



TD's Sale of its Investment in Schwab

TD Bank Group

February 11, 2025

Caution Regarding Forward-Looking Statements

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", "plan", "goal", "target", "may", and "could". 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; 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 civil and criminal investigations into the Bank's U.S. BSA/AML program; the impact of the global resolution of the civil and criminal 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" or "Significant and Subsequent Events" 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 this document, as well as 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. In addition, with respect to the Bank's estimates regarding EPS accretion, assumptions have been made with respect to the following key factors: foreign exchange fluctuations, tax rates, average analyst consensus estimates for the Bank's fiscal 2025 adjusted net income, value of the Q1 Schwab equity pick-up, and number of shares purchased for cancellation under the Bank's proposed normal course issuer bid (which remains subject to regulatory approvals), and earnings on investments. With respect to the Bank's estimates regarding net proceeds, assumptions have been made with respect to the following key factors: foreign exchange fluctuations and tax rates. With respect to the Bank's estimates regarding investment rate of return, assumptions have been made with respect to foreign exchange fluctuations. With respect to the Bank's estimates regarding CET1 impact, assumptions have been made with respect to the following key factors: foreign exchange fluctuations, tax rates, number of shares purchased for cancellation under the Bank's proposed normal course issuer bid (which remains subject to regulatory approvals), and risk-weighted asset levels. The illustrative impact on TD's earnings per share on a run-rate basis is based on analyst consensus estimates of TD's and Schwab's future adjusted results, and we caution that the methodology applied by analysts to estimate those results may not be consistent with TD's methodology. For reference, an example of TD's reconciliation of reported results to adjusted results is available in TD's 2024 MD&A.

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.

TD Monetizes its Schwab Stake

Divestment of Schwab Stake Acquired During TD Ameritrade Divestiture

Realizes Substantial Return on TD's Investment

Provides Meaningful Capital and Liquidity Flexibility

Enhances Shareholder Return Through Capital Deployment for Share Buyback

Schwab Stake Sale and TD Share Repurchase Executed at Attractive Relative Valuation

Allows For Financial Flexibility to Pursue Strategic Review Initiatives

Transaction Summary

Transaction	<ul style="list-style-type: none"> • TD sold its entire 10.1% stake in Schwab, consisting of 184.7MM shares • The transaction is expected to close on February 12, 2025
Sale Price	<ul style="list-style-type: none"> • US\$79.25 per share, ~19x estimated 2025 Schwab EPS¹
Estimated Investment Return	<ul style="list-style-type: none"> • Schwab share price is up 121% since TD acquired the shares in 2020, an annualized stock price return of 20% • IRR to TD of ~23%² on an unlevered cash basis with cash-on-cash return of 2.2x
Share Distribution	<ul style="list-style-type: none"> • Shares sold in a registered offering and share repurchase by Schwab • 165.4MM shares sold into the market; 19.2MM shares repurchased by Schwab totaling US\$1.5B • TD Securities acted as a lead bookrunner on the transaction
Estimated Proceeds	<ul style="list-style-type: none"> • Gross proceeds to TD of US\$14.6B or C\$21.0B³ • Net proceeds to TD of US\$13.9B or C\$20.0B³
Use of Proceeds	<ul style="list-style-type: none"> • ~C\$8B NCIB, or up to 100MM shares, to be completed over the next 12 months⁴ • Remaining proceeds to be allocated as TD advances its strategic review
Estimated Capital Impact	<ul style="list-style-type: none"> • C\$15.1B in CET1 capital created or 247 bps⁵ • ~116 bps of CET1 created net of contemplated share buyback⁵
EPS Impact	<ul style="list-style-type: none"> • Expected to be accretive to EPS on a run-rate basis⁶
Other	<ul style="list-style-type: none"> • TD will no longer have 2 Schwab board seats • No impact to TD's Insured Deposit Account agreement with Schwab

1. Source for estimate: Capital IQ. Based on median analyst consensus estimate of Schwab's 2025 adjusted net income. Sale price reflects the price before the underwriting discount

2. IRR includes the dividends received and the pre-tax cash proceeds from the shares sold since the TD Ameritrade acquisition close on October 6, 2020. Pre-tax proceeds for this transaction assumes USD/CAD rate of 1.4323x and an underwriting discount of C\$335MM

3. Assumes USD/CAD rate of 1.4323x; Proceeds net of estimated taxes of ~C\$600MM and underwriting discount of C\$335MM

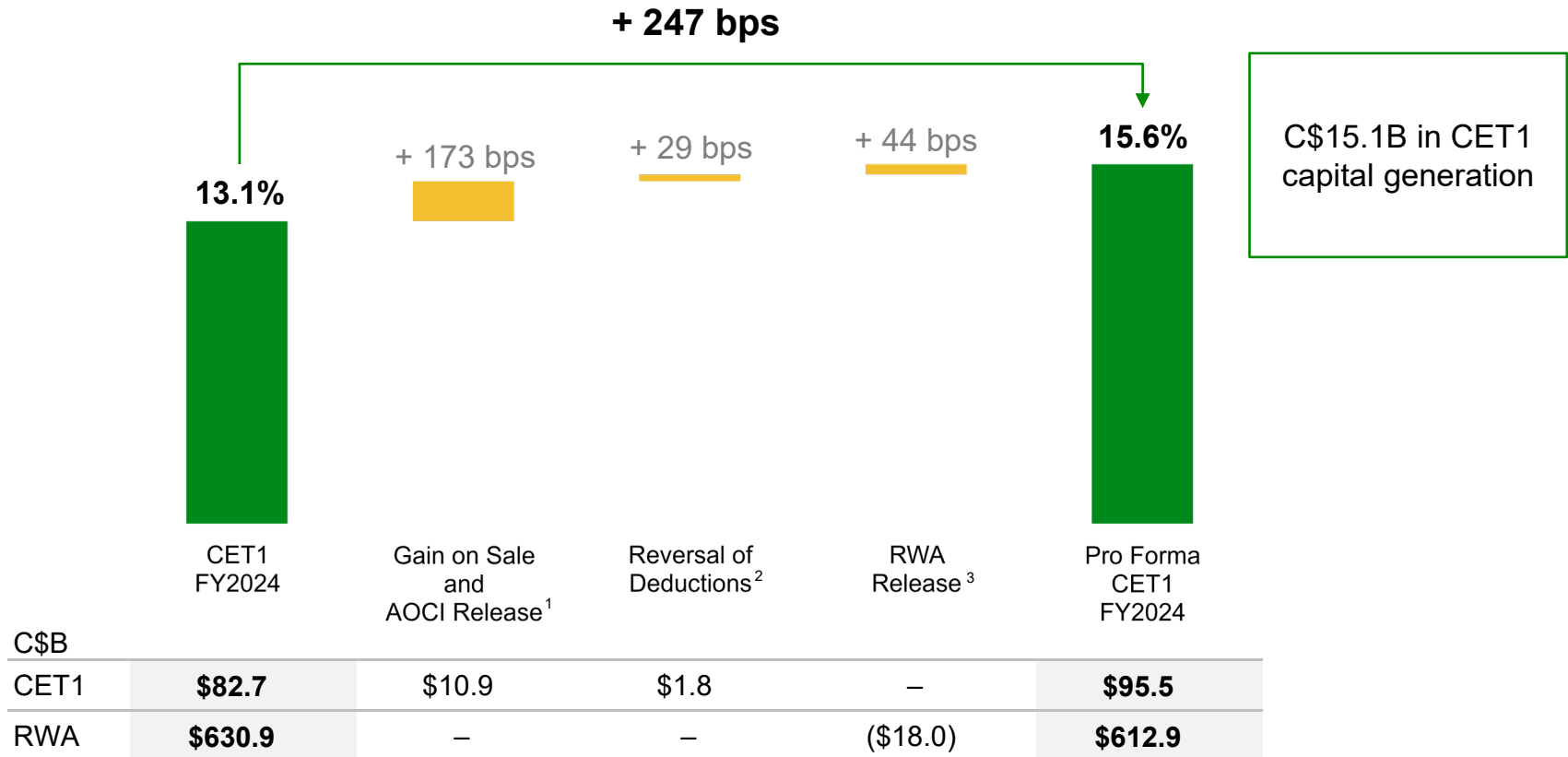
4. Subject to regulatory approval

5. Includes impacts from RWA release. Bps of CET1 capital created based on TD's Q4 FY2024 CET1 of ~C\$83B and RWA of ~C\$631B. C\$8B of share buyback on RWA of ~C\$613B (the estimated RWA post-sale) is ~131 bps. 247 bps of capital created less ~131 bps from the buyback = net ~116 bps. Please refer to Appendix page 6 for additional information on the CET1 change from the sale of the investment

6. Please refer to Appendix page 7 for additional information

Appendix

Estimated TD CET1 Change from Monetization of Schwab Stake



Note: Figures may not sum to totals due to rounding

1. C\$9.1B gain recognized in earnings (net of C\$1.9B AOCI loss reclassification), and C\$1.9B added to CET1 on reversal of such AOCI loss. Gain is net of taxes of ~C\$600MM and underwriting discount of C\$335MM
2. Removal of the Schwab investment from non-significant investments exceeding regulatory thresholds. This figure also includes the removal of other non-significant investments exceeding regulatory thresholds, which can now be included in non-significant investments not exceeding regulatory thresholds (and risk-weighted), post the transaction
3. Removal of the Schwab investment from non-significant investments not exceeding regulatory thresholds. Includes the addition of the RWA associated with investments that were previously non-significant investments exceeding regulatory thresholds and are now risk-weighted post the transaction

Illustrative Run-Rate EPS Accretion Based on Analyst Consensus

Illustrative Run-Rate Adjusted EPS Accretion Based on Consensus Analyst Estimates

C\$MM

	<u>FY2025</u>
Average analyst consensus of TD's estimated adjusted net income ¹	\$13,771
Reduction in Schwab adjusted equity pick-up ²	(\$1,084)
Earnings on investments ³	\$438
Pro forma TD adjusted net income	\$13,125
Average analyst consensus of TD's estimated weighted average diluted shares outstanding (MM)	1,751.5
Intended share repurchase, subject to regulatory approval ⁴	(93.0)
Pro forma TD weighted average diluted shares outstanding	1,658.5
TD standalone adjusted EPS	\$7.86
Pro forma TD adjusted EPS	\$7.91
EPS accretion (\$)	\$0.05
EPS accretion (%)	1%

Source for estimates: Capital IQ

1. Based on the average analyst consensus estimate of TD's fiscal 2025 adjusted net income
2. Based on an estimate for Schwab's adjusted net income from November 2024 to October 2025. Includes an estimate for actual adjusted net income from Nov to Dec 2024 (using 67% of Schwab's actual adjusted net income to common stockholders for Q4 2024) and the median analyst consensus estimate of Schwab's adjusted net income for Jan to Oct 2025 (October estimate using 33% of median analyst consensus estimate for Schwab's Q4 2025), assuming an average USD/CAD rate of 1.43x
3. Earnings on investments assumes 5% yield pre-tax and a tax rate of 26.5% on balances net of share buyback of ~C\$12B
4. For illustrative purposes, assumes C\$8B of TD shares at a price of C\$86.00 as of February 10, 2025

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