

The LIBOR Transition

What you should know about USD LIBOR-priced Loans with Fixed Rate Swaps.

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Background.

- With LIBOR cessation coming up on June 30, 2023, TD is working with customers to maintain the payment structure under current contracts to the greatest extent possible.
- We are doing this by proactively amending loans and their related swaps with an Alternative Reference Rate interest rate index (ARR) based on the Secured Overnight Finance Rate (SOFR) on or before the cessation date.
- TD Bank and our affiliated swap dealer TD Securities (TDS) are taking a coordinated approach to amend both loan and swap rates prior to LIBOR cessation.

We're committed to a smooth transition for you.

- If you have a USD LIBOR-priced Loan with a Fixed Rate Swap, Relationship Managers are ready to guide you through the process, provide an information package and discuss next steps. **If your Relationship Manager has not yet reached out to you, please contact them directly to discuss your loan and discuss the best way forward. If you are already working with your Relationship Manager, continue to do so.**

Why it is important to take action **now.**

- It is important to amend agreements and transition the interest rate as soon as possible to avoid risk.
- In the absence of a proactive amendment before LIBOR cessation, the loan and swap fallback provisions will create a mismatch between loan index rate and swap index rate.

Why this matters.

- Failure to proactively modify both contracts to the same ARR will likely result in a mismatch in the interest rate index between the loan and the swap.
- At LIBOR cessation, most loans and corresponding swap contracts will automatically convert to an interest rate index either defined in the contract or a regulatory-prescribed index. In most cases, the index applicable to loans will not match the index applicable to swaps.
- This mismatch in the interest rate index between the two contracts creates a risk that interest payments under related loan and swap contracts may be different than what is currently required.

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For more information on the possible discontinuation of LIBOR, see the Alternative Reference Rates Committee website, which is maintained by the Federal Reserve Bank of New York and is available at <https://www.newyorkfed.org/arrc>.

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