

# Quarterly Highlights

Q1 2020

## Financial Results

- Reported **net income** \$3.0B, up 24% (adj.<sup>1</sup> \$3.1B, up 4%).
- Reported **EPS** of \$1.61, up 27% (adj.<sup>1</sup> \$1.66, up 6%).
- Reported **Retail**<sup>2</sup> earnings \$2.9B, up 12% (adj.<sup>1</sup> \$3.0B, down 4%);
  - Canadian Retail:** \$1,789MM, up 30% (adj.<sup>1</sup> down 2%); Cdn. P&C up 39% (-5% adj.); Wealth up 9% (+7% adj.); Insurance up 2%.
  - U.S. Retail** (incl. AMTD): US\$869MM, down 7% (C\$ down 8%)
- Wholesale Banking** reported net income \$281MM, up \$298MM.
- Corporate** reported loss \$227MM; adj.<sup>1</sup> loss \$168MM.

## Revenue, Expenses, Credit, and Capital

- Revenue up 6%:** NII up 8%, non-interest income up 4%.
- Expenses down 7%:** Reflecting prior year charges related to the agreement with Air Canada. Adjusted expenses up 5%, reflecting higher spend supporting business initiatives and volume growth, and higher employee compensation.
- PCL up \$28MM QoQ:** PCL – impaired up \$67MM, reflecting credit migration in Wholesale Banking and seasonal trends in the U.S. strategic cards portfolio, largely recognized in the Corporate segment. PCL – performing down \$39MM, reflecting lower provisions in Wholesale Banking, partially offset by higher provisions in the U.S. commercial portfolio.
- CET1 11.7%:** down QoQ, as RWA growth (-34 bps), IFRS 16 and securitization impact (-28 bps) and repurchase of common shares (-7 bps) more than offset organic capital generation (+35 bps).

## Items of Interest

- Capital allocated to the business segments:** Increased to 10.5% CET1 effective fiscal 2020 compared to 10% in fiscal 2019 (see footnotes to segment MD&A tables and SFI pages).
- Implementing IFRS 16 (Leases) on November 1, 2019:** Updates have been provided within the Q1 2020 FS&N and SFI.
- IFRS 9:** Additional disclosure on the Bank's approach to incorporating forward-looking macroeconomic factors added (MD&A, page 20).
- OSFI B-12 / Interest Rate Risk in the Banking Book (IRRBB):** New Net Interest Income Sensitivity (NIIS) and Economic Value of Equity (EVE) measures implemented this quarter (MD&A pages 30-31 and SFI page 2, rows 36-39).
- Normal course issuer bid:** Repurchased 4.2MM common shares at average price of \$73.51 for \$306MM (MD&A page 26).
- Wholesale Banking:** SFI loan balances changed from 'gross drawn' (corporate lending) to 'gross lending portfolio' (loans and BA's). New slide 25 in appendix of Quarterly Results Presentation shows revenue by business line and loans by geography.
- Various changes have been made to the SFI,** including:
  - Sections reorganized, resulting in pagination changes.
  - New page added showing reconciliation of adjusted to reported net income (supp pack version of MD&A Table 3).
  - Adjusted revenue and/or adjusted non-interest expenses added to the Highlights, CAD Retail, and CAD P&C pages.
  - U.S. Retail (USD) page expanded to match U.S. Retail (CAD) page.
  - Restructuring continuity table moved to Non-Interest Expense page.
- G-SIB designation:** TD's new BCBS G-SIB disclosure template has been posted to the TDIR website ([Regulatory Disclosures](#)).

## Financial Results (C\$MM)

		Q1/2020	QoQ	YoY
EPS	Reported	\$ 1.61	5%	27%
	Adjusted <sup>1</sup>	\$ 1.66	4%	6%
Revenue		10,609	3%	6%
Non-Interest Expenses	Reported	5,467	-1%	-7%
	Adjusted <sup>1</sup>	5,397	-1%	5%
Net Income	Reported	2,989	5%	24%
	Adjusted <sup>1</sup>	3,072	4%	4%
CET 1 Ratio		11.7%	-37 bps	-29 bps
Net Interest Margin (NIM)		1.94%	0 bps	0 bps
PCL Ratio		0.52%	1 bps	2 bps
PCL – Total		919	+28 MM	+69 MM
PCL – Impaired		806	+67 MM	+89 MM
PCL – Performing		113	-39 MM	-20 MM

## Loans (C\$B)

Average balances, unless otherwise specified	Q1/2020	QoQ	YoY
<b>Canadian Retail</b>	437.4	1%	4%
Personal	355.2	1%	4%
Commercial	82.2	1%	8%
<b>U.S. Retail (US\$)</b>	163.1	1%	5%
Personal	75.8	3%	8%
Commercial	87.3	-1%	2%
<b>Wholesale (Gross Lending Portfolio)</b>	55.1	5%	13%
<b>Total</b>	<b>693.2</b>	<b>1%</b>	<b>7%</b>

## Deposits (C\$B)

Average balances, unless otherwise specified	Q1/2020	QoQ	YoY
<b>Canadian Retail</b>	354.6	3%	7%
Personal	208.5	2%	7%
Commercial	120.3	4%	7%
Wealth	25.8	5%	8%
<b>U.S. Retail (US\$)</b>	279.4	3%	5%
Personal	93.5	2%	4%
Commercial	74.7	2%	10%
TD Ameritrade	111.2	5%	2%
<b>Total</b>	<b>908.4</b>	<b>2%</b>	<b>7%</b>

Read how TD is shaping tomorrow in our 2019 Annual Report, available at [td.com/investor](http://td.com/investor).



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

ENR: First Quarter 2020 News Release, MD&A: Q1 2020 Management's Discussion and Analysis, SFI: Q1 2020 Supplemental Financial Information, SRD: Q1 2020 Supplementary Regulatory Disclosure, FS&N: Q1 2020 Consolidated Financial Statements and Notes, QRP: Quarterly Results Presentation.

# TD Bank Group Quarterly Highlights

## Segments

Canadian Retail (C\$MM)		Q1/2020	QoQ	YoY
Revenue		6,255	2%	4%
Net Interest Margin (NIM)		2.94%	-2 bps	0 bps
Insurance Claims		780	11%	11%
PCL		391	-9 MM	+81 MM
PCL Ratio		0.36%	-1 bps	+7 bps
Expenses	Reported	2,636	0%	-15%
	Adjusted <sup>1</sup>	2,612	0%	7%
Net Income	Reported	<b>1,789</b>	<b>3%</b>	<b>30%</b>
	Adjusted <sup>1</sup>	<b>1,813</b>	<b>2%</b>	<b>-2%</b>

(Q1 2020 ENR, Table 7, page 7, and SFI page 8 and A1)

- Canadian Retail:** Reported net income up primarily on prior year charges related to the agreement with Air Canada. Adjusted net income down on higher adj. expenses, PCL, and insurance claims.
  - NIM down QoQ reflecting seasonality and the impact of interest expense relating to lease liabilities under IFRS 16.
  - PCL down QoQ on lower impaired and performing PCL.
  - Reported expenses down on Air Canada-related charges. Adjusted expenses up reflecting higher spend supporting business growth and volume-driven expenses.
  - Operating leverage<sup>4</sup> net of claims of (320) bps
- Canadian P&C:** Revenue \$3,894 MM (up 3%), expenses \$1,655MM (down 23%), and NIAT \$1,355MM (rep. up 39%, adj. down 5%).
  - NIM of 2.81%, down 3 bps QoQ and down 1 bps YoY

U.S. Retail (US\$MM)		Q1/2020	QoQ	YoY
Revenue		2,204	-1%	-1%
Net Interest Margin (NIM)		3.07%	-11 bps	-35 bps
PCL		243	+20 MM	+13 MM
PCL Ratio (Net <sup>3</sup> )		0.59%	+4 bps	0 bps
Expenses		1,210	-4%	0%
Net Income, U.S. Retail Bank		717	5%	2%
Equity Income, TD Ameritrade	Reported	152	-31%	-35%
Total Net Income	Reported	<b>869</b>	<b>-3%</b>	<b>-7%</b>

(Q1 2020 ENR, Table 8, page 9)

- U.S. Retail Bank net income up on loan and deposit growth and a lower provision for income taxes. Revenue down on lower net interest income partially offset by higher non-interest income.
- NIM down QoQ on lower deposit margins and impact of interest expense relating to lease liabilities under IFRS 16.
- PCL up QoQ, mainly on higher performing PCL
- Expenses flat reflecting higher employee-related and volume-driven expenses, partially offset by productivity savings and a reduction in operating expense reflecting adoption of IFRS 16.
- Efficiency ratio of 54.9%.
- Operating leverage<sup>4</sup>: (60) bps.
- TD Ameritrade:** Reported contribution down reflecting reduced trading commissions and higher operating expenses, partially offset by higher trading volumes.

Wholesale Banking (C\$MM)		Q1/2020	QoQ	YoY
Revenue		1,046	23%	80%
Trading-related income		612	49%	144%
PCL		17	-24 MM	+10 MM
Expenses		652	9%	8%
Net Income		<b>281</b>	<b>+121MM</b>	<b>+298 MM</b>

(Q1 2020 ENR, Table 9, page 10)

- Net income up reflecting higher revenue, partially offset by higher non-interest expenses.
- Revenue increased reflecting higher trading-related revenue and underwriting fees in comparison to prior-year challenging market conditions.
- Expenses up reflecting higher variable compensation, securities lending fees, and underwriting costs.

Corporate (C\$MM)		Q1/2020	QoQ	YoY
Net Corporate Expenses		(179)	-11%	-2%
Other		11	-52%	-72%
Non-controlling interests		0	0	-18 MM
Net Income (Loss)	Reported	<b>(227)</b>	<b>-5%</b>	<b>18%</b>
	Adjusted <sup>1</sup>	<b>(168)</b>	<b>-6%</b>	<b>34%</b>

(Q1 2020 ENR, Table 10, page 11)

- Reported net loss higher:
  - Lower contribution from other items and non-controlling interests.
  - Other items decreased reflecting an unfavourable adjustment relating to hedge accounting, partially offset by higher revenue from other treasury and balance sheet management activities recognized in the first quarter this year.

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

- 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 First Quarter 2020 Earnings News Release and Q1 2020 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.
- "Retail" comprises Canadian Retail and U.S. Retail segments. See the Bank's First Quarter 2020 Earnings News Release and Q1 2020 MD&A.
- 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.
- 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).