

# Q4 2019 Highlights – Overview

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



## Reported Financial Results

- Reported **net income** \$2.9B, down 4% (adj.<sup>1</sup> \$2.9B, down 3%).
- Reported **EPS** of \$1.54, down 3% (adj.<sup>1</sup> \$1.59 and down 2%).
- Reported **Retail<sup>2</sup>** earnings \$2.9B, up 3% (adj.<sup>1</sup> up 3%);
  - Canadian Retail:** \$1,745MM, flat YoY (adj.<sup>1</sup> up 2%);  
Cdn. P&C -3%; Wealth -1% (+9% adj.); Insurance 52%
  - U.S. Retail** (incl. AMTD): US\$900MM, up 5% (C\$ up 7%)
- Wholesale Banking** reported net income \$160MM, down 44%.
- Corporate** reported loss \$240MM; adjusted<sup>1</sup>: \$178MM.

## Revenue, Expenses, Credit, and Capital

- Revenue up 2%:** NII up 7%, non-interest income down 5%.
- Expenses up 3%:** Reflecting higher employee related costs, additional employees supporting business growth, and charges related to the acquisition of Greystone. Expenses included \$154MM of restructuring charges.
- PCL up 36% QoQ:** PCL – impaired up 27% QoQ largely related to the U.S. Credit Card and Auto portfolios, reflecting seasonal trends, and Credit migration in the Canadian Commercial and Auto portfolios. PCL – performing up 105% QoQ driven by credit migration in the Cdn. Commercial, Cdn. Cards, and Wholesale lending portfolios, and seasonal trends in the U.S. Credit Card and Auto portfolios, partially offset by prior quarter parameter updates in the consumer lending portfolios.
- CET1 ratio of 12%:** up slightly QoQ reflecting strong organic capital generation (+32 bps), partially offset by repurchase of common shares (-14 bps), actuarial losses on employee benefit plans (-5 bps), and RWA growth and other items(-5 bps).

## Items of Interest

- Restructuring Charges:** Results include charges of \$154 million (\$114 million after tax, or \$0.06/share) that have not been adjusted out of earnings, booked in the segments as follows:
  - Canadian Retail: C\$12 million (\$0.00/share)
  - U.S. Retail: C\$68 million or US\$52 million (\$0.03/share)
  - Wholesale: C\$23 million (\$0.01/share)
  - Corporate: C\$51 million (\$0.02/share)
- Wholesale Derivative Valuation Charges:** Lower revenue reflects the effects of a significant upgrade to the derivative valuation system and related methodologies, providing enhanced pricing and risk management capabilities. The charges have not been adjusted out of earnings.
  - Wholesale: C\$96 million pre-tax
- Updated disclosures have been included in *Current and Future Changes in Accounting Policies*** (2019 MD&A, p.107)
  - Updates have been made to reflect an after-tax impact to retained earnings of -\$0.5 billion and -24bps to CET1 as a result of the adoption of IFRS 16 Leases.

## Financial Results (\$MM)

		Q4/19	QoQ	YoY
<b>EPS</b>	<i>Reported</i>	\$ 1.54	-11%	-3%
	<i>Adjusted<sup>1</sup></i>	\$ 1.59	-11%	-2%
<b>Revenue</b>		10,340	-2%	2%
<b>Non-interest Expenses</b>	<i>Reported</i>	5,543	3%	3%
	<i>Adjusted<sup>1</sup></i>	5,463	3%	3%
<b>Net Income</b>	<i>Reported</i>	2,856	-12%	-4%
	<i>Adjusted<sup>1</sup></i>	2,946	-12%	-3%
<b>CET 1 Ratio</b>		12.1%	9 bps	4 bps
<b>Net Interest Margin (NIM)</b>		1.94%	1 bps	1 bps
<b>PCL Ratio</b>		0.51%	13 bps	10 bps
	<i>PCL – Total</i>	891	236	221
	<i>PCL – Impaired</i>	739	158	180
	<i>PCL – Performing</i>	152	78	41

## Loans (\$B)

Average balances, unless otherwise specified

	Q4/19	QoQ	YoY
<b>Canadian Retail</b>	433.6	2%	5%
<i>Personal</i>	352.0	1%	4%
<i>Commercial</i>	81.6	2%	9%
<b>U.S. Retail (USD)</b>	162.1	2%	7%
<i>Personal</i>	73.8	4%	7%
<i>Commercial</i>	88.3	0%	7%
<b>Wholesale (Gross Drawn)</b>	24.0	0%	0%
<b>Total Bank (as at Q4/19)</b>	<b>684.6</b>	<b>1%</b>	<b>6%</b>

## Deposits (\$B)

Average balances, unless otherwise specified

	Q4/19	QoQ	YoY
<b>Canadian Retail</b>	344.3	2%	5%
<i>Personal</i>	203.5	2%	6%
<i>Commercial</i>	116.2	3%	3%
<i>Wealth</i>	24.6	1%	4%
<b>U.S. Retail (USD)</b>	271.8	2%	3%
<i>Personal</i>	92.1	0%	4%
<i>Commercial</i>	73.4	5%	7%
<i>TD Ameritrade</i>	106.3	3%	0%
<b>Total Bank (as at Q4/19)</b>	<b>887.0</b>	<b>2%</b>	<b>4%</b>



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# Q4 2019 Highlights – Segments

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Canadian Retail (C\$MM)	Q4/19	QoQ	YoY
Revenue	6,133	0%	5%
Net Interest Margin (NIM)	2.96%	0 bps	+2 bps
Insurance Claims	705	-1%	3%
PCL	400	+84 MM	+137 MM
PCL Ratio	0.37%	+8 bps	+12 bps
Expenses	<i>Reported</i> 2,637	4%	4%
	<i>Adjusted</i> <sup>1</sup> 2,607	4%	3%
Net Income	<i>Reported</i> 1,745	-8%	0%
	<i>Adjusted</i> <sup>1</sup> 1,773	-7%	2%

U.S. Retail (in US\$MM)	Q4/19	QoQ	YoY
Revenue	2,230	-1%	2%
Net Interest Margin (NIM)	3.18%	-9 bps	-15 bps
PCL	223	+32 MM	+36 MM
PCL Ratio (Net <sup>3</sup> )	0.55%	+7 bps	+5 bps
Expenses	1,261	4%	0%
Net Income, U.S. Retail Bank	681	-9%	0%
Equity Income, TD Ameritrade	<i>Reported</i> 219	0%	25%
	<i>Adjusted</i> <sup>1</sup> 219	0%	13%
Total Net Income	<i>Reported</i> 900	-7%	5%
	<i>Adjusted</i> <sup>1</sup> 900	-7%	3%

Wholesale Banking (C\$MM)	Q4/19	QoQ	YoY
Revenue	848	-7%	-9%
<i>Trading-related income</i>	411	-18%	-15%
PCL	41	+40 MM	+33 MM
Expenses	600	1%	9%
Net Income	160	-34%	-44%

Corporate (C\$MM)	Q4/19	QoQ	YoY
Net Corporate Expenses	(201)	29%	-9%
Other	23	-51%	-73%
Non-Controlling Interests	0	0 MM	-18 MM
Net Income (Loss)	<i>Reported</i> (240)	39%	33%
	<i>Adjusted</i> <sup>1</sup> (178)	63%	51%

## Canadian Retail – Q4 2019 ENR, Table 9, pg.9, and SFI pg.4 and A1

- Canadian Retail: Reported net income up \$4 million reflecting revenue growth, partially offset by higher PCL, non-interest expenses, and insurance claims.
  - NIM was consistent with the prior quarter.
  - PCL up QoQ on increasing PCL - impaired and PCL - performing.
  - Expenses up reflecting higher spend supporting business growth and Greystone-related charges, partially offset by lower marketing costs.
  - Operating leverage<sup>4</sup> net of claims of 200 bps.
- Canadian P&C: Revenue \$3,877MM (up 3%), expenses \$1,676MM (up 3%), and NIAT \$1,319MM (down 3%).
  - Operating leverage of 54 bps
  - NIM of 2.84%, flat QoQ and YoY

## U.S. Retail – Q4 2019 ENR, Table 10, page 11

- U.S. Retail Bank net income flat.
- Revenue up on growth in loan and deposit volumes.
- NIM down QoQ on lower deposit margins and balance sheet mix.
- PCL up QoQ on higher impaired PCL, partially offset by lower performing PCL.
- Expenses flat reflecting restructuring charges (US\$52MM) and business volume growth, partially offset by productivity savings and an adjustment in post-retirement benefit costs.
- Efficiency ratio of 56.5%.
- Operating leverage<sup>4</sup>: 130 bps.
- Reported contribution from TD Ameritrade up reflecting higher asset-based revenue and prior-year charges associated with the Scottrade transaction, partially offset by increased operating expenses.

## Wholesale Banking – Q4 2019 ENR, Table 11, page 12

- Net income down reflecting lower revenue, higher non-interest expenses, and higher PCL.
- Revenue decreased primarily reflecting derivative valuation charges of \$96 million, as well as lower equity underwriting and advisory fees, partially offset by higher debt underwriting fees.
- Expenses up reflecting restructuring charges (\$23MM), higher securities lending fees and software costs, and the impact of foreign exchange translation, partially offset by lower variable compensation.

## Corporate – Q4 2019 ENR, Table 12, page 13

- Reported net loss higher:
  - Lower contribution from other items reflecting lower revenue from treasury and balance sheet management activities.
  - Net corporate expenses lower reflecting lower net pension expenses in the current quarter, partially offset by restructuring charges (\$51 million).

### 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 Fourth Quarter 2019 Earnings News Release and 2019 MD&A ([www.td.com/investor](http://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 Fourth Quarter 2019 Earnings News Release and 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 as the difference between revenue growth (for Canadian Retail, net of insurance claims) and expense growth (for Canadian Retail, adjusted expenses).