TD Group US Holdings LLC
TD Bank, National Association
TD Bank USA, National Association

Dodd-Frank Act Stress Testing Results
Supervisory Severely Adverse Scenario

June 29, 2016

Overview

The following disclosure is specific to TD Group US Holdings LLC (hereafter referred to as "TDGUS") and its bank subsidiaries (collectively "the Company"). TDGUS is a wholly-owned subsidiary of The Toronto-Dominion Bank. The Company is required to conduct a stress test on TDGUS and each of its bank subsidiaries (TD Bank, National Association hereafter referred to as "TDBNA" and TD Bank USA, National Association hereafter referred to as "TDBUSA") under the requirements of regulations adopted by the Board of Governors of the Federal Reserve System ("FRB") and the Office of the Comptroller of the Currency ("OCC") pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (collectively, the "Stress Test Regulations").[1] Stress test scenarios are defined by these regulatory agencies and the stress test results conducted by the Company provide forward-looking information to help regulators, the board of directors, senior management, and market participants identify risks and the potential impacts of adverse economic environments on the capital of the Company.

The Stress Test Regulations require the disclosure of a summary of the Company-run stress test results under the Supervisory Severely Adverse scenario over the 9-quarter planning horizon beginning on January 1, 2016 and ending on March 31, 2018 ("the planning horizon"). The Stress Test Regulations also require that the Company disclose a description of the types of risks, the methodologies used, and an explanation of the most significant causes of changes in capital under this scenario.

The Supervisory Severely Adverse scenario represents a hypothetical economic environment and is based on the macroeconomic scenarios distributed by the FRB and OCC on January 28, 2016.[2] The scenario features a severe global recession, accompanied by a period of heightened corporate financial stress and negative yields for short-term US Treasury securities. There is significant weakening in global economic activity, accompanied by large reductions in asset prices, significant declines in housing and commercial real estate prices, and a surge in equity market volatility.

This document contains forward-looking statements, including projections of the Company's financial results and conditions under the hypothetical Supervisory Severely Adverse scenario. The projections are not intended to be a forecast by the regulatory agencies or the Company of expected future economic and financial conditions or results, but rather reflect possible results under a prescribed hypothetical scenario which is highly unlikely to occur. The Company's 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 materially from the projections provided in this document. For more detailed information regarding forward-looking statements and discussions of risk factors relating to the Company, see The Toronto-Dominion Bank's 2015 annual management discussion and analysis, and any updates to such document as may be subsequently filed in quarterly reports to shareholders and news releases (as applicable).

Description of Types of Risks Included in the Company-Run Stress Test

As a part of the ongoing capital management process, the Company performs a risk identification process to ensure that capital adequacy is assessed based on the material risks of the Company as well as the Company's risk profile, business practices and environment. The risk identification process is designed to comprehensively capture and estimate the most significant risks which include credit, operational, market, liquidity, and reputational 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, probability of default, and loss given default. Credit risk is incurred in the Company's lending operations and investment book and derivative contracts where customers and counterparties have obligations of principal repayment, interest payment, collateral settlement, or other obligations to the Company.

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[1] The OCC's stress test rules applicable to TDBNA and TDBUSA are found in 12 CFR Part 46. The FRB's stress test rules applicable to TDGUS are found in 12 CFR Part 252, Subpart F.

[2] Please refer to https://www.federalreserve.gov/newsevents/press/bcreg/bcreg20160128a2.pdf and http://www.occ.treas.gov/tools-forms/forms/bank-operations/stress-test-reporting.html for more detailed information about this scenario.

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. This definition includes legal risk, but excludes strategic, model, and reputational risk. As a financial institution, the Company is inherently exposed to a broad range of operational risks with root causes categorized by process, people, technology, or external factors. The impact can result in significant financial loss, reputational harm, or regulatory censure and penalties.

Market Risk (Trading and Non-Trading)

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. The Company's trading market risk arises from securities and other financial instruments largely held in support of trading activities including facilitating transactions and providing liquidity to our wholesale clients. The key risk drivers include changes in the level, volatility or correlations of interest rates, credit spreads, foreign exchange rates, and equity prices.

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 banking operations, asset-liability management or investments, predominantly from interest rate, and foreign exchange risks. The Company's non-trading market risk is largely related to banking products offered to clients and securities and other financial instruments held for investment and asset-liability management purposes. The key drivers of non-trading market risk changes include changes in interest and foreign exchange rates, credit spreads, and market volatility.

Liquidity Risk

Liquidity risk represents the risk of having insufficient cash or collateral to meet financial obligations without, in a timely manner, raising funding at unfavorable rates or selling assets at distressed prices. The Company's primary liquidity needs arise from deposit withdrawals, debt maturities, utilization of commitments to provide credit or liquidity support, or the need to pledge additional collateral.

Reputational Risk

Reputational risk is the potential that stakeholder impressions, whether true or not, regarding the Company's business practices, actions or inactions, will or may cause a decline in the Company’s value, brand, liquidity or customer base, or require costly measures to address.

Summary Description of the Methodologies Used in the Company-Run Stress Tests

The Company's stress testing process uses quantitative and qualitative approaches to estimate revenue, expenses, credit losses, non-credit losses, and subsequent changes to the Company's balance sheet, including reserves and capital, for each scenario. Each quantitative and qualitative approach used is subject to approval through a validation process managed by an independent function. The Company has established a governance structure comprised of several committees with focused areas of oversight to ensure that the Company employs a robust capital adequacy process. This structure promotes the effective challenge and approval by senior management of quantitative and qualitative approaches used in stress testing and the review and approval by the board of directors of stress test results and associated capital adequacy assessments. Stress test results incorporate the impact of any adjustments based on expert judgment to ensure that results accurately reflect senior management's expectations under the various macroeconomic scenarios or to mitigate any identified limitation or weakness in a specific quantitative approach. These adjustments are documented and reviewed by an independent function.

Pre-Provision Net Revenue

The Company's methodologies for estimating pre-provision net revenue ("PPNR") are based on components including interest income, interest expense, non-interest income, non-interest expense, and operational risk losses (as described below). Interest income and expense are estimated based on scenario-driven customer rates and product volumes. Net interest income is calculated as the difference between gross interest income on loans and investment portfolio securities and the interest expense paid on deposits and borrowings. Non-interest income and expense are projected for product groups, business segments, or financial line items based on the materiality, macro-sensitivity, and drivers for that product / segment / line item. For items that exhibit sensitivity to the macroeconomic environment, changes in income and / or expense items are linked to changes in macroeconomic variables either directly based on expert judgment or indirectly through the application of a stable or fixed relationship to stressed volumes.

Operational Risk Losses

The Company uses a hybrid approach to estimate operational risk related losses over the 9-quarter planning horizon. The Company leverages regression analysis along with historical averages and scenario overlays for non-legal losses and a litigation claims and settlements-based approach for legal losses. The regression analysis is completed using both internal operational loss event history and external operational loss event history. Operational risk loss estimates incorporate expert judgment where applicable.

Market Risk (Trading and Non-Trading Market Risk) Losses

The Company's methodology for estimating market trading risk losses mainly involves a full mark-to-market revaluation of projected trading positions over the planning horizon. The projection of position levels is undertaken by product for each trading business based on a combination of statistical regression-based models and other quantitative methods and expert judgment informed by recent trends and historical data. The methodology also includes the projection of additional key market rates and parameters for each scenario. The projections of additional key rates are based on a combination of econometric models and other quantitative methods, historical data, and experience.

The Company's methodology for estimating non-trading market risk losses associated with Other than Temporary Impairment involves a review of all non-trading investment positions. Loss projections are based either on statistical models (including third party vendor models) or expert judgment supported qualitative approaches with the methodology determined mainly by the credit quality of the security and industry standards. All methodologies consider the scenario specifics including the associated credit and interest rate environment.

Credit Losses and Provision for Credit Losses ("PCL")

The Company's estimates of credit risk related losses are based upon retail and wholesale credit loss models that leverage a number of factors such as borrower credit quality, historical loss experience, the macroeconomic environment including the interest rate environment and related loan volumes determined for the scenario.

The allowance for loan and lease losses ("ALLL") projected for each type of loan is established to cushion the Company against higher than expected losses over the planning horizon. Under the hypothetical scenario, the significant degradation of the economy and subsequent change in loss rates results in an increase to the ALLL balance over the planning horizon. The provision estimation process for each quarter of the planning horizon is based on the estimates of ALLL related to the projected change in the credit quality in the portfolios based on the scenario. PCL is then calculated based on the quarter-over-quarter change in ALLL plus the projected net charge-offs for each quarter of the hypothetical stress scenario.

Capital

The impact of the estimated PPNR, PCL, changes in assets, capital actions, changes in risk weighted assets ("RWA"), accumulated other comprehensive income ("AOCI"), and changes in disallowed deferred tax assets ("DTA") are the most significant components of the capital projections under the hypothetical stress scenario. The capital ratios shown within this disclosure are based upon the Basel III Standardized Approach regime. The assumed capital actions used to assess capital adequacy (hereafter referred to as "Dodd Frank Act ("DFA") capital actions"), are determined in accordance with the Stress Test Regulations as follows:

(1) For the first quarter of the planning horizon, the Company takes 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 Company includes in its projections of capital:

i. *Common stock dividends equal to the quarterly average dollar amount of common stock dividends that the Company 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 expensed employee compensation.

Over the planning horizon, the Company will be making changes to its legal entity structure to comply with its obligations under the FRB's Regulation YY, which establishes certain Enhanced Prudential Standards for Foreign Banking Organizations (hereafter referred to as "Intermediate Holding Company ("IHC") Requirements"). The projections shown in this disclosure include the impacts of the transfer of certain non-banking subsidiaries into the Company in accordance with the IHC Requirements. These transfers include Toronto-Dominion Holdings (U.S.A), Inc. ("TDHUSA") in July 2016 and TD Luxembourg International Holdings S.A.R.L. ("TDLIH") in July 2017. Both of these transfers by The Toronto-Dominion Bank to TDGUS are projected to impact the Company's capital ratios over the planning horizon.

TDGUS: Summary of Company-Run Stress Test Results

The following section presents the results of the stress test submitted to the FRB for the Supervisory Severely Adverse scenario for the Company. Figure 1 below presents the pro forma PPNR and PCL results for the Company over the planning horizon. While PPNR is positive over the planning horizon, PCL exceeds projected total revenue resulting in a pre-tax loss.

Figure 1: TDGUS Projected Revenue, Losses, and Net Income Before Taxes through Q1'18 under the Supervisory Severely Adverse Scenario

	$ Billions	Percent of average assets [1]
Pre-provision net revenue[2]	5.0	1.5%
Other revenue	0.0	—%
less		
Provision for Credit Loss	6.4	2.0%
Realized losses/gains on securities (Available-for-Sale ("AFS") and Held-to-Maturity ("HTM"))	0.0	—%
Trading and counterparty losses	0.0	—%
Other losses/gains	0.0	—%
equals		
Net income before taxes	(1.4)	(0.4)%

[1] Average assets is the 9-quarter average of total assets.

[2] PPNR means the sum of net interest income and non-interest income less expenses (including operational risk losses) before adjusting for loss provisions.

Credit risk related losses projected for each loan category over the planning horizon are presented in Figure 2 below.

Figure 2: TDGUS Projected 9-Quarter Loan Losses by Type of Loan through Q1'18 under the Supervisory Severely Adverse Scenario

	$ Billions	Portfolio loss rates [1]
Loan Losses[2]	4.6	3.4%
First-lien mortgages, domestic	0.2	0.8%
Junior Liens and HELOCS, domestic	0.4	4.2%
Commercial and Industrial[3]	0.7	1.8%
Commercial real estate, domestic	0.7	3.3%
Credit cards	1.9	19.1%
Other consumer[4]	0.6	3.3%
Other loans	0.2	0.9%

[1] Portfolio loss rates are calculated based on the 9-quarter average of total loans and exclude loans Held-for-Sale and loans Held-for-Investment under the Fair-Value option.

[2] Loan losses represent net charge offs which reduce the ALLL.

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

[4] Other consumer loans include automobile loans.

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

The Company's capital is expected to remain relatively resilient under the Supervisory Severely Adverse scenario as all capital ratios determined based on DFA capital actions remain above regulatory minimum ratio requirements. As illustrated in Figure 3 below, under this scenario, the common equity tier 1 capital ("CET1") ratio for TDGUS is projected to increase from 13.1% as of December 31, 2015 to 13.6% as of March 31, 2018.

Figure 3: TDGUS Projected Stressed Total Capital Ratios and Metrics through Q1'18[3] under the Supervisory Severely Adverse Scenario

Capital Ratios	Actual Q4'15	Stressed capital ratios: Ending	Stressed capital ratios: Minimum
CET1 capital ratio (%)	13.1	13.6	12.2
Tier 1 risk-based capital ratio (%)	13.2	13.6	12.2
Total risk-based capital ratio (%)	14.3	15.0	13.6
Tier 1 leverage ratio (%)	8.3	7.1	6.7

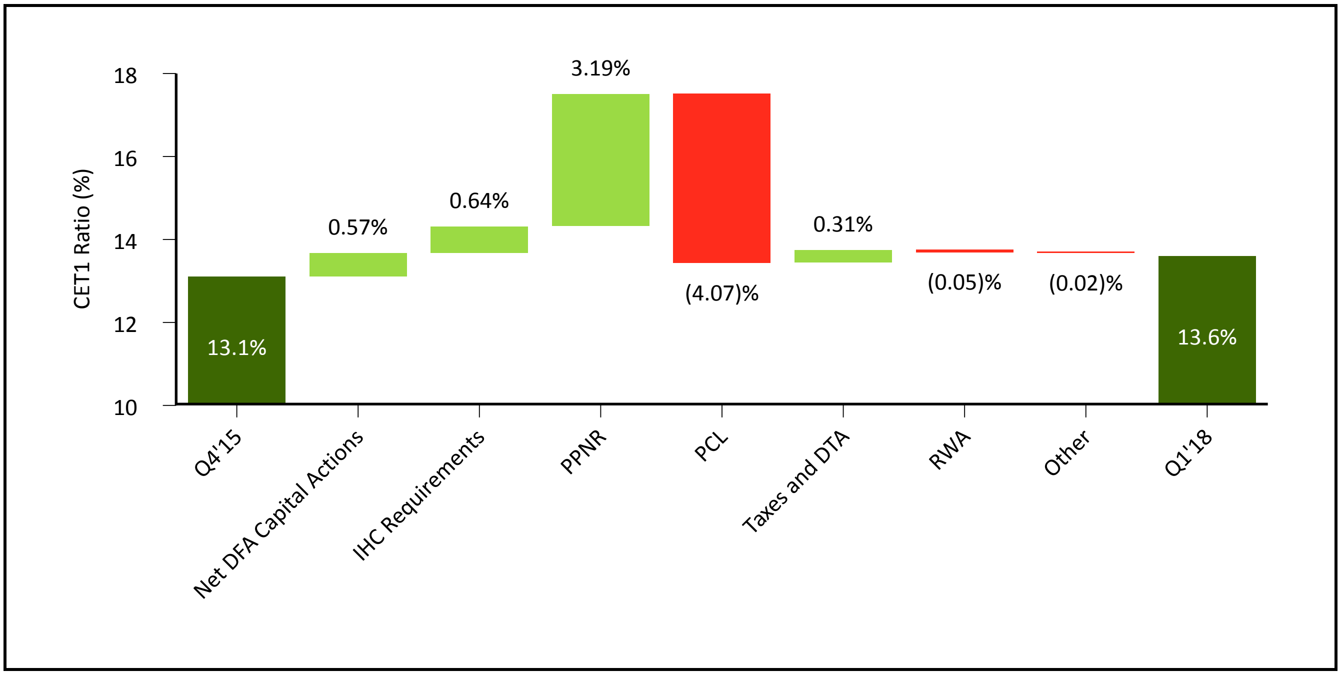
RWA / Leverage Assets	Actual Q4'15	Ending	Balance at capital ratio minimum
Basel III RWA ($Billions)	157.3	177.6	179.4
Total leverage assets ($Billions)	250.6	343.3	327.4

Figure 4 below illustrates the drivers of changes to the CET1 ratio over the planning horizon. Although TDGUS is in a pre-tax loss position (as illustrated in Figure 1 above), net income after taxes increases the CET1 position slightly due to tax credits under this scenario. DFA capital actions also result in an increase to the CET1 ratio as TDGUS issues common stock to The Toronto-Dominion Bank in the first quarter of the planning horizon and does not pay dividends over the planning horizon in accordance with the requirements established by Stress Test Regulations for determining DFA capital action amounts. Further, the transfer of TDHUSA and TDLIH in accordance with IHC Requirements results in an increase to capital ratios for TDGUS as the net available capital contributed by these nonbank subsidiaries exceeds the capital consumed by additional RWA.

Deductions for DTAs grow over the planning horizon as negative pre-tax income results in increasing net operating losses and tax credit carryovers. Growth in RWA causes downward pressure on risk-based capital ratios due to forecasted growth in loans and securities. "Other" drivers of the CET1 ratio include the changes in AOCI and deductions for goodwill and intangible assets which are expected to have a *de minimis* impact on capital.

[3] The minimum capital ratio presented is for the period from Q1'16 to Q1'18.

Figure 4: TDGUS CET1 Capital Ratio Q4'15 to Q1'18 under the Supervisory Severely Adverse Scenario



TDBNA: Summary of Company-Run Stress Test Results

The following section presents the results of the stress test submitted to the OCC for the Supervisory Severely Adverse scenario for TDBNA. Figure 5 below presents the pro forma PPNR results for TDBNA over the planning horizon. While PPNR is positive over the planning horizon, PCL exceeds projected total revenue resulting in a pre-tax loss.

Figure 5: TDBNA Projected Revenue, Losses, and Net Income Before Taxes through Q1'18 under the Supervisory Severely Adverse Scenario

	$ Billions	Percent of average assets[1]
Pre-provision net revenue[2]	3.0	1.1%
Other revenue	0.0	—%
less		
Provision for Credit Loss	4.5	1.7%
Realized losses/gains on securities (AFS and HTM)	0.0	—%
Trading and counterparty losses	0.0	—%
Other losses/gains	0.0	—%
equals		
Net income before taxes	(1.5)	(0.6)%

[1] Average assets is the 9-quarter average of total assets.

[2] PPNR means the sum of net interest income and non-interest income less expenses (including operational risk losses) before adjusting for loss provisions.

Credit risk related losses projected for each loan category over the planning horizon are presented in Figure 6 below.

Figure 6: TDBNA Projected 9-Quarter Loan Losses by Type of Loan through Q1'18 under the Supervisory Severely Adverse Scenario

	$ Billions	Portfolio loss rates [1]
Loan Losses[2]	3.1	2.5%
First-lien mortgages, domestic	0.2	0.8%
Junior Liens and HELOCS, domestic	0.4	4.2%
Commercial and Industrial[3]	0.5	1.7%
Commercial real estate, domestic	0.7	3.3%
Credit cards	0.5	19.0%
Other consumer[4]	0.6	3.3%
Other loans	0.2	0.9%

[1] Portfolio loss rates are calculated based on the 9-quarter average of total loans and exclude loans Held-for-Sale and loans Held-for-Investment under the Fair-Value option.

[2] Loan losses represent net charge offs which reduce the ALLL.

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

[4] Other consumer loans include automobile loans.

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

TDBNA's capital ratios determined based on DFA capital actions exceed regulatory minimum ratio requirements throughout the planning horizon. As illustrated in Figure 7 below, under the Supervisory Severely Adverse scenario, the CET1 ratio for TDBNA is projected to decrease from 13.4% as of December 31, 2015 to 12.2% as of March 31, 2018.

Figure 7: TDBNA Projected Stressed Capital Ratios and Metrics based on DFA Capital Actions through Q1'18[4] under the Supervisory Severely Adverse Scenario

	Actual Q4'15	Stressed capital ratios	
		Ending	Minimum
CET1 capital ratio (%)	13.4	12.2	12.1
Tier 1 risk-based capital ratio (%)	13.5	12.2	12.1
Total risk-based capital ratio (%)	14.5	13.6	13.5
Tier 1 leverage ratio (%)	8.7	6.9	6.9

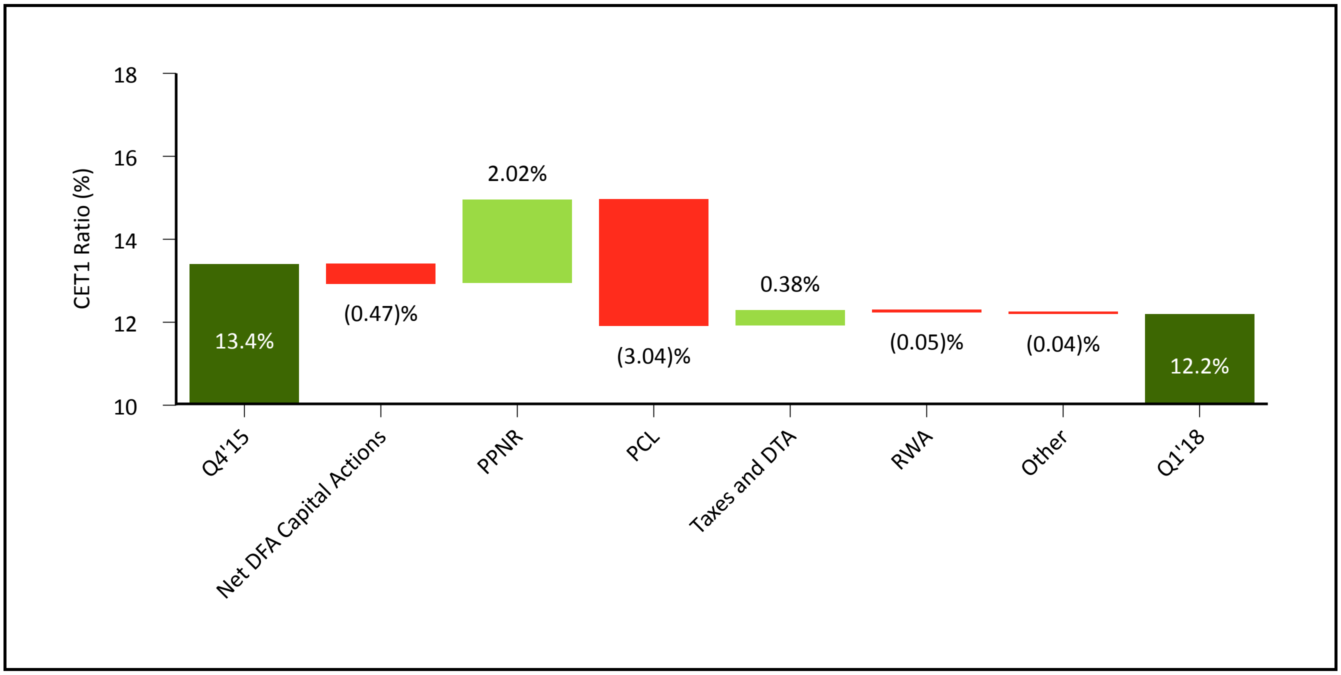
RWA / Leverage Assets	Actual Q4'15	Ending	Balance at capital ratio minimum
Basel III RWA ($Billions)	147.8	148.4	150.0
Total leverage assets ($Billions)	230.8	264.4	264.4

Figure 8 below illustrates the drivers of changes to the CET1 ratio over the planning horizon. In the Supervisory Severely Adverse scenario, PCL exceeds PPNR resulting in a post-tax loss. Net DFA capital actions result in a decrease in the CET1 ratio as common stock issued by TDBNA to its parent TD Bank US Holding Company (which is a wholly-owned subsidiary of TDGUS) in the first quarter of the planning horizon is more than offset by capital dividends paid over the planning horizon in accordance with the requirements established by Stress Test Regulations for determining DFA capital action amounts.

Deductions for DTAs grow over the planning horizon as negative pre-tax income results in increasing net operating losses and tax credit carryovers. In addition, growth in RWA causes downward pressure on risk-based capital ratios due to projected growth in loans and securities. "Other" drivers of the CET1 ratio include the changes in AOCI and deductions for goodwill and intangible assets. These other drivers have a *de minimis* impact on capital.

[4] The minimum capital ratio presented is for the period from Q1'16 to Q1'18.

Figure 8: TDBNA CET1 Capital Ratio Q4'15 to Q1'18 under the Supervisory Severely Adverse Scenario



TDBUSA: Summary of Company-Run Stress Test Results

The following section presents the results of the stress test submitted to the OCC for the Supervisory Severely Adverse scenario for TDBUSA. Figure 9 below presents the pro forma PPNR and PCL results for TDBUSA. PPNR is positive over the planning horizon and is sufficient to offset PCL resulting in pre-tax earnings.

Figure 9: TDBUSA Projected Revenue, Losses, and Net Income Before Taxes through Q1'18 under the Supervisory Severely Adverse Scenario

	$ Billions	Percent of average assets[1]
Pre-provision net revenue[2]	2.1	8.1%
Other revenue	0.0	—%
less		
Provision for Credit Loss	1.8	7.0%
Realized losses/gains on securities (AFS and HTM)	0.0	—%
Trading and counterparty losses	0.0	—%
Other losses/gains	0.0	—%
equals		
Net income before taxes	0.3	1.1%

[1] Average assets is the 9-quarter average of total assets.

[2] PPNR means the sum of net interest income and non-interest income less expenses (including operational risk losses) before adjusting for loss provisions.

Credit risk related losses projected for each loan category over the planning horizon are presented in Figure 10 below.

Figure 10: TDBUSA Projected 9-Quarter Loan Losses by Type of Loan through Q1'18 under the Supervisory Severely Adverse Scenario

	$ Billions	Portfolio loss rates[1]
Loan Losses[2]	1.4	19.1%
First-lien mortgages, domestic	0.0	—%
Junior Liens and HELOCS, domestic	0.0	—%
Commercial and Industrial	0.0	—%
Commercial real estate, domestic	0.0	—%
Credit cards	1.4	19.2%
Other consumer	0.0	—%
Other loans	0.0	—%

[1] Portfolio loss rates are calculated based on the 9-quarter average of total loans and exclude loans Held-for-Sale and loans Held-for-Investment under the Fair-Value option.

[2] Loan losses represent net charge offs which reduce the ALLL.

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

TDBUSA's capital ratios determined based on DFA capital actions exceed regulatory minimum ratio requirements throughout the planning horizon for the Supervisory Severely Adverse scenario. As illustrated in Figure 11 below, TDBUSA's CET1 ratio is projected to increase from 17.4% as of December 31, 2015 to 22.1% as of March 31, 2018. The tier 1 leverage ratio for TDBUSA is projected to decrease from 8.0% as of December 31, 2015 to 5.7% as of March 31, 2018 due to the impact of increased deposits on average assets as certain customers rebalance their investment portfolios due to a declining stock market and hold higher cash amounts.

Figure 11: TDBUSA Projected Stressed Capital Ratios based on DFA Capital Actions through Q1'18[5] under the Supervisory Severely Adverse Scenario

	Actual Q4'15	Stressed capital ratios	
		Ending	Minimum
CET1 capital ratio (%)	17.4	22.1	17.9
Tier 1 risk-based capital ratio (%)	17.4	22.1	17.9
Total risk-based capital ratio (%)	18.7	23.5	19.3
Tier 1 leverage ratio (%)	8.0	5.7	5.7

RWA / Leverage Assets	Actual Q4'15	Ending	Balance at capital ratio minimum
Basel III RWA ($Billions)	8.9	7.4	9.0
Total leverage assets ($Billions)	19.4	28.9	28.9

Figure 12 below illustrates the drivers of changes to the CET1 ratio over the planning horizon. In the Supervisory Severely Adverse scenario, PPNR exceeds PCL resulting in a post-tax gain. Net DFA capital actions result in a decrease in the CET1 ratio as TDBUSA pays capital dividends to its parent TD Bank US Holding Company over the planning horizon in accordance with the requirements established by Stress Test Regulations for determining DFA capital action amounts.

Changes to AOCI result in an increase to the CET1 capital ratio over the planning horizon as the negative impact caused by rising credit spreads reverses in the second half of the planning horizon due to gains on reinvestments in the securities portfolio. In addition, a decrease in RWA driven by seasonal credit card balance reductions in non-year-end quarters increases the CET1 ratio as of Q1'18. "Other" drivers of the CET1 ratio include the changes in deductions for DTAs, goodwill, and intangible assets which have a *de minimis* impact on capital.

[5] The minimum capital ratio presented is for the period from Q1'16 to Q1'18.

Figure 12: TDBUSA CET1 Capital Ratio Q4'15 to Q1'18 under the Supervisory Severely Adverse Scenario