TD Group US Holdings LLC
TD Bank, National Association

Dodd-Frank Act Stress Testing Results
Supervisory Severely Adverse Scenario

June 30, 2020

Overview

The following disclosure is specific to TD Group US Holdings LLC (hereafter referred to as "TDGUS") and its primary bank subsidiary, TD Bank N.A. ("TDBNA") (collectively, the "Company" or "TD"). TDGUS is a wholly-owned subsidiary of The Toronto-Dominion Bank, a Schedule I bank chartered under the Bank Act (Canada). The Company is required to conduct a stress test under 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 provided by these regulatory agencies and the stress test results determined by the Company provide 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 Company's capital.

The Stress Test Regulations require the disclosure of a summary of the Company-run stress test results under the Supervisory Severely Adverse Scenario (the "scenario") over the 9-quarter planning horizon beginning on January 1, 2020 and ending on March 31, 2022 (the "planning horizon"). This scenario does not represent a forecast by the Federal Reserve. The Stress Test Regulations also require that the Company disclose a description of the types of risks included in the stress test, projection methodologies used, and an explanation of the most significant causes of changes in capital under the scenario.

The scenario represents a hypothetical economic environment based on the macroeconomic scenarios released by the FRB and OCC[2] and was created prior to the developments of the COVID-19 pandemic. The scenario is characterized by a severe global recession accompanied by a period of heightened stress in commercial real estate markets and corporate debt markets. The US unemployment rate climbs to a peak of 10 percent in 2021. In line with the increase in the unemployment rate, real GDP falls about 8.5 percent from its pre-recession peak, reaching a trough in 2021. The decline in activity is accompanied by a lower headline Consumer Price Index ("CPI") inflation and Home Price Index ("HPI"). Financial conditions in corporate and real estate lending markets are stressed severely. Equity prices fall 50 percent through the end of 2021, accompanied by a rise in the Volatility Index ("VIX"), which reaches a peak of 70. Home prices and commercial real estate prices also experience large declines of about 25 percent and 35 percent, respectively.

This document contains projections of the Company's financial results and conditions under a hypothetical scenario. The projections are not intended to be a forecast by the Company of expected future economic and financial conditions or results, but rather reflect possible results under a prescribed hypothetical scenario. 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 2019 annual management's 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 the Types of Risks Included in the Company-Run Stress Test

As part of the ongoing capital management process, the Company performs a risk identification process to facilitate assessment of capital adequacy based on the Company's significant risks and risk profile, business practices, and environment. The risk identification process is designed to identify, capture, and estimate the impact of the following significant risks: strategic, credit, operational, market, liquidity, legal, regulatory compliance and conduct, reputational, model, and capital adequacy. The potential consequences of failing to mitigate these risks include financial loss, regulatory censure and sanctions, incorrect business and strategic decisions, and reputational harm, which could be material to the Company. As noted in the scenario description, the hypothetical stress scenario was created prior to the developments related to COVID-19 pandemic.

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[1] The FRB's stress test rules applicable to TDGUS are found in 12 CFR Part 252, Subpart F (by way of 252.153(e)(5)). The OCC's stress test rules applicable to TDBNA are found in 12 CFR Part 46.

[2] Please refer to https://www.federalreserve.gov/newsevents/pressreleases/bcreg20200206a.htm and https://www.occ.treas.gov/tools-forms/forms/bank-operations/stress-test-reporting.html for more detailed information about this scenario.

Strategic Risk
Strategic risk is the potential for financial loss or reputational damage arising from the choice of sub-optimal or ineffective strategies, the improper implementation of chosen strategies, choosing not to pursue certain strategies, or a lack of responsiveness to changes in the business environment. Strategies include merger and acquisition activities.

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 probability of default, exposure at default, and loss given default. Credit risk is incurred in the Company's lending operations and investment portfolio and derivative contracts where customers and counterparties have principal repayment, interest payment, collateral settlement, or other obligations to the Company.

Operational Risk
Operational risk is the risk of loss resulting from inadequate or failed internal processes or technology (including Cyber Security) or from human activities or from external events. This definition includes legal risk but excludes strategic and reputational risk. Operational risk is inherent in all of the Company’s business activities, including the practices and controls used to manage other risks such as credit, market, and liquidity risk. Operational risks are managed through an Operational Risk Management Framework which covers areas such as Governance and Policy, Business Continuity and Crisis Management, Financial Crime and Fraud Management, and Technology and Cyber Security.

Market Risk (Trading and Non-Trading)
Trading Market Risk is the risk of loss in financial instruments held in trading positions due to adverse movements in market factors such as interest rates, foreign exchange rates, equity prices, commodity prices, credit spreads, and their respective volatilities. The Company is exposed to market risk in its trading and investment portfolios, as well as through its non-trading activities. 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 on the balance sheet or volatility in earnings from non-trading activities such as asset-liability management or investments, due to adverse movements in market factors, predominantly from interest rate, credit spread, foreign exchange rates, and equity prices. In the Company's non-trading activities, it is exposed to market risk through the everyday banking transactions that the Company's customers execute with TD. The key drivers of non-trading market risk changes include changes in interest and foreign exchange rates, and credit spreads.

Liquidity Risk
Liquidity risk is the risk of having insufficient cash or collateral to meet financial obligations and an inability to, in a timely manner, raise funding or monetize assets at a non-distressed price. Financial obligations can arise from deposit withdrawals, debt maturities, commitments to provide credit or liquidity support or the need to pledge additional collateral.

Legal, Regulatory Compliance, and Conduct Risk
The risks associated with the failure to meet the Company's legal obligations from legislative, regulatory, or contractual perspectives, obligations under the Code of Conduct and Ethics, or requirements of fair business conduct or market conduct practices. This includes risks associated with the failure to identify, communicate, and comply with current and changing laws, regulations, rules, regulatory guidance or self-regulatory organization standards, and codes, including the prudential risk management of Money Laundering, Terrorist Financing, Economic Sanctions and Bribery and Corruption risk.

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

Model Risk
Model risk is the potential for adverse consequences arising from decisions based on incorrect or misused models and other estimation approaches and their outputs. It can lead to financial loss, reputational risk, or incorrect business decisions and strategic decisions.

Capital Adequacy Risk
Capital adequacy risk is the risk of insufficient capital being available in relation to the amount of capital required to carry out the Company's strategy and/or satisfy regulatory and internal capital adequacy requirements.

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 reserves, changes to the Company's balance sheet, and capital for each scenario. The quantitative and qualitative approaches are subject to a validation process managed by independent Model Risk Management ("MRM") and Model Validation ("MV") functions. The Company's stress test results incorporate the impact of certain adjustments that are intended to confirm that results accurately reflect senior management's expectations under the various macroeconomic scenarios, including those required to mitigate any identified limitations or weaknesses in a specific approach. These adjustments are documented, reviewed, and approved by an independent function. The Company has established a governance structure comprised of several committees with focused areas of oversight. This structure promotes the effective challenge and approval by senior management of quantitative and qualitative approaches, key assumptions and the results. Stress test results and associated capital adequacy assessments are reviewed and approved by the Enterprise Risk Management Committee ("ERMC") and the board of directors (or its designated committee).

Pre-Provision Net Revenue ("PPNR")
The Company has methodologies for estimating PPNR including balance sheet, interest income, interest expense, non-interest income, non-interest expense, and operational risk losses (as described below). Interest income and expense are largely estimated based on scenario-driven customer rates and product volumes. Net interest income is calculated as the difference between gross interest income on projected net loan balances and investment securities and the interest expense paid on deposits and borrowings. Net interest income also incorporates the impact of derivatives. Non-interest income and expense are projected using qualitative models that include the projection of key drivers linked to changes in scenario-driven product volumes. Management may apply expert judgment where applicable.

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

Market Risk (Trading and Non-Trading) Losses
The Company's methodology for estimating trading market risk losses mainly involves a full mark-to-market revaluation of projected trading positions using projected market rates and parameters for each scenario. The loss projections are based either on statistical models or qualitative approaches. The approaches are designed to quantify the impact of market and position changes by performing a full revaluation of the entire portfolio. The Company uses the same approaches for estimating non-trading market risk losses as those used for trading, with additional projections and assessments performed for other-than-temporary impairments.

Credit Losses and Provision for Credit Losses ("PCL")
The Company estimates credit risk-related losses 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 unemployment rate), collateral type and related loan volumes determined for the scenario.

The allowance for loan and lease losses ("ALLL") is established for each type of loan to reserve for the level of credit losses the Company could experience under each scenario over the planning horizon. The provision for each quarter of the planning horizon is based on the net quarter-over-quarter change in the required level of ALLL for the scenario and the projected net charge-offs for each quarter.

Capital
PPNR, PCL, capital actions, changes in risk weighted assets ("RWA"), and changes in deferred tax assets ("DTA") are the most significant components of the capital projections under the hypothetical stress scenario. The Company's capital position is projected based on Basel III standardized rules for RWA and advanced approaches for available capital except for treatment of the ALLL allowable in Tier 2 capital, which is calculated based on standardized rules. The capital actions used to assess capital adequacy for TDGUS (hereafter referred to as "Company Run Stress Test" or "CRST 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 or in connection with a planned merger or acquisition to the extent that the merger or acquisition is reflected in the covered company's pro forma balance sheet estimates.*

TDGUS: Summary of Company-Run Stress Test Results
This section presents the results of the stress test submitted for TDGUS to the FRB for the scenario. Figure 1 below presents the pro forma PPNR and PCL results. While PPNR is positive over the planning horizon, the cumulative PCL of $11.1B results in a pre-tax loss.

Figure 1: TDGUS Projected Revenue, Losses, and Net Income Before Taxes Through Q1'22

	$ Billions	Percent of Average Assets [1]
Pre-provision net revenue[2]	7.4	1.9%
Other revenue[3]	—	—%
less	—	—%
Provision for credit losses[4]	11.1	2.8%
Realized losses/gains on securities (Available-for-Sale ("AFS") and Held-to-Maturity ("HTM")) and other sources of Income	—	—%
Trading and counterparty losses	—	—%
Other losses/gains	—	—%
equals	—	—%
Net income before taxes	(3.7)	(0.9)%
Other effects on capital	**Q4'19**	**Q1'22**
AOCI included in capital[5]	(0.3)	—

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

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

[3] Other revenue includes one-time income (and expense) items not included in PPNR.

[4] Provision for credit losses is the net of changes in allowance and net charge-offs.

[5] AOCI is included in regulatory capital at the Q4'19 jump-off; beginning in Q1'20 AOCI is opted out of regulatory capital due to the implementation of the final Tailoring rules.

Credit risk-related net-charge-offs projected for each loan category over the planning horizon are presented in Figure 2 below.

Figure 2: TDGUS Projected 9-Quarter Net Charge-Offs by Type of Loan

	$ Billions	Portfolio Loss Rates [1]
Loan losses[2]	7.9	4.6%
First-lien mortgages, domestic	0.1	0.5%
Junior liens and HELOCS, domestic	0.1	1.3%
Commercial and Industrial[3]	1.1	2.8%
Commercial real estate, domestic	1.0	3.6%
Credit cards	3.7	25.7%
Other consumer[4]	1.2	4.6%
Other loans	0.7	2.2%

[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 & corporate cards.

[4] Other consumer loans include automobile loans.

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

The risk and leverage-based capital ratios for TDGUS remain (i) well above applicable minimum regulatory ratios and (ii) above the Company's approved internal policy goals over the planning horizon. As illustrated in Figure 3 below, the common equity tier 1 capital ("CET1") ratio for TDGUS is projected to decrease from 16.2% as at Q4'19 to 14.8% as at Q1'22. The tier 1 leverage ratio ("T1L") is projected to decrease from 9.4% as at Q4'19 to 8.9% as at Q1'22 under the scenario.

Figure 3: TDGUS Projected Stressed Total Capital Ratios and Metrics through Q1'22 [3]

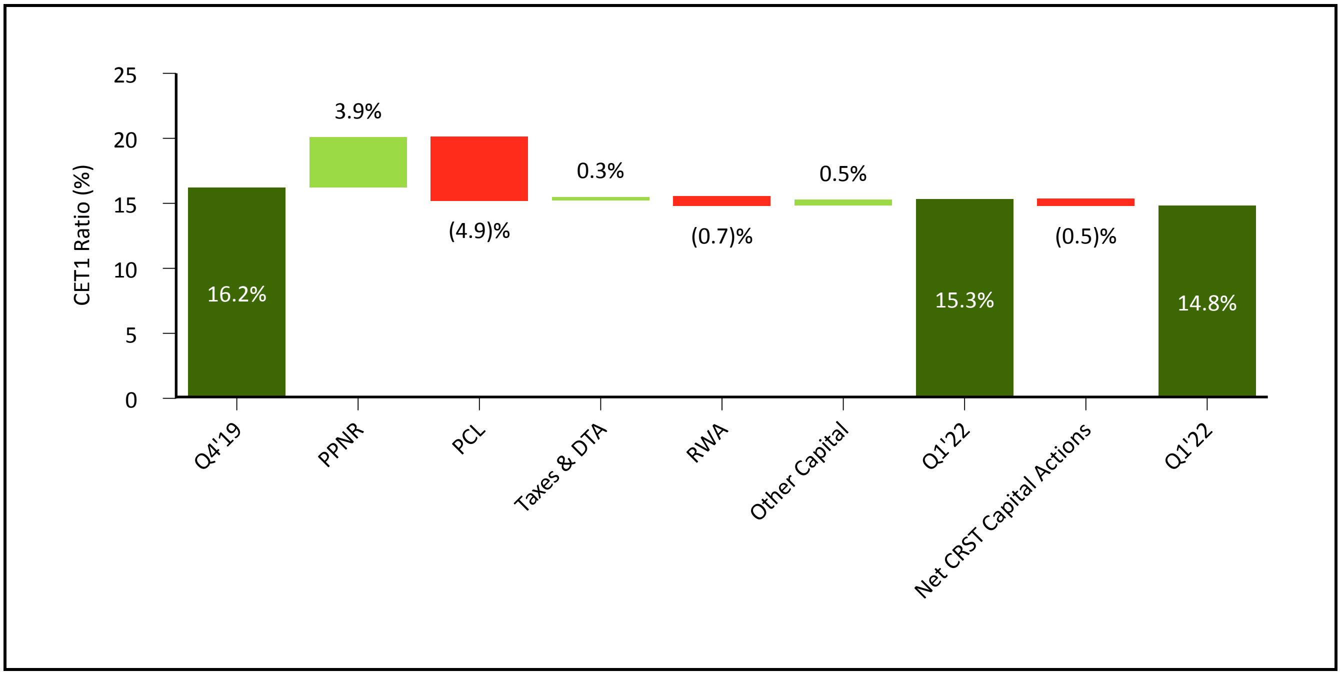
		Stressed Capital Ratios	
Capital Ratios	**Actual Q4'19**	**Ending**	**Minimum**
CET1 capital ratio (%)	16.2	14.8	14.8
Tier 1 risk-based capital ratio (%)	16.2	14.8	14.8
Total risk-based capital ratio (%)	17.3	16.0	16.0
Tier 1 leverage ratio (%)	9.4	8.9	8.9
Tier 1 supplementary leverage ratio (%)	8.5	7.9	7.9

RWA / Leverage Assets	**Actual Q4'19**	**Ending**	**Balance at Capital Ratio Minimum**
Basel III RWA ($ Billions)	221.6	232.1	232.1
Total leverage assets ($ Billions)	380.8	385.5	385.5
Total supplementary leverage assets ($ Billions)	425.0	431.6	431.6

Figure 4 below illustrates the key drivers of change to the CET1 ratio over the planning horizon. The CET1 ratio reduced by about 140 basis points primarily due to negative net income before taxes (as shown in Figure 1) driven by higher PCLs. The losses give rise to an income tax benefit that is partially offset by higher deferred tax asset deductions due to higher unused tax credits. RWA growth results in a reduction to the CET1 ratio due to a forecasted increase in commercial loans, securities, and market risk RWA. "Other Capital" related items also contributing to the CET1 ratio include: (i) exclusion of AOCI losses from regulatory capital due to the implementation of the final Tailoring rules, (ii) higher CET1 threshold under the Capital Simplification rules resulting in the elimination of threshold deductions, partially offset by (iii) a marginal reduction in available capital related to the sale of TD Ameritrade stock due to the planned acquisition of TD Ameritrade by The Charles Schwab Corporation. Company-Run Stress Test ("CRST") capital actions result in a decrease to the CET1 ratio as TDGUS pays a quarterly dividend to The Toronto-Dominion Bank throughout the planning horizon per the established CRST capital action requirements.

[3] The minimum capital ratio presented is for the period from Q1'20 to Q1'22.

Figure 4: TDGUS CET1 Capital Ratio Q4'19 to Q1'22



TDBNA: Summary of Company-Run Stress Test Results

This section presents the results of the stress test submitted to the OCC under the scenario for TDBNA. Figure 5 below presents the pro forma PPNR and PCL results for TDBNA. While PPNR is positive over the planning horizon, the cumulative PCL of $7.0B results in a pre-tax loss.

Figure 5: TDBNA Projected Revenue, Losses, and Net Income Before Taxes Through Q1'22

	$ Billions	Percent of Average Assets [1]
Pre-provision net revenue[2]	5.3	1.7%
Other revenue[3]	—	—%
less	—	—%
Provision for credit losses[4]	7.0	2.2%
Realized losses/gains on securities (Available-for-Sale ("AFS") and Held-to-Maturity ("HTM")) and other sources of Income	—	—%
Trading and counterparty losses	—	—%
Other losses/gains	—	—%
equals	—	—%
Net income before taxes	(1.7)	(0.5)%
Other effects on capital	**Q4'19**	**Q1'22**
AOCI included in capital[5]	(0.3)	—

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

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

[3] Other revenue includes one-time income (and expense) items not included in PPNR.

[4] Provision for credit losses is the net of changes in allowance and net charge-offs.

[5] AOCI is included in regulatory capital at the Q4'19 jump-off; beginning in Q1'20 AOCI is opted out of regulatory capital due to the implementation of the final Tailoring rules.

Credit risk-related net charge-offs projected for each loan category over the planning horizon are presented in Figure 6 below.

Figure 6: TDBNA Projected 9-Quarter Net Charge-Offs by Type of Loan

Net Charge-Offs	$ Billions	Portfolio Loss Rates [1]
Loan losses[2]	4.9	3.0%
First-lien mortgages, domestic	0.1	0.5%
Junior liens and HELOCS, domestic	0.1	1.3%
Commercial and Industrial[3]	1.0	2.7%
Commercial real estate, domestic	1.0	3.6%
Credit cards	0.8	16.5%
Other consumer[4]	1.2	4.6%
Other loans	0.7	2.2%

[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 & 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 exceed regulatory minimum ratio requirements throughout the planning horizon. As illustrated in Figure 7 below, the CET1 ratio for TDBNA is projected to decrease from 14.8% as at Q4'19 to 11.9% as at Q1'22 under the scenario. The tier 1 leverage ratio is projected to decrease from 9.0% as at Q4'19 to 7.5% as at Q1'22.

Figure 7: TDBNA Projected Stressed Capital Ratios and Metrics Through Q1'22[4,5]

		Stressed Capital Ratios	
Capital Ratios	Actual Q4'19	Ending	Minimum
CET1 capital ratio (%)	14.8	11.9	11.9
Tier 1 risk-based capital ratio (%)	14.8	11.9	11.9
Total risk-based capital ratio (%)	15.6	13.2	13.2
Tier 1 leverage ratio (%)	9.0	7.5	7.5
Tier 1 supplementary leverage ratio (%)	8.1	6.7	6.7

RWA / Leverage Assets	Actual Q4'19	Ending	Balance at Capital Ratio Minimum
Basel III RWA ($Billions)	182.5	195.5	195.5
Total leverage assets ($Billions)	300.9	311.4	311.4
Total supplementary leverage assets ($Billions)	333.5	346.8	346.8

[4] The minimum capital ratio presented is for the period from Q1'20 to Q1'22.

[5] Pro forma capital ratios include capital actions consistent with the assumptions of the underlying severe stress scenario and internal capital policy.