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TD Bank, National Association
TD Bank USA, National Association

Dodd-Frank Act Stress Testing Results
Supervisory Severely Adverse Scenario

March 23, 2015

Overview

TD Bank, National Association (“TDBNA”) and TD Bank USA, National Association ("TDBUSA" and, together with TDBNA, the "Banks"), are subsidiaries of the TD Bank U.S. Holding Company (“TDBUSH”), which is a wholly owned subsidiary of The Toronto-Dominion Bank ("TD"). The Banks are required to conduct a stress test pursuant to the requirements of 12 CFR Part 46 as adopted by the Office of the Comptroller of the Currency (“the OCC Stress Test Regulation”) pursuant to stress testing requirements under the Dodd-Frank Wall Street Reform and Consumer Protection Act ("DFAST"). Stress test scenarios are defined by the Office of the Comptroller of the Currency ("OCC"). The stress test provides forward-looking information to assist senior management, the board of directors, the OCC, and market participants identify risks and the potential impacts of a severely adverse economic environment on the capital of each of the Banks.

The OCC Stress Test Regulation requires the disclosure of a summary of the results over the nine-quarter planning horizon beginning October 1, 2014 and ending on December 31, 2016 ("planning horizon")[1]. The disclosure requirements include a description of the types of risks included in the stress test, the methodologies used by the Banks in the stress test, and the results of the stress test under the supervisory severely adverse scenario as provided by the OCC ("Supervisory Severely Adverse scenario"), including an explanation of the most significant causes of changes in relevant capital measures.

The Supervisory Severely Adverse scenario represents a hypothetical economic environment. The scenario is characterized by a significant weakening in global economic activity, accompanied by large reductions in asset prices, a reversal of recent improvements to the U.S. housing market, an increase in oil prices, and volatility in the equity markets. The results described in this document represent estimates based on the economic and financial factors provided by the OCC and do not reflect forecasts of the expected performance of the Banks. This document contains forward-looking statements, including projections of the Banks’ financial results and condition under the Supervisory Severely Adverse scenario that incorporates a set of assumed economic and financial conditions prescribed by the OCC which does not reflect the Banks’ expectations and is considered highly unlikely to occur. The projections are not intended to be a forecast of expected future economic or financial conditions or a forecast of the Banks' expected future financial results or condition, but rather reflect possible results under the prescribed scenario. The Banks’ actual financial results and conditions may be influenced by different actual economic and financial conditions and various other factors, both general and specific, which may cause such results to differ from the expectations expressed in the scenarios set forth in this document. For additional information regarding forward-looking statements and discussions of risk factors relating to the Banks, refer to TD’s 2014 annual management discussion and analysis, each as updated in subsequently filed quarterly reports to shareholders, available on the TD Investor Relations website. If you have further questions regarding this disclosure, please contact TD Investor Relations at tdir@td.com or by phone on (866) 486-4826.

Scope of Disclosure

The information disclosed in the following disclosure pertains only to the Banks and does not include stress test results for TDBUSH. The statement includes stress test results for TDBUSA following a one year exemption granted by the OCC for this entity. As a bank holding company ("BHC"), TDBUSH is not subject to the OCC Stress Test

[1] All data presented within the disclosure is on a calendar rather than fiscal quarter basis

Regulation. In addition, TDBUSH is not currently subject to the Federal Reserve Board's Capital Plan Rule under 12 CFR Section 225.8 or related Comprehensive Capital Analysis and Review requirements.

Description of Types of Risks Included in the Stress Test

As a part of the ongoing capital management process, management evaluates and performs a comprehensive risk identification process to ensure that capital adequacy is assessed based on the material risks, overall risk profile, and business practices and environment of the Banks. The stress testing process is designed to comprehensively capture and estimate the most significant risks that include credit, operational, and market risks.

Credit Risk

Credit risk is the risk of loss if a borrower or counterparty in a transaction fails to meet its agreed payment obligations. The magnitude of loss is determined by exposure at default and loss given default. Credit risk is mainly incurred in the Banks' lending operations and investment book where customers and counterparties have obligations of principal repayment, interest payment or other obligations to the Banks.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes or systems or from human activities or from external events. The Banks are exposed to a broad range of operational risks, including failed transaction processing and documentation errors, fiduciary and information breaches, technology failures, business disruption, theft and fraud, workplace injury, and damage to physical assets as a result of internal or outsourced business activities.

Market Risk

Trading Market Risk is the risk of loss in financial instruments on the balance sheet due to adverse movements in market factors such as interest and exchange rates, prices, credit spreads, volatilities, and correlations from trading activities. Non-Trading Market Risk is the risk of loss in financial instruments, or the balance sheet or in earnings, or the risk of volatility in earnings from non-trading activities such as asset-liability management or investments, predominantly from interest rate, foreign exchange and equity risks. The Banks are subject to interest rate risk which is the impact that changes in interest rates could have on the Bank's margins, earnings, and economic value.

Summary Description of the Methodologies Used in the Stress Test

The stress testing process projects results under various macroeconomic scenarios, including revenue, expenses, credit losses, and subsequent changes to the Banks' respective balance sheets, including reserves and capital. Based on the macroeconomic indicators published under the Supervisory Severely Adverse scenario, the Banks use proprietary and third-party forecasting models to estimate certain elements of the income statements, balance sheets, and off-balance sheet exposures over the planning horizon. The forecasting models incorporate multiple factors, including the macroeconomic variables provided by the OCC and the Banks' historical results and correlations in order to generate estimates of the impacts to capital. Forecasting models are subject to a validation process managed by an internal, independent function. Additional detail regarding key calculations that inform the stress testing results is provided in the following section.

Pre-Provision Net Revenue

The Banks' forecasting methodologies for pre-provision net revenue ("PPNR") incorporate several components including interest income, interest expense, non-interest income, and non-interest expense. Interest income and expense are modeled based on scenario-driven customer rates and product volumes. Net interest income is calculated as the difference between interest income on loans and investment portfolio securities and the interest expense paid on deposits and borrowings. Non-interest income and expense are projected by product or business segment based on the drivers for that product or segment (e.g., fee income or compensation expense), based on the item’s materiality and macro-sensitivity.

Credit & Other Losses

The loss estimates for the Supervisory Severely Adverse scenario are determined using retail and wholesale credit loss forecasting models to project probability of default, exposure at default, and loss given default. These models are driven by various factors including historical loss experience, industry loss data, the macroeconomic environment, the interest rate environment, loan volumes determined for each given scenario, and may reflect adjustments driven by managerial judgment. Estimates for other losses cover risks such as operational risk and other than temporary impairment ("OTTI") on securities held in the investment portfolio.

Provision for Credit Losses

Forecasted provision for credit losses ("PCL") is influenced by both forecasted losses and predicted changes in the level of reserves held by the Banks for future losses. The significant economic deterioration in the Supervisory Severely Adverse scenario drives both losses and reserve levels sharply higher, thereby increasing PCL over the planning horizon. The provision estimation process begins with the Q3 2014 balances. Each quarter's subsequent reserves are calculated and the change in reserves is added to the forecasted charge offs to calculate PCL.

Capital

The impact of estimated PPNR, changes in assets, risk weighted assets ("RWA"), disallowed deferred tax assets ("DTA"), and Dodd-Frank Act required capital actions ("DFA Capital Actions")[2] are the most significant components of the capital forecast under the Supervisory Severely Adverse scenario. Unless otherwise noted, the capital ratios

[2] DFA Capital Actions used for the capital projections in this disclosure are determined subject to the assumptions set forth in the requirements for company-run stress tests by U.S. BHCs with $50 billion or more in consolidated assets under the Federal Reserve Board's Regulation YY, 12 CFR 252.56(b) (the "FRB Stress Test Rule"), even though not applicable to TDBNA and TDBUSA. In conducting its annual and mid-cycle stress tests under the FRB Stress Test Rule, the BHC must make the following assumptions regarding its capital actions over its nine quarter planning horizon: (1) for the first quarter of the planning horizon, the BHC must take into account its actual capital actions as of the end of that quarter, and (2) for each of the second through ninth quarters of the planning horizon, the BHC must include in the projections of capital (i) common stock dividends equal to the average dollar amount of common stock dividends that the BHC paid in the previous year (that is, the first quarter of the planning horizon and the preceding three calendar quarters), (ii) payments on any other instrument that is eligible for inclusion in the numerator of a regulatory capital ratio equal to the stated dividend, interest, or principal due on such instrument during the quarter, (iii) an assumption of no redemption or repurchase of any capital instrument that is eligible for inclusion in the numerator of a regulatory capital ratio; and (iv) an assumption of no issuances of common stock or preferred stock, except for issuances related to employee compensation

shown within this disclosure for the Banks are based upon the Basel III Standardized Approach methodology (12 CFR Part 3) except for the periods ending on September 30, 2014 and December 31, 2014 which utilize the calculation of RWA under Basel I.

TDBNA: Summary of Results

The following section presents the results of the stress test for the Supervisory Severely Adverse scenario for TDBNA. TDBNA is TDBUSH's primary insured depository institution subsidiary. TDBNA offers a full range of banking services to individuals, businesses, and governments throughout its market areas. TDBNA and its subsidiaries also offer private banking and wealth management services and vehicle financing and dealer commercial services, and had total consolidated assets of approximately $225 billion as of September 30, 2014. Table 1 below presents the projected net income before taxes for TDBNA over the planning horizon. While PPNR was positive over the planning horizon, PCL exceeded the forecasted revenue resulting in a pre-tax loss.

Table 1: Projected losses, revenue, and net income before taxes through Q4 2016 (Supervisory Severely Adverse scenario)

	TDBNA	
	Billions of dollars	Percent of average assets[1]
Pre-provision net revenue[2]	2.8	1.2%
Other revenue	-	—%
less		
Provision for Credit Loss	3.9	1.6%
Realized losses/gains on securities	-	—%
Other losses/gains	-	—%
equals		
Net income before taxes	(1.1)	(0.5)%

1 Average assets is the nine-quarter average of total assets.

2 PPNR includes losses from operational-risk events, mortgage repurchase expenses, and other real estate owned costs.

Projected loan losses by loan category over the planning horizon for TDBNA are presented in Table 2.

Table 2: Projected loan losses, by type of loan, Q4 2014 - Q4 2016 (Supervisory Severely Adverse scenario)		
	TDBNA	
	Billions of dollars	Portfolio loss rates (%)[1]
Loan Losses[2]	3.1	3.0%
First-lien mortgages, domestic	0.3	1.6%
Junior Liens and HELOCS, domestic	0.3	2.6%
Commercial and Industrial[3]	0.6	2.8%
Commercial real estate, domestic	0.9	4.2%
Credit cards	0.3	16.0%
Other consumer[4]	0.6	3.5%
Other loans[5]	0.2	1.3%

1 Average loan balances used to calculate portfolio loss rates exclude loans held for sale and loans held for investment under the fair-value option, and are calculated over nine quarters.

2 Loan losses represent net charge offs which is recorded as a decrease in Allowance for Loan and Lease Losses.

3 Commercial and industrial loans include small business loans and business and corporate cards.

4 Other consumer loans include student loans and automobile loans.

5 Other loans include loans secured by farmland.

As illustrated in Table 3 below, under the Supervisory Severely Adverse scenario, TDBNA's Common equity tier 1 ("CET1") capital ratio is projected to decrease from 12.7% as of September 30, 2014 to 11.4% as of December 31, 2016. These figures include the impact of the DFA Capital Actions for this scenario ($0.3 billion of capital contributions from TDBUSH and $0.9 billion of dividends to TDBUSH). The decrease in TDBNA's capital levels over the planning horizon is primarily driven by the impact of higher PCL, increases in disallowed DTA, and the impact of Basel I to Basel III transition provisions; these factors offset the impact of DFA Capital Actions and generation of pre-provision net revenue.

Table 3: Projected stressed capital ratios through Q4 2016 (Supervisory Severely Adverse scenario)			
	TDBNA		
	Actual Q3 2014	Stressed capital ratios[1]	
		Ending	Minimum
Tier 1 common ratio (%)[2]	12.2	10.8	10.6
Common equity tier 1 capital ratio (%)	12.7	11.4	11.0
Tier 1 risk-based capital ratio (%)	12.9	11.4	11.0
Total risk-based capital ratio (%)	13.9	12.9	12.5
Tier 1 leverage ratio (%)	8.0	6.3	6.3

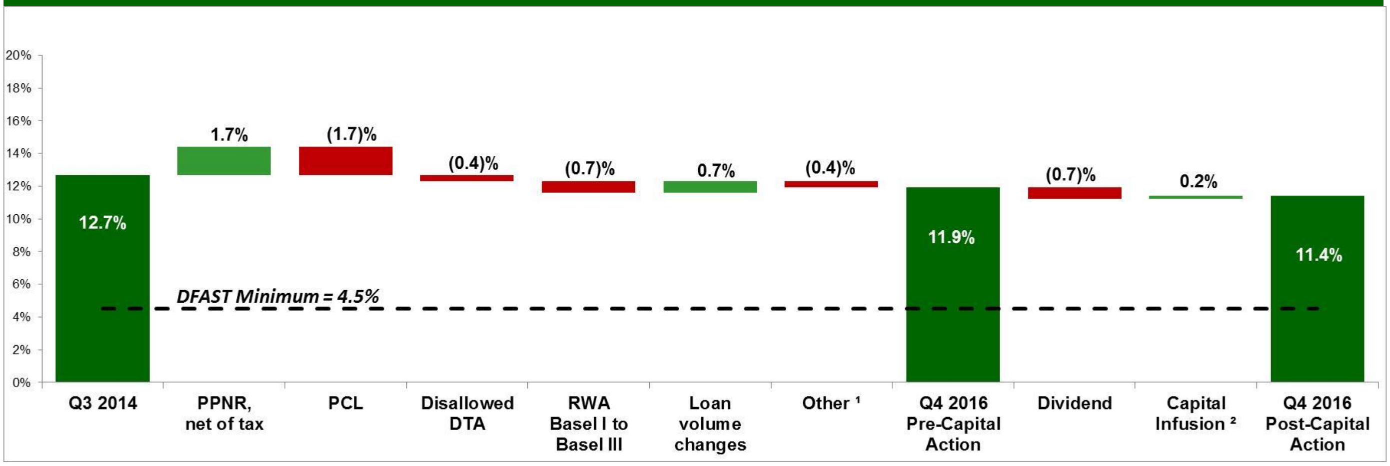
1 The capital ratios are calculated using DFA Capital Actions. These projections represent estimates that assume an economic outcome that is more adverse than expected. These estimates are not forecasts of expected losses, revenues, net income before taxes, or capital ratios. The minimum capital ratio presented is for the period from Q4 2014 to Q4 2016.

2 The Tier 1 Common capital ratio is calculated based on Basel I RWA over the planning horizon.

Explanation of the Most Significant Causes of the Changes in Regulatory Capital Ratios

Table 4 illustrates the drivers of changes to the CET1 capital ratio for TDBNA over the planning horizon, including the impact due to Basel III transition provisions and DFA Capital Actions.

Table 4: TDBNA CET1 Capital Ratio Q3 2014 to Q4 2016



1 Other adjustments comprised of: growth in the securities portfolio and the impact of accumulated other comprehensive income, partially offset by the change in RWA due to the improved credit quality of loans securitized over the planning horizon and other small movements.

2 Actual capital injections may differ from the DFA Capital Actions because actual capital actions are determined based upon a baseline view of the macroeconomic environment and may vary in size over time as a result of differences in RWA and/or asset growth between current projected economic conditions and those projected under the Supervisory Severely Adverse scenario. DFA Capital Actions are based upon the requirements as set forth in the Capital Plan and Stress Test Rule 252.15(b).

- TDBNA's capital ratios before and after the DFA Capital Actions (capital infusions and dividend distributions) exceed the DFAST minimum ratio throughout the planning horizon.
- The significant growth projected in the baseline plan for TDBNA may require capital infusions from the holding company to TDBNA to ensure that capital levels remain above internal targets and thresholds. These infusions are excluded in these results given the requirements for DFA Capital Actions.
- Total exposures under this scenario are expected to increase due to increases in deposits, securities held in the investment portfolio, and over-the-counter derivatives which are partially offset by decreased loan volumes.
- Total RWA remained reasonably flat with a marginal increase of $0.6 billion over the planning horizon as the change in RWA calculated under Basel I general rules to the Basel III standardized approach in Q1 2015 offsets the impact of declining loan volumes.
- The primary source of capital generation in this scenario is the generation of PPNR which is offset by the impact of higher PCL, the increase in RWA as a result of the transition to Basel III capital requirements, and higher disallowed DTA.
- TDBNA's binding capital constraint over the planning horizon is the Tier 1 leverage ratio which decreased from 8.0% to 6.3% at the end of the planning horizon with a minimum of 6.3%. This decrease is driven by the impact of reduced available capital due to the deterioration in the economy which is exacerbated by an increase in leverage assets due to the anticipated growth in deposit balances as customers reallocate funds from investments to cash balances.

TDBUSA: Summary of Results

The following presents the results of the stress test for the Supervisory Severely Adverse scenario for TDBUSA. TDBUSA is an insured deposit institution subsidiary of TDBUSH with assets of approximately $17 billion as of September 30, 2014. TDBUSA accepts sweep deposits of TD Ameritrade brokerage customers under the insured deposit agreement with TD Ameritrade and TDBNA. TDBUSA also holds a portfolio of credit card receivables of, and issues private label credit cards to, Target customers. Table 5 presents net income after taxes for TDBUSA over the planning horizon; PCL largely offsets the positive PPNR generated over this time period.

Table 5: Projected losses, revenue, and net income before taxes through Q4 2016 (Supervisory Severely Adverse scenario)

	TDBUSA	
	Billions of dollars	Percent of average assets[1]
Pre-provision net revenue[2]	1.4	7.3%
Other revenue	-	—%
less		
Provision for Credit Loss	1.2	6.5%
Realized losses/gains on securities	-	—%
Other losses/gains	-	—%
equals		
Net income before taxes	0.1	0.8%

1 Average assets is the nine-quarter average of total assets.

2 PPNR includes losses from operational-risk events.

Projected loan losses over the planning horizon are presented in Table 6.

Table 6: Projected loan losses, Q4 2014 - Q4 2016 (Supervisory Severely Adverse scenario)

	TDBUSA	
	Billions of dollars	Portfolio loss rates (%)[1]
Loan Losses[2]	0.9	18.3%

1 Average loan balances used to calculate portfolio loss rates exclude loans held for sale and loans held for investment under the fair-value option, and are calculated over nine quarters.

2 Loan losses represent net charge offs which is recorded as a decrease in the Allowance for Loan and Lease Losses.

As illustrated in Table 7, under the Supervisory Severely Adverse scenario, TDBUSA's CET1 capital ratio is projected to decrease from 22.1% as of September 30, 2014 to 17.1% as of December 31, 2016.

Table 7: Projected stressed capital ratios through Q4 2016 (Supervisory Severely Adverse scenario)			
	TDBUSA		
	Actual Q3 2014	Stressed capital ratios[1]	
		Ending	Minimum
Tier 1 common ratio (%)[2]	20.9	15.7	15.7
Common equity tier 1 capital ratio (%)	22.1	17.1	15.1
Tier 1 risk-based capital ratio (%)	22.1	17.1	15.1
Total risk-based capital ratio (%)	23.4	18.5	16.4
Tier 1 leverage ratio (%)	7.8	5.3	4.8

1 The capital ratios are calculated using DFA Capital Actions. These projections represent estimates that assume an economic outcome that is more adverse than expected. These estimates are not forecasts of expected losses, revenues, net income before taxes, or capital ratios. The minimum capital ratio presented is for the period from Q4 2014 to Q4 2016.

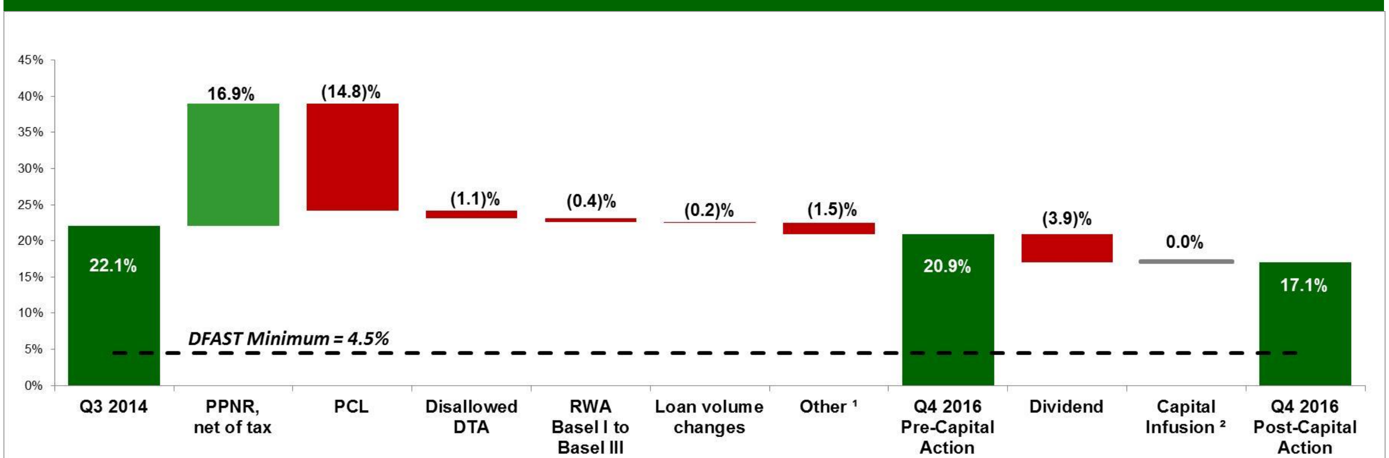
2 The Tier 1 Common capital ratio is based upon Basel I RWA over the planning horizon.

The results of the scenario reflect DFA Capital Actions which include dividends of $0.2 billion to TDBUSH. The decrease in TDBUSA's capital levels over the planning horizon is primarily driven by the impact of higher PCL, increases in disallowed DTA, and the increase in RWA due to the transition from Basel I to Basel III rules; these factors offset the DFA Capital Actions and generation of PPNR over the planning horizon.

Explanation of the Most Significant Causes of the Changes in Regulatory Capital Ratios

Table 8 illustrates the drivers of changes to the CET1 capital ratio for TDBUSA over the planning horizon, including the impact due to Basel III transition provisions and capital actions.

Table 8: CET1 Capital Ratio Q3 2014 to Q4 2016



1 Other adjustments comprised of: growth in the securities and securitizations portfolios, the impact of accumulated other comprehensive income, and other small movements

2 Actual capital injections may differ from the DFA Capital Actions because actual capital actions are determined based upon a baseline view of the macroeconomic environment and may vary in size over time as a result of differences in RWA and/or asset growth between current projected economic conditions and those projected under the Supervisory Severely Adverse scenario. DFA capital actions are based upon the requirements as set forth in the Capital Plan and Stress Test Rule 252.15(b).

- TDBUSA substantially exceeds DFAST minimum requirements for the CET1 capital ratio throughout the planning horizon.
- The significant growth projected in the baseline plan for TDBUSA may require capital infusions from the holding company to TDBUSA to ensure that capital levels remain above internal targets and thresholds. These infusions are excluded in these results given the requirements for DFA capital actions.
- The CET1 capital ratio decreased 500 basis points due to increased PCL and capital deductions related to disallowed DTA which offset the impact of retained earnings and increased unrealized securities gains over the planning horizon.
- TDBUSA's capital position under this scenario demonstrates the impacts of seasonality as credit card receivable balances fluctuate and spike in Q4 of each year; however, capital ratios over the planning horizon are projected to be significantly above DFAST minimum requirements.
- TDBUSA's binding capital constraint over the planning horizon is the Tier 1 leverage ratio which decreased from 7.8% to 5.3% at the end of the planning horizon with a minimum of 4.8%. This decrease is driven by increased credit losses and leverage assets which more than offset the impact of generated earnings.