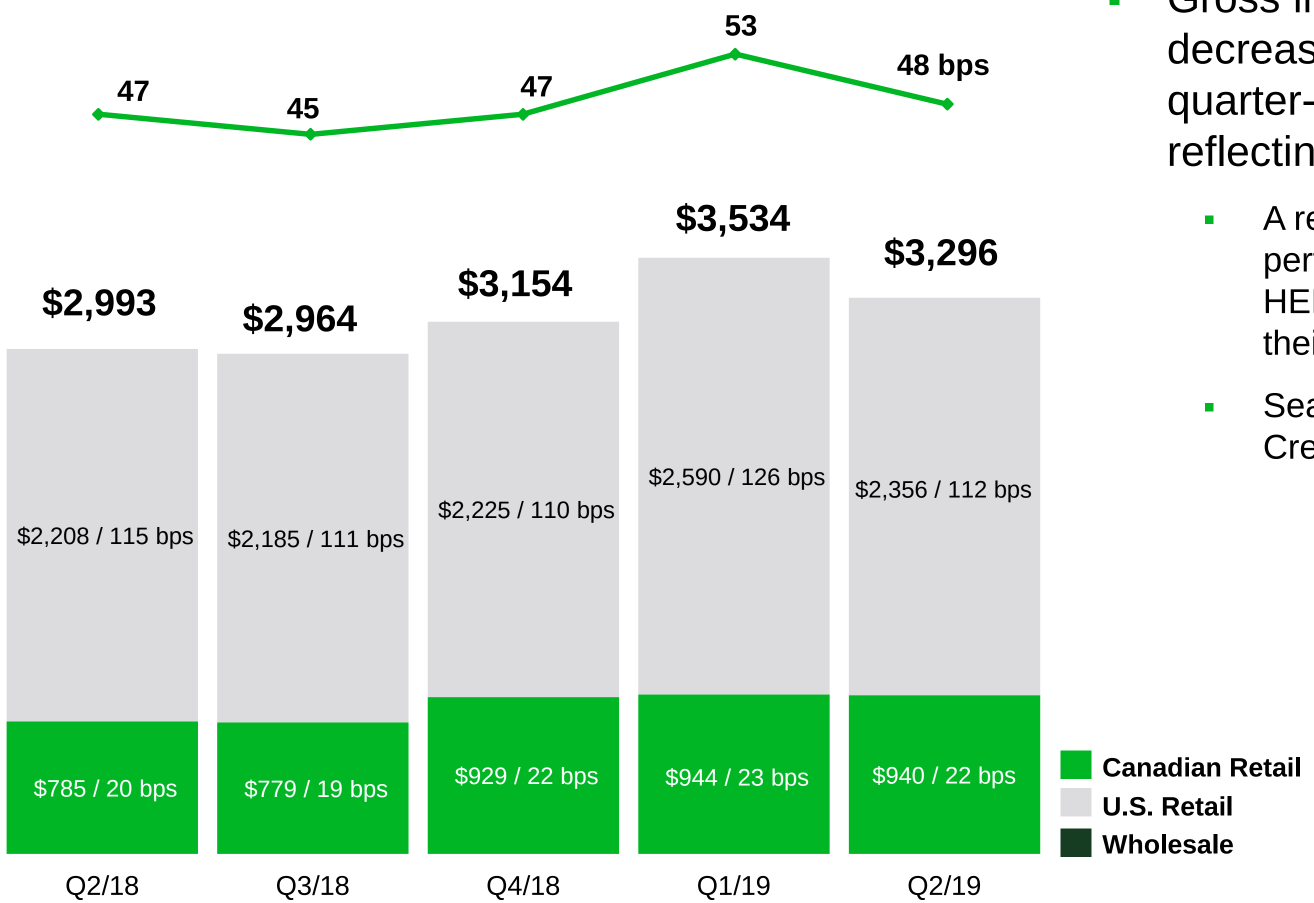

### Highlights

- Gross impaired loan formations decreased 6 basis points quarter-over-quarter driven by:
  - Higher prior quarter formations in the U.S. Commercial portfolio primarily attributable to the power and utilities sector
  - 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.
2. GIL Formations Ratio – Gross Impaired Loan Formations/Average Gross Loans & Acceptances.

# Gross Impaired Loans (GIL)
## By Business Segment

### GIL[1]: $MM and Ratios[2]



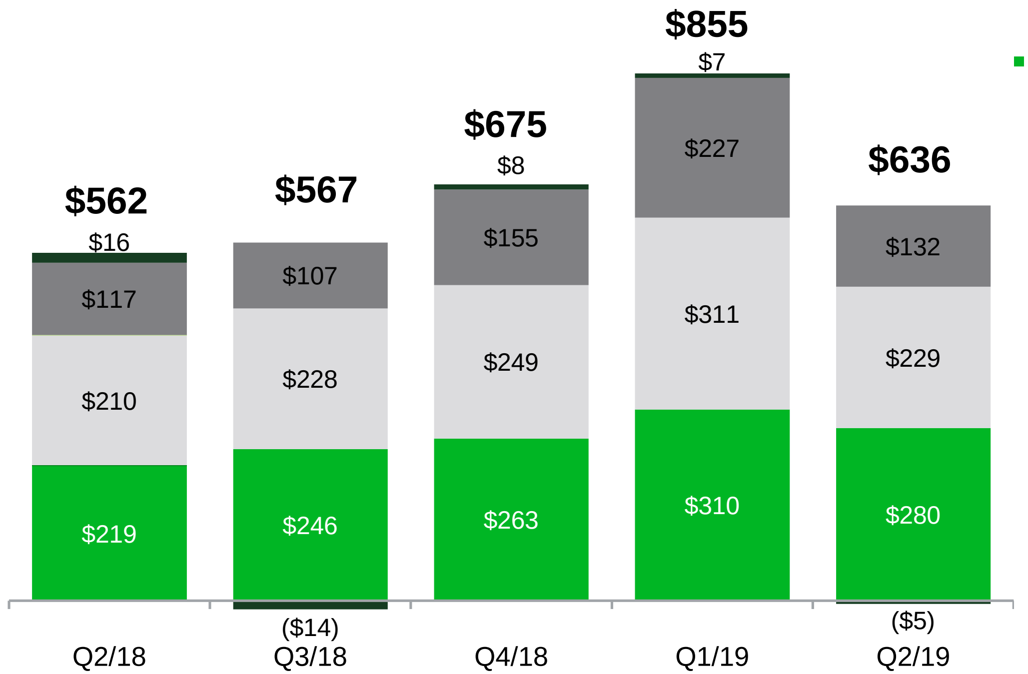

### Highlights

- Gross impaired loans decreased 5 basis points quarter-over-quarter reflecting:
  - A reclassification to performing for certain U.S. HELOC clients current with their payments
  - Seasonal trends in the U.S. Credit Card portfolio

1. Gross Impaired Loans (GIL) excludes the impact of acquired credit-impaired loans.
2. GIL Ratio – Gross Impaired Loans/Gross Loans & Acceptances (both are spot) by portfolio.

# Provision for Credit Losses (PCL)
## By Business Segment

### PCL[1]: $MM and Ratios[2]




| PCL Ratio[1] | Q2/18 | Q3/18 | Q4/18 | Q1/19 | Q2/19 |
|---|---|---|---|---|---|
| Canadian Retail | 23 | 24 | 25 | 29 | 27 |
| U.S. Retail (net)[3] | 46 | 47 | 50 | 60 | 46 |
| U.S. Retail & Corporate (gross)[4] | 72 | 69 | 81 | 104 | 72 |
| Wholesale | 13 | (11) | 6 | 5 | (4) |
| **Total Bank** | **36** | **35** | **41** | **50** | **39** |

### Highlights

- PCL decreased $219MM quarter-over-quarter reflecting:
  - $160MM in the U.S. Credit Card and Auto portfolios largely due to seasonal trends
  - $30MM in Canadian Retail across the consumer lending portfolios

1. PCL excludes the impact of acquired credit-impaired loans and items of note.
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 & Corporate 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)[1,2]
## Impaired and Performing

| PCL (C$MM) | Q2/18 | Q1/19 | Q2/19 |
|---|---|---|---|
| **Total Bank** | **$ 562** | **$ 855** | **$ 636** |
| Impaired | 526 | 722 | 596 |
| Performing | 36 | 133 | 40 |
| **Canadian Retail** | **$ 219** | **$ 310** | **$ 280** |
| Impaired | 219 | 264 | 256 |
| Performing | 0 | 46 | 24 |
| **U.S. Retail** | **$ 210** | **$ 311** | **$ 229** |
| Impaired | 205 | 290 | 202 |
| Performing | 5 | 21 | 27 |
| **Wholesale** | **$ 16** | **$ 7** | **$ (5)** |
| Impaired | (8) | - | - |
| Performing | 24 | 7 | (5) |
| **Corporate** U.S. strategic cards partners' share | **$ 117** | **$ 227** | **$ 132** |
| Impaired | 110 | 168 | 138 |
| Performing | 7 | 59 | (6) |

### Highlights

- Impaired PCL decrease quarter-over-quarter reflects:
  - Seasonal trends in the U.S. Credit Card and Auto portfolios
  - Higher prior quarter provisions in the U.S. Commercial portfolio primarily attributable to the power and utilities sector
- Performing PCL decrease quarter-over-quarter reflects:
  - Seasonal trends in the U.S. Credit Card portfolio
  - Generally lower provisions across Canadian Retail

1. PCL excludes the impact of acquired credit-impaired loans and items of note.
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 Personal Banking

| Canadian Personal Banking | Q2/19 Gross Loans ($B) | GIL ($MM) | GIL / Loans |
|---|---|---|---|
| Residential Mortgages | $194.4 | $254 | 0.13% |
| Home Equity Lines of Credit (HELOC) | 88.2 | 148 | 0.17% |
| Indirect Auto | 24.5 | 66 | 0.27% |
| Credit Cards | 18.3 | 133 | 0.72% |
| Other Personal | 18.3 | 47 | 0.26% |
| *Unsecured Lines of Credit* | *10.2* | *33* | *0.32%* |
| **Total Canadian Personal Banking** | **$343.7** | **$648** | **0.19%** |
| Change vs. Q1/19 | $2.6 | ($14) | 0.00% |

**Canadian RESL Portfolio – Loan to Value by Region[1,2]**

| | Q1/19 | | | Q2/19 | | |
|---|---|---|---|---|---|---|
| | Mortgage | HELOC | Total RESL | Mortgage | HELOC | Total RESL |
| **Atlantic** | 62% | 48% | 59% | 63% | 49% | 59% |
| **BC** | 51% | 42% | 48% | 52% | 43% | 49% |
| **Ontario** | 54% | 44% | 50% | 54% | 45% | 51% |
| **Prairies** | 66% | 53% | 61% | 66% | 54% | 62% |
| **Quebec** | 62% | 55% | 60% | 62% | 55% | 60% |
| **Canada** | **57%** | **46%** | **53%** | **57%** | **47%** | **53%** |

## Highlights

- Credit quality remained strong in the Canadian Personal 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.

# Canadian Commercial and Wholesale Banking

| Canadian Commercial and Wholesale Banking | Q2/19 Gross Loans/BAs ($B) | GIL ($MM) | GIL/ Loans |
|---|---|---|---|
| Commercial Banking[1] | 78.6 | $292 | 0.37% |
| Wholesale | 51.9 | - | 0.00% |
| **Total Canadian Commercial and Wholesale** | **130.5** | **$292** | **0.22%** |
| Change vs. Q1/19 | 5.3 | $10 | (0.01%) |

| Industry Breakdown[1] | Gross Loans/BAs ($B) | Gross Impaired Loans ($MM) |
|---|---|---|
| Real Estate – Residential | 18.7 | $9 |
| Real Estate – Non-residential | 16.0 | 1 |
| Financial | 20.8 | 1 |
| Govt-PSE-Health & Social Services | 11.9 | 12 |
| Pipelines, Oil and Gas | 7.3 | 11 |
| Metals and Mining | 2.0 | 12 |
| Forestry | 0.8 | - |
| Consumer[2] | 6.3 | 17 |
| Industrial/Manufacturing[3] | 7.6 | 173 |
| Agriculture | 8.3 | 13 |
| Automotive | 9.8 | 1 |
| Other[4] | 21.0 | 42 |
| **Total** | **$130.5** | **$292** |

## Highlights

- Canadian Commercial and Wholesale Banking portfolios continued to perform well

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[1] | Q2/19 Gross Loans ($B) | Q2/19 GIL ($MM) | Q2/19 GIL / Loans |
|---|---|---|---|
| Residential Mortgages | $24.1 | $347 | 1.44% |
| Home Equity Lines of Credit (HELOC)[2] | 9.1 | 438 | 4.84% |
| Indirect Auto | 22.8 | 177 | 0.78% |
| Credit Cards | 13.2 | 242 | 1.83% |
| Other Personal | 0.7 | 5 | 0.74% |
| **Total U.S. Personal Banking (USD)** | **$69.9** | **$1,209** | **1.73%** |
| Change vs. Q1/19 (USD) | - | ($222) | (0.32%) |
| Foreign Exchange | 23.6 | 410 | n/a |
| **Total U.S. Personal Banking (CAD)** | **$93.5** | **$1,619** | **1.73%** |

**U.S. Real Estate Secured Lending Portfolio**[1]

Indexed Loan to Value (LTV) Distribution and Refreshed FICO Scores[3]

| Current Estimated LTV | Residential Mortgages | 1st Lien HELOC | 2nd Lien HELOC | Total |
|---|---|---|---|---|
| **>80%** | 5% | 7% | 15% | 6% |
| **61-80%** | 36% | 30% | 51% | 38% |
| **<=60%** | 59% | 63% | 34% | 56% |
| **Current FICO Score >700** | 90% | 90% | 87% | 89% |

## Highlights

- Continued good asset quality in U.S. Personal
- Gross impaired loans decrease primarily due to:
  - A reclassification to performing for certain U.S. HELOC clients current with their payments
  - Seasonal trends in the Credit Card portfolio

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 February 2019. FICO Scores updated March 2019.

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

| U.S. Commercial Banking[1] | Q2/19 Gross Loans / BAs ($B) | GIL ($MM) | GIL/ Loans |
|---|---|---|---|
| **Commercial Real Estate (CRE)** | **$23.8** | **$96** | **0.40%** |
| Non-residential Real Estate | 17.5 | 78 | 0.45% |
| Residential Real Estate | 6.3 | 18 | 0.29% |
| **Commercial & Industrial (C&I)** | **63.8** | **454** | **0.71%** |
| **Total U.S. Commercial Banking (USD)** | **$87.6** | **$550** | **0.63%** |
| Change vs. Q1/19 (USD) | $1.2 | $10 | 0.01% |
| Foreign Exchange | 29.7 | 187 | n/a |
| **Total U.S. Commercial Banking (CAD)** | **$117.3** | **$737** | **0.63%** |

| Commercial Real Estate | Gross Loans/BAs (US $B) | GIL (US $MM) |
|---|---|---|
| Office | $5.5 | $51 |
| Retail | 5.5 | 9 |
| Apartments | 5.4 | 7 |
| Residential for Sale | 0.2 | 1 |
| Industrial | 1.4 | 4 |
| Hotel | 0.7 | 12 |
| Commercial Land | 0.1 | 8 |
| Other | 5.0 | 4 |
| **Total CRE** | **$23.8** | **$96** |

| Commercial & Industrial | Gross Loans/BAs (US $B) | GIL (US $MM) |
|---|---|---|
| Health & Social Services | $9.7 | $7 |
| Professional & Other Services | 7.8 | 70 |
| Consumer[2] | 6.6 | 48 |
| Industrial/Mfg[3] | 7.0 | 30 |
| Government/PSE | 9.4 | 10 |
| Financial | 2.4 | 11 |
| Automotive | 3.4 | 6 |
| Other[4] | 17.5 | 272 |
| **Total C&I** | **$63.8** | **$454** |

## Highlights

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

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.

# Contents

# Canadian Registered Covered Bond Program

## Key Highlights

| | |
|---|---|
| **Covered Bond Collateral** | ▪ Canadian residential real estate property with no more than 4 residential units<br>▪ Uninsured conventional first lien assets with original loan to value ratio that is 80% or less |
| **Housing Market Risks** | ▪ Latest property valuation shall be adjusted at least quarterly to account for subsequent price adjustments using the Indexation Methodology |
| **Tests and Credit Enhancements** | ▪ Asset Coverage Test<br>▪ Amortization Test<br>▪ Valuation Calculation<br>▪ Level of Overcollateralization<br>▪ Asset Percentage<br>▪ Reserve Fund<br>▪ Prematurity Liquidity<br>▪ OSFI limit[1] |
| **Required Ratings and Ratings Triggers** | ▪ No less than two Rating Agencies must at all times have current ratings assigned to bonds outstanding<br>▪ All Ratings Triggers must be set for:<br>• Replacement of other Counterparties<br>• Establishment of the Reserve Fund<br>• Pre-maturity ratings<br>• Permitted cash commingling period |
| **Interest Rate and Currency Risk** | ▪ Management of interest rate and currency risk:<br>• Interest rate swap<br>• Covered bond swaps |
| **Ongoing Disclosure Requirements** | ▪ Monthly investor reports shall be posted on the program website<br>▪ Plain disclosure of material facts in the Public Offering Document |
| **Audit and Compliance** | ▪ Annual specified auditing procedures performed by a qualified cover pool monitor<br>▪ Deliver an Annual Compliance Certificate to the Canada Mortgage and Housing Corporation (CMHC) |

1. As announced by OSFI on May 23, 2019, effective August 1, 2019, the OSFI limit equals (total assets pledged for covered bonds) / (total on-balance sheet assets) ≤ 5.5%

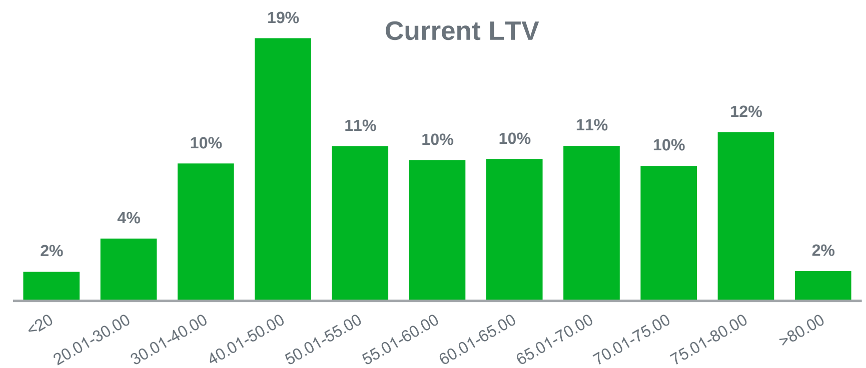
# TD Global Legislative Covered Bond Program

## TD Covered Bond Programme Highlights

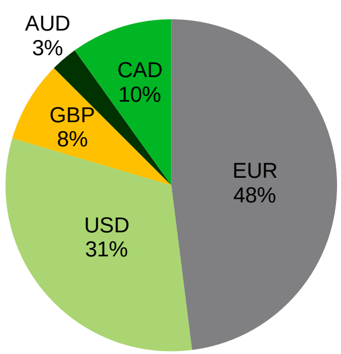
- TD has a C$50B legislative covered bond program
- Covered bonds issuance for Canadian issuers governed by CMHC-administered guidelines
- Only uninsured Canadian residential real estate assets are eligible, no foreign assets in the pool
- Covered pool is composed of 100% amortizing mortgages
- Strong credit ratings; Aaa / AAA[1]
- TD has ~C$37.9B aggregate principal amount of legislative covered bonds outstanding. Ample room for future issuance under current OSFI limit and revised OSFI limit effective August 1
- Effective January 2017, TD joined the Covered Bond Label[2] and commenced reporting using the Harmonized Transparency Template

## Cover Pool as at April 30, 2019

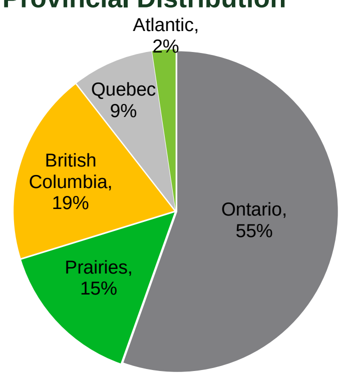
- High quality, conventional first lien Canadian Residential mortgages originated by TD
- All loans have original LTVs of 80% or lower. Current weighted average LTV is 56%[3]
- The weighted average of non-zero credit scores is 773



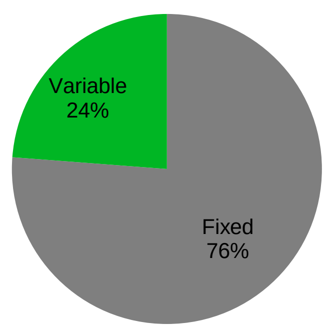

### Issuances

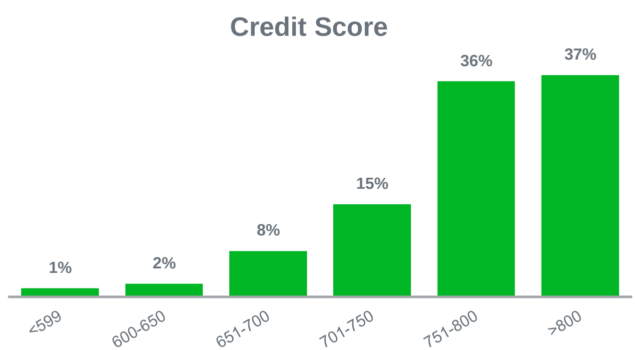



### Provincial Distribution




### Interest Rate Type




1. Ratings by Moody's and DBRS, respectively. For the Covered Bond program, as at April 30, 2019. 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. The Covered Bond Label Foundation and its affiliates are not associated with and do not approve or endorse TD's covered bond products.
3. Current Loan to Value is calculated with the Teranet-National Bank House Price Index and weighted by balance.

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# 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, the Bank is subject to a minimum risk based TLAC ratio of 23.25% of RWA (21.50% plus a 1.75% 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[1]. 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[2].
- 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[3] 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.

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# TD Bank Group
# Fixed Income Investor Presentation

Q2 2019