

Quarterly Highlights

Q2 2020

Financial Results (YoY)

- Reported **net income** \$1.5B, down 52% (adj.¹ \$1.6B, down 51%).
- Reported **EPS** of \$0.80, down 53% (adj.¹ \$0.85, down 51%).
- Reported **Retail²** earnings \$1.5B, down 52% (adj.¹ down 51%);
 - Canadian. Retail:** \$1,172MM, down 37% (adj.¹ \$1,197MM down 36%); Cdn. P&C down 54%; Wealth up 24% (+21% adj.); Insurance up 7%.
 - U.S. Retail Bank:** US\$87MM, down 88% (C\$ down 90%)
 - U.S. Retail** (incl. AMTD): US\$261MM, down 72% (C\$ down 73%)
- Wholesale Banking** reported net income \$209MM, down 5%.
- Corporate** reported loss \$202MM; adj.¹ loss \$143MM.

Revenue, Expenses, Credit, and Capital

- Revenue up 3% YoY:** NII up 10%, non-interest income down 7%.
- Expenses down 2% YoY:** Reflecting lower expenses due to a PCL-driven decline in the retailer program partners' net share of the profits from the U.S. strategic cards' portfolio, which is recorded in non-interest expenses.
- PCL up \$2,299MM QoQ:** PCL – impaired up \$161MM, primarily reflecting credit migration in Wholesale Banking. PCL – performing up \$2,138MM primarily related to a significant deterioration in the economic outlook, including the impact on credit migration.
- CET1 11.0%:** Down QoQ, with organic capital generation (+20 bps, including +19 bps from decline in EL shortfall) and OSFI's transitional arrangements for ECL provisioning (+11 bps) more than offset by RWA growth (-80 bps), common share repurchase (-11 bps), and unrealized losses on FVOCI securities (-10 bps).

Items of Interest

- COVID-19 – Overall:** New MD&A section with 'executive summary' of COVID-19, including summary of bank-offered and government-facilitated relief programs, key areas of financial impact, and suspension of all guidance (MD&A, pp. 7-9).
- COVID-19 – Updated and Expanded Credit Risk Disclosures:**
 - Loans, Impaired Loans & Allowances** – Certain annual disclosures updated, including key macroeconomic variables, ECL sensitivity and treatment of loans subject to COVID-19 relief programs (FS&N, Note 6, pp.68-75).
 - ECL modelling** – Discussion of assessment of significant increase in credit risk for loans subject to COVID-19 relief programs, as well as use of judgments and estimates in ECL modelling (FS&N, Note 3, p. 59).
 - ACL coverage ratios by asset class and O&G exposure** – new slides (QRP, pp. 19-20) and MD&A discussion (p. 24).
- U.S. Strategic Cards Portfolio** – New slide showing illustrative gross vs. net accounting treatment (QRP, p. 27).
- Capital / RWA / DRIP discount:** RWA bridge added to capital slide (QRP, p. 14). Announced introduction of 2% discount on dividend reinvestment plan (QRP, p. 14). Risk-based capital and leverage ratios disclosed with / without benefit of OSFI transitional arrangements for ECL (SRD, p. 1-2).
- Interest Rate Risk in the Banking Book (IRRBB):** Interest rate floors are applied by currency to the decrease in rates such that they do not exceed expected lower bounds, with the most material currencies set to a floor of -25 bps (MD&A, p. 39).

Financial Results (C\$MM)

		Q2/2020	QoQ	YoY
EPS	Reported	\$ 0.80	-50%	-53%
	Adjusted ¹	\$ 0.85	-49%	-51%
Net Income	Reported	1,515	-49%	-52%
	Adjusted ¹	1,599	-48%	-51%
Revenue		10,528	-1%	3%
PCL Ratio		1.76%	124 bps	137 bps
	PCL – Total	3,218	+2,299	+2,585
	PCL – Impaired	967	+161	+374
	PCL – Performing	2,251	+2,138	+2,211
Non-Interest Expenses	Reported	5,121	-6%	-2%
	Adjusted ¹	5,051	-6%	-2%
CET 1 Ratio¹		11.0%	-70 bps	-100 bps
Net Interest Margin (NIM)		1.91%	-3 bps	-11 bps

Loans (Average balances)

	Q2/2020	QoQ	YoY
Canadian Retail (C\$)	439.9	1%	5%
Personal	354.6	0%	4%
Commercial	85.3	4%	9%
U.S. Retail (US\$)	167.4	3%	7%
Personal	75.8	0%	9%
Commercial	91.6	5%	6%
Wholesale (Gross Lending) (C\$)	65.5	19%	36%
Total	736.1	4%	9%

Deposits (Average balances)

	Q2/2020	QoQ	YoY
Canadian Retail (C\$)	365.1	3%	10%
Personal	213.3	2%	8%
Commercial	121.8	1%	10%
Wealth	30.0	16%	22%
U.S. Retail (US\$)	305.9	9%	15%
Personal	96.7	3%	5%
Commercial	79.3	6%	16%
TD Ameritrade	129.9	17%	24%
Total	787.0	8%	15%



Purpose-Driven



Forward Focused



Proven Business Model

We're in this together – Anchored by our proven business model and propelled by our forward-focused strategy, we are supporting our customers, communities and colleagues through these challenging times.

¹ Includes capital adjustments provided by OSFI in response to COVID-19 pandemic in the second quarter of 2020, please refer to "Capital Position" section of the MD&A for additional detail.

Except as noted, figures reflect year-over-year change. ENR: Second Quarter 2020 News Release, MD&A: Q2 2020 Management's Discussion and Analysis, SFI: Q2 2020 Supplemental Financial Information, SRD: Q2 2020 Supplementary Regulatory Disclosure, FS&N: Q2 2020 Consolidated Financial Statements and Notes, QRP: Q2 2020 Quarterly Results Presentation.

TD Bank Group Quarterly Highlights

Segments

Canadian Retail (C\$MM)		Q2/2020	QoQ	YoY
Revenue		6,023	-4%	1%
Net Interest Margin (NIM)		2.83%	-11 bps	-16 bps
Insurance Claims		671	-14%	0%
PCL		1,153	+762 MM	+873 MM
PCL Ratio		1.07%	+71 bps	+80 bps
Expenses	Reported	2,588	-2%	4%
	Adjusted ¹	2,562	-2%	5%
Net Income	Reported	1,172	-34%	-37%
	Adjusted ¹	1,197	-34%	-36%

(YoY, Q2 2020 ENR, Table 7, page 11, and SFI page 8 and A1)

- Canadian Retail:** Reported net income down reflecting higher PCL and non-interest expenses, partially offset by revenue growth.
 - NIM down QoQ reflecting lower interest rates.
 - PCL up QoQ on higher impaired PCL (higher provisions in the commercial and consumer lending portfolios) and higher performing PCL (primarily reflecting a significant deterioration in the economic outlook, including its impact to credit migration).
 - Expenses up reflecting higher spend supporting business growth including employee-related costs, changes in pension costs, and volume-driven expenses.
 - Operating leverage⁴ net of claims of (340) bps
- Canadian P&C:** Revenue \$3,640 MM (down 3%), expenses \$1,608MM (up 4%), and NIAT \$642MM (down 54%).
 - NIM of 2.71%, down 10 bps QoQ and down 16 bps YoY

U.S. Retail (US\$MM)		Q2/2020	QoQ	YoY
Revenue		2,037	-8%	-7%
Net Interest Margin (NIM)		2.93%	-14 bps	-45 bps
PCL		814	+571 MM	+644 MM
PCL Ratio (Net ³)		2.03%	+144 bps	+158 bps
Expenses		1,218	1%	6%
Income Taxes		(82)	-116 MM	-194 MM
Net Income, U.S. Retail Bank		87	-88%	-88%
Equity Income, TD Ameritrade		174	14%	-11%
Total Net Income		261	-70%	-72%

(YoY, Q2 2020 ENR, Table 8, page 13)

- U.S. Retail Bank net income down reflecting higher PCL, lower revenue, and higher expenses.
- NIM down QoQ primarily reflecting lower deposit margins.
- PCL up QoQ, with flat impaired PCL and higher performing PCL primarily related to a significant deterioration in the economic outlook, including its impact to credit migration.
- Expenses up reflecting increases in legal provisions, partially offset by productivity savings.
- Tax recovery, reflecting lower pre-tax income partially offset by higher provision related to changes in new tax legislation.
- Efficiency ratio of 59.8%.
- Operating leverage⁴: (13.7%).
- TD Ameritrade:** Reported contribution down primarily reflecting reduced trading commissions and higher operating expenses, partially offset by higher trading volumes.

Wholesale Banking (C\$MM)		Q2/2020	QoQ	YoY
Revenue		1,261	21%	42%
Trading-related income		625	2%	52%
PCL		374	+357 MM	+379 MM
Expenses		616	-6%	3%
Net Income		209	-26%	-5%

(YoY, Q2 2020 ENR, Table 9, page 15)

- Net income down reflecting higher PCL, partially offset by higher revenue.
- Revenue up reflecting higher trading-related revenue from interest rate and foreign exchange trading and higher debt underwriting fees, partially offset by losses in equity trading in very volatile markets.
- Expenses up reflecting higher volume related expenses.

Corporate (C\$MM)		Q2/2020	QoQ	YoY
Net Corporate Expenses		(199)	11%	13%
Other		56	+45 MM	-25 MM
Non-controlling interests		0	0	0
Net Income (Loss)	Reported	(202)	-11%	25%
	Adjusted ¹	(143)	-15%	51%

(YoY, Q2 2020 ENR, Table 10, page 16)

- Reported net loss higher:
 - Lower contribution from other items and higher net corporate expenses, partially offset by lower amortization of intangibles.
 - Other items decreased reflecting lower revenue from treasury and balance sheet management activities.

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 Second Quarter 2020 Earnings News Release and Q2 2020 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.
- "Retail" comprises Canadian Retail and U.S. Retail segments. See the Bank's Second Quarter 2020 Earnings News Release and Q2 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).