Q3 2023 EARNINGS CONFERENCE CALL
AUGUST 24, 2023

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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, the Management's Discussion and Analysis ("2022 MD&A") in the Bank's 2022 Annual Report under the heading "Economic Summary and Outlook", under the headings "Key Priorities for 2023" 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 "2022 Accomplishments and Focus for 2023" for the Corporate segment, and in other statements regarding the Bank's objectives and priorities for 2023 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, and infrastructure), model, insurance, liquidity, capital adequacy, legal, regulatory compliance and conduct, 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; geopolitical risk; inflation, rising rates and recession; the economic, financial, and other impacts of pandemics, including the COVID-19 pandemic; the ability of the Bank to execute on long-term strategies and shorter-term key strategic priorities, including the successful completion and integration of acquisitions and dispositions, business retention plans, and strategic plans; technology and cyber security risk (including cyber-attacks, data security breaches or technology failures) on the Bank's information technology, internet, network access or other voice or data communications systems or services; model risk; fraud activity; 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-party service providers; the impact of new and changes to, or application of, current laws and regulations, including without limitation tax laws, capital guidelines and liquidity regulatory guidance; regulatory oversight and compliance risk; increased competition from incumbents and new entrants (including Fintechs and big technology competitors); shifts in consumer attitudes and disruptive technology; exposure related to significant litigation and regulatory matters; ability of the Bank to attract, develop, and retain key talent; changes to the Bank's credit ratings; changes in foreign exchange rates, interest rates, credit spreads and equity prices; increased funding costs and market volatility due to market illiquidity and competition for funding; Interbank Offered Rate (IBOR) transition risk; critical accounting estimates and changes to accounting standards, policies, and methods used by the Bank; existing and potential international debt crises; environmental and social risk (including climate change); 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 2022 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 heading "Significant Acquisitions", "Significant and Subsequent Events, and Pending Acquisitions", "Significant and Subsequent Events" or "Significant 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 are set out in the 2022 MD&A under the heading "Economic Summary and Outlook", under the headings "Key Priorities for 2023" 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 "2022 Accomplishments and Focus for 2023" for the Corporate segment, each as may be updated in subsequently filed quarterly reports to shareholders.

Any forward-looking statements contained in this document 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.

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PRESENTATION

Brooke Hales – TD – Head of Investor Relations

Thank you operator. Good afternoon and welcome to TD Bank Group's Third Quarter 2023 Investor Presentation. Many of us are joining today's meeting from lands across North America. North America is known as Turtle Island by many Indigenous communities.I am currently situated in Toronto. As such, I would like to begin today's meeting by acknowledging that I am on the traditional territory of many nations, including the Mississaugas of the Credit, the Anishnabeg, the Chippewa, the Haudenosaunee, and the Wendat peoples, and is now home to many diverse First Nations, Métis, and Inuit peoples. We also acknowledge that Toronto is covered by Treaty 13 signed with the Mississaugas of the Credit, and the Williams Treaties signed with multiple Mississaugas and Chippewa bands.

We will begin today's presentation with remarks from Bharat Masrani, the Bank's CEO, after which Kelvin Tran, the Bank's CFO, will present our third quarter operating results. Ajai Bambawale, Chief Risk Officer, will then offer comments on credit quality, after which we will invite questions from pre-qualified analysts and investors on the phone. Also present today to answer your questions are: Michael Rhodes, Group Head, Canadian Personal Banking; Barbara Hooper, Group Head, Canadian Business Banking; Raymond Chun, Group Head, Wealth Management and Insurance; Leo Salom, President and CEO, TD Bank America's Most Convenient Bank; and Riaz Ahmed, Group Head, Wholesale Banking. Please turn to slide 2.

At this time, I would like to caution our listeners that this presentation contains forward-looking statements, that there are risks that actual results could differ materially from what is discussed and that certain material factors or assumptions were applied in making these forward-looking statements. Any forward-looking statements contained in this presentation represent the views of management 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. Forward-looking statements may not be appropriate for other purposes.

I would also like to remind listeners that the Bank uses non-GAAP financial measures such as "adjusted" results to assess each of its businesses and to measure overall Bank performance. The Bank believes that adjusted results provide readers with a better understanding of how management views the Bank's performance. Bharat will be referring to adjusted results in his remarks. Additional information on items of note, the Bank's use of non-GAAP and other financial measures, the Bank's reported results and factors and assumptions related to forward-looking information are all available in our Q3 2023 Report to Shareholders.

With that, let me turn the presentation over to Bharat.

Bharat Masrani – TD – Group President and CEO

Thank you, Brooke. And thank you, everyone, for joining us today. Before I begin, our thoughts are with the communities and colleagues impacted by the devastating wildfires in British Columbia and the Northwest Territories. TD is supporting relief efforts, and we are ready to assist those in need. I would also like to add my thanks to the emergency responders and the many volunteers supporting those who are impacted.

Moving to our results, Q3 was a good quarter for TD. Earnings were $3.7 billion, and EPS was $1.99. Revenue grew 12% year-over-year, primarily driven by margin expansion in our retail businesses. PCLs were higher, reflecting credit normalization, and expenses increased, driven by the inclusion of TD Cowen, investments in colleagues and business growth, and the impact of foreign exchange. PTPP was up 7% year-over-year – as TD's diversified business model continues to deliver.

The Bank's CET 1 ratio was 15.2 per cent, reflecting organic capital generation and the impact of over 14 million common shares bought back during the quarter. Subject to market conditions, we expect to complete our previously announced 30 million common share buyback by early September. And today we announced our intention to repurchase up to an additional 90 million common shares for cancellation, subject to regulatory approvals, over the next year.

The Bank continues to invest to build new capabilities for our customers – and shape the future of banking. TD was recently named the Best Consumer Digital Bank in Canada and recognized for the Best

Transformation & Innovation in North America by Global Finance. Let me now turn to each of our businesses and review some highlights from Q3.

In our Canadian Personal and Commercial Banking segment, earnings were $1.7 billion, with revenue growth of 7%, PTPP growth of 9% and significant positive operating leverage. The Personal Bank had strong Everyday Banking acquisition, with new accounts up 26% year-over-year, driven by a record quarter for New to Canada accounts. To continue to support growth in the New to Canada segment, TD offers ATMs in a market-leading seven languages, and enables customers to select their preferred language when booking appointments online. In core deposits, the Bank maintained industry-leading market share of almost 26%. In credit cards, we saw record spend with an all-time high in active accounts. And we delivered strong growth in new accounts, up 35% year-over-year, driven by our diverse product line-up, key strategic partnerships, and distinct loyalty offerings. This quarter, the Toronto Blue Jays unveiled a new patch on their iconic jersey, featuring the TD shield. This milestone reflects the strong relationship between TD and the Blue Jays, and further enhances the TD brand. In the coming months, we will build on this relationship by offering exclusive benefits to TD cardholders to enhance the in-game experience. Moving to real estate secured lending, TD continued to execute against the strategies outlined at our recent Investor Day, taking share in a slower growth market, and expanding our portfolio by over 4% year-over-year. And, this quarter, TD was recognized by J.D. Power as "Highest in Customer Satisfaction" for its Canadian mobile banking app, earning top marks for speed and content. We are using data and AI-driven insights to better know our customers and enhance their experience. The Business Bank grew loans by 9% year-over-year, and continues to accelerate growth by expanding specialization in key segments. In particular, we are adding to our team and capabilities in the technology and innovation sector. In the months ahead, we will continue to build out our venture strategy, augmenting the great progress already made by our existing team, and enabling us to further meet the unique needs of technology entrepreneurs.

Turning to the U.S., our U.S. Retail Bank delivered PTPP of US$1.2 billion, up 9% year-over-year, and earnings of US$890 million, down 3% year-over-year, reflecting higher PCLs driven by credit normalization. Net interest margin was 3.00% this quarter. While NIM expanded 38 basis points year-over-year, it declined 25 basis points quarter-over-quarter, reflecting: higher deposit costs and deposit migration to higher yielding and term products, as seen across the industry; and some timing effects, given TD's robust margin expansion earlier in the cycle. With the contribution from our investment in Schwab of US$142 million, segment earnings were US$1.0 billion. We saw strong loan growth again this quarter, with personal loans and business loans up 11% and 9% respectively, year-over-year, as TD added customers and took share despite a challenging operating environment. In commercial banking, we added leadership talent and continued to have strong momentum, with the middle market and specialty lending sectors up 20% and 19% year-over-year, respectively. TD Auto Finance continued to innovate, offering real-time payments and expanded financing programs to dealer-clients nationwide. We are proud that – for the fourth year in a row – the business received the highest ranking in the J.D. Power U.S. Dealer Finance Satisfaction Study. We had strong customer acquisition in our U.S. bankcard business, with new accounts up 29% year-over-year, as TD leveraged a product suite that is resonating with customers to deepen relationships. Deposits remained resilient in a difficult environment, with spot balances up approximately 1% quarter-over-quarter. Earlier this month, TD Bank, America's Most Convenient Bank, announced a community reinvestment agreement, developed in coordination with New Jersey Citizen Action and the Housing & Community Development Network of New Jersey. TD has committed to invest more than US$2 billion over 3 years in affordable mortgage, community development, small business lending, and affordable consumer products and services across New Jersey, particularly in underserved communities. The U.S. Retail Bank now serves over 10 million customers, including those being served by 3 new stores in low- and moderate-income areas in Charlotte, North Carolina and Tampa, Florida, reflective of TD's commitment to reinvesting in communities.

Turning to Wealth Management and Insurance, we earned $504 million this quarter, with results impacted by severe weather-related events. Revenue was up 1% year-over-year, as strong insurance premium growth and the benefit of higher interest rates helped offset the impact of trading normalization. TD Asset Management widened its lead as the #1 institutional asset manager in Canada and leveraged its broad product suite to grow ETF market share, gaining momentum in a newer segment for the Bank. The Bank also gained market share in Advice, with our TD Financial Planning business growing fastest among the Big 5 Banks over the past six months. Our OneTD approach and accelerated distribution expansion enabled this strong growth, with wealth planners embedded in the Bank's branches across Canada. In TD Direct Investing, the Bank maintained its #1 position across key performance categories including Total Accounts, Revenue, Trades and AUA, and saw record growth in share of gross new accounts – as we move towards our target of adding over 300,000 new clients in the medium-term, as described at our recent Investor Day. Finally, as the result of recent and continuing severe weather related events, I would like to thank all our Insurance colleagues for their tremendous efforts, including advice and support provided through the TD Insurance Mobile Response Unit across affected communities.

In Wholesale Banking, net income was $377 million, driven by record revenue of $1.6 billion, which includes our first full quarter of TD Cowen. We saw strong trading revenues, and good underwriting and advisory activity. We are excited about our progress deepening the integration of TD Securities and TD Cowen, enhancing our ability to serve existing clients – and win new clients together. Reflecting our leadership in the Healthcare sector, and strength in equity capital markets execution, this quarter TD Cowen acted as Joint Bookrunner on Acelyrin's US$621 million Initial Public Offering – the largest biotech IPO in calendar 2023 to date. And this quarter our U.S. Debt Capital Markets business nearly doubled, both in terms of number of bookrunner roles and volume underwritten, compared to the same quarter last year. These strong results reflect TD's investment in client relationships as part of our U.S. dollar strategy.

As we enter the final quarter of the year, we continue to navigate a complex and dynamic environment – and deliver for all of our stakeholders. Last month, TD was proud to be recognized by the Euromoney Awards of Excellence 2023 as North America's Best Bank for Corporate Responsibility. The Bank received this award based on its demonstrated commitment to an inclusive and sustainable future. As I have shared in the past, inclusion is embedded in TD's culture. TD Bank, America's Most Convenient Bank, was recently awarded the top score of 100 in the 2023 Disability Equality Index – a national workplace disability inclusion assessment tool– for the ninth consecutive year. And the Bank was again recognized as a certified Great Place to Work in both Canada and the U.S.

As ever, TD remains committed to strengthening the communities in which we operate. Recently, together with AFOA Canada – a not-for-profit led by Indigenous Peoples – the Bank announced the first cohort of recipients of the TD Scholarship for Indigenous Peoples, which provides financial support to Indigenous students for post-secondary education. Every day, our TD bankers live our purpose: to enrich the lives of our customers, communities, and colleagues. I will close by thanking each of them for their efforts. I am confident that together, we will deliver a strong finish to the year. With that, I'll turn things over to Kelvin.

Kelvin Tran – TD – Chief Financial Officer

Thank you, Bharat. Good afternoon everyone. Please turn to slide 10.

For Q3, the Bank reported earnings of $3.0 billion and EPS of $1.57, down 8% and 10% respectively. Adjusted earnings were $3.7 billion, and adjusted EPS was $1.99, down 2% and 5% respectively. Reported revenue increased 17% and adjusted revenue increased 12%, reflecting margin growth in the personal and commercial banking businesses. Provision for credit losses was $766 million compared with $351 million in the third quarter last year. Reported expenses increased 24% primarily reflecting higher employee-related expenses, the payment related to the termination of the First Horizon transaction, higher acquisition and integration-related charges including winddown costs of the terminated First Horizon transaction, and higher spend supporting business growth. Adjusted expenses increased 15%.

On our Q4 '22 earnings call, we noted that we expected adjusted expense growth excluding FX to moderate in fiscal 2023 on a quarter-over-quarter basis. TD has focused on productivity and managed expenses efficiently in this environment. As a result, the Bank delivered moderate adjusted expense growth quarter-over-quarter, excluding TD Cowen recorded in the Wholesale Banking segment and litigation expenses of approximately $125 million – or $0.05 per share – recorded in the Corporate segment. Absent the retailer partners' net share of the profits from the U.S. strategic card portfolio, adjusted expenses increased 15.4% ex-FX. Reported total bank PTPP was up 7.6% year-over-year. Consistent with prior quarters, Slide 25 shows how we calculate adjusted total bank PTPP and operating leverage removing the impact of the U.S. strategic card portfolio, along with the impact of foreign currency translation, and the insurance fair value charge. Adjusted total bank PTPP was up 6.9% after these modifications. Please turn to slide 11.

Canadian Personal & Commercial Banking net income for the quarter was $1.7 billion, down 1% year-over-year. The business delivered strong PTPP growth, up 9% year-over-year. Revenue increased 7%, reflecting volume growth and higher margins, partially offset by a prior years' adjustment recorded in Other Income. Average loan volumes rose 6%, reflecting 5% growth in personal volumes and 9% growth in business volumes. Average deposits rose 1%, reflecting 6% growth in personal deposits partially offset by a 6% decline in business deposits. Net interest margin was 2.74%, flat quarter-over-quarter. This quarter we saw strong loan growth, which resulted in a shift in balance sheet mix that was offset by higher deposit margins. As we look forward to Q4, while many factors can impact margins, we expect NIM to bounce around and remain influenced by similar drivers as those we saw this quarter. Total PCL of $379 million increased $132 million sequentially. Total PCL as an annualized percentage of credit volume was 0.28%, up 9 basis points sequentially. Non-interest expenses increased 5% year over year, reflecting higher spend supporting business growth, including technology and higher employee related expenses. Please turn to slide 12.

U.S. Retail segment reported net income for the quarter was US$984 million, down 12% year-over-year. Adjusted net income was US$1 billion, down 9% year-over-year. U.S. Retail Bank reported net income was US$842 million, down 6%, and includes acquisition and integration-related charges for the terminated First Horizon transaction. U.S. Retail Bank adjusted net income was US$890 million, down 3% reflecting higher non-interest expenses and PCL, partially offset by higher revenue. The business delivered strong PTPP growth, up 9% year-over-year. Revenue increased 10% year-over-year reflecting higher deposit margins and loan volumes, and fee income growth from increased customer activity, partially offset by lower deposit volumes, loan margins and overdraft fees. Average loan volumes increased 10% year-over-year. Personal loans increased 11%, reflecting good originations and slower payment rates across portfolios. Business loans increased 9%, reflecting good originations from new customer growth and slower payment rates, partially offset by a decline in PPP loan volumes. Average deposit volumes, excluding sweep deposits, were down 5% year-over-year. Personal deposits were down 5%, business deposits declined 6% and sweep deposits decreased 28%. Net interest margin was 3.00% this quarter. While NIM expanded 38 basis points year-over-year, it declined 25 basis points quarter-over-quarter, reflecting higher deposit costs and deposit mix shift, given competitive market dynamics in the U.S. As I've mentioned in previous quarters, many factors can impact margins, including the path of short-term rates, tractor on and off rates, and competitive market dynamics. While margins this quarter gave back some of our record expansion in previous quarters, we expect NIM to stabilize in Q4. Total PCL was US$185 million, an increase of US$45 million sequentially. The U.S. Retail net PCL ratio, including only the Bank's share of PCL in the U.S. strategic cards portfolio, as an annualized percentage of credit volume was 0.41%, higher by 8 bps sequentially. Reported expenses increased 13% reflecting higher employee related expenses, acquisition and integration-related charges for the terminated First Horizon transaction, and higher business investments. Adjusted expenses increased 10%. The contribution from TD's investment in Schwab was US$142 million, down 37% from a year ago, reflecting lower net interest income, lower bank deposit fees and trading revenue, and higher expenses, partially offset by an increase in asset management fees. Please turn to slide 13.

Wealth Management & Insurance net income for the quarter was $504 million, down 12% year-over-year. Revenue increased 1%, reflecting higher insurance volumes, fee-based revenue in wealth and investment income in insurance, partially offset by a decrease in the fair value of investments supporting claims liabilities which resulted in a similar decrease in insurance claims, and lower transaction revenue in wealth. Insurance claims increased 11% year over year, reflecting more severe weather-related events, increased driving activity and claims severity, partially offset by the impact of changes in the discount rate which resulted in a similar decrease in the fair value of investments supporting claims liabilities reported in non-interest income. Non-interest expenses increased 2% year over year, reflecting higher spend supporting business growth including technology costs and employee-related expenses. Assets under management increased 3% year-over-year reflecting market appreciation, partially offset by mutual fund redemptions and assets under administration increased 6% year-over-year, reflecting market appreciation and net asset growth. Please turn to slide 14.

Wholesale Banking reported net income for the quarter was $272 million, relatively flat compared with the third quarter last year reflecting higher non-interest expenses largely offset by higher revenues. Adjusted net income was $377 million, up 39% year-over-year. Revenue including TD Cowen was $1.6 billion, up 46% year-over-year. Higher revenue primarily reflects higher equity commissions, underwriting fees, trading-related revenue, global transaction banking revenue, and loan underwriting commitment markdowns in the prior year. PCL for the quarter was $25 million, an increase of $13 million from the prior quarter. Reported expenses increased 80% and include acquisition and integration-related charges for Cowen. Adjusted expenses increased 60% reflecting the inclusion of TD Cowen, investments in Wholesale Banking's U.S. dollar strategy (including the hiring of banking, sales and trading, and technology professionals), and the impact of foreign exchange translation. Please turn to slide 15.

The Corporate segment reported a net loss of $782 million in the quarter, compared with a reported net loss of $752 million in the third quarter last year. The year-over-year increase primarily reflects higher net corporate expenses reflecting litigation expenses during the quarter, partially offset by higher revenue from treasury and balance sheet management activities. Adjusted net loss for the quarter was $182 million, compared with an adjusted net loss of $175 million in the third quarter last year. Please turn to slide 16.

The Common Equity Tier 1 ratio ended the quarter at 15.2%, down 13 bps sequentially. Internal capital generation added 31 basis points to CET 1 this quarter. This was partially offset by an increase in RWA (excluding the impact of FX and TD Cowen integration), which decreased CET 1 by 20 basis points. We repurchased 14.25 million common shares under our share buyback program this quarter, which reduced CET 1 by 21 basis points. The impact related to the terminated First Horizon transaction – which includes a net loss from the mitigation of interest rate volatility to closing capital, the termination payment, the FX hedge and acquisition and integration-related charges including current period winddown costs – decreased CET 1 by 11 basis points. Impacts associated with the integration of TD Cowen – largely the migration of certain acquired portfolios from standardized to internal models, partially offset by integration expenses – increased CET 1 by 11 basis points. RWA including the impact of FX and the Cowen integration decreased 0.8% quarter-over-quarter, reflecting lower Market Risk and Credit Risk RWA, partially offset by an increase in Operational Risk RWA. Credit Risk RWA decreased $1.4 billion or 0.3% as growth due to higher business volumes was more than offset by the impact of foreign exchange. Market Risk RWA decreased $4.9 billion, or 22%, reflecting the migration of certain acquired portfolios from standardized to internal models and a decrease in interest rate exposures. The leverage ratio was 4.6% this quarter, and the LCR ratio was 133%, both well above published regulatory minimums. As you know, the First Horizon transaction was terminated on May 4, during Q3. Similar to last quarter, we have included slide 27 in this presentation to summarize the financial impacts from the termination. With that Ajai, over to you.

Ajai Bambawale – TD – Chief Financial Officer

Thank you, Kelvin and good afternoon everyone. Please turn to slide 17.

Gross impaired loan formations increased by 4 basis points, to 18 basis points quarter-over-quarter, driven by the Commercial and Wholesale lending portfolios, and some further normalization of credit performance in the consumer lending portfolios. Please turn to slide 18.

Gross impaired loans were 33 basis points, with an increase of 3 basis points quarter-over-quarter largely recorded in the Commercial and Wholesale lending portfolios, driven by a handful of loans across a number of industries. Please turn to slide 19.

Recall that our presentation reports PCL ratios both gross and net of the partners' share of the U.S. strategic card PCLs. We remind you that U.S. Card PCLs recorded in the Corporate segment are fully absorbed by our partners and do not impact the Bank's net income. The Bank's provision for credit losses increased 7 basis points quarter-over-quarter to 35 basis points. The increase is largely reflected in the Canadian Personal and Commercial Banking, and U.S. Retail segments. Please turn to slide 20.

The Bank's Impaired PCL was $663 million, an increase of $112 million quarter-over-quarter, largely recorded in the Canadian and U.S. Commercial lending portfolios, across a number of industries. The Bank's current quarter impaired PCL rate remained well below 2019 levels. Performing PCL was $103 million, with the quarter-over-quarter increase of $55 million driven by the Canadian consumer lending portfolios. Please turn to slide 21.

The Allowance for Credit Losses increased by $127 million quarter-over-quarter, due to credit migration in the Commercial and Wholesale lending portfolios, the Canadian consumer lending portfolios reflective of some further normalization of credit performance, coupled with an update to our interest rate outlook, and volume growth, partially offset by the impact of foreign exchange. The Bank's allowance coverage remains elevated to account for ongoing uncertainty relating to the economic trajectory, and credit performance.

In summary, while the Bank has experienced some further normalization of credit performance across key credit metrics this quarter, credit performance remains strong. Accordingly, I continue to expect PCL in 2023 to be in the neighbourhood of 35 basis points, which is at the low end of the guidance I provided at the start of the year.

To conclude, TD remains well positioned given we are adequately provisioned, we have a strong capital position, and we have a business that is broadly diversified across products and geographies. With that, operator, we are now ready to begin the Q&A session.

QUESTION AND ANSWER

Operator

[Operator Instructions]. The first question is from Meny Grauman with Scotiabank.

Meny Grauman – Scotia Capital – Analyst

First question, Bharat, I'm just curious on your decision to increase your NCIB from 30 million to 90 million shares. Just curious, what we can read into that? Or should we read what should we read into that in terms of expanding the debt buyback? So curious on your thoughts there.

Bharat Masrani – TD – Group President and CEO

When we've talked about the bank's capital deployment framework, we look at how much do we need to support all our strategies, look at what gaps we might have, where we have to make investments to make sure we don't have those gaps – you've heard me say that before. And then in the end, if we think that, having been through all that, we would certainly look at capital actions such as buybacks. And by the way, Meny, it is 90 million, not 30 million. I think you mentioned 30 million. So in our view, based on the capital levels we have, given the framework that I just talked about, all that suggests that a buyback is appropriate at this time, and hence, we announced it.

Meny Grauman – Scotia Capital – Analyst

I'm just curious in terms of expanding it to 90 million from 30 million. What specifically changed over the past few months to give you more sightline to be able to increase that?

Bharat Masrani – TD – Group President and CEO

Well, the 30 million last quarter, when we announced that, I think I had said that we had issued shares through the DRIP program to finance the acquisition that has since been terminated. So it made sense to immediately go and return that to the shareholders since we were not pursuing that acquisition. Now this particular one, expanding it is over the next 1 year. As I said in my comments earlier, the 30 million program will likely, based on market conditions, things could change. But our expectation is that sometime in September, we would have completed that. And so given the situation now, we think it's appropriate to increase that by a further 90 million.

Meny Grauman – Scotia Capital – Analyst

I got it. And then if I can just ask on the disclosure related to the inquiries from U.S. regulatory authorities and law enforcement. You highlight anticipated monetary and/or nonmonetary penalties. On the monetary side, just curious, what you've provisioned or have you provisioned anything for this potential monetary charge or anticipated monetary charge, I should say.

Bharat Masrani – TD – Group President and CEO

As you know, I can't comment on our ongoing discussions with our regulators. What I can say regarding the disclosure and as we've shared in the disclosure, we are pursuing efforts to enhance our U.S. AML compliance program. We have a strong and disciplined risk management culture and are focused on continuously improving our programs. So I just wanted to emphasize that, Meny. With respect to what amounts and all that, I really can't comment on that because that I don't think would be appropriate. And regarding our accounting policies, when it is appropriate, we will certainly let you know what it has cost or not cost us.

Sohrab Movahedi – BMO – Analyst

Okay. Maybe just to pick up where Meny left off. What's the management's working assumption as to how long it may take to resolve the issues around the compliance program with money laundering and the like?

Bharat Masrani – TD – Group President and CEO

I don't think, Sohrab, it's appropriate for me to comment on our ongoing discussions with our regulators because that would be going into that territory if I started predicting things for you. So I think best is what we've said in our disclosure, we are working hard to enhance our programs. That is the TD way.

We learn new things from our ongoing internal monitoring and management and through engagement with various stakeholders, including our regulators, and look for opportunities to enhance our controls whenever that situation arises. And I think you know us well, as you'd expect from TD.

We take this very seriously and make the appropriate investments and enhancements that fit our organization to manage the risk. And I'm really confident that in time, we will deliver the required enhancements. So I think best will leave with it that, Meny, and Sohrab.

Sohrab Movahedi – BMO – Analyst

Okay. Maybe just for a bit of additional clarity. When we look at, for example, the current quarter U.S. segment expense base, when we think about that relative to last quarter, some of the enhancements that you're talking about, Bharat, I assume requires hiring some people and spending some money. Are we starting to see some of the likely expense implications of the enhancement program in the numbers right now? Or is that still to come?

Bharat Masrani – TD – Group President and CEO

I think, best, I'll leave it to Leo, and Leo to answer about the overall expenses in the U.S. But the only point I'd make is enhancing any of our businesses, controls, is an ongoing exercise at TD. It is not that a particular event takes place, and that's the only time we make those investments. So wanted to provide that overall context, but why don't I leave it to Leo to talk about the expenses in the U.S.

Leo Salom – TD – President and CEO, TD Bank America's Most Convenient Bank

Sohrab, maybe just to add a little bit. Our expenses for the quarter were up 9.8%. And largely on higher staffing costs and core investments in the franchise. I think I had mentioned last time we were together that we were quite purposeful in terms of increasing staff count in some of our frontline areas late last year. We're recovering from the pandemic process. We've completed that process, those teams are in place. We're seeing the benefits of it in terms of overall customer experience in both our call centers and our branch network. We are also making significant investments in our core infrastructure. And to your point, governance and control is one of our important elements and pillars of our overall investment process. We are investing in a number of different areas to strengthen the foundation of our U.S. franchise. So we can continue to scale our franchise.

Sohrab Movahedi – BMO – Analyst

Okay. So just one last question here then. Are these investments -- it didn't sound necessarily these are revenue-enhancing investments?

Leo Salom – TD – President and CEO, TD Bank America's Most Convenient Bank

I wouldn't say that, Sohrab. In fact, if you think of our portfolio, every year, we have a very disciplined process. We sit down and we look at the opportunities that we want to fund to be able to continue to transform the business. Obviously, first and foremost is ensuring that we've got a strong control platform to be able to operate. And so those are the first things that we lean into to make sure that those investments are addressed, etc. But beyond that, obviously, we look at areas that will drive either new ventures or provide new features, functionality or address customer irritant areas to be able to continue to scale our operations. I'd say it's an 'and' statement, not an 'or', and we'll strike the right balance based on the needs of the business.

Doug Young – Desjardins – Analyst

Just wanted to dig into the RWA calculation. I just noticed that TD's operational risk RWA is just, as a percent of total RWA is about 16%. That's close to 4 percentage points higher than the other big 5 banks. And I just wanted to understand, is there a structural reason why that might be relative to peers? And how do I think or how should we think about this? And I know there's been some litigation issues, there's U.S. issues that we've been talking about. And as these things get settled, is there a quick path to a reversal? Or is that something that just will remain elevated? Just wanted some colour on that first.

Kelvin Tran – TD – Chief Financial Officer

It's Kelvin. I'll take that. There's no specific structural issue. But you're right, litigation would have an impact on it, because you do have the whole operational risk capital. And I believe that, that stays with you for the next 10 years.

Doug Young – Desjardins – Analyst

Okay. So there's no quick reversal. This is something that does stick around for a while. Okay. And then, Kelvin, on the fundamental review of the trading book, I forget have you quantified what the implications of that would be when it gets implemented?

Kelvin Tran – TD – Chief Financial Officer

Yes. We're working through it. But as you know, with market risk, that changes from quarter-over-quarter, it depending on the market risk level, and you would have seen over the past year as market risk has drifted, RWA has drifted lower, that means the impact on the transition would be a little bit higher. But we'll announce it when we're ready to do so.

Doug Young – Desjardins – Analyst

Okay. So you're not willing to kind of...

Kelvin Tran – TD – Chief Financial Officer

Quarter-to-quarter, yes.

Doug Young – Desjardins – Analyst

Okay. And then just lastly, it looks like Schwab exercised an option to buy down. I think it was $3.3 billion. Maybe I'm reading this wrong, but there's a termination fee of $151 million. I think that flowed through NII. Was that, and if I've got any of that wrong, just correct me, was that part of the U.S. NIM? Was that backed out of core EPS? And then like how does that impact the economics between TD and Schwab, if at all?

Kelvin Tran – TD – Chief Financial Officer

Two answers to that question. Number one, that is backed out of the U.S. retail core NIM, because we have net interest margin ex-sweep. And then in terms of the impact, that payment is to compensate TD for the cost of unwinding some hedging relationship and lost revenue. So there's costs related to that, that gets offset.

Doug Young – Desjardins – Analyst

Okay. And how does that impact --- does it impact the economics of that sweep relationship going forward?

Kelvin Tran – TD – Chief Financial Officer

The way it impacts it is that you do now have lower balances that you earn in the future. And the price and value of some of that economics is paid to us upfront.

Ebrahim Poonawala – BofA Securities – Analyst

I guess just a question around the Canadian margin outlook. Kelvin, it would appear that your back book should be repricing higher, which should create a drift higher in the net interest margin. I guess it's being offset by asset growth. So two questions – one, strategically, what we are hearing is, maybe TD's being hypercompetitive on mortgage pricing, and that's impacting just mortgage pricing across the board. So one, if you can address that and talk to the profitability of these new customers that are coming on board today versus in the past. And just based on how you're funding this growth, etc. Would love to hear the thought process around as you keep putting on more growth, maybe it comes at a lower margin? But how are you thinking about the profitability impact?

Michael Rhodes – TD – Group Head, Canadian Personal Banking

Obviously, as you know, lots of factors go into margin. But let me just kind of jump into the kind of component pieces if I can. And I know in the past, you've asked about RESL and what's going with RESL pricing and that's obviously a very large component of our loan book for the Canadian Personal Bank. And then I'd also like to talk about GIC, if I can.

First of all, RESL. Let me start off with a bit of context. And I may be stating the obvious here, but the market is competitive. Consumers are pushing on rates as they face a higher and a different rate environment than they have in the past few years. There's also less volume in the market. And so this has increased competition levels without doubt. But let me be clear, we have walked away from business this quarter based upon pricing offered by some competitors. And so like there is margin pressure, and a lot of market factors come into play. One of the market factors is – when the yield curve is moving around a lot, we have to adjust kind of in the moment. As you know, the shape and height of the yield curve really is our cost of goods sold. We had several, more than several pricing adjustments this quarter that actually reflected the kind of real-time changes in the pricing of the cost of money. And we have to pass that through to our customers to maintain our margins. So when it comes to pricing, and specifically on RESL, and I'm going on a while here, but I know you asked me this question during the Investor Day. And I gave you the response that success in our volume growth is really tied to strong execution. We've made a number of investments that are enabling that. And so if you don't mind, I'll kind of walk you through those investments because they are leading to better volumes.

First of all, you heard me talk about lead management in the past. And again, at Investor Day, I talked about this. And this is just fundamentally taking shoppers and converting them into buyers. And we've actually seen double-digit increases on a year-over-year basis in our conversion of shoppers to buyers through our lead management program. We're seeing, first of all, more leads, better contact rates and better pull-through. So that's actually turning more of our franchise customers into mortgage customers, and we love seeing that. Second is we had a marketing campaign this spring, which was very successful and actually drove market-leading consideration. So yet again, success is turning consideration into long-term franchise customers. Third is if you look at our sales force productivity – and we measure this – and our sales force productivity is improving. And so then again, that's translating into more business. And then we also do have a broad distribution play, in a slower market we think this helps, as we have much more reach versus others in many segments. And pile on top of all this, on the retention side, we've got some great analytic capabilities that really helped us retain some higher-risk attrition customers. And so on the RESL side, a long story here. But yes, the market is competitive, but I'd also offer that we've been investing in our business and are seeing very strong outcomes that are contributing to our positive growth.

On the GIC side, I know also in the profitability, yes, the business we're originating is profitable. We like the economics of the business that we're generating. On the GIC side, our strategy has been and continues to be focused on core franchise deposit customers and offering very competitively priced products to deepen our customer relationships. Again, there's been a lot of movement in the yield curve, and we've had to react to that. What I offer on the term business is on a quarter-over-quarter basis, our margin is actually increasing. And so again, we like the profitability of the business that we're generating. And so yes, overall, we're responding to market factors, but I'm quite pleased with the margins that we're generating and the profitability that's coming from it.

Ebrahim Poonawala – BofA Securities – Analyst

That was very comprehensive. Just one separate question. I think someone asked a question, when you think about the Basel end game in the United States, maybe if Riaz is on the call. It appears that most U.S. banks and broker-dealers will be under sort of RWA optimization mode, create opportunity in terms of the desire for hedge funds, investors to look for counterparties. Just talk to us in terms of, is that an opportunity where using TD Cowen and just the wholesale banking push, you will look to deploy more balance sheet within the markets business as some of the U.S. competitors retrench?

Riaz Ahmed – TD – Group Head, Wholesale Banking

The short answer to that question is, yes, absolutely. As we've been working through the integration and determining our target stage strategies to bring the broker-dealers together as well as combine the coverage teams and how we're going to address the institutional clientele, like right from the very beginning of this transaction, from the date we announced it to the date we closed it, the amount of – and to now – the enthusiasm from our clients, both corporate and institutional, has just been incredibly amazing. And as they continue to seek the strength of our balance sheet and our enhanced capabilities to drive revenue and to drive their aspirations and their growth. So we're very excited about the prospects of combining the 2 companies and to enhance our productivity and our capabilities in the service of our clients. And I think, I feel very bullish about the outlook for the combined dealer.

Gabriel Dechaine – National Bank Financial – Analyst

Two questions. One, I appreciate you don't want to quantify anything on this potential fine related to the AML program. But you do give a potential loss range tied to various factors of $0 to $1.26 billion. I'm wondering if that may be captured in there, as that range has been pretty static for the last little while, so maybe not. And then my second question, you know, the buyback news, I think that does a lot to address the questions you've been facing with regards to deployment of your very large excess capital position. I guess if I'm thinking from a modeling standpoint, I'm going to make an assumption about activity and take my share count down, and that will have a positive impact on EPS. But then the opportunity cost, what kind of interest rates should I assume on that capital deployed? A few years ago, it would be insignificant or close to it. Today, just parking it in T-bills, that could be a lot of money.

Bharat Masrani – TD – Group President and CEO

With respect to giving ranges out and all that, I don't think that that's appropriate. I know you are trying to put a number in your model. But I can't help you with that one. We generally, as you know, historically don't talk about provisioning in the manner that you are asking us. So I think it's – this is not probably not a good time to start. With respect to the buyback, a lot of calculations go into that, as you said. And we felt comfortable with the levels that we've announced. I mean this is obviously – how much we can get done by what period, will depend on market conditions, where markets are, and where various other economic factors might be as well. But feel, given our capital levels, given the strategies, the amount we require to further those strategies, this is an appropriate program to pursue. And that's how we've thought about it. And as time goes by, we will update you as to where we are on it.

Gabriel Dechaine – National Bank Financial – Analyst

I'm not suggesting otherwise. I'm just trying to fine-tune the impact, if you will. Sometimes I try to model precisely, but maybe we could take it offline.

Bharat Masrani – TD – Group President and CEO

Well, the bank's medium-term earnings growth target remains the same. So I think from a modeling perspective, that might be a good place to start, but I'm sure your models require fine-tuning on an ongoing basis. But that's all I can provide you on that.

Paul Holden – CIBC – Analyst

First question is for Kelvin. And then Kelvin, when you're referring to the Canadian P&C banking business, you mentioned that NIMs might bounce around a little bit from here and be impacted by the same factors as fiscal Q3. I'm surprised is not a little bit more of a positive message on Canadian NIMs, given rates are starting to stabilize and then you should have the benefit of sort of the tractor on and off based on the back book. So I'm wondering why there's just not more of a positive message on NIM. And maybe it's related to the growth in mortgages, but an expansion on thoughts there would be helpful.

Kelvin Tran – TD – Chief Financial Officer

Yes, you're right. From a deposit margin perspective, the on and off rates would be helpful, and we talked about that at the last quarter. But we do see significant loan growth. And just from a balance sheet perspective, when you have high loan growth, you would see – even though you would see higher net interest income, which would be helpful to earnings, it just shows margin compression. And so Q4 really depends on the puts and takes of these factors, which one grows faster than the other. And that's why in our outlook, we talked about the NIM bouncing around.

Paul Holden – CIBC – Analyst

Okay. That explains it. That makes sense. Thank you for that. And then just want to ask a couple of questions on non-interest expenses, and I'll ask it sort of as one joint question. But first off, looking at the growth in average FTE, it was up roughly 1.5% Q-over-Q. Should we expect that it will continue to grow sequentially from here? Or will it sort of flatline? And then I guess the second part of the question is related to that litigation expense of $125 million, you highlighted, should we consider that more of a Q3-specific item? Or do we need to factor that into our expense assumptions going forward?

Kelvin Tran – TD – Chief Financial Officer

Sure. Why don't I start with the second question? The litigation expense is a legacy matter that dates back to almost a decade ago. And so we've reached a settlement that puts this matter behind us. So hopefully, that answers your question. And then on the FTE, no, I mean, there's obviously a lot of factors in that. Like in summer, we tend to also have summer interns coming in. So we've communicated that we are managing our expenses. We expect the growth to moderate, and FTE is only one part of it. There's other costs as well. Then with the puts and takes, we will continue to manage expenses appropriately.

Paul Holden – CIBC – Analyst

Okay. Okay. One more if I can sneak in, if that's okay. I'm just really curious on the 2024 sort of NII/NIM outlook given the probability of Central Bank rate cuts, but at the same time, maybe some anchoring in rates in the long end of the curve. Like how should we think about that potential nonparallel shift scenario, short end going down and long end staying, where it is? Like obviously, I think that would be a net negative, but is there any kind of characterization of how negative or not that might be for TD's NII?

Kelvin Tran – TD – Chief Financial Officer

Yes. So there are a lot of assumptions there. Then you're talking about 2 factors on short and long end. And then the other factor is how much, how fast. And so I think it's really hard to predict. But you're right, like the sensitivity on the short end is impacting our NIM and NII on a faster rate basis. And then on the long end, if it stays high, that's beneficial to the tractors as they reprice on and off, but that takes more time.

Lemar Persaud – Cormark – Analyst

I want to ask just a big picture question here. Would it be fair to suggest that the bank is more aggressively pursuing growth even at the expense of margin because of the inability to deploy some of that excess capital into accretive M&A in the U.S., kind of as a result of this AML investigation? Not suggesting that business growth isn't positive to revenue and earnings, but it does seem like maybe the pedal was pushed a little bit harder down on growth when looking at some of the volume pickup and kind of softer NIM guidance.

Bharat Masrani – TD – Group President and CEO

I think it's not correct to say that's what the bank does. The bank has a very disciplined approach on pricing, volumes, profitability, how we enhance the customer experience. We want to make sure that the markets in which we are in, we remain competitive. So I don't think the way you position it, that the volumes are coming in because there is some stated strategy here that is unusual in nature. I think Michael explained very well as to how he's growing the RESL market, for example. And you heard him. I know it was a comprehensive answer, but it was a very good one, that the investments we've made over the years are paying off. And in fact, those products are generating margins that are well – very comparable to the historical standards we've seen, and frankly, I'm very happy with the business that's coming in. So the strategies that we have don't change on a dime in the quarter. We have a particular disciplined long-term approach on how we manage the bank, and you should not think that we've changed that.

Lemar Persaud – Cormark – Analyst

Okay. And then kind of on a related note, so Kelvin, maybe. It sounds like the guide on margins is a bit softer versus the guide last quarter. I think you guys are suggesting maybe a bit more of a pickup by the end of the year. So do I have that right, that you're kind of walking off the expected pickup in margins? And then can you talk about what evolved a little bit more unfavorably than anticipated versus last quarter to cause you to move off there?

Kelvin Tran – TD – Chief Financial Officer

So first, yes, it is softer than what we spoke about last quarter. And the dynamics in Canada and the U.S. are different. In Canada, it's about loan growth being stronger than we expected, and this is really a balance sheet mix issue. The underlying margin expansion on deposit that continues is because of the tractor on and off rate. And then the U.S. is really a result of the competitive markets that we continue to monitor very closely over there.

Nigel D'Souza – Veritas Investment Research – Analyst

I wanted to touch on the deposit trends for U.S. Retail. When I look at the disclosure on insured versus uninsured, it looks like that mix, excluding sweep deposits, it's relatively the same quarter-over-quarter. But depositor concentration in U.S. Retail, obviously has gone up relative to Q2. So just trying to get a sense of what exact shift in deposit mix puts drag on NIM this quarter? And maybe if you could touch on what you're seeing in noninterest-bearing deposits and whether you're seeing deposit outflows for insured deposits.

Leo Salom – TD – President and CEO, TD Bank America's Most Convenient Bank

I'll first talk about NIM. And Kelvin, I think, framed it well earlier. So NIM at 3% was up 38 basis points year-on-year, and it was down 25 basis points quarter-on-quarter, essentially 2 factors driving that. One, higher deposit cost, but probably the larger factor was just the deposit migration that we saw to higher-yielding money market and term products, largely amongst our mass affluent high-net-worth clients on the retail side and institutional government clients on the commercial side of things. I'd say the one point that I would raise though is that there is a bit of a timing or maybe even a catch-up factor here. If you look at our growth in NIM over the past 5 quarters, or for 5 quarters consecutively, we did increase 118 basis points, which was one of the highest amongst our expanded peer set. Over the last 2 quarters, we've given about 29 basis points of that back. And that's as a result of the fact that maybe we lagged a little bit in terms of our pricing trends earlier. But given the absolute rates where they are and some of our more recent pricing, you're seeing a little bit of that migration taking place a little later in our book relative to others. But I still feel – I want to just highlight that I feel quite comfortable – this quarter was an inflection point. If you look at it on a spot basis, deposit levels overall did increase by about $1.4 billion or 0.6%. If you double click to your point around concentration, the one concentration factor I'd highlight, for the most part, I'd say the book was very stable, very similar to what it was in previous quarters. We're having success in a number of our corporate and government cash management programs. And particularly in government, where we became the #3 deposit institution to the government sector, I believe, last quarter, we're seeing good success there. And those deposits tend to be a little bit more concentrated in nature. But for the most part, the composition of the book remains strong. And I would argue the core checking account base, which has always been a strength of our overall deposit franchise, remains strong. In fact, this quarter, we had record gross and net checking account sales. So I feel good about the underlying trends, but there is going to be a little bit of pricing pressure in the near term as clients seek alternative yields either on balance sheet or off balance sheet.

Nigel D'Souza – Veritas Investment Research – Analyst

Okay. And I guess on that point, how do you balance the pass-through of higher deposit rates versus – to be competitive with money market alternatives versus liquidity needs of the banks? In other words, are you okay with some deposit one-off here? Or would you like to maintain deposit levels at the cost of higher deposit rates?

Leo Salom – TD – President and CEO, TD Bank America's Most Convenient Bank

We are. We look at the wealth portfolio as an important factor in this equation as well, where a client is predisposed for higher yield, and it might exceed what we're willing to price our overall deposit book. We'll leverage off balance sheet investment alternatives in the form of treasury brokerage solutions, laddered bond portfolios or other solutions of that nature. So I think we're looking at it holistically, not just trying to solve for one part of the balance sheet. We're really thinking about trying to serve clients in aggregate.

Nigel D'Souza – Veritas Investment Research – Analyst

And just a question for Ajai on credit losses. If I heard correctly, I think the guidance is for PCL ratio of 35 basis points this year. Given the ratio deceleration in the first 3 quarters, I think that implies kind of a step up in credit losses in the fourth quarter, closer to 45 basis points or so. Is that roughly correct? And that would kind of get you back to where it was pre-pandemic. So just wondering if you could elaborate on – if you're seeing, let's say, an accelerated normalization back to the pre-pandemic credit trend.

Ajai Bambawale – TD – Group Head and Chief Risk Officer

I won't give you a specific number for Q4. But yes, continued normalization is expected. I do think impaireds will continue to rise from current levels. So if you look at our impaired rate, it's 30. Pre-pandemic, it was 38. So we expect that will continue to rise. Performing, again, could be bumpy, depending on the drivers of performing. So that number could move. But I think for the overall year, yes, I am messaging that we'll be closer to the 35 number. You can work back from that and get an estimate of what Q4 looks like.

Joo Ho Kim – Credit Suisse Securities – Analyst

On the 5% buyback with the intention to announce – or the intention to launch 90 million. How quick should we expect the bank to act on that? And I understand that it will be impacted by market conditions and the overall outlook. But at the time when the 30 million prior NCIB was announced, you had mentioned the expectation to complete that by the end of the summer. So is that a similar pace, call it, 30 million per quarter, something that we can expect with the new buyback?

Bharat Masrani – TD – Group President and CEO

Again, like you answered the question. It depends on market conditions. This requires regulatory approval. Obviously, it has to go through an approval process, which sometimes is quick, sometimes not so quick. So one cannot predict exactly. And with respect to the pace, market conditions have a huge impact on that. As you know, as a bank, we come up with an algorithm as to how this should work. It would depend on the number of shares traded in a day. There are certain rules we have to follow that the exchanges put out. So it's very difficult to predict, whereas 30 million shares was a much smaller program. And hence, we were in a better position to give you a prediction. But very hard to do when it is, it is of this quantum. And markets are really choppy. They're very volatile. So it's hard to give you a specific time line.

Joo Ho Kim – Credit Suisse Securities – Analyst

Got it. I understand. Just on the U.S. business, the noninterest income line here, it seemed to have sort of bottomed out here. So I guess, are there more sort of headwinds potentially that you see on that line whether it's from a regulatory perspective on card fees or other sort of competitive dynamics that you see that could potentially impact that line? And I guess, overall, if you could offer some thoughts on how you see noninterest income from the U.S. evolving over the near term.

Leo Salom – TD – President and CEO, TD Bank America's Most Convenient Bank

We did have a good quarter from a noninterest income perspective, so growth of 17% on a quarter-on-quarter basis. When you break it down, what I'm encouraged about is we've now essentially burned off the overdraft hangover on a quarter-on-quarter basis, and we're seeing good fundamental core account fee revenue growth. And that's both in our core checking account offering, our credit card business, and this quarter in wealth as well with the growth that we saw in overall AUA levels. So I feel good that at least the overdraft piece, which was obviously a sizable impact that we've absorbed over the past year, that's behind us. As we look forward, hard to predict. I think our core franchise – focusing on our core franchise growth – is probably the most important driver with regards to noninterest income going forward. I think the one area that we're certainly watching is the outstanding CFPB late fee guidance that has been put out. I don't want to speculate now with regards to where that is in the process. But that is one that we're factoring in, at least in our thought process with regards to how that might impact 2024. I'm really encouraged about some of the underlying fundamentals that we saw this quarter.

Mike Rizvanovic – Keefe, Bruyette, & Woods – Analyst

Just had a quick question for Michael on the Canadian mortgage book. So the 35-plus year amortization, it looks like it came down a little bit sequentially. And I'm not sure if that's purposeful paydowns or intentional paydowns but proactive paydowns, call it by your borrowers with the negative amortization. I'm sure you're nudging them in that direction. Or is it just a function of you're just writing a lot of business and it's all fixed rate? Any colour?

Michael Rhodes – TD – Group Head, Canadian Personal Banking

I know the table you're referring to and we have seen a decline, certainly over the last quarter and from year-end. What we're seeing is our customers when they're hitting trigger rate, we have a proactive program to reach out to customers and give them the options, which include lump sum payments, increased term payments, switching to a fixed-rate product, etc. And we're having good uptake. And so I think that table shows consumers reacting to our outreaches with respect to the customers who have trigger rate.

Ajai Bambawale – TD – Group Head and Chief Risk Officer

No, I think it's bang on.

Mike Rizvanovic – Keefe, Bruyette, & Woods – Analyst

Okay. And what would that take-up rate be if you can give me an approximation? Like is it like 1/3 of your borrowers with the negative amortization? Is it less than that, more? Just trying to get some colour on I guess the propensity for borrowers to actually do that voluntarily.

Michael Rhodes – TD – Group Head, Canadian Personal Banking

Yes. I don't to be fair, I'd probably rather not give you a specific number, but I will say it's a meaningful number of customers who we reach out to who are making the changes.

Operator

There are no further questions registered at this time. I will turn the meeting over to Mr. Bharat Masrani.

Bharat Masrani – TD – Group President and CEO

Thank you, operator, and thank you all the folks who joined us for this call. Just to end here, another very good quarter from TD. And as usual, I'd like to take this opportunity to thank my colleagues around the world. They do a fantastic job in delivering for all our stakeholders, including our shareholders. And look forward to the call again in approximately 90 days. Thanks very much, folks.