

# Banner Trust

## Conduit Overview Report, November 2016

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This report was produced on November 14, 2016 and, unless stated otherwise herein, the information in this report is current as of that date.

For a copy of this report and up to date information on Banner Trust, including the Information Memorandum of Banner Trust dated September 27, 2013, and other Asset-Backed Commercial Paper conduits sponsored by TD Bank, please see the website at:

[http://www.tdsecurities.com/tds/content/CMkt\\_AssetSecuritization](http://www.tdsecurities.com/tds/content/CMkt_AssetSecuritization)

This report has been provided and validated by:	Jay Smales, Managing Director, Asset Securitization Group, TD Securities Inc., as Financial Services Agent for Banner Trust
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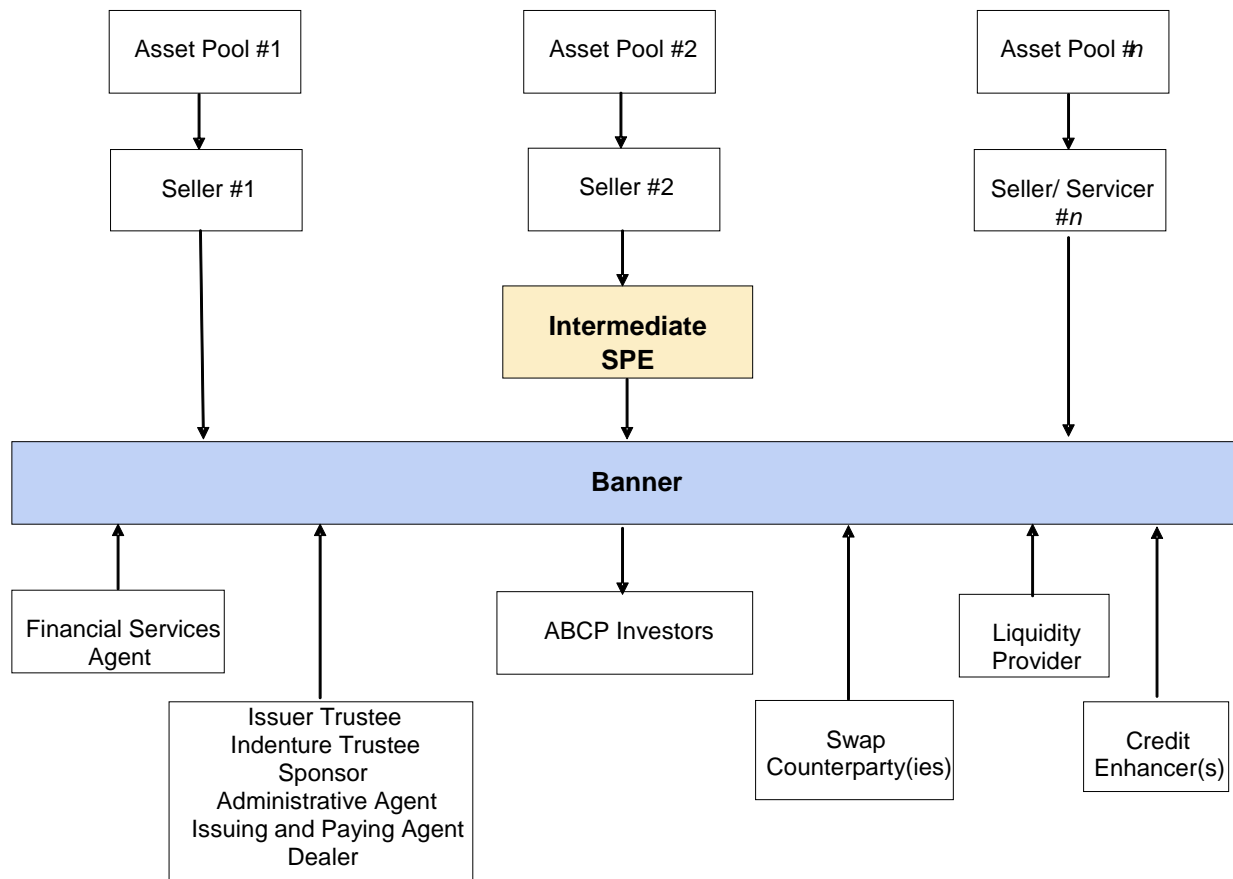
## Bank of Canada Eligibility Criteria for Accepting ABCP as Collateral under Standing Liquidity Facility

<b>Program Sponsor</b>	<p><b>Criteria</b> The ABCP program must be sponsored by a deposit-taking institution that is federally or provincially regulated and that has a minimum stand-alone credit rating equivalent to at least A. The credit-rating requirement must be evidenced by the sponsor receiving the equivalent of at least an A as the second-highest rating in a minimum of two senior, unsecured, long-term credit-ratings.</p> <p><b>Result – Compliant</b></p> <p>TD Bank is a federally regulated deposit taking institution. As of October 31, 2016, TD Bank is rated Aa1(Negative); AA-(Stable); AA-(Stable); AA(Negative) by Moody's, S&amp;P, Fitch and DBRS, respectively.</p>
<b>Liquidity Agreement</b>	<p><b>Criteria</b> The liquidity agreement(s) must obligate the liquidity provider to provide funding in all circumstances except in the event of insolvency of the conduit or against defaulted assets.</p> <p><b>Result – Compliant</b></p> <p>The only conditions that must be satisfied prior to the trust drawing on its Liquidity Facility are (i) the trust cannot be insolvent and (ii) the trust must affirm that it is using such draw to repay maturing notes or acquire additional assets pursuant to a securitization agreement. The amount available to be drawn is based on the value of non-defaulted assets.</p>
<b>Securitized Assets</b>	<p><b>Criteria</b> Subject to the restrictions below, the program may hold assets in the form of loans advanced to, or notes or asset-backed securities (ABS) issued by, other securitization programs (to be referred to as second-level assets). However, such second-level assets must not expose the program indirectly to risks that would not have been acceptable if the assets were held directly.</p> <p><b>Result – Compliant</b></p> <p>Many of the assets in Banner Trust are second level assets. Please see the table at the end of this report for details by portfolio. However, in all cases, such second-level assets do not expose the program indirectly to risks that would not have been acceptable if the assets were held directly.</p> <p><b>Criteria</b> The ABCP conduit must have an unencumbered ownership interest in the assets supporting the ABCP issued by the program such that the assets and cash flows arising from the assets are bankruptcy remote from the originators of the assets.</p> <p><b>Result – Compliant</b></p> <p>The transactions between Banner Trust, or the applicable SPE for Second-Level Assets, and the originators, are structured as legal sales and are bankruptcy remote from the applicable originators.</p>

<p><b>Securitized Assets</b> (continued)</p>	<p><b>Criteria</b> The program must not contain any actual or potential exposure to:</p> <ul style="list-style-type: none"> <li>• highly-structured products such as (i) collateralized debt obligations (CDOs), both synthetic and cash flow, and (ii) ABS that are secured against or representing interests in managed (but not revolving) portfolios of multiple asset classes for which sequentially subordinated tranches of securities are issued, with the lowest tranches absorbing the first dollar of credit losses;</li> <li>• securities that are themselves backed by exposures to CDOs or similar highly structured products;</li> <li>• securities that have direct or indirect exposure to credit-linked notes, credit default swaps, or similar claims resulting from the transfer of credit risk by means of credit derivatives (except for the purpose of obtaining asset-specific credit protection for the ABCP program).</li> </ul> <p><b>Result - Compliant</b></p> <p>The trust doesn't have any exposure to CDO's or any other highly structured securitized assets.</p> <p><b>Criteria</b> To fund the acquisition, origination, or refinancing of its assets, the ABCP program may use financial leverage in the form of debt incurred under ABCP or loans secured against those assets. However, it may not use leverage as that term is understood in the context of leveraged synthetic assets – that is the practice of collateralizing derivative contracts with assets whose value is only a fraction of the actual notional amount of the contract.</p> <p><b>Result - Compliant</b></p> <p>The only financial leverage used by Banner Trust is the ABCP that it issues to fund the purchase of assets, the making of loans and the purchasing of notes.</p>
<p><b>Ratings</b></p>	<p><b>Criteria</b> The ABCP must have received the highest possible short-term credit ratings from at least two rating agencies</p> <p><b>Result – Compliant</b> Banner Trust's senior ABCP is rated R-1 (high)/P-1 by DBRS and Moody's. Each of these ratings is the respective rating agency's highest short-term rating.</p>

## Parties

<b>Trust</b>	Banner Trust (Banner)
<b>Issuer Trustee</b>	Computershare Trust Company of Canada
<b>Indenture Trustee</b>	CIBC Mellon Trust Company
<b>Sponsor</b>	The Toronto-Dominion Bank (TD Bank)
<b>Liquidity Provider</b>	TD Bank - 100% (Global Style Liquidity)
<b>Financial Serv. Agent</b>	TD Securities Inc.
<b>Administrative Agent</b>	TD Asset Finance Corp.
<b>Issuing and Paying Agent</b>	TD Bank
<b>Dealer</b>	TD Bank
<b>Swap Counterparty(ies)</b>	Transaction dependent, must be acceptable Counterparty
<b>Credit Enhancer(s)</b>	Transaction dependent, must be acceptable Counterparty

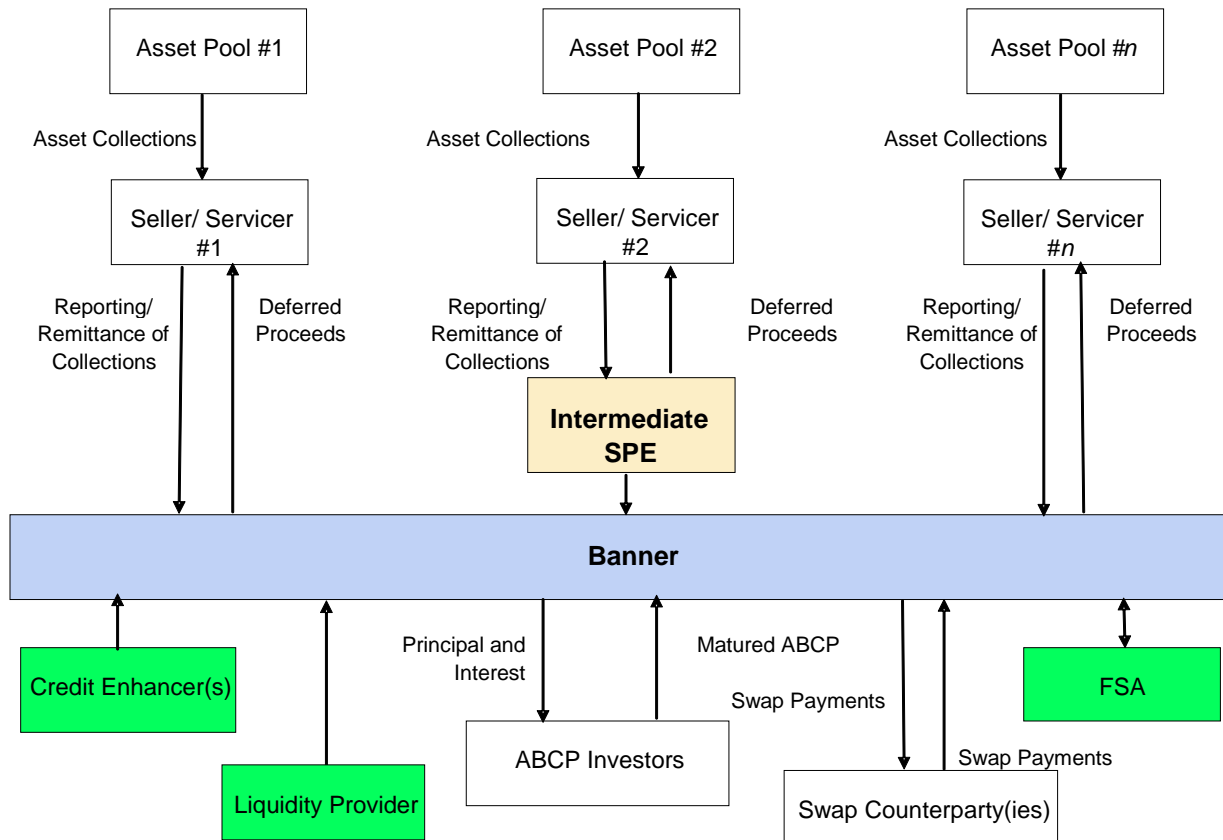


## Program Attributes

<b>Ratings</b>	Senior ABCP: R-1(high)/P-1, DBRS/Moody's
<b>Liquidity Facility</b>	Liquidity Facility (Global Liquidity Standard) provided 100% by TD Bank.
<b>Range of Assets</b>	<p>The trust will invest proceeds of the sale of ABCP, directly or indirectly, in conventional revolving and term assets (the "Assets"), that may include, but are not limited to, trade, utility, retail, wholesale, credit card receivables and secured and unsecured personal lines of credit, real property, residential mortgages, commercial mortgages, personal property leases, automobile and other instalment loans and promissory securities. Assets may be originated within the trust or acquired directly or through the acquisition of whole or undivided interests in pools of assets or interests in intermediaries such as trusts or partnerships or through the acquisition of asset-backed securities.</p> <p>The assets supporting the ABCP do not and will not include, directly or indirectly (including through second-level assets): CDOs or other highly structured products; synthetic assets or similar assets which directly or indirectly involve the transfer of credit risk by means of credit derivatives.</p>
<b>Characteristics of the assets</b>	<p>Please see the tables at the end of this report for information on the asset portfolios within Banner Trust as of <i>October 31, 2016</i>.</p> <p><i>For detailed, up to date information on the assets in Banner Trust and other ABCP conduits sponsored by TD Bank, please see the website at:</i></p> <p><a href="http://www.tdsecurities.com/tds/content/CMkt_AssetSecuritization">http://www.tdsecurities.com/tds/content/CMkt_AssetSecuritization</a></p>
<b>Second-Level Assets</b>	<p>Second-Level Assets are assets in the form of loans advanced to, or notes or asset-backed securities (ABS) issued by, other securitization programs. Such Second-Level assets cannot expose the program indirectly to risks that would not have been acceptable if the assets were held directly.</p> <p>Many of the assets in Banner are Second-Level Assets. For more information about which programs within Banner contain second-level assets, please see the table at the end of this report. In all cases, such second-level assets do not expose the program indirectly to risks that would not have been acceptable if the assets were held directly.</p>

<p><b>Credit Enhancement</b></p>	<p>Credit Enhancement can take many forms including, but not limited to, asset over-collateralization, Letters of Credit (L/Cs), Guarantees or Indemnities from acceptable counterparties, cash deposits and accounts, subordination and excess spread. Asset over-collateralization is when the purchased assets exceed the amount of ABCP issued to purchase such assets. Cash deposits and cash accounts allow for the build-up and retention of cash for use within a program. Generally speaking, L/C's can be drawn under certain circumstances related to asset performance. If drawn, such amounts would be used by the trust pursuant to the securitization agreements. L/C providers must be approved by the Rating Agencies. Guarantees and Indemnities are forms of enhancement, usually provided by sellers, where the counterparty will guarantee or indemnify for certain amounts. Excess Spread refers to interest earned on the portfolio of assets that may be available to support payments required to be made by the trust.</p> <p>For more information about the credit enhancement for each program within Banner, please see the table at the end of this report. Enhancement percentages shown herein do not include Excess Spread.</p>
<p><b>Hedging</b></p>	<p>Hedging may be used by the trust to mitigate mismatches between the interest earned on a portfolio of assets and the interest payable to ABCP noteholders. Hedges may be based on a fixed notional balance or a prepayable, or flexible, notional, that changes over time, usually corresponding to changes in the balance of the portfolio of assets. Hedging is usually program/pool specific. Hedging instruments may include, but are not limited to, interest rate or currency swaps, caps, floors, collars, indemnities from acceptable counterparties or other similar instruments.</p> <p>For information about hedging for programs within Banner, please see the table at the end of this report.</p> <p>If a securitization program includes USD denominated assets, the F/X risk is mitigated by either match funding (i.e. issue USD denominated ABCP) or through the use of buffers and/or reserves.</p>
<p><b>Simplified Flow of Funds</b></p>	<p>Each securitization agreement, together with the trust indenture, identifies the payment priorities. Generally speaking, the flow of funds is structured to ensure that, after certain trust related expenses, counterparties such as senior ABCP holders, swap counterparties and liquidity providers are paid before subordinated ABCP holders, credit enhancers and finally, participating sellers. In addition, the flow of funds ensures that excess amounts are first retained in the applicable accounts, up to specified amounts, before being released back to participating sellers.</p> <p>Generally speaking, each securitization program, together with its specific Credit Enhancement, Hedging, Deferred Proceeds, etc., is siloed from other programs. However, the ABCP funds all the assets of Banner, regardless of program (pooled funding).</p> <p>The following is a <u>simplified</u> overview of the flow of funds at the program/pool level:</p> <ul style="list-style-type: none"> <li>• For first-level assets, cash flows are remitted by the servicers directly to Banner</li> <li>• For second-level assets, the cash flows are remitted by the servicers to the intermediary special purpose entity. The intermediary then remits the appropriate payments to Banner</li> <li>• Within each program, cash flows are used to pay interest and principal on the ABCP and settle any hedging instruments. Any excesses are then tested to determine if they should be withheld in the trust.</li> <li>• If a shortfall exists, the FSA would draw on available forms of enhancement.</li> <li>• Any excesses (commonly referred to as "Deferred Proceeds") would be released to the applicable seller</li> </ul>

Simplified Flow of Funds (cont'd)



## Banner Trust

<b>ABCP Outstanding as of:</b>	October 31, 2016	<b>Portfolio Data as of:</b>	September 30, 2016
<b>Sponsor:</b>	TD Bank	<b>Structure Type:</b>	Multi-Asset, Multi-Seller
<b>Financial Services Agent:</b>	TD Securities Inc.	<b>Current Rating:</b>	Senior: R-1 (high) / P-1 DBRS/Moody's
<b>Liquidity Provider:</b>	TD Bank (100%, Global Liquidity Standard)	<b>Senior Notes (MM):</b>	\$3,565
		<b>Number of Sellers:</b>	8

Seller Information				Transaction Information														
Pool No.	Industry	Seller / Performance Guarantor Rating	Outstanding (\$MM)		Asset Information				Credit Enhancement		Hedging		Performance Ratios ***				Triggers	Second Level Assets
			Current CP O/S	Eligible Balance / NBV	Asset Class	Currency	Approx. # of Obligors	Avg. Remaining Term (yrs)	Form of Enhancement	Enhancement % **	Delinquency Ratio	Default Ratio	Loss Ratio	Other				
60	Financial	Invest. Grade	304	312	Ins./Conv. Mortgage	CAD	N/A	2.5	- Cash Reserve - O/C - Excess Spread	3.8%	Pay: portfolio yield minus a spread Receive: cost of funds Notional: actual program amount	0.00%	0.00%			Delinquency or Default Ratio, if breached lead to Servicer Termination Event, including locking up If available credit enhancement is reduced below specified levels an amortization event will occur	Yes. Loan to an SPE, established by the seller, which is backed by underlying assets.	
62	Financial	Invest. Grade	362	362	Insured HELOCs	CAD	N/A	4.0	- Cash Reserve - Excess Spread	0.5%	NA	0.29%				Delinquency or Default Ratio, if breached lead to Servicer Termination Event, including locking up	Yes. Loan to Mercury Trust, a trust sponsored by TDBFG, which is backed by a note purchased from an SPE, established by the seller, which is backed by underlying assets.	
64	Financial	Invest. Grade	523	523	Ins. Mortgages	CAD	N/A	1.5	- Cash Reserve - Excess Spread	0.8%	Pay: fixed rate Receive: 1month CDOR Notional: pre-determined schedule Swap re-sets if actual differs from schedule for more than 5%, plus Seller indemnify prepayment and basis risks	0.12%	0.04%			Delinquency or Default Ratio, if breached lead to Servicer Termination Event, including locking up	Yes. Loan to an SPE, established by the seller, which is backed by underlying assets.	
66	Media & Comm	Invest. Grade	504	623	Trade Receivables	CAD	N/A	2.3	- O/C - Indemity	15.1%	N/A	8.55%	1.41% <sup>3</sup>			Delinquency or Default Ratio if breached lead to exclusion from funding	Yes. Loan to Mercury Trust, a trust sponsored by TDBFG, which is backed by underlying assets.	
33	Financial	Invest. Grade	847	847	Ins./Conv. Mortgage	CAD	N/A	3.1	- Cash Reserve - O/C - Excess Spread	0.5%	N/A		0.18% <sup>1</sup>	0.00%	0.00%	Delinquency or Default Ratio, if breached lead to Program Termination Event, including locking up	Yes. Loan to an SPE, established by the seller, which is backed by underlying assets.	
72	Financial	Invest. Grade	763	819	Ins./Conv. Mortgage	CAD	N/A	2.5	- Cash Reserve - O/C	7.3%	Pay: fixed rate Receive: 1month CDOR Notional: pre-determined schedule Swap re-sets if actual differs from schedule for more than 10%, plus Seller indemnify prepayment and basis risks	0.03%	0.08%			Delinquency or Default Ratio, if breached lead to Servicer Termination Event, including locking up	No	
75	Financial	Invest. Grade	125	983	Conv. HELOCs	CAD	N/A	3.6	- O/C - Excess Spread	4.5%	N/A	0.08%				Performance Ratio minimums, Excess Spread floor, if breached lead to amortization event	Yes. Loan to Mercury Trust, a trust sponsored by TDBFG, which is backed by a note purchased from an SPE, established by the seller, which is backed by underlying assets.	
78	Automotive	Invest. Grade	138	165	Auto Loans	CAD	N/A	1.7	- Cash Reserve - O/C - Excess Spread	17.2%	Pay: fixed rate Receive: 1M CDOR Notional: actual program amount	0.33%		0.09%		Delinquency Ratio or Loss Ratio if breached termination of the commitment and turbo down notes	Yes. Loan to an SPE, established by the seller, which is backed by underlying assets.	



\* Based on expected asset performance as of the report date

\*\* Enhancement to senior ABCP, calculated as a percentage of program amount, excludes excess spread

\*\*\* As of October 31, 2016. For up to date info go to <https://www.tdsresearch.com/currency-rates/>, click on "Research", then "Desk Reports" and then "Securitization".

### Performance Ratios

<sup>1</sup> Default Ratio: 1 month ratio of total defaulted assets (aged past a certain amount of days) to total assets

<sup>3</sup> Default Ratio: 3 month average ratio of total defaulted assets (aged past a certain amount of days) to total lagged sales

### Additions/Deletions:

	Pool No.	Industry	Seller / Performance	Asset Class	Form of Enhancement	Enhancement %
Additions	75	Financial	Invest. Grade	Conv. HELOCs	- O/C - Excess Spread	4.5%
	78	Automotive	Invest. Grade	Auto Loans	- Cash Reserve - O/C - Excess Spread	17.2%
Deletions						

### Concentrations:

Industry Concentrations	
Financial	82.00%
Media & Comm	14.14%
Automotive	3.86%
<b>Total</b>	<b>100.00%</b>

Asset Concentrations	
Insured HELOCs	10.16%
Conv. Mortgages	33.30%
Ins. Mortgages	35.04%
Trade Receivables	14.14%
Conv. HELOCs	3.51%
Auto Loans	3.86%
<b>Total</b>	<b>100.00%</b>

Seller / Guarantor Ratings	
Invest. Grade	100.00%
Non. Invest. Grade	0.00%
Not Rated	0.00%
<b>Total</b>	<b>100.00%</b>