Outlook

The Bank expects solid earnings growth in 2025, benefitting from strong net interest income growth and higher net interest margin, driven by lower funding costs and growth in both loans and deposits. Non-interest revenues are expected to grow more modestly. Earnings are expected to be impacted by a higher tax rate, driven by the impact of global minimum taxes and reduction in inflation in certain international countries, and higher provision for credit losses. The Bank expects moderate expense growth, as investments to strategically grow the Bank will be partly offset by productivity initiatives. The Bank is expected to generate positive operating leverage, and all capital and liquidity metrics are expected to remain strong in 2025.

Impact of Foreign Currency Translation

The impact of foreign currency translation on net income is shown in the table below.

T10 Impact of foreign currency translation

	2024		2023	
For the fiscal years	**Average exchange rate**	**% Change**	Average exchange rate	% Change
U.S. Dollar/Canadian Dollar	**0.735**	**(0.9)%**	0.742	(4.5)%
Mexican Peso/Canadian Dollar	**13.091**	**(2.5)%**	13.424	(15.0)%
Peruvian Sol/Canadian Dollar	**2.757**	**(1.1)%**	2.788	(7.1)%
Colombian Peso/Canadian Dollar	**2,943.081**	**(11.1)%**	3,309.943	3.9%
Chilean Peso/Canadian Dollar	**682.082**	**9.2%**	624.816	(6.7)%

Impact on net income(1) ($ millions except EPS)	**2024 vs. 2023**	2023 vs. 2022
Net interest income	**$ (31)**	$ 665
Non-interest income(2)	**243**	60
Non-interest expenses	**(70)**	(517)
Other items (net of tax)(2)	**(56)**	(158)
Net income	**$ 86**	$ 50
Earnings per share (diluted)	**$ 0.07**	$ 0.04
Impact by business line ($ millions)		
Canadian Banking	**$ 2**	$ 3
International Banking(2)	**90**	71
Global Wealth Management	**–**	23
Global Banking and Markets	**5**	62
Other(2)	**(11)**	(109)
	$ 86	$ 50

(1) Includes impact of all currencies.
(2) Includes the impact of foreign currency hedges.

GROUP FINANCIAL PERFORMANCE

Net Income

Net income was $7,892 million in 2024 compared to $7,450 million in 2023, an increase of 6%. The increase was driven mainly by higher revenues and lower provision for income taxes, partly offset by higher provision for credit losses and non-interest expenses.

Adjusted net income was $8,627 million compared to $8,363 million, an increase of 3%. The increase was driven mainly by higher revenues, partly offset by higher provision for credit losses, non-interest expenses and provision for income taxes. Refer to Non-GAAP Measures starting on page 20 for further details on adjusting items.

Net Interest Income

Net interest income was $19,252 million, an increase of $990 million or 5% due primarily to a higher net interest margin and asset growth. Higher net interest income in Canadian Banking and International Banking was partly offset by lower net interest income in the Other segment due mainly to higher funding costs and higher losses from hedges, partly offset by higher income from liquid assets.

The net interest margin was 2.16%, an increase of four basis points, driven primarily by higher margins in Canadian Banking and International Banking. This was partly offset by a lower contribution from asset/liability management activities, including increased levels of high quality, lower yielding liquid assets.

T11 Average balance sheet[1] and net interest income

	2024			2023		
For the fiscal years ($ billions)	Average balance[2]	Interest	Average rate	Average balance[2]	Interest	Average rate
Assets						
Deposits with financial institutions	**$ 64.5**	**$ 3.1**	**4.79%**	$ 77.6	$ 3.5	4.47%
Trading assets	**146.3**	**1.7**	**1.13%**	121.7	1.8	1.52%
Securities purchased under resale agreements and securities borrowed	**193.1**	**1.6**	**0.83%**	187.9	1.5	0.79%
Investment securities	**147.6**	**7.5**	**5.09%**	117.5	5.0	4.25%
Loans:						
Residential mortgages	**343.6**	**16.0**	**4.67%**	349.6	15.3	4.37%
Personal loans	**105.5**	**8.8**	**8.32%**	102.9	7.9	7.68%
Credit cards	**17.3**	**3.2**	**18.53%**	16.0	2.9	18.42%
Business and government	**289.9**	**19.8**	**6.82%**	293.4	18.9	6.45%
Allowance for credit losses	**(6.6)**			(5.8)		
Total loans	**$ 749.7**	**$ 47.8**	**6.38%**	$ 756.1	$ 45.0	5.96%
Customers' liability under acceptances	**10.0**			20.9		
Total average earning assets[3]	**$1,311.2**	**$ 61.7**	**4.70%**	$1,281.7	$ 56.8	4.43%
Other assets	**108.1**			114.4		
Total average assets	**$1,419.3**	**$ 61.7**	**4.34%**	$1,396.1	$ 56.8	4.07%
Liabilities and equity						
Deposits:						
Personal	**$ 292.4**	**$ 9.5**	**3.25%**	$ 279.2	$ 7.7	2.76%
Business and government	**610.2**	**28.2**	**4.63%**	621.3	26.2	4.22%
Financial institutions	**49.1**	**1.8**	**3.58%**	55.3	1.7	3.06%
Total deposits	**$ 951.7**	**$ 39.5**	**4.15%**	$ 955.8	$ 35.6	3.73%
Obligations related to securities sold under repurchase agreements and securities lent	**176.2**	**0.7**	**0.40%**	141.5	0.7	0.51%
Subordinated debentures	**8.5**	**0.5**	**5.74%**	9.4	0.5	5.01%
Other interest-bearing liabilities	**73.0**	**1.7**	**2.37%**	79.5	1.7	2.16%
Total interest-bearing liabilities	**$1,209.4**	**$ 42.4**	**3.51%**	$1,186.2	$ 38.5	3.25%
Financial instruments designated at fair value through profit or loss	**33.5**			25.7		
Other liabilities including acceptances	**94.9**			107.1		
Equity[4]	**81.5**			77.1		
Total liabilities and equity	**$1,419.3**	**$ 42.4**	**2.99%**	$1,396.1	$ 38.5	2.76%
Net interest income		**$ 19.3**			$ 18.3	

(1) Average of daily balances.
(2) The Bank adopted IFRS 17 effective November 1, 2023. As required under the new accounting standard, prior period amounts have been restated. Refer to Note 4 of the consolidated financial statements.
(3) Refer to Non-GAAP Measures on Page 20.
(4) Includes non-controlling interest of $1.7 (2023 – $1.6).

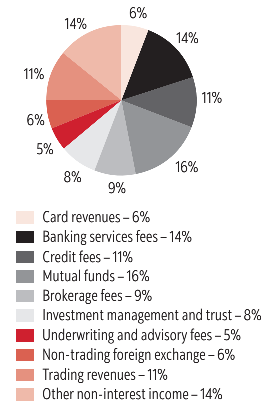
Non-Interest Income

T12 Non-interest income

For the fiscal years ($ millions)	2024[1]	2023[1]	2024 versus 2023
Banking			
Card revenues	**$ 869**	$ 778	**12%**
Banking services fees	**1,955**	1,879	**4**
Credit fees	**1,585**	1,861	**(15)**
Total banking revenues	**$ 4,409**	$ 4,518	**(2)%**
Wealth management			
Mutual funds	**$ 2,282**	$ 2,127	**7%**
Brokerage fees	**1,251**	1,117	**12**
Investment management and trust			
Investment management and custody	**840**	795	**6**
Personal and corporate trust	**256**	234	**9**
	1,096	1,029	**7**
Total wealth management revenues	**$ 4,629**	$ 4,273	**8%**
Underwriting and advisory fees	**702**	554	**27**
Non-trading foreign exchange	**930**	911	**2**
Trading revenues	**1,634**	1,580	**3**
Net gain on sale of investment securities	**48**	129	**(63)**
Net income from investments in associated corporations	**198**	153	**29**
Insurance service results	**470**	413	**14**
Other fees and commissions	**1,247**	1,073	**16**
Other[2]	**151**	348	**(57)**
Total non-interest income	**$ 14,418**	$ 13,952	**3%**
Non-GAAP Adjusting items[3]			
Divestitures and wind-down of operations[2]	**143**	(367)	
Adjusted non-interest income[3]	**$ 14,561**	$ 13,585	**7%**

(1) The Bank adopted IFRS 17 effective November 1, 2023. As required under the new accounting standard, prior period amounts have been restated. Refer to Note 4 of the consolidated financial statements.
(2) Recorded in Other Non-interest Income.
(3) Refer to Non-GAAP Measures on page 20.

C2 Sources of non-interest income



Non-interest income was $14,418 million, an increase of $466 million or 3%. Adjusted non-interest income was $14,561 million (refer to Non-GAAP Measures starting on page 20), an increase of $976 million or 7% mainly due to higher wealth management revenues, other fees and commissions, underwriting and advisory fees, higher unrealized gains on non-trading derivatives, and the positive impact of foreign currency translation. These were partly offset by lower bankers' acceptance fees related to the BA conversion.

Banking revenues decreased $109 million or 2%, from lower bankers' acceptance fees related to the BA conversion, partly offset by higher card revenues and higher deposit and payment services fees.

Wealth management revenues increased $356 million or 8%, due to higher mutual fund revenues, brokerage fees, and investment management and trust revenues.

Underwriting and advisory fees increased by $148 million or 27%, due mainly to higher new issuance activities across all segments, including debt and equity capital markets.

Trading revenues increased $54 million or 3%, due mainly to increases in client-driven activity in the equities business, partly offset by lower trading revenues in the fixed income business.

Other fees and commissions increased by $174 million or 16% due mainly to higher securities borrowing and lending activities.

Net gain on sale of investment securities decreased by $81 million or 63%, due to lower realized gains on bond securities.

Net income from investments in associated corporations increased $45 million or 29%, due mainly to lower unrealized losses on private equity investments, partly offset by the impact of the divestiture of Canadian Tire Financial Services in the prior year.

Insurance underwriting income increased $57 million or 14%, due largely to lower claims expenses than the prior year and higher premiums.

Other income decreased by $197 million. On an adjusted basis, other income increased by $313 million due primarily to higher unrealized gains on non-trading derivatives, as well as higher investment gains.

T13 Trading-related revenues [1]

For the fiscal years ($ millions)	2024	2023
Trading-related revenue (TEB)[2]		
Net interest income	**$ (256)**	$ (260)
Non-interest income		
Trading revenues	**1,686**	2,017
Other fees and commissions	**613**	503
Total trading-related revenue (TEB)	**$ 2,043**	$ 2,260
Taxable equivalent adjustment	**(52)**	(437)
Trading-related revenue (Non-TEB)	**$ 1,991**	$ 1,823

(1) Refer to Non-GAAP Measures on page 20.
(2) Trading-related revenue consists of net interest income and non-interest income. Included are unrealized gains and losses on trading security positions held, realized gains and losses from the purchase and sale of trading securities, fees and commissions from securities borrowing and lending activities, and gains and losses on trading derivatives. Underwriting and other advisory fees, which are shown separately in the Consolidated Statement of Income, are excluded.

Provision for Credit Losses

The provision for credit losses was $4,051 million compared to $3,422 million last year, an increase of $629 million due mainly to higher provision for credit losses on impaired loans, primarily in Canadian Banking and International Banking retail portfolios due to higher formations. The provision for credit losses ratio increased 9 basis points to 53 basis points.

Provision for credit losses on performing loans was $121 million compared to $699 million. The provision this period reflects retail credit migration to impaired in International Banking, mainly in Mexico and Peru. Retail provisions were impacted by portfolio growth and higher interest rates, including related migration in retail portfolios in Canadian Banking. Commercial and corporate provisions were impacted by credit migration and the unfavourable macroeconomic outlook. Higher provisions last year were driven primarily by the unfavourable macroeconomic outlook and uncertainty resulting in migration on retail and certain sectors in commercial portfolios.

Provision for credit losses on impaired loans was $3,930 million compared to $2,723 million, an increase of $1,207 million, due primarily to higher formations in the International Banking retail portfolios, across most markets, as well as higher provisions in Canadian Banking. The provision for credit losses ratio on impaired loans increased 17 basis points to 52 basis points.

T14 Provision for credit losses by business line

	2024			2023		
For the fiscal years ($ millions)	Performing (Stage 1 and 2)	Impaired (Stage 3)	Total	Performing (Stage 1 and 2)	Impaired (Stage 3)	Total
Canadian Banking						
Retail	**$ 109**	**$ 1,257**	**$ 1,366**	$ 251	$ 848	$ 1,099
Commercial	**18**	**307**	**325**	238	106	344
Total	**127**	**1,564**	**1,691**	489	954	1,443
International Banking						
Retail	**(138)**	**2,040**	**1,902**	26	1,480	1,506
Commercial	**89**	**297**	**386**	73	285	358
Total	**(49)**	**2,337**	**2,288**	99	1,765	1,864
Global Wealth Management	**3**	**24**	**27**	6	4	10
Global Banking and Markets	**43**	**5**	**48**	101	–	101
Other	**–**	**–**	**–**	–	–	–
Provision for credit losses on loans, acceptances and off-balance sheet exposures	**$ 124**	**$ 3,930**	**$ 4,054**	$ 695	$ 2,723	$ 3,418
International Banking	**$ (3)**	**$ –**	**$ (3)**	$ 4	$ –	$ 4
Global Wealth Management	**–**	**–**	**–**	–	–	–
Global Banking and Markets	**(1)**	**–**	**(1)**	–	–	–
Other	**1**	**–**	**1**	–	–	–
Provision for credit losses on debt securities and deposits with banks	**$ (3)**	**$ –**	**$ (3)**	$ 4	$ –	$ 4
Total provision for credit losses	**$ 121**	**$ 3,930**	**$ 4,051**	$ 699	$ 2,723	$ 3,422