U.S. Strategic Card Portfolio:
Impact on Pre-Tax, Pre-Provision Earnings (PTPP)[1]

- This material should be viewed in conjunction with slide 26 of the Q1 2021 Investor Presentation, which illustrates the gross accounting for the U.S. Strategic Card Portfolio required under IFRS.
- Under this accounting, the retailer program partners' share of the net profit from the portfolio (revenue minus PCL) is recorded in non-interest expenses.
- As a result, in calculating TD's pre-tax, pre-provision earnings (PTPP), the partners' share of the PCL from this portfolio should be added back to non-interest expenses.
- The table on the next page shows this calculation. For internal measurement purposes, the Bank makes two further adjustments to PTPP that are also reflected in the table:
  - Calculating revenue and expenses on a constant currency basis, and
  - Removing from revenue the fair value impact of investments that fund policy liabilities in the Bank's insurance business, a mark-to-market item that is largely offset in insurance claims.
- Collectively, these adjustments provide a measure of PTPP that the Bank believes is more reflective of underlying business performance.
- From this starting point, further adjustments can be made for certain additional items to test for different sensitivities. In the scenario described on TD's Q1 2021 earnings call, this included the impact of US$76MM in store optimization costs in Q1 2021 and $163MM in corporate real estate optimization charges in Q4 2020.

1. Pre-tax, pre-provision earnings is a non-GAAP measure that is typically calculated by subtracting expenses from revenue. The Bank makes further adjustments to the calculation as detailed in these slides.

Pre-Tax, Pre-Provision Earnings[1] – Q1 2021

TOTAL BANK	Q1 2021		Q4 2020		Q1 2020		SFI Reference
	Revenue	Expenses	Revenue	Expenses	Revenue	Expenses	
Adjusted[2] ($MM)	10,812	5,744	10,423	5,646	10,609	5,397	Page 2, L18 & L19
Minus: U.S. Retail value in C$[3]	(2,684)	(1,688)	(2,717)	(1,660)	(2,902)	(1,593)	Page 9, L3 & L7
Plus: U.S. Retail value in US$[3]	2,086	1,313	2,054	1,254	2,204	1,210	Page 10, L3 & L7
Minus: Insurance fair value change[4]	(7)		11		(29)		Page 6, L12
Plus: Corporate PCL[5]		16		100		192	Page 12, L6
Calculated from above	**10,207**	**5,385**	**9,771**	**5,340**	**9,882**	**5,206**	
PTPP	**4,822**		**4,431**		**4,676**		
QoQ Change (%)	8.8%						
YoY Change (%)	3.1%						

Scenario provided on the Q1 2021 earnings call further adjusting for store and real estate optimization costs:

	Q1 2021 Revenue	Q1 2021 Expenses	Q4 2020 Revenue	Q4 2020 Expenses	Q1 2020 Revenue	Q1 2020 Expenses	RTS Reference
From above	**10,207**	**5,385**	**9,771**	**5,340**	**9,882**	**5,206**	
Minus: U.S. Store optimization in U$		(76)					Page 17
Minus: Corporate real estate optimization in C$				(163)			Page 18
Calculated from above	**10,207**	**5,309**	**9,771**	**5,177**	**9,882**	**5,206**	
PTPP after adjusting for store and real estate costs	**4,898**		**4,594**		**4,676**		
QoQ Change (%)	6.6%						
YoY Change (%)	4.7%						

Figures referenced on Q1 2021 call

Note: See slide 3 for a description of each footnote

Footnotes to Slide 2

1. Pre-tax, pre-provision earnings is a non-GAAP measure and is calculated as the difference between adjusted revenue (U.S. Retail in source currency) net of fair value changes of investments supporting insurance claims liabilities, and adjusted expenses (U.S. Retail in source currency) grossed up by the retailer program partners' share of PCL for the Bank's U.S. strategic card portfolio.

2. 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 revenue, adjusted expenses, PTPP and related items 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 2021 Earnings News Release and 2021 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. For further information and a reconciliation, please see slide 20 of the Q1 2021 Investor Presentation.

3. Adjusts for the impact of foreign exchange on the U.S. Retail Bank by using source currency figures.

4. Income (loss) from Financial Instruments designated at FVTPL – Related to Insurance Subsidiaries. CAD Retail revenue includes changes in the fair value of investments that fund policy liabilities related to the Bank's insurance subsidiaries.

5. The retailer program partners' share of revenue and provision for credit losses associated with the U.S. strategic card portfolio program is presented in the Corporate segment, with an offsetting amount (representing the partners' net share) recorded in Non-interest expenses. Subtracting the partners' share of the PCL removes a source of volatility that is not reflective of the Bank's underlying economic exposure. This can be done by adding Corporate PCL (which consists solely of the partners' share of the PCL) back to non-interest expenses.