

# Quarterly Highlights

Q3 2020

## Financial Results (YoY)

- **Net income** (rep.) \$2.2B, down 31% (adj.<sup>1</sup> \$2.3B, down 30%).
- **EPS** (rep.) of \$1.21, down 30% (adj.<sup>1</sup> \$1.25, down 30%).
- **Retail<sup>2</sup>** (rep.) earnings \$1.9B, down 39% (adj.<sup>1</sup> \$2.0B, down 39%);
  - **Canadian. Retail:** \$1,263MM, down 33% (adj.<sup>1</sup> \$1,288MM, down 33%);
    - Cdn. P&C \$721MM, down 49%
    - Wealth \$361MM, up 19% (adj.<sup>1</sup> \$386MM, up 17%)
    - Insurance \$181MM, up 10%.
  - **U.S. Retail Bank:** US\$260MM, down 65% (C\$ down 64%)
  - **U.S. Retail** (incl. AMTD): US\$490MM, down 49% (C\$ down 48%)
- **Wholesale Banking** reported net income \$442MM, up 81%.
- **Corporate** reported loss \$130MM; adj<sup>1</sup> loss \$76MM.

## Revenue, Expenses, Credit, and Capital

- **Revenue up 2% YoY:** Nil up 8%, non-interest income down 7%.
- **Expenses down 1% YoY:** Reflecting a decline in the retailer program partners' net share of profits from the U.S. strategic cards portfolio, as well as lower professional fees and other discretionary spend, partially offset by higher compensation.
- **PCL down \$1,030MM QoQ:** PCL – impaired down \$136MM, primarily reflecting less credit migration in Wholesale Banking. PCL – performing down \$894MM reflecting a smaller increase to the performing allowance for credit losses this quarter.
- **CET1 12.5%:** Up 144 bps QoQ, reflecting the transition of the U.S. Non-Retail portfolio to AIRB (+72 bps from lower Credit Risk RWA), the elimination of the Expected Loss shortfall and creation of an EL excess which added to OSFI's transitional arrangements for ECL provisioning (+31 bps combined), organic capital generation (+15 bps) and common share issuance under the dividend reinvestment plan (+11 bps).
- **Risk-Weighted Assets (RWA) down 9% QoQ:** Lower Credit Risk RWA from U.S. Non-Retail AIRB Transition (+72 bps), asset quality (+11 bps reflecting reduced line usage and parameter updates) and lower volumes (+9 bps).

## Items of Interest

- **U.S. Non-Retail AIRB Transition:** Pillar 3 IRB disclosure CR6 in SRD has been revised for the "Corporate" asset class to show Canadian (CAD Retail and Wholesale) and U.S. (U.S. Retail) exposures separately (SRD, page 23).
- **DRIP Discount:** With the increase in our capital ratio this quarter, the Bank has decided that, beginning with the dividend declared today and until further announcement, there will be no discount to the shares issued under the dividend reinvestment plan (QRP, page 13).
- **COVID-19 – Updated and Expanded Disclosures:**
  - **QRP:** Loan deferral slide now has % of portfolio metrics and supporting commentary (QRP, page 19).
  - **QRP:** New slide added showing exposure (gross loans and acceptances) to industries and sectors the bank considers to be in focus in light of the COVID-19 pandemic (QRP, page 29).
  - **FS&N:** Certain annual disclosures still included, including key macroeconomic variables, ECL sensitivity and treatment of loans subject to COVID-19 relief programs (FS&N, Note 6).

## Financial Results (C\$MM)

		Q3/2020	QoQ	YoY
<b>EPS</b>	Reported	\$ 1.21	51%	-30%
	Adjusted <sup>1</sup>	\$ 1.25	47%	-30%
<b>Net Income</b>	Reported	2,248	48%	-31%
	Adjusted <sup>1</sup>	2,327	46%	-30%
<b>Revenue</b>		10,665	1%	2%
<b>PCL Ratio</b>		1.17%	-59 bps	+79 bps
	PCL – Total	2,188	-1,030	+1,533
	PCL – Impaired	831	-136	250
	PCL – Performing	1,357	-894	1,283
<b>Non-Interest Expenses</b>	Reported	5,307	4%	-1%
	Adjusted <sup>1</sup>	5,244	4%	-1%
<b>CET 1 Ratio<sup>3</sup></b>		12.5%	+144 bps	+38 bps
<b>Net Interest Margin (NIM)</b>		1.73%	-18 bps	-20 bps

## Loans (Average balances)

	Q3/2020	QoQ	YoY
<b>Canadian Retail (C\$)</b>	440.2	0%	3%
Personal	354.9	0%	2%
Commercial	85.3	0%	7%
<b>U.S. Retail (US\$)</b>	176.0	5%	11%
Personal	75.2	-1%	6%
Commercial	100.8	10%	15%
<b>Wholesale (Gross Lending) (C\$)</b>	69.4	6%	40%
<b>Total (C\$)</b>	750.3	2%	9%

## Deposits (Average balances)

	Q3/2020	QoQ	YoY
<b>Canadian Retail (C\$)</b>	396.4	9%	18%
Personal	227.5	7%	14%
Commercial	135.6	11%	20%
Wealth	33.3	11%	36%
<b>U.S. Retail (US\$)</b>	342.6	12%	29%
Personal	104.9	8%	14%
Commercial	96.2	21%	38%
TD Ameritrade	141.5	9%	37%
<b>Total (C\$)</b>	864.8	10%	25%



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.

Except as noted, figures reflect year-over-year change. ENR: Q3 2020 Earnings News Release, MD&A: Q3 2020 Management's Discussion and Analysis, SFI: Q3 2020 Supplemental Financial Information, SRD: Q3 2020 Supplementary Regulatory Disclosure, FS&N: Q3 2020 Consolidated Financial Statements and Notes, QRP: Q3 2020 Quarterly Results Presentation.

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 Q3 2020 Earnings News Release and Q3 2020 MD&A ([www.td.com/investor](http://www.td.com/investor)) for further explanation, adjusted 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 Q3 2020 Earnings News Release and Q3 2020 MD&A.

3. 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.

## Segments

Canadian Retail (C\$MM)		Q3/2020	QoQ	YoY
Revenue		6,026	0%	-2%
Net Interest Margin (NIM)		2.68%	-15 bps	-28 bps
Insurance Claims		805	20%	13%
PCL		951	-202 MM	+635 MM
PCL Ratio		0.86%	-21 bps	+57 bps
Expenses	Reported	2,533	-2%	0%
	Adjusted <sup>1</sup>	2,508	-2%	0%
Net Income	Reported	<b>1,263</b>	<b>8%</b>	<b>-33%</b>
	Adjusted <sup>1</sup>	<b>1,288</b>	<b>8%</b>	<b>-33%</b>

U.S. Retail (US\$MM)		Q3/2020	QoQ	YoY
Revenue		2,085	2%	-7%
Net Interest Margin (NIM)		2.50%	-43 bps	-77 bps
PCL		655	-159 MM	+464 MM
PCL Ratio (Net <sup>3</sup> )		1.51%	-52 bps	+103 bps
Expenses		1,205	-1%	0%
Income Taxes		(35)	+47 MM	-136 MM
Net Income, U.S. Retail Bank		260	199%	-65%
Equity Income, TD Ameritrade		230	32%	5%
Total Net Income		<b>490</b>	<b>88%</b>	<b>-49%</b>

Wholesale Banking (C\$MM)		Q3/2020	QoQ	YoY
Revenue		1,397	11%	53%
Trading-related income		942	51%	88%
PCL		123	-251 MM	+122 MM
Expenses		669	9%	13%
Net Income		<b>442</b>	<b>111%</b>	<b>81%</b>

Corporate (C\$MM)		Q3/2020	QoQ	YoY
Net Corporate Expenses		(153)	-23%	-2%
Other		77	38%	64%
Net Income (Loss)	Reported	<b>(130)</b>	<b>-36%</b>	<b>-25%</b>
	Adjusted <sup>1</sup>	<b>(76)</b>	<b>-47%</b>	<b>-30%</b>

## Commentary (YoY)

### ENR Table 7 (p. 11), MD&A Table 11 (p. 16) and SFI pp. 8 and A1

- Canadian Retail:** Reported net income down reflecting higher PCL, lower revenue, and higher insurance claims.
  - NIM down QoQ reflecting lower interest rates.
  - PCL down QoQ with slightly higher impaired PCL (+\$7MM) and lower performing PCL (-\$209MM) reflecting a smaller increase to the performing allowance for credit losses this quarter, partially offset by a current quarter change related to staging sensitivity in the consumer lending portfolios.
  - Expenses flat.
  - Operating leverage<sup>4</sup> net of claims of -3.9% (-4.0% adjusted).
- Canadian P&C:** Revenue \$3,517 MM (down 9%), expenses \$1,578MM (down 2%), and net income \$721 MM (down 49%).
  - NIM of 2.59%, down 12 bps QoQ and down 25 bps YoY
  - Operating leverage of -7.3%

### ENR Table 8 (p. 13), MD&A Table 12 (p. 18), and SFI p. 10

- U.S. Retail Bank net income down reflecting higher PCL and lower revenue.
- NIM down QoQ primarily reflecting lower deposit margins and higher cash and deposit balances.
- PCL down QoQ, with slightly higher impaired PCL (+\$3MM) and lower performing PCL (-\$162MM) reflecting a smaller increase to the performing allowance for credit losses this quarter.
- Expenses down reflecting productivity savings, partially offset by higher legal provisions and costs to support government programs.
- Tax recovery smaller QoQ, primarily reflecting higher pre-tax income, partially offset by higher provisions related to changes in tax law in the prior quarter.
- Efficiency ratio of 57.8%. Operating leverage<sup>4</sup> of -7.0%.
- TD Ameritrade:** Reported contribution up primarily reflecting higher trading volumes, partially offset by reduced trading commissions, lower asset-based revenue, and higher operating expenses.

### ENR Table 9 (p. 15), MD&A Table 13 (p. 20) and SFI p. 11

- Net income up reflecting higher revenue, partially offset by higher PCL and higher expenses.
- Revenue up reflecting higher trading-related revenue and higher underwriting fees.
- Expenses up primarily reflecting a higher accrual for variable compensation.

### ENR Table 10 (page 16), MD&A Table 14 (p. 21) and SFI p. 12

- Reported net loss lower primarily reflecting the positive impact of tax items, which are held in Other.

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- 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).