TD Bank Responds To Philadelphia Story on Lending Practices

TD is committed to providing access to financial services across our diverse customer base in the communities we serve.

We offer market-leading deposit products to meet the full range of needs and goals of all consumers, including checking accounts for seniors, students and lower-minimum balance requirements, as well as low-cost, entry-level account options with no-minimum opening deposit and choice of low- or no-minimum balance requirements, featuring unlimited withdrawals and no restrictions on number of deposits.

Unlike many other financial institutions, TD does not screen and turn away checking account applicants based on prior history at other institutions, making our products accessible to more people, including consumers who have experienced charge-offs at other banks and need a second chance.

To help our customers achieve their financial goals, such as owning a home, TD offers financial education to consumers over its website and through in-person seminars, such as our First-Time Home Buyer classes and General Education seminars, which provides insights on purchasing and financing a home, as well as building and maintain a strong credit score. We also work with numerous nonprofit organizations to provide financial education to a diverse population of consumers, including Philadelphia-based Clarifi, an organization that helps people gain control of their personal finances.

TD Bank lends money with the confidence that our customers can repay their loans, decreasing the likelihood that a homeowner will become delinquent and face foreclosure. At the time of application, we are required to evaluate the customer's financial information in accordance with banking regulations and our own credit-based standards. We do not consider race, ethnicity, religion, gender identity, sexual orientation or membership in any protected class.

Our data shows that Black applicants, when compared with non-Hispanic White applicants, were more likely to be approved at TD than at other institutions in Philadelphia in 2016.

TD remains fully committed to offering the financial access, resources, and education our customers need to overcome obstacles and meet their financial goals across all of our communities. And we are continually developing and expanding programs and policies that will positively impact our diverse communities, today and tomorrow.

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Responses

1. **TD Bank the largest bank in America (by lending volume) to have denied more conventional loans to African Americans and Hispanics than it made in 2015 and 2016.**

- TD is fully committed to offering the financial access, resources and education our customers need to meet their financial goals across all of our communities. For example, TDBNA takes in more minority applications than our competitors in the Philadelphia Metropolitan Division (MD; 29.5 percent of HMDA applications from Black applicants, compared to 24.9 percent for TD Bank's peer group).

- TD Bank's mortgage delinquency rates are consistently below our HMDA Peers. TD Bank lends money with the confidence that our customers can repay their loans, decreasing the likelihood that a homeowner will become delinquent or face foreclosure.

2. **When we extended the universe of loans to include conventional refinance and home improvement loans we saw similar patterns of denial.**

- TD's denial rates for all lending products across all races, ethnicities and consumer segments show similar patterns. This demonstrates that TD Bank makes credit decisions based on each customer's credit profile, not on factors such as race or ethnicity. In 2016 for the Philadelphia MD, 44 percent of TD Bank's HMDA lending is unsecured home improvement loans compared to 5.5 percent for the industry. When denial rates are normalized through a weighted average based on product mix, TD Bank's denial odds ratio* is consistent with the industry.

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<th>HMDA 2016- Philadelphia MD – Normalized based on Industry Distribution of Product Mix</th>
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<td><strong>Denial Rates for Conventional Home Purchase</strong></td>
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Odds ratio is a relative measure of effect which allows the comparison of the control group of a study, e.g. 'Non-Hispanic White,' to the comparison group(s).

3. In Philadelphia, TD Bank denied more than 60 percent of conventional home purchase loan applications from African Americans and 53 percent of applications from Latinos (this compared to 22 percent denial rate for African Americans for all lenders in the market and a 14 percent denial rate for Latinos in Philly).

- As discussed above, when evaluating how Black and Hispanic applicants compare with non-Hispanic White applicants, the industry applies the odds ratio*. In 2016 for the Philadelphia MD, a Black applicant at TD Bank had a better likelihood of being approved for a conventional home purchase loan compared to non-Hispanic White customers across the industry. A Hispanic applicant at TD Bank had a similar likelihood of being approved when compared to the industry.

HMDA 2016 Conventional Purchase

![Graph showing denial rates and odds ratio for TD Bank and Industry for Non-Hispanic White, Black, and Hispanic applicants.]

* Odds ratio is a relative measure of effect which allows the comparison of the control group of a study, e.g. 'Non-Hispanic White,' to the comparison group(s).
4. We mapped every bank branch in the Philadelphia MD using FDIC data. We found that TD had 33 bank branches in the Philadelphia MD and none of them were in majority black neighborhoods.

- TD is committed to providing access to financial services across our communities. With locations convenient to the diverse communities we serve, in Philadelphia, 16.7 percent of our stores are in majority-minority areas, and two stores serve customers located in Chester, West Oak Lane and Mount Airy. In 2017, TD Bank added seven new deposit-taking ATMs in Philadelphia, in neighborhoods with a majority of Black residents.

5. We did an extensive amount of field reporting in Pt. Breeze, a rapidly gentrifying neighborhood of South Philadelphia where the long-standing African American community. We found that TD Bank was a favorite bank of white newcomers in the area because of its RightStep CRA loan product -- On the other hand, when African Americans applied for loans in the neighborhood, more often than not, they were turned down.

- TD Bank makes credit decisions based on each customer's credit profile, not on factors such as race or ethnicity.

- TD Bank's lending practices - our minimum credit score and debt-to-income ratio limits - are designed to help customers meet their financial goals while decreasing the likelihood that a homeowner will become delinquent or face foreclosure.

- To help our customers improve their credit profile and achieve their financial goals, such as owning a home, TD offers financial education to consumers over its website and through in-person seminars, such as our First-Time Home Buyer classes and General Education seminars, which offer insights on purchasing and financing a home, as well as building and maintaining a strong credit score.

- In Philadelphia alone, TD presented 19 in-person home-buyer seminars in 2016 and 2017, with 58 percent held in highly diverse neighborhoods. We also work with numerous nonprofit organizations across our Maine-to-Florida footprint to provide financial education to a diverse population of consumers; in Philadelphia, for example, we work with Clarifi, an organization that helps people gain control of their personal finances.