

IFRS 17, *Insurance Contracts*

The Bank adopted IFRS 17, *Insurance Contracts*, effective November 1, 2023. Quarterly comparative results for the year ended October 31, 2023 have been restated in alignment with the new standard.

Impact to Financial Results

- IFRS 17 requires revenue from insurance contracts to be recognized as the insurance service is delivered
 - This means revenue will be recognized over the term of the contract rather than upfront, which was the case for certain contracts under the previous standard, IFRS 4
- This new standard may result in accelerated loss recognition if a group of contracts is expected to be unprofitable ("onerous" contracts)
- For TD, these changes will result in lower fiscal 2023 restated earnings for Insurance

Financial Statement Presentation

- IFRS 17 will result in changes to the income statement including new line items and shifts within the income statement:
 - Introduction of Insurance service expenses line which will include claims from direct business and acquisition and maintenance expenses attributable to insurance contracts; under IFRS 4, acquisition and maintenance expenses were reported in Non-interest expenses
 - Reinsurance results will be reported distinctly from the presentation of the direct business