TD BANK GROUP
NBF 23RD ANNUAL FINANCIAL SERVICES CONFERENCE
MARCH 25, 2025

DISCLAIMER

FORWARD-LOOKING INFORMATION

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 and/or on the conference call held to discuss these matters, the Management's Discussion and Analysis ("2024 MD&A") in the Bank's 2024 Annual Report under the heading "Economic Summary and Outlook", under the headings "Key Priorities for 2025" and "Operating Environment and Outlook" for the Canadian Personal and Commercial Banking, U.S. Retail, Wealth Management and Insurance, and Wholesale Banking segments, and under the heading "2024 Accomplishments and Focus for 2025" for the Corporate segment, and in other statements regarding the Bank's objectives and priorities for 2025 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", "forecast", "outlook", "plan", "goal", "target", "possible", "potential", "predict", "project", "may", and "could" and similar expressions or variations thereof, or the negative thereof, but these terms are not the exclusive means of identifying such statements. 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: strategic, credit, market (including equity, commodity, foreign exchange, interest rate, and credit spreads), operational (including technology, cyber security, process, systems, data, third-party, fraud, infrastructure, insider and conduct), model, insurance, liquidity, capital adequacy, legal and regulatory compliance (including financial crime), reputational, environmental and social, and other risks.

Examples of such risk factors include general business and economic conditions in the regions in which the Bank operates (including the economic, financial, and other impacts of pandemics); geopolitical risk (including the potential impact of new or elevated tariffs); inflation, interest rates and recession uncertainty; regulatory oversight and compliance risk; risks associated with the Bank's ability to satisfy the terms of the global resolution of the investigations into the Bank's U.S. Bank Secrecy Act (BSA)/anti-money laundering (AML) program; the impact of the global resolution of the investigations into the Bank's U.S. BSA/AML program on the Bank's businesses, operations, financial condition, and reputation; the ability of the Bank to execute on long-term strategies, shorter-term key strategic priorities, including the successful completion of acquisitions and dispositions and integration of acquisitions, the ability of the Bank to achieve its financial or strategic objectives with respect to its investments, business retention plans, and other strategic plans; technology and cyber security risk (including cyber-attacks, data security breaches or technology failures) on the Bank's technologies, systems and networks, those of the Bank's customers (including their own devices), and third parties providing services to the Bank; data risk; model risk; fraud activity; insider risk; conduct risk; 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, and other risks arising from the Bank's use of third-parties; the impact of new and changes to, or application of, current laws, rules and regulations, including without limitation consumer protection laws and regulations, tax laws, capital guidelines and liquidity regulatory guidance; increased competition from incumbents and new entrants (including Fintechs and big technology competitors); shifts in consumer attitudes and disruptive technology; environmental and social risk (including climate-related risk); exposure related to litigation and regulatory matters; ability of the Bank to attract, develop, and retain key talent; changes in foreign exchange rates, interest rates, credit spreads and equity prices; downgrade, suspension or withdrawal of ratings assigned by any rating agency, the value and market price of the Bank's common shares and other securities may be impacted by market conditions and other factors; the interconnectivity of financial institutions including existing and potential international debt crises; 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; 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 2024 MD&A, as may be updated in subsequently filed quarterly reports to shareholders and news releases (as applicable) related to any events or transactions discussed under the headings "Significant Events", "Significant and Subsequent Events" or "Update on U.S. Bank Secrecy Act (BSA) / Anti-Money Laundering (AML) Program Remediation and Enterprise AML Program Improvement Activities" in the relevant MD&A, which applicable releases may be found on www.td.com. All such factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements, should be considered carefully when making decisions with respect to the Bank. 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 and/or on the conference call held to discuss these matters are set out in the 2024 MD&A under the headings "Economic Summary and Outlook" and "Significant Events", under the headings "Key Priorities for 2025" and "Operating Environment and Outlook" for the Canadian Personal and Commercial Banking, U.S. Retail, Wealth Management and Insurance, and Wholesale Banking segments, and under the heading "2024 Accomplishments and Focus for 2025" for the Corporate segment, each as may be updated in subsequently filed quarterly reports to shareholders and news releases (as applicable).

Any forward-looking statements contained in this document and/or on the conference call held to discuss these matters 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.

PARTICIPANTS

Raymond Chun
TD Bank Group – Group President and CEO

Gabriel Dechaine
National Bank Financial – Analyst

FIRESIDE CHAT

Gabriel Dechaine – NBF – Analyst

I'd like to welcome to the stage, Mr. Raymond Chun, the President and CEO of TD Bank. You've been in the job now for a little over a month, I guess. So very happy to have you join us here in Montreal. I look forward to this discussion. I'd like to start off with a big picture one. We'll set the tariff situation aside, for a moment anyway. You're an incoming CEO. There's a lot of moving pieces. How are you approaching the situation?

Raymond Chun – Group President and Chief Executive Officer, TD Bank Group

First of all, thanks for having me here, Gabe. I took over November 1 as COO, sort of having all the businesses reporting in and then February 1 took over. And I think we've been quite public to make sure what the priorities will be for TD Bank. And the #1 priority for every single leader at TD Bank is our AML remediation. And so that's where, certainly, we're spending a considerable amount of energy. I'm sure we're going to talk about that, Gabe. The other part is that I did launch a significant comprehensive strategic review. We've been going through that process, and we're about 2/3 of the way through that process. And that will then help guide our direction forward. And I'd say number three is getting out and spending time with our clients, making sure that I'm hearing from them, what's important to our clients across not only Canada, the U.S., globally and then equally making sure that we're spending time with our colleagues. And so that's where I'm spending my time right now, Gabe. Lots to do, but it's exciting times for TD Bank as we go forward.

Gabriel Dechaine – NBF – Analyst

So the strategic review process, and just to dumb it down for me, you're 2/3 of the way through. What's the big reveal going to include? And I'm not expecting to throw numbers at me, that would be great. If you want, feel free. But I mean, is it an earnings per share growth target, ROE target? What else? What are the big takeaways that we're going to be getting?

Raymond Chun – Group President and Chief Executive Officer, TD Bank Group

So if you think of our strategic review, it's broken down into 4 big buckets. First is around capital allocation and business mix. And so we are looking across all of our different business lines across TD and saying, which business lines should we be allocating more and accelerating more capital? Does the business mix actually make sense? Is this where we want our capital? And that's ultimately the decision as to why we sold Schwab – is from a business mix perspective, from a capital perspective. Schwab has been a terrific investment for TD Bank – and still is, as we've got the IDA.

But if someone asked me, where do you want to invest that amount of capital? Do you want to invest it in Schwab or do you want to bet on TD? As we've been doing the strategic review, the organic opportunities that I see in TD, that is where I'd want to make the bet. So that's one example of business mix and capital allocation, but we're running through that and certainly areas like the Wholesale Bank, significant opportunities within the Canadian P&C business, Wealth and Insurance.

The second bucket is just simplifying our portfolio. So over the years, there's a number of products, business lines, services that we play in today. Some of those we acquired through acquisitions. So think of the correspondent mortgage book that we just are in the process of selling – will close by the end of the month. But that US$9 billion was a portfolio that we acquired when we did the Scottrade acquisition. That portfolio, I would tell you, is not franchisable. It's not a business or a portfolio that we want to scale. And then from an ROE perspective, would be sort of low single-digit ROE. So we're identifying where can we actually clean up our portfolio, get out of sort of non-franchisable, non-core portfolios, and you're going to hear more about that with each quarter.

And then I'd say the third piece is what capabilities do we need to invest in to accelerate growth, what do our clients need? So things digital, mobile, Gen AI, automation, what investments around platform modernization across our entire enterprise. So that's another big...

And then the last bucket is around restructuring our cost base across the entire enterprise without in any way jeopardizing the remediation work and the funding and resourcing. But what can we do to take our structural cost of running TD down and run it at a more efficient ratio going forward from an operational perspective? So think of the work in those 4 buckets. And we'll share, and I have been sharing already on a quarterly basis, whatever decisions we make. And then when we get to the Investor Day in the second half, that's when we will lay out the MTO on a go-forward basis and be very specific on our guidance over the medium term. And all of this, I've said it before, is about accelerating the momentum that TD Bank has right now. And that's the end objective that we're trying to get to.

Gabriel Dechaine – NBF – Analyst

You mentioned a lot to chew on there, I don't want to move off of Schwab. Just the math on Schwab, selling it, big gain, buybacks, you can neutralize the earnings per share impact. But your ROE does take a step back, just you lose the earnings and then the equity base is larger. Just how the math works. Is it safe to assume that you've got a vision for redeploying that capital such that you can offset or maybe more than that the ROE step back in the medium term?

Raymond Chun – Group President and Chief Executive Officer, TD Bank Group

Good question, Gabe. I would say in the very immediate short term, if you look at the sale, exactly to your point, Schwab earnings were accretive to the ROE in the U.S. P&L. So if in the very short term, you would see a little bit of an ROE hit if we did nothing else. But that's not the case. What I've said very publicly is we are repositioning our U.S. business and portfolio as we go forward. And part of that repositioning is to maybe break it down into a few different buckets.

One is from an asset cap perspective. You know that we've said we've got a US$434 billion asset cap, and we've been public about repositioning our balance sheet and that we'd take our assets down 10% and give us a US$50 billion buffer to the asset cap. And we're already at US$40 billion of that buffer and fully expect that we're going to be at that US$50 billion buffer. And so we're ahead of schedule there.

The bond investment repositioning, which is significant. We are actually – completed the bond repositioning. And so we had given a guidance that the uplift on that would be between US$300 million to US$500 million in NII. We're at the higher end of that range, but we've completed that repositioning early.

So when you take that, plus we are exiting businesses in the U.S., both as part of the balance sheet repositioning. But there are other decisions we're making on some of our businesses, as I said, the portfolio simplification. When you look at all of those parts, net-net, what you'll actually see on a quarter-over-quarter and by the end of this year is ROE improving in the United States. And then as we get into 2026, you'll see a continual improvement of the ROE. And that is the big repositioning of the U.S. is that we will be much more focused in the U.S. on driving ROE versus what we have in the past.

Gabriel Dechaine – NBF – Analyst

And sticking to Schwab, we've seen you shrink the relationship. You sold your investment, but you still have the IDA agreement. I wrote a report on it actually. It's really good. You should all read it. There's actually a case to be made that taking on more deposits is advisable. It's a high ROE business. So to achieve that objective, there's some considerations vis-a-vis the asset cap, but Schwab seems to want to do more partnership with banks to offload deposits. Is there any case to be made there?

Raymond Chun – Group President and Chief Executive Officer, TD Bank Group

It's a great observation on your part, Gabe. It is a high ROE business. We like it a lot. I like it a lot. We have a terrific relationship with Schwab. And that ROE agreement goes until 2034. The floor is US$60 billion starting in September. The cap is US$90 billion. But certainly, we'd be open to having further conversations with Schwab if they wanted to do more business.

Gabriel Dechaine – NBF – Analyst

Okay. Now last Schwab related question is that in selling the asset, you got $15 billion or so of capital and $8 billion of that is for buybacks and the rest is for helping you execute on the strategic repositioning of the bank. That's a lot of money. Is all that necessary? Or do you think about restructuring charges? I wouldn't want to see $6 billion of restructuring charges.

Raymond Chun – Group President and Chief Executive Officer, TD Bank Group

No. If you go back to the 4 categories that's why I want to break down how we're thinking about the strategic review. As we go through those buckets, we'll figure out where we need to allocate our capital. But there will be a restructuring charge component. And so we're working through that right now, Gabe. And hopefully, in Q2, Q3, we'll be able to announce what that restructuring charge will be and what will it cover. There are other opportunities around balance sheet optimization that we're also looking at further optimization of our balance sheet. There we could take further actions on our bond investment repositioning if we wanted to.

And then there's investments that we want to make in certain capabilities. But when you exit businesses, also you'll need capital. And so I think we've got a very good list of opportunities. But the biggest opportunity for TD Bank is – today and going forward – will always be the significant organic growth opportunity that we have within our business. It is sizable. And so that's the primary focus. And then if at the end of all of our review and looking at where we can allocate capital, if there is still capital remaining, and I've said it before, then at that point, I would reconsider doing an additional buyback as we go forward.

Gabriel Dechaine – NBF – Analyst

And what's the benchmark, your management target of core Tier 1? You're well above.

Raymond Chun – Group President and Chief Executive Officer, TD Bank Group

I think as an industry right now, all of us and I think it makes sense, certainly with these uncertain times that we're all managing to about a 13% CET1.

Gabriel Dechaine – NBF – Analyst

Now the organic growth opportunity in Canada, the environment we have today doesn't seem too conducive to organic growth for any bank in Canada anyway. Can you still outgrow the competition with that kind of backdrop?

Raymond Chun – Group President and Chief Executive Officer, TD Bank Group

Yes. First of all, our goal is always to outperform versus our competitors. So I sort of start there regardless of the opportunity. But if you look at our actual Canadian-based businesses – that still make up 70% of all of our earnings. The U.S. makes up about 30% of our earnings. 70% of TD Bank's earnings come from the Canadian P&C, our Wealth and Insurance business and our TD Securities business. And so when I think about each of those businesses in its parts, our Canadian P&C business, we bank today 1 out of every 3 Canadians. We are by far the bank of choice for New-to-Canada. And so you start there. And with 100% of growth in Canada based on immigration, you have to win the New-to-Canada market to actually have the acquisition.

So we have an acquisition engine that attracts New-to-Canada. We have a customer base unlike anyone else. Our opportunity though Gabe is that our relationships are not deep. So we have the biggest upside opportunity to deepen our relationships. And when you consider that for the third year in a row, Global Brand Finance has nominated TD as the most valuable brand still in Canada. Customers trust our brand. And so what do we need to do? And that's what the work is being done right now to say, how do we really transform our organization to deepen these 14 million clients in Canada and the other 10 million clients we have in the United States.

So when we get to Investor Day, we're going to lay out a bunch of how are we doing things that significantly will change that. From a Wealth and Insurance perspective, our Wealth Management business had a terrific first quarter, has significant momentum as we're driving forward. We had record revenue. We had record earnings, record assets. And if you just look at our Wealth business, from an ROE perspective, plus or minus, I'm not going to get the exact number, but our ROE is almost double our next closest competitor. We have the #1 institutional asset manager. Our direct investing business is significant from a market share leadership position in Canada. And those 2 businesses are terrific from an ROE and still growing.

We made huge investments in our direct investing business recently, Gabe. We're the only Canadian bank now that offers fractional share capability. I think this is a game changer in this industry. In the United States, it's much, much more common. I think the stat that I heard in the United States is 60% of all trades in the United States are done through some sort of a fractional, which makes sense. I mean you've got a lot of young traders. It's really hard to buy $1,000 when the stock is $1,000, but you could buy $100 worth of it. We're the only Canadian bank that actually offers fractional trades. That has actually done terrific things for acquisition for our direct investing business.

And then we launched our whole new TD Active Trader platform, first active trading platform that's launched, that's been modernized probably in 2 decades. And then I'd say massive opportunity in the Wholesale Bank, Gabe, as we move forward. Our integration with Cowen is now complete. It's taken us 2 years. And so for the very first time, TD Bank has a fully integrated North American dealer and our objective is to be a top 10 North American dealer with global reach as we move forward. So huge opportunity there.

Gabriel Dechaine – NBF – Analyst

Yes. That was my next line of question. It was on the wholesale business. So historically, TD has had a relatively smaller capital markets business, domestic focused like Universal in Canada, whatever you want to call it, in the U.S., more of a balance sheet business, fixed income dealer. Now you've got an investment bank with a balance sheet in the U.S. So that should become a bigger part of your overall business over time.

Raymond Chun – Group President and Chief Executive Officer, TD Bank Group

And it already has. I mean if you look at our earnings on a quarterly basis, our revenue from our wholesale business historically on a quarterly basis might have been about $1.2 billion. Last quarter was the first time that we crossed $2 billion for the quarter in revenue, and that's just starting. And so to your point, if you think about the upside opportunity, and we are looking at global transaction banking, we have an e-trading platform that is second to none. We're looking to continue to scale that on a global basis.

Our prime brokerage business is a significant opportunity for us to scale and grow as we move forward. But again, this is not moving on the risk curve is the big message that I have for everybody is that everything that we're talking about is squarely within the risk appetite of TD Bank. It's within the risk curve that we already have today. We already have the customer base. Our customers in Canada and in the U.S. for years have been asking to do more business with us. We just haven't had the capability. We didn't have a U.S. ECM capability. We didn't have the research capability. Some of the big verticals today, biotech, health care, we didn't play in.

With the Cowen acquisition, we now have all of those capabilities and probably more important, we have the talent. And so what does TD bring? TD brings the balance sheet. And so now you put these 2 organizations together, and you're seeing some terrific early wins already. What I would tell you is TD Securities was the lead left book runner for the Schwab transaction and neither organization would have been able to do this on their own. But the combination of having TD Cowen, TD Securities. And for those of you, I don't know if you were all aware, but back in September last year, the entire Credit Suisse FIG team moved across, lifted and shifted into TD Cowen. And it's that combination of talent that allowed us to actually execute the Schwab transaction in-house.

Gabriel Dechaine – NBF – Analyst

We used to work with those guys. Anyway, the organic story is one important discussion, of course. M&A. And I just bring this up because I don't think I've ever heard a CEO be as definitive about 'not now'. That was kind of the message I think that was on the Q1 call, somebody was asking about acquisitions. And we think about Wealth, we think about P&C Insurance as maybe some areas where you'd be acquisitive, but I think you said it was too much of a distraction. And maybe if you want to expand on that because, I think certainty in this situation is good.

Raymond Chun – Group President and Chief Executive Officer, TD Bank Group

Yes. Listen, in the future, there's a role that M&A will play, but I've been very clear that our #1 priority for the whole company, not just the U.S. is to remediate the AML issue. And our talent, our resources, our focus, that has to be the priority. And regardless, when you get into an M&A situation, whether it's in the U.S. or even in Canada, it distracts. And so for the next few years, that is the priority, AML. But the second part of that is, and we'll lay it out for everybody at Investor Day, when you look at this organic growth opportunity within TD Bank, it is far greater than any M&A would ever give us right now. And if we can execute what we need to execute on the organic growth, that would be the best place to actually focus the energy and attention of TD with the AML remediation. So there's a role to play for M&A, but not in the near term.

Gabriel Dechaine – NBF – Analyst

Okay. You mentioned the focus on AML remediation and several questions around that. Let me get this right here. Your monitorship was approved during Q1. Like what does that mean?

Raymond Chun – Group President and Chief Executive Officer, TD Bank Group

Yes. So everybody knows that as part of the consent order, both the DOJ and FinCEN required monitors. The important development for us is that both the DOJ and FinCEN selected the same monitor. And that's really important from an efficiency perspective, the complexity of not having to duplicate the work. And so we put forward 3 names. They then selected and thankfully, they selected the same monitor. The monitor has been with us for about 6 weeks. The process is working well, and we look forward to continuing to work with the monitor as we go forward. But that was the key point to me was that we got the same monitor.

Gabriel Dechaine – NBF – Analyst

Okay. Now the costs associated with the AML remediation issue or you've quantified them. Are there any additional costs that might not get captured in that estimate, whether it's new hires or just unexpected new consultants that might not be hired yet? I don't know.

Raymond Chun – Group President and Chief Executive Officer, TD Bank Group

Yes. So let me just break down that a little bit, Gabe, so that everybody gets a full picture of the AML work. First and foremost, the AML remediation that we've been doing, we've been doing for a while. And so yes, there was the October 10th public announcement, but the work around AML had been going on well before that. And so just keep that in mind that the remediation work has been going on for quite a while now. And so when we say that we understand what the issues are, what needs to be remediated, we have a detailed action plan with very comprehensive milestones.

The majority of the management actions, we believe, will be done by the end of this calendar year. There'll be some work around data, some technology work that we need to do into 2026, might tip into 2027. But what you then have is that internal audit needs to come in, they'll validate. There'll be a period of sustainability. And remember, the monitor is with us this whole way of validating themselves also and reporting back to the regulators. Then the regulators will come in. They will do their validation, and then there's a period of sustainability. And so we've said all along that this will be a multiyear journey because the process is multiyear.

The majority of the management actions we think we can get through by the end of this year. So when I come back to the cost question and our confidence around the cost, we've said that for 2024, we've got about US$500 million budgeted for AML remediation. And in there is a buffer so that if unexpected things do come up, that there is a contingency for that. In 2026, we think it's another US$500 million from an expense perspective for the AML. And then starting in 2027, you should see a more normalized expenses as all of the onetime spend starts to come off on that. So we still have high confidence on the US$500 million in 2025, and we think we're within our expense forecast.

Gabriel Dechaine – NBF – Analyst

And having you upgraded the Board, the senior compliance people with all the AML experience has got to make the process. I don't want to say it's easy, but you're benefiting from the experience of others.

Raymond Chun – Group President and Chief Executive Officer, TD Bank Group

It's a great point. I mean we have brought into TD now about 50 executives just in AML. Our new Global Head of Financial Crimes and Risk Management, Jackie, she is a leader in the industry coming from one of the big G-SIBs. She's done this type of work before. We've also added about 700 people to the AML remediation work. And so when we say we're making substantial investments to uplift our capabilities and build a market-leading capability. And I think for the entire industry, from an AML perspective, the standards are going up. The investments will be a continuous investment that the industry will need to make because bad actors continue to find new ways.

And so, we've set our standards high. We know the journey we're on. And you'll see every quarter, everybody, we've added a new slide to our investor deck on a quarterly basis. We're being transparent. We're laying out for all of you what was accomplished over the last 90 days, what are the milestones for the upcoming 90 days. And where are we on the journey and timelines that we've committed to. So we're going to be quite transparent with all of you to keep you informed.

Gabriel Dechaine – NBF – Analyst

You say it's good for the industry, I guess, raising the bar and all that. Is that something you could say about the Canadian business as well because it's not like we're insulated from these issues.

Raymond Chun – Group President and Chief Executive Officer, TD Bank Group

Many of the platform and data investments that we're making in the United States is going to benefit the Canadian arm of the organization. And so we'll bring this modernized platform, increased data tracking, real-time capabilities, all of those additional functionalities are actually going to benefit Canada also. So there will be an enterprise benefit as we go forward.

Gabriel Dechaine – NBF – Analyst

Okay. Any questions from the audience before we wrap up? Well, great. Thanks for joining us in Montreal. I really appreciate it, and great to get to know you better.

Raymond Chun – Group President and Chief Executive Officer, TD Bank Group

Thanks for having me here, Gabe.