

Toronto Dominion (TD CN)

FUNDAMENTAL VIEW ¹

As of 25 Mar 2024

- Toronto Dominion is rated Aa2/AA-/AA- by Moody's/S&P/Fitch, but bail-in senior debt for TD is rated A1/A/AA-.
- TD's overall credit profile is stable, supported by diversification by revenue & geography, history of strong risk management & conservative underwriting.
- TD still has substantial excess capital above all-in requirements, having built up capital levels in advance of the First Horizon deal that ended up being terminated in 2023.

RISKS & CATALYSTS

As of 25 Mar 2024

- Toronto Dominion has a strong, largely retail-driven deposit base in both Canada and the U.S., which should mitigate the potential for a liquidity event.
- Toronto Dominion has been active in M&A in the U.S., as well as portfolio acquisitions in Canada. In 2023, it completed the acquisition of Cowen, Inc., building out its U.S.-based capital markets business which it has also grown organically in recent years.
- The termination of the FHN deal leaves TD with substantial flexibility afforded by the excess capital position (CET1 13.9%) and without a bank deal to integrate in uncertain operating conditions.
- We view real estate-related risk in Canada as manageable for TD given low LTV of exposures in vulnerable markets and conservative underwriting.

CREDIT QUALITY SCORE (CQS) ²

As of 08 Apr 2024

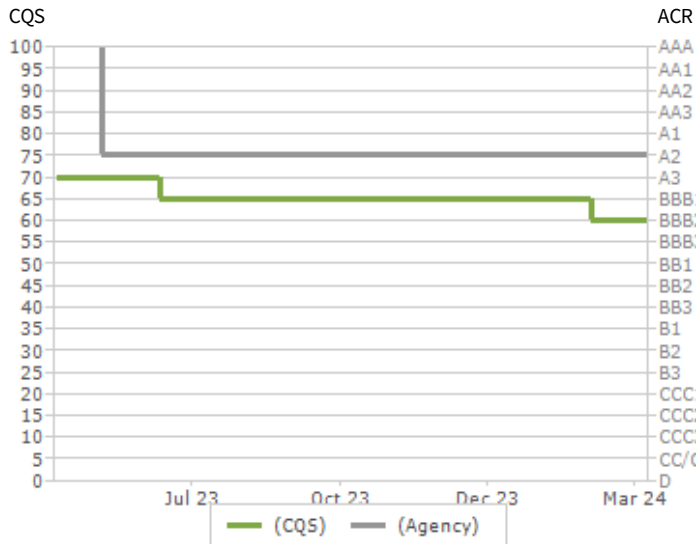
CURRENT CQS

60

CQS OUTLOOK ³

NEGATIVE STABLE POSITIVE

HISTORICAL RATINGS: AVERAGE AGENCY RATING (ACR) ⁴ VS CQS



KEY METRICS

As of 25 Mar 2024

\$ MN	FY20	FY21	FY22	FY23	LTM 1Q24
Revenue	30,311	31,801	35,848	33,866	34,821
Net Income	8,846	11,371	13,544	7,883	8,801
ROAE	1.30%	1.05%	1.05%	1.05%	1.05%
NIM	1.72%	1.56%	1.69%	1.75%	1.73%
Net Charge-offs / Loans	0.34%	0.18%	0.15%	0.24%	0.27%
Total Assets	1,289,484	1,394,270	1,406,122	1,407,709	1,428,288
Unsecured LT Funding	55,061	67,073	88,875	90,998	81,846
CET1 Ratio	13.1%	15.2%	16.2%	14.4%	13.9%

BUSINESS DESCRIPTION

As of 25 Mar 2024

- Toronto Dominion is the second largest depository institution in Canada with C\$1,911 bn in assets as of F1Q24 and a market cap of US\$107 bn as of March 21, 2024. The company has C\$1,181 bn in total deposits.
- As of 2023, TD ranked 9th in terms of U.S. deposits with approximately US\$303.9 bn in deposits and 1,182 branches (SNL). The U.S. footprint is focused on the Atlantic coast including Delaware, New Jersey, New York, Massachusetts, New Hampshire, Connecticut, Maine, Vermont, and Pennsylvania.

GLOSSARY

¹ The **Fundamental View** is our current assessment of credit quality and our expectation of how credit quality will trend over the next year or longer.

² The **Credit Quality Score (CQS)** is a number between 5 and 100. It is a medium-term credit score for corporates and financial institutions that utilizes a combination of sector fundamental scores and equity market signals. Values of CQS above 50 generally indicate investment grade credit quality.

³ The **Credit Quality Score (CQS) Outlook** is the near-term (3 month) outlook for the CQS, based on its trend, volatility and distance from the adjacent CQS risk bucket.

⁴ The **Agency Composite Rating (ACR)** is the average senior unsecured rating from one or more major rating agencies.

Quantitative scores provided by CreditSights Analytics, LLC. Scores are shown are for the lesser of (1) 2 years and (2) date of CreditSights inception of quantitative coverage.

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