

# Quarterly Highlights

Q3 2021

## Financial Results (YoY)

- **Net income** \$3.5B, up 58% (adj.<sup>1</sup> \$3.6B, up 56%).
- **EPS** of \$1.92, up 59% (adj.<sup>1</sup> \$1.96, up 57%).
  - PCL recovery of \$37MM vs. \$2.2B provision in Q3/20
- **Retail<sup>2</sup> earnings** \$3.4B, up 77% (adj.<sup>1</sup> \$3.2B, up 74%);
  - **Canadian Retail:** \$2.1B, up 68% (adj.<sup>1</sup> \$2.1B, up 65%);
    - Cdn. P&C \$1,503MM, up 108%
    - Wealth \$445MM, up 23% (adj.<sup>1</sup> \$445MM, up 15%)
    - Insurance \$177MM, down 2%.
  - **U.S. Retail Bank:** \$891MM, up \$631MM (up C\$742MM)
  - **U.S. Retail** (incl. Schwab): US\$1,052MM, up 115% (C\$ up 92%)
- **Wholesale Banking** net income \$330MM, down 25%.
- **Corporate** net loss \$205MM; adj<sup>1</sup> net loss \$122MM.

## Revenue, Expenses, Credit, Capital

- **Revenue:** Flat YoY:
  - Strong volume and fee income growth, offset by lower wholesale revenue, stronger \$C and lower margins.
  - Revenue up 3.7%, excluding FX and insurance fair value change (see slides 9 and 23 of QRP for further information).
- **Expenses:** Up 6% YoY including the retailer program partners' net share of profits from the U.S. strategic card portfolio.
  - Adjusted<sup>1</sup> expenses up 1%, excluding the partners' share of PCL for the SCP.
  - Adjusted<sup>1</sup> expenses up 4.5%, excluding the partners' share of PCL for the SCP and FX (slides 9 & 23 of QRP for further info).
- **PCL recovery of \$37MM / PCL ratio of -0.02%**
  - **PCL – impaired** was \$242 million, lower by \$139MM QoQ, primarily reflected in the consumer & commercial lending portfolios.
  - **PCL – performing** was a recovery of \$279 million, higher by \$479MM QoQ reflecting a larger recovery in Q2/21.
  - **ACL** – decreased \$258MM QoQ to 7.7B QoQ mainly reflecting a continued improvement in credit conditions.
- **CET1 14.5%:** Up 25 bps QoQ on internal capital generation (+45 bps), partially offset by acquisitions (-15 bps) and higher RWA net of FX and other (-5 bps).
- **Risk-Weighted Assets (RWA) increased \$10B QoQ** mainly reflecting higher Credit Risk RWA (reflecting higher Wholesale Banking exposures, impact of FX, and acquisitions, partially offset by positive credit migration in Canadian and U.S. Retail) and higher Market Risk RWA (from expiry of OSFI's temporary reduction in stressed VaR multiplier).

## Items of Interest

- **Impact of U.S. Strategic Card Portfolio Accounting on Total Bank PTPP & Operating Leverage:** Slides 22-23 of the Q3 2021 QRP show how the Bank calculates PTPP and Operating Leverage at the total Bank level, by removing the impact of the PCL associated with this portfolio, the impact of FX translation, and insurance fair value change.
- **ACL / PCL Continuity Table (new):** Table added to Note 6 (Loans, Impaired Loans, and ACL) showing continuity from Allowance for Credit Losses to Provisions for Credit Losses. Q3 2021 FS&N, page 64.
- **Goodwill/Intangibles:** Increase in Goodwill and Other Intangibles reflecting closing of acquisitions of Wells Fargo's Canadian Direct Equipment Finance Business and Headlands Tech Global Markets LLC). SFI, page 19. Also see FS&N, Notes 8 & 9, pages 71-72.

## Financial Results (C\$MM)

		Q3/2021	QoQ	YoY
<b>EPS</b>	Reported	\$ 1.92	-4%	59%
	Adjusted <sup>1</sup>	\$ 1.96	-4%	57%
<b>Net Income</b>	Reported	3,545	-4%	58%
	Adjusted <sup>1</sup>	3,628	-4%	56%
<b>Revenue</b>	Reported	10,712	5%	0%
<b>PCL Ratio</b>		-0.02%	+19 bps	-119 bps
PCL – Total		-37	+340	-2,225
PCL – Impaired		242	-139	-589
PCL – Performing		-279	+479	-1,636
<b>Insurance Claims</b>		836	90%	4%
<b>Expenses</b>	Reported	5,616	-2%	6%
	Adjusted <sup>1</sup>	5,576	-2%	6%
<b>CET 1 Ratio<sup>3</sup></b>		14.5%	+25 bps	+200 bps
<b>Net Interest Margin (NIM)</b>		1.56%	0 bps	-6 bps

## Loans (Average balances)

	Q3/2021	QoQ	YoY
<b>Canadian Retail (C\$)</b>	473	3%	7%
Personal	382	2%	8%
Commercial	91	5%	7%
<b>U.S. Retail (US\$)</b>	167	-1%	-5%
Personal	74	-1%	-1%
Commercial	93	-2%	-8%
<b>Wholesale (Gross Lending) (C\$)</b>	60	-1%	-14%
<b>Total (C\$)</b>	739	1%	-2%

## Deposits (Average balances)

	Q3/2021	QoQ	YoY
<b>Canadian Retail (C\$)</b>	448	3%	13%
Personal	249	2%	10%
Commercial	161	4%	19%
Wealth	38	-2%	15%
<b>U.S. Retail (US\$)</b>	378	0%	10%
Personal	124	3%	18%
Commercial	108	3%	13%
Sweep Deposits	146	-5%	3%
<b>Total (C\$)</b>	913	0%	1%



Proven Business Model



Purpose-Driven



Forward Focused

**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 2021 Earnings News Release, MD&A: Q3 2021 Management's Discussion and Analysis, SFI: Q3 2021 Supplemental Financial Information, SRD: Q3 2021 Supplementary Regulatory Disclosure, FS&N: Q3 2021 Consolidated Financial Statements and Notes, QRP: Q3 2021 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 2021 Earnings News Release and Q2 2021 MD&A ([www.td.com/investor](http://www.td.com/investor)) for further explanation, reported 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 2021 Earnings News Release and Q3 2021 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

<b>Canadian Retail (C\$MM)</b>		Q3/2021	QoQ	YoY
<b>Revenue</b>		6,579	9%	9%
<b>Net Interest Margin (NIM)</b>		2.61%	0 bps	-7 bps
<b>PCL</b>		100	+137	-851
Impaired PCL		154	-37	-218
Performing PCL		-54	+174	-633
<b>PCL Ratio</b>		+0.08%	+11 bps	-78 bps
<b>Insurance Claims</b>		836	90%	4%
<b>Expenses</b>	Reported	2,748	2%	8%
	Adjusted <sup>1</sup>	2,748	2%	10%
<b>Net Income</b>	Reported	<b>2,125</b>	<b>-3%</b>	<b>68%</b>
	Adjusted <sup>1</sup>	<b>2,125</b>	<b>-3%</b>	<b>65%</b>

<b>U.S. Retail (US\$MM)</b>		Q3/2021	QoQ	YoY
<b>Revenue</b>		2,180	5%	5%
<b>Net Interest Margin (NIM)</b>		2.16%	+1 bp	-34 bps
<b>PCL</b>		-74	+99	-729
Impaired PCL		53	-38	-158
Performing PCL		-127	+137	-571
<b>PCL Ratio (Net<sup>2</sup>)</b>		-0.18%	+23 bps	-169 bps
<b>Expenses</b>		1,233	-3%	2%
<b>Net Income, U.S. Retail Bank</b>		891	4%	+631
<b>Share of net income from investment in Schwab and TD Ameritrade</b>		161	-17%	-30%
<b>Total Net Income</b>		<b>1,052</b>	<b>0%</b>	<b>+562</b>

<b>Wholesale Banking (C\$MM)</b>		Q3/2021	QoQ	YoY
<b>Revenue</b>		1,083	-6%	-22%
Trading-related income		467	-16%	-50%
<b>PCL</b>		2	+65	-121
<b>Expenses</b>		635	-10%	-5%
<b>Net Income</b>		<b>330</b>	<b>-14%</b>	<b>-25%</b>

<b>Corporate (C\$MM)</b>		Q3/2021	QoQ	YoY
<b>Net Corporate Expenses</b>		-169	-9%	10%
<b>Other</b>		47	-41%	-39%
<b>Net Income (Loss)</b>	Reported	<b>-205</b>	<b>10%</b>	<b>58%</b>
	Adjusted <sup>1</sup>	<b>-122</b>	<b>15%</b>	<b>61%</b>

## Commentary (YoY)

### ENR Table 7 (p. 9), MD&A Table 11 (page 13) and SFI (p. 8 and A1)

- Canadian Retail:** Reported NIAT up 68% on lower PCL and higher revenue, partially offset by higher expenses. Adjusted NIAT up 65%.
  - Revenue up 9% on higher-fee based revenue in the banking and wealth businesses and higher loan and deposit volumes, partially offset by lower deposit margins.
  - Net interest margin of 2.61% was flat QoQ and down 7 bps YoY.
  - Total PCL of \$100MM, higher by \$137MM QoQ, mainly reflecting a smaller recovery in performing PCL this quarter.
  - Reported expenses up 8%, reflecting higher spend supporting business growth, including volume-driven and employee-related expenses, and technology and marketing costs, partially offset by prior year charges related to the Greystone acquisition.
  - Efficiency Ratio 41.8%.
- Canadian P&C:** Revenue of \$3,801MM (up 8%), expenses of \$1,655MM (up 5%), and net income of \$1,503MM (up 108%).
  - NIM of 2.52%, flat QoQ and down 7 bps YoY.

### ENR Table 8 (p. 11), MD&A Table 12 (p. 15) and SFI (p. 10)

- U.S. Retail:** U.S. Retail Bank net income up 243% on lower PCL and higher revenue, partially offset by higher expenses.
  - Revenue up 5% on higher fee income from increased customer activity, strong deposit growth, and higher income from PPP loans, partially offset by lower deposit margins.
  - Net interest margin of 2.16% up 1 bp QoQ.
  - PCL was a recovery of US\$74MM, higher by \$99M QoQ on a smaller recovery in performing PCL this quarter.
  - Expenses increased 2% primarily reflecting higher investment in the business and employee-related expenses, partially offset by productivity savings.
  - Efficiency ratio of 56.6%.

### ENR Table 9 (p. 12), MD&A Table 13 (p. 17) and SFI (p. 11)

- Net income down 25% reflecting lower revenue, partially offset by lower PCL and lower expenses.
- Revenue down 22% reflecting lower trading-related revenue, partially offset by higher other revenue and advisory fees.
- PCL of \$2MM, higher by \$65MM QoQ primarily reflecting a recovery of \$63MM in the prior quarter.
- Expenses decreased 5%, primarily reflecting lower variable compensation, partially offset by higher employee-related costs from continued investment in Wholesale Banking's U.S. dollar strategy.

### ENR Table 10 (p. 13), MD&A Table 14 (p. 18) and SFI (p. 12)

- The net loss for the quarter was higher reflecting a lower contribution from other items, acquisition and integration charges related to the Schwab transaction, and higher net corporate expenses.

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- U.S. Retail PCL ratio including only the Bank's contractual portion of credit losses in the U.S. strategic cards portfolio as an annualized percentage of credit volume.