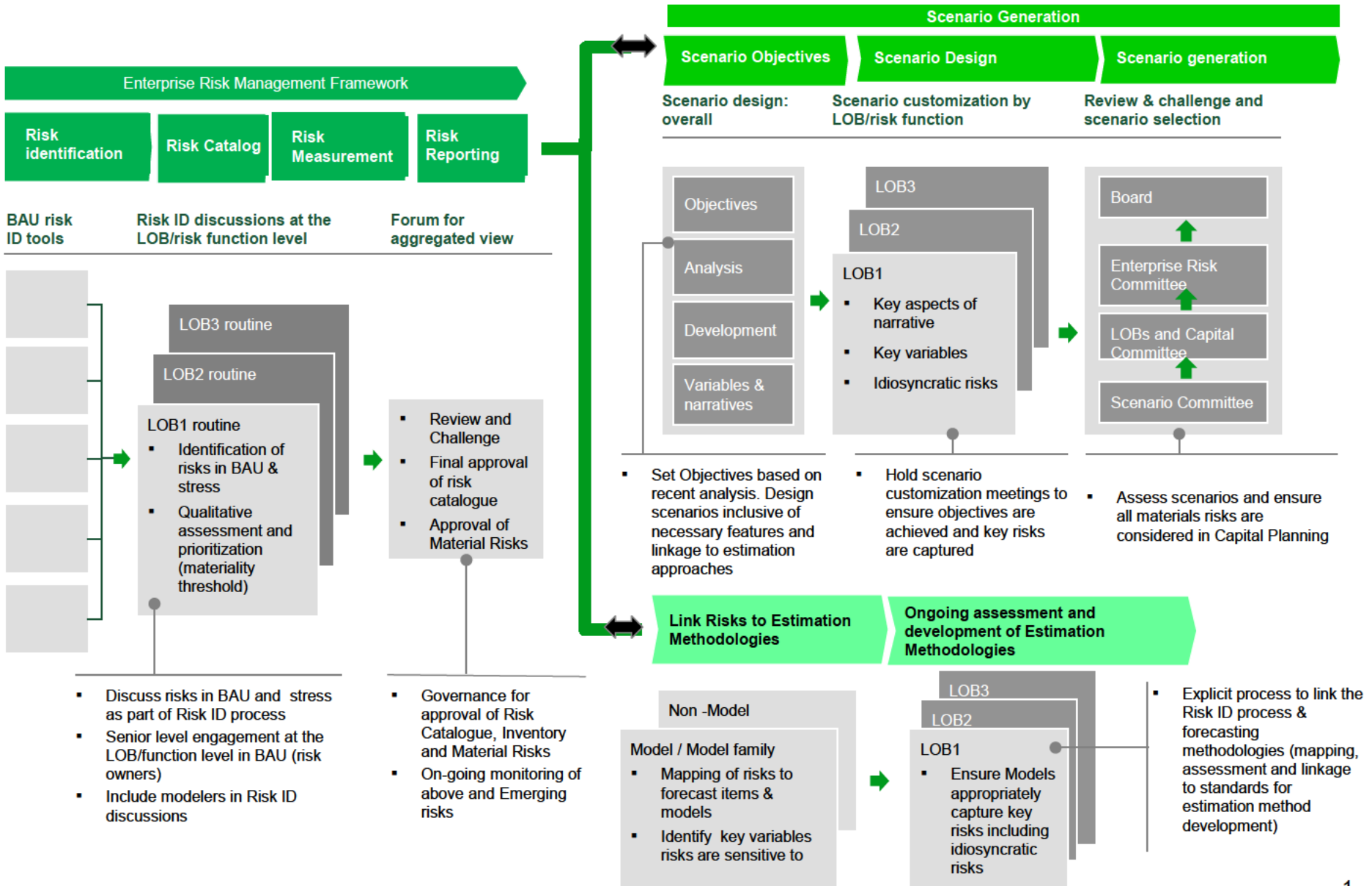




Risk ID, Scenario Generation and Loss Estimation

October 2017

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Risk Identification, Catalog, and Measurement



TD's Risk Identification, Catalog, Materiality, and Measurement (RICMM) methodology covers the processes, tools and governance with respect to the identification, cataloging, assessment of materiality of, and measurement of the impact of risk events across the Company for (1) inclusion in the capital management and stress testing scenarios and (2) reporting of top and emerging risks.

RICMM methodology draws from existing risk identification sources and is comprised of five major steps. These steps are as follows:

- 1) Identify and Compile Risks: Compile risks from documented risk identification tools & methods.
- 2) Review and Catalog Risks: Evaluate each risk for inclusion in the Risk Catalog. This includes adding details to make the risks specific and filters out items that do not represent relevant risk events (e.g., no uncertainty, no residual impact).
- 3) Assess Materiality: Assess materiality of each risk based on the materiality scale (i.e., likelihood and impact).
- 4) Measure Impacts of Material Risks: Measure the material risks to inform the Capital Adequacy Planning Process (CAPP).
- 5) Report Risks: Update the Risk Catalog with measurements, finalize/approve reporting for CCAR and BAU purposes and utilized in Scenario Development.

Risk Identification integrated into Capital Planning

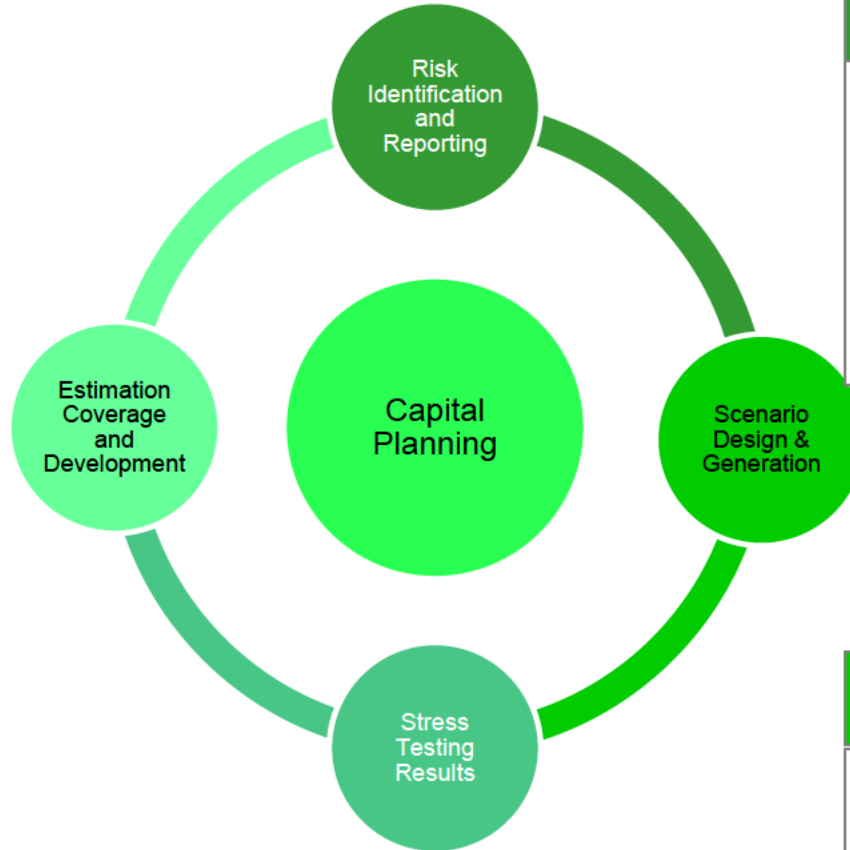


Estimation Approach Coverage and Development

- All key and material risks are mapped to estimation approaches (Model and Non Model)
- Ensure models capture key risks and are sufficiently sensitive. Weaknesses are identified and enhancements prioritized .
- Sensitivity analysis is conducted to identify key variables that should be stressed.

Stress Testing Results

- Stress Testing Results are assessed against Risk and Capital Thresholds and Limits
- Inform limits and key risk indicators



Risk Identification and Reporting

- All Risks are identified, Significant risks measured and reported
- New and emerging risks are identified on a quarterly basis
- Material Risks are reassessed on regular basis
- Risks are assessed against thresholds and limits

Scenario Design & Generation

- Multiple scenarios are designed to capture all unique and material risks
- Scenarios are generated with consideration of how risks are estimated (modeled and non modeled)