

City of Philadelphia Office of the City Treasurer



Authorized Depository Compliance Reporting: Philadelphia City Code Chapter 19-200 City Funds--Deposits, Investments, & Disbursements

TD Bank, N.A.

**Annual Request for Information
Questionnaire
For Calendar Year 2018**

D. COMMUNITY REINVESTMENT GOALS

Financial institution's annual Community Reinvestment Goals should include information on the number of small business loans, home mortgages, home improvement loans, and community development investments to be made within low and moderate-income neighborhoods within the City of Philadelphia.

1. Provide an overview of the financial institution's annual Community Reinvestment Goals.

TD Bank is dedicated to supporting the programs, organizations and people that contribute to the economic vitality, well-being and social equity of our communities. Making a positive impact on the communities where our customers and employees live and work, and inspiring others to join our efforts, is a critical element of the TD Bank philosophy.

We believe that creating a socially responsible framework for our activities and working in concert with our neighborhoods, partners and governmental officials, enhance our collective ability to make a difference. TD Bank reinvests in its local communities through its loan, investment, charitable giving and employee volunteer programs.

TD Bank establishes annual goals for mortgage, home equity, small business and community development loans and investments in the City of Philadelphia. TD Bank considers a variety of factors in setting goals including: economic conditions, interest rate environment, availability and cost of housing and other market factors and conditions which may impact loan demand or credit quality. TD Bank also considers the opportunity for loan and investment referrals from community-based partners in the City of Philadelphia.

2. Provide the number of small business loans, home mortgages, home improvement loans, and community development investments to be made within low and moderate-income neighborhoods within the City of Philadelphia.

Type	2018 Goals	2018 Results	2019 Goals
Small Business Loans	200	240	240
Home Mortgages	154	154	115
Home Equity	42	50	46
Community Development Investments	\$18,000	\$34,730	\$38,165

If applicable, explain why previous year results did not meet the stated goal.

- Provide the actual number and dollar amounts of small business loans, residential mortgages, home improvement loans, community development investments, consumer loans, and other commercial loans made in neighborhoods within the City of Philadelphia.

Calendar Year 2018

Number of Loans by Income

Type	Low	Mod	Mid	Upp	Total
Residential Mortgage	30	124	39	85	278
Home Equity	14	36	36	115	201
Small Business Loans	55	185	210	346	796
Community Development	5	2	0	10	17
Consumer Loans	n/a	n/a	n/a	n/a	n/a
Other Commercial Loans	9	26	16	99	150
Total:	113	373	301	655	1,442
How many business loans were originated?	55	185	210	346	796

Value of Loans (\$) by Income

Type	Low	Mod	Mid	Upp	Total
Residential Mortgage	\$5,478	\$25,618	\$6,104	\$43,947	\$81,147
Home Equity	\$856	\$2,697	\$3,562	\$16,814	\$23,929
Small Business Loans	\$1,017	\$5,776	\$5,330	\$10,922	\$23,045
Community Development	\$9,687	\$15,500	\$0	\$224,910	\$250,097
Consumer Loans	n/a	n/a	n/a	n/a	n/a
Other Commercial Loans	\$15,966	\$173,080	\$35,586	\$663,165	\$887,797
Total:	\$33,004	\$222,671	\$50,582	\$959,758	\$1,266,015
% of Consumer Loans made through Credit Cards	n/a	n/a	n/a	n/a	n/a

4. **Provide information on other types of community development investments made in neighborhoods within the City of Philadelphia (for example: Grants, Education, Public or related Commercial Development).**

In 2018, TD Bank awarded 89 grants totaling \$1.9MM to non-profit organizations located in the City of Philadelphia which focus on providing services to low- and moderate-income individuals and families, affordable housing, economic development, job creation and small business growth.

The TD Ready Challenge launched in 2018 and is a signature initiative providing ten \$1 million (USD) grants each year over the next decade. The Ready Challenge addresses four areas identified as critical to building an inclusive future – Financial Security; Vibrant Planet; Connected Communities; and Better Health. Each year, eligible nonprofits and charities across North America – inside and outside our footprint – are encouraged to submit proposals offering measurable, scalable solutions to a specific issue identified within the Ready Commitment. The 2018 grants focused on financial security, seeking innovative ideas or programs focusing on helping to increase income stability and preparing people for the economy of the future.

In 2018, there were two Ready Challenge grant recipients in the City of Philadelphia (\$775,000 each):

JEVS Human Services

A collaborative effort with Southern New Hampshire University's College for America (CfA), this initiative will address the inaccessibility of post-secondary education for those from low-income families by allowing individuals access to employer-driven degree programs and to living wage opportunities.

Public Health Management Corporation (PHMC)

A partnership between PHMC and Homeworks N' Camden (a local nonprofit), this initiative will work with young adults to build towards a sustainable future by blending intensive coding with technology skills through a nationally-recognized workforce development curriculum.

TD's Housing for Everyone grant program provides \$125,000 awards to local nonprofits that make a meaningful difference in meeting the affordable housing needs in communities served by the Bank. The theme of the 2018 competition was Expansion of Access to Affordable Housing, which sought to fund programs that provide access to safe, clean, physically accessible affordable housing units for families, individuals, the elderly, new Americans, Veterans, the disabled, women and youth. The competition also looked to fund the development and maintenance of programs that educate and assist individuals in finding permanent or transitional housing opportunities that meet their needs.

In 2018, there were two winners from the City of Philadelphia (\$125,000 each):

HELP Development Corp.

The proposed HELP Philadelphia VI development, located in Lower North Philadelphia, was an adaptive reuse of the former Reynolds School building creating 55 affordable rental units for seniors 55 and over, with a preference to veterans. HELP Philadelphia VI is being developed in accordance with HELP Development Corp.'s (HELP) mission to provide a diversity of affordable housing options for those experiencing homelessness, those at risk of homelessness, and veterans. HELP Philadelphia VI is targeting two populations: adults 55 and older and veterans, including those that are homeless. Eight (8) units will be set-aside for homeless veterans and/or special needs veterans at 20% of the Area Median Income (AMI) and the balance will be reserved for those at 60%.

NewCourtland Elder Services

NewCourtland purchased the 14-acre site of the former Eastern Pennsylvania Psychiatric Institute (EPPI) for adaptive-reuse into a mixed-use senior campus, to include a LIFE Center, commercial office space, and over 200 apartments. This project is the second phase of residential development and will include the new construction of 36 efficiency units, a community room, public bathrooms, and common laundry facilities. This project furthers NewCourtland's mission to co-locate housing and robust supportive services to support low-income seniors to live healthy, independent lives.

5. Briefly describe any lending outreach programs geared toward minorities, low-income persons, immigrants, or women. This description should include the targeted community, the type of product (i.e. commercial, home lending, unsecured consumer) and any program outcomes.

TD Bank establishes mortgage, home equity, small business and community development lending goals for the City of Philadelphia each year. Goals are established based upon our deposits, our performance in each area during the prior year and on our assessment of current economic environment and trends. Goals are communicated to senior managers and lenders, as well as to our retail stores. Lenders from the mortgage, home equity, community development and small business teams within the Bank develop outreach plans that include existing customers of the Bank, nonprofit and for-profit community organizations working with low-income residents, small businesses and other interest groups in all neighborhoods in the City where we have retail locations.

TD Bank regularly evaluates its affordable home lending products to ensure it has appropriate options for low- to moderate-income customers. In October 2016, TD Bank launched the FNMA Home Ready mortgage product. Designed for creditworthy low- to moderate-income borrowers, Home Ready offers expanded eligibility for home financing in low-income communities. We have continued to offer our Right Step Product, a proprietary loan program with lender paid PMI tailored for low-income communities. In addition, we also offer FHA financing to eligible borrowers.

In January 2017, Small Business launched enhancements to the credit policy that allow us to approve more small ticket loans and better meet the needs of our customers with borrowing needs up to \$100,000. Building upon the success of the enhancement, in May 2019, Small Business expanded the policy for loan requests up to \$150,000. Small business loans are an important measure when it comes to meeting the needs of our community, for businesses both large and small. In addition to more loan approvals, customers experience a more streamlined application process.

In addition, employees regularly conduct first-time homebuyer and small business education seminars in schools and at other locations throughout the City's neighborhoods to help students, residents, and businesses be more aware of the financial resources available from TD Bank and others. When needed, these seminars are conducted in Spanish and other languages. Employees are encouraged to cultivate relationships with community organizations in an effort to remain updated on the lending and banking needs of all people in the City, documenting what they learn and sharing it throughout the Bank. In this way we can ensure the broadest possible reach to all people and organizations in the City.

Appendix I

TD Bank's independent audited financial statements for the last year, including (a) Auditor's opinion; (b) balance sheets; (c) income statement; (d) statement of changes in financial position; and (e) notes to financial statements may be viewed on our website by visiting:

<https://www.td.com/document/PDF/ar2018/ar2018-Complete-Report.pdf>

Appendix II Long Term Strategic Plan

Disparities in Lending: Attach a long-term strategic plan to address disparities in the Bank’s or Financial Institution’s lending and investment activities that may be indicated in the 2017 annual study commissioned by the Treasurer of the City of Philadelphia.

All depositories are required to respond per Chapter 19-200 as referenced:

“Each depository shall also provide the City with a long-term strategic plan to address disparities in its lending and investment activities. The strategic plan shall address how the depository will match or exceed peer lending performance in targeting capital access and credit needs disclosed in disparity studies commissioned by the City.”

Review the specific findings pertaining to your bank in Technical Appendix K of the 2017 annual study beginning on page 197 and include an appropriate response in your annual long-term strategic plan. Comment on all of the items in all tables in Technical Appendix K of the study and the subsequent narrative where your company performed lower than either “All Depositories” or "All Lenders" or both.

Label this document “Appendix II – Long-Term Strategic Plan”

If disparities are not indicated in the study, then a strategic plan on programs, lending, and branching patterns should be submitted. Label this document “Appendix II – Long-Term Strategic Plan”.

TD Bank recognizes its critical role in deploying its resources - people and capital - across its footprint to strengthen the economic and social well-being of individuals, families, businesses, and communities. The Bank support starts with a broad array of convenient, affordable and accessible financial products and services, as well as significant investments in local community projects, programs and initiatives.

The Bank understands the importance of connecting with communities and ascertaining needs and using feedback to take action and improve. Understanding and meeting local community needs is every employee’s responsibility at the Bank. The Bank connects with individuals and entities in its communities in a variety of formal and informal ways to understand needs and meet these needs consistent with the Bank's objectives and capabilities. In addition to the Bank's traditional customer-facing team there are 11 Community Development Managers (CDM) located across the Bank's footprint. All CDMs have the responsibility to connect to local community-based organizations ("CBOs") and government officials to assist business lines and corporate segments understand local needs and identify opportunities for Program consideration. CDMs meet with CBOs to keep current on the challenges within local communities and seek out opportunities to bring the Bank's resources to the community to include capital, grants, volunteerism and participating in a variety of financial literacy venues. CDMs also assist CBOs in understanding and meeting the Bank's Program requirements.

Lending – Making Credit Available

TD Bank regularly evaluates our existing products/programs to ensure we have affordable options for all of our Customers.

The Bank continues to focus on originating residential mortgage loans providing access to credit for LMI borrowers and in LMI geographies, consistent with the Bank's credit and risk parameters. The Bank continues to offer a proprietary flexible Right Step Mortgage, the FNMA Home Ready Product

and other mortgage products to meet a diverse set of needs like: FHA, VA 30-year fixed rate, USDA Rural development, and conventional 30 year fixed and arm products.

The Bank continued its strong support of small business lending through the origination of a high volume of small business loans. Each year the Bank conducts annual, month-long small business outreach campaigns. These typically included a combination of efforts between advertising and lending officers and bank employees contacting small businesses to discuss their credit needs and advice on a wide array of banking products and services to make business banking accessible. The Bank is a leading participant in the SBA loan programs, the 7(a), 504, and Express loans and implemented an SBA referral process by giving loans a 'second look' under the Express program for smaller loans and the 7(a) and 504 programs for larger exposures. The SBCC considers all applicants for SBA-eligibility regardless of whether an application is submitted as an SBA-request or not.

The Bank shows its ongoing commitment to our communities through originating a high volume of impactful Community Development loans throughout the footprint. The Community Development Managers work closely with the Bank's commercial lenders, CBOs and governmental entities to identify good lending opportunities. The Bank has specialized community development credit policies to define the Bank's risk and credit parameters. The development of these policies was in response to expressed needs of the Community Development Finance Institutions (CDFI) within our footprint.

Community Development Investments

The Bank is a leader in community development investments through two dedicated groups within TD Bank, the Community Capital Group and the TD Charitable Foundation. Many of these investments are impactful, innovative, and complex to put together.

The Community Capital Group, a commercial department responsible for the Bank's CRA investment portfolio, deploys community development investment professionals in the Northeast, Mid-Atlantic and Florida regions to understand and identify investment opportunities in conjunction with the Bank's Program. Examples of investments include Low-income housing tax credits ("LIHTC"), New Market Tax Credits ("NMTC") and Small Business Investment Companies ("SBIC") projects.

The TD Charitable Foundation (TDCF) mission is to support, respect and improve the quality of life in the diverse communities where we live and do business. This is accomplished through our commitment to improve the access to safe, clean affordable housing, economic development, educational opportunities for community members, and the provision of basic human needs when otherwise unattainable. We foster and create collaborative opportunities that bring community partners together for the enrichment of communities where we live and serve. The thoughtful and meaningful disbursement of TDCF funds work to serve as a catalyst for the betterment of our local communities. The Foundation also made significant grants to other organizations working to address the growing need for affordable housing, jobs creation, financial literacy programs and other health and human services needs.

K.4.5 TD Bank

K.4.5.1 All Loans

- Issued 127 loans, an increase of 1.6 percent from 2016.
- Applications decreased by 14.0 percent and denials decreased by 21.4 percent between 2016 and 2017.
- TD bank ranked 7th in percentage of loans to African-Americans but ranked 1st in percentage of loans to Asian borrowers.
- Exceeded City average for percentage of loans to Asian borrowers (ranked 1st) for the eighth year in a row. About 12.6 percent of all of TD Bank's loans were issued to Asian borrowers.
- TD Bank ranked 3rd in denial ratio to Asians, with 1.60 ratio, compared to a citywide ratio of 1.36.
- TD Bank's denial ratio to minority tract borrowers in 2017 was 1.65 compared to the citywide ratio of 1.74.

TD Bank will continue to seek performance improvement through programs and initiatives to meet the needs of all borrowers, including minority and LMI homebuyers.

K.4.5.2 Home Purchase Loans

- Issued 69 home purchase loans, a 9.5 percent increase from 2016.
- Applications decreased by 14.3 percent and denials decreased by 27.7 percent between 2016 and 2017.
- Ranked 4th in percent of loans to African-American borrower. In 2016, TD Bank issued 6.4 percent of loans to this group; in 2017, it issued 13.0 percent of its home purchase loans to African-American borrowers.
- Failed to meet City averages for percentage of loans to African-American, Hispanic, LMI, and female borrowers, for the seventh year in a row.
- Ranked 2nd in the number of loans issued to borrowers in LMI tracts, issuing 34.8 percent of all home purchase loans to this group, compared to a citywide average of 32.6 percent.
- Failed to meet or exceed the citywide average for the ratio of home purchase loan denials to Asian applicants compared to White applicants for TD Bank was 2.08, compared to a citywide average of 1.49 (4th place ranking). In 2016, the ratio for TD Bank was 1.99, compared to the citywide 1.61 (ranking 6th).

TD Bank will continue to seek performance improvement through programs and initiatives to meet the needs of all borrowers, including minority and LMI homebuyers.

K.4.5.3 Home Refinance Loans

- Issued 48 home refinance loans, an increase of 2.1 percent from 2016.
- Applications decreased by 12.2 percent and denials decreased by 19.7 percent between 2016 and 2017.
- TD Bank failed to meet City average in proportion of loans to African Americans. However, TD Bank exceeded citywide averages for proportion of loans to Hispanic, Asian, and LMI borrowers.
- After ranking 4th in percentage of loans to borrowers in minority tracts in 2016, TD Bank ranked 6th in 2017 with 25.0 percent of loans made to those in minority tracts. TD Bank lost first rank in the percentage of home refinance loans Hispanic borrowers (now 3rd), issuing 8.3 percent of its home refinance loans to Hispanic borrowers, compared to the 6.1 percent issued citywide.
- Had higher ratios than the citywide averages for African-American and Hispanic applicants when compared to White applicants.
- Ranked 1st in loans to Asian borrowers (14.6 percent) and 1st in loans to LMI borrowers (58.3 percent).

TD Bank will continue to seek performance improvement through programs and initiatives to meet the needs of all borrowers, including minority and LMI homebuyers.