TD Group US Holdings LLC
TD Bank, National Association
TD Bank USA, National Association

Dodd-Frank Act Stress Testing Results
Supervisory Severely Adverse Scenario

June 22, 2017

Overview

The following disclosure is specific to TD Group US Holdings LLC (hereafter referred to as "TDGUS") and its bank subsidiaries, TD Bank N.A. ("TDBNA") and TD Bank USA, N.A. ("TDBUSA") (collectively, "the Company"). TDGUS is a wholly-owned subsidiary of The Toronto-Dominion Bank, a Schedule I bank chartered under the Bank Act (Canada). The Company is required to conduct a stress test for TDGUS and each of its bank subsidiaries, TDBNA and TDBUSA, under the requirements of regulations adopted by the Board of Governors of the Federal Reserve System ("FRB") and the Office of the Comptroller of the Currency ("OCC") pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (collectively, the "Stress Test Regulations")[1]. Stress test scenarios are provided by these regulatory agencies and the stress test results projected by the Company provide forward-looking information to help regulators, the board of directors, senior management, and market participants to identify risks and the potential impacts of adverse economic environments on the Company's capital.

The Stress Test Regulations require the disclosure of a summary of the Company-run stress test results under the Supervisory Severely Adverse Scenario ("the scenario") over the 9-quarter planning horizon beginning on January 1, 2017 and ending on March 31, 2019 ("the planning horizon"). The Stress Test Regulations also require that the Company disclose a description of the types of risks included in the stress test, projection methodologies used, and an explanation of the most significant causes of changes in capital under the scenario.

The scenario represents a hypothetical economic environment based on the macroeconomic scenarios released by the FRB and OCC [2]. The scenario features a severe global recession accompanied by a period of heightened corporate financial stress in corporate loan markets and commercial real estate markets. It also features significant weakening of global economic activity accompanied by large reductions in asset prices, significant declines in housing and commercial real estate prices, short-term Treasury rates near zero, widening yields, and a surge in equity market volatility.

This document contains forward-looking statements, including projections of the Company's financial results and conditions under a hypothetical scenario. The projections are not intended to be a forecast by the regulatory agencies or the Company of expected future economic and financial conditions or results, but rather reflect possible results under a prescribed hypothetical scenario which is highly unlikely to occur. The Company's actual financial results and conditions may be influenced by different actual economic and financial conditions and various other factors, both general and specific, which may cause such results to differ materially from the projections provided in this document. For more detailed information regarding forward-looking statements and discussions of risk factors relating to the Company, see The Toronto-Dominion Bank's 2016 annual management discussion and analysis, and any updates to such document as may be subsequently filed in quarterly reports to shareholders and news releases (as applicable).

Description of the Types of Risks Included in the Company-Run Stress Test

As a part of the ongoing capital management process, the Company performs a risk identification process to ensure that capital adequacy is assessed based on the Company's significant risks and the Company's risk profile, business practices, and environment. The risk identification process is designed to comprehensively identify, capture, and estimate the impact of the following significant risks: strategic, credit, operational, market, liquidity, legal and regulatory compliance, reputational, model, and capital adequacy.

Strategic Risk

Strategic risk is the potential for financial loss or reputational damage arising from the choice of sub-optimal or ineffective strategies, the improper implementation of chosen strategies, choosing not to pursue certain strategies, or a lack of responsiveness to changes in the business environment. Strategies include merger and acquisition activities.

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[1] The FRB's stress test rules applicable to TDGUS are found in 12 CFR Part 252, Subpart F. The OCC's stress test rules applicable to TDBNA and TDBUSA are found in 12 CFR Part 46.

[2] Please refer to https://www.federalreserve.gov/newsevents/pressreleases/files/bcreg20170203a5.pdf and https://www.occ.treas.gov/tools-forms/forms/bank-operations/stress-test-reporting.html for more detailed information about this scenario.

Credit Risk

Credit risk is the risk of loss if a borrower or counterparty in a transaction fails to meet its agreed payment obligations. The magnitude of loss is determined by probability of default, exposure at default, and loss given default. Credit risk is incurred in the Company's lending operations and investment portfolio and derivative contracts where customers and counterparties have principal repayment, interest payment, collateral settlement, or other obligations to the Company.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes or technology or from human activities or from external events. As a financial institution, the Company is inherently exposed to a broad range of operational risks with root causes categorized by process, people, technology, or external factors. The impact can result in significant financial loss, reputational harm, or regulatory censure and penalties.

Market Risk (Trading and Non-Trading)

Trading Market Risk is the risk of loss in financial instruments or the balance sheet due to adverse movements in market factors such as interest rates, foreign exchange rates, equity prices, commodity prices, credit spreads, volatilities, and correlations from trading activities. The Company's trading market risk arises from securities and other financial instruments largely held in support of trading activities including facilitating transactions and providing liquidity to our wholesale clients. The key risk drivers include changes in the level, volatility or correlations of interest rates, credit spreads, foreign exchange rates, and equity prices.

Non-Trading Market Risk is the risk of loss in financial instruments, the balance sheet or in earnings, or the risk of volatility in earnings from non-trading activities such as asset-liability management or investments, predominantly from interest rate, foreign exchange, and equity risks. The Company's non-trading market risk is largely related to banking products offered to clients, and securities and other financial instruments held for investment and asset-liability management purposes. The key drivers of non-trading market risk changes include changes in interest and foreign exchange rates, and credit spreads.

Liquidity Risk

Liquidity risk is the risk of having insufficient cash or collateral to meet financial obligations and an inability to, in a timely manner, raise funding or sell assets at a non-distressed price. The Company's primary liquidity needs arise from deposit withdrawals, debt maturities, utilization of commitments to provide credit or liquidity support, or the need to pledge additional collateral.

Legal and Regulatory Compliance Risk

Legal and regulatory compliance risk is the risk associated with the failure to meet the Company’s legal obligations from legislative, regulatory, or contractual perspectives. This includes risks associated with the failure to identify, communicate, and comply with current and changing laws, regulations, rules, regulatory guidance, self-regulatory organization standards, and codes of conduct, including the prudent risk management of Money Laundering or Terrorist Financing Risk. It also includes the risks associated with the failure to meet material contractual obligations or similarly binding legal commitments, by either the Company or other parties contracting with the Company. Potential consequences of failing to mitigate legal and regulatory compliance risk include financial loss, regulatory sanctions, and loss of reputation, which could be material to the Company.

Reputational Risk

Reputational risk is the potential that stakeholder impressions, whether true or not, regarding the Company's business practices, actions or inactions, will or may cause a significant decline in the Company’s value, brand, liquidity or customer base, or require costly measures to address.

Model Risk

Model risk is the potential for adverse consequences arising from decisions based on incorrect or misused models and their outputs. It can lead to financial loss, reputational risk, or incorrect business and strategic decisions.

Capital Adequacy Risk
Capital adequacy risk is the risk of insufficient capital being available in relation to the amount of capital required to carry out the Company's strategy and/or satisfy regulatory and internal capital adequacy requirements.

Summary Description of the Methodologies Used in the Company-Run Stress Tests
The Company's stress testing process uses quantitative and qualitative approaches to estimate revenue, expenses, credit losses, non-credit losses and reserves, subsequent changes to the Company's balance sheet, and capital for each scenario. The quantitative and qualitative approaches are subject to approval through a validation process managed by independent Model Risk Management and Model Validation functions. The Company's stress test results incorporate the impact of certain adjustments based on expert judgment that are intended to ensure that results accurately reflect senior management's expectations under the various macroeconomic scenarios, including those required to mitigate any identified limitations or weaknesses in a specific approach. These adjustments are documented, reviewed, and approved by an independent function. The Company has established a governance structure comprised of several committees with focused areas of oversight to ensure that the Company employs a robust capital adequacy process. This structure promotes the effective challenge (including consideration of benchmark models) and approval by senior management of quantitative and qualitative approaches and key assumptions. The results are reviewed by the Enterprise Risk Management Committee and the board of directors (or its designated committee) of stress test results and associated capital adequacy assessments.

Pre-Provision Net Revenue ("PPNR")
The Company's methodologies for estimating PPNR include balance sheet, interest income, interest expense, non-interest income, non-interest expense, and operational risk losses (as described below). Interest income and expense are largely estimated based on scenario-driven customer rates and product volumes. Net interest income is calculated as the difference between gross interest income on projected net loan balances and investment securities and the interest expense paid on deposits and borrowings. Net Interest Income also incorporates the impact of derivatives. Non-interest income and expense are projected using a combination of quantitative models where macroeconomic relationships have been identified and qualitative models that include the projection of key drivers linked to changes in macroeconomic variables.

Operational Risk Losses
The Company uses a hybrid approach to estimate operational risk-related losses over the planning horizon. The Company leverages regression analysis based on both internal and external operational loss event history along with historical averages and scenario analysis for non-legal losses; the Company leverages a litigation claims and settlements-based approach for legal losses. Operational risk loss estimates incorporate expert judgment where applicable.

Market Risk (Trading and Non-Trading) Losses
The Company's methodology for estimating trading market risk losses mainly involves a full mark-to-market ("MTM") revaluation of projected trading positions over the planning horizon. Loss projections are based either on statistical models or qualitative approaches. The approach is designed to quantify the impact of market and position changes by performing a full revaluation of the entire portfolio. The Company's methodology for estimating non-trading market risk losses associated with other-than-temporary impairment involves a review of all non-trading investment positions.

The methodologies above also include the projection of additional key market rates and parameters for each scenario. The projection of additional key rates, including those associated with credit spreads and interest rates, are based on a combination of econometric models and other quantitative methods, historical data, and application of expert judgment.

Credit Losses and Provision for Credit Losses ("PCL")
The Company's estimates of credit risk-related losses are based upon retail and wholesale credit loss quantitative models that leverage a number of factors such as borrower credit quality, historical loss experience, the

macroeconomic environment (including the interest rate environment and unemployment rate), and related loan volumes determined for the scenario.

The allowance for loan and lease losses ("ALLL") is established for each type of loan to reserve for the level of credit losses the Company could experience under each scenario over the planning horizon. The provision for each quarter of the planning horizon is based on the quarter-over-quarter change in the required level of ALLL for the scenario plus the projected net charge-offs for each quarter.

Capital

The impact of the estimated PPNR, PCL, capital actions, changes in risk weighted assets ("RWA"), accumulated other comprehensive income ("AOCI"), and changes in deferred tax assets ("DTA") are the most significant components of the capital projections under the hypothetical stress scenario. The Company's capital position is projected based on Basel III ("BIII") standardized rules for RWA and advanced approaches for available capital except for treatment of the ALLL includable in Tier 2 capital, which is calculated based on standardized rules. The assumed capital actions used to assess capital adequacy (hereafter referred to as "Dodd Frank Act ("DFA") capital actions") are determined in accordance with the Stress Test Regulations as follows:

(1) For the first quarter of the planning horizon, the Company takes into account its actual capital actions as of the end of that quarter; and

(2) For each of the second through ninth quarters of the planning horizon, the Company includes in its projections of capital:

i. *Common stock dividends equal to the quarterly average dollar amount of common stock dividends that the Company paid in the previous year (that is, the first quarter of the planning horizon and the preceding three calendar quarters);*
ii. *Payments on any other instrument that is eligible for inclusion in the numerator of a regulatory capital ratio equal to the stated dividend, interest, or principal due on such instrument during the quarter;*
iii. *An assumption of no redemption or repurchase of any capital instrument that is eligible for inclusion in the numerator of a regulatory capital ratio; and*
iv. *An assumption of no issuances of common stock or preferred stock, except for issuances related to expensed employee compensation.*

As indicated in the instructions for the 2017 stress tests, institutions are required to incorporate any proposed business changes in their stress test results. The projections included in the capital plan submission incorporate two changes: (i) the Company will be making changes to its legal entity structure on July 1, 2017, including the transfer of the equity of TD Luxembourg International Holdings ("TDLIH") from The Toronto-Dominion Bank to TDGUS, to comply with its obligations under the FRB's Regulation YY, which establishes certain Enhanced Prudential Standards for Foreign Banking Organizations (hereafter referred to as "Intermediate Holding Company ("IHC") Requirements") and (ii) the Scottrade transaction[3] which is expected to close in the second half of fiscal 2017, subject to receiving all required regulatory approvals.

TDGUS: Summary of Company-Run Stress Test Results

This section presents the results of the stress test submitted to the FRB for the scenario. Figure 1 below presents the pro forma PPNR and PCL results for the Company over the planning horizon; PPNR is positive over the planning horizon and more than offsets the increased PCL resulting in a pre-tax gain.

[3] On October 24, 2016, TD Bank Group and TD Ameritrade ("AMTD") announced that they had entered into definitive agreements to acquire Scottrade Bank ("STB") and Scottrade Financial Services, Inc. ("SFSI"), respectively. The overall Scottrade transaction is comprised of the following: (i) "STB Transaction" which involves the acquisition of STB through a merger with TDBNA for cash consideration equal to the tangible book value of STB at closing, subject to certain adjustments (as of September 30, 2016, STB's tangible book value was approximately $1.3B); and (ii) "SFSI Transaction" which involves the acquisition of SFSI by AMTD for $4B, or $2.7B, net of the proceeds from the STB Transaction. Pursuant to its preemptive rights and subject to any required regulatory approval, TD Bank Group intends to concurrently purchase $400MM in new common equity from AMTD in connection with the proposed transaction.

Figure 1: TDGUS Projected Revenue, Losses, and Net Income Before Taxes Through Q1'19

	$ Billions	Percent of Average Assets [1]
Pre-provision net revenue[2]	7.3	1.7%
Other revenue[3]	0.0	—%
less		
Provision for credit losses[4]	7.1	1.7%
Realized losses/gains on securities (Available-for-Sale ("AFS") and Held-to-Maturity ("HTM"))	0.0	—%
Trading and counterparty losses	0.0	—%
Other losses/gains	0.0	—%
equals		
Net income before taxes	0.2	—%
Other effects on capital	**Q4'16**	**Q1'19**
AOCI included in capital ($ Billions)[5]	0.0	(1.2)

[1] Average assets is the 9-quarter average of total assets.

[2] PPNR is the sum of net interest income and non-interest income less expenses (including operational risk losses) before adjusting for loss provisions.

[3] Other revenue includes one-time income (and expense) items not included in PPNR.

[4] Provision for credit losses is the net of changes in allowance and net charge-offs.

[5] Certain AOCI items are subject to transition into projected regulatory capital. Those transitions are 60 percent included in regulatory capital for 2016, 80 percent included in projected regulatory capital for 2017, and 100 percent included in projected regulatory capital for 2018 and 2019.

Credit risk-related losses projected for each loan category over the planning horizon are presented in Figure 2 below.

Figure 2: TDGUS Projected 9-Quarter Loan Losses by Type of Loan Through Q1'19

	$ Billions	Portfolio Loss Rates [1]
Loan losses[2]	5.0	3.3%
First-lien mortgages, domestic	0.1	0.7%
Junior liens and HELOCS, domestic	0.2	1.7%
Commercial and Industrial[3]	0.8	2.0%
Commercial real estate, domestic	0.7	2.8%
Credit cards	2.2	20.3%
Other consumer[4]	0.8	4.0%
Other loans	0.2	0.7%

[1] Portfolio loss rates are calculated based on the 9-quarter average of total loans and exclude loans Held-for-Sale and loans Held-for-Investment under the Fair-Value option.

[2] Loan losses represent net charge offs which reduce the ALLL.

[3] Commercial and Industrial loans include small business loans and business and corporate cards.

[4] Other consumer loans include automobile loans.

Explanation of the Most Significant Causes of the Changes in Regulatory Capital Ratios

The risk and leverage-based capital ratios for TDGUS, TDBNA, and TDBUSA remain (i) well above applicable minimum regulatory ratios and (ii) above the Company's approved internal policy goals over the planning horizon. As illustrated in Figure 3 below, the common equity tier 1 capital ("CET1") ratio for TDGUS is projected to increase from 13.6% as of December 31, 2016 to 13.7% as of March 31, 2019. The tier 1 leverage ratio is projected to decrease from 7.8% as of December 31, 2016 to 5.9% as of March 31, 2019.

Figure 3: TDGUS Projected Stressed Total Capital Ratios and Metrics Through Q1'19[1]

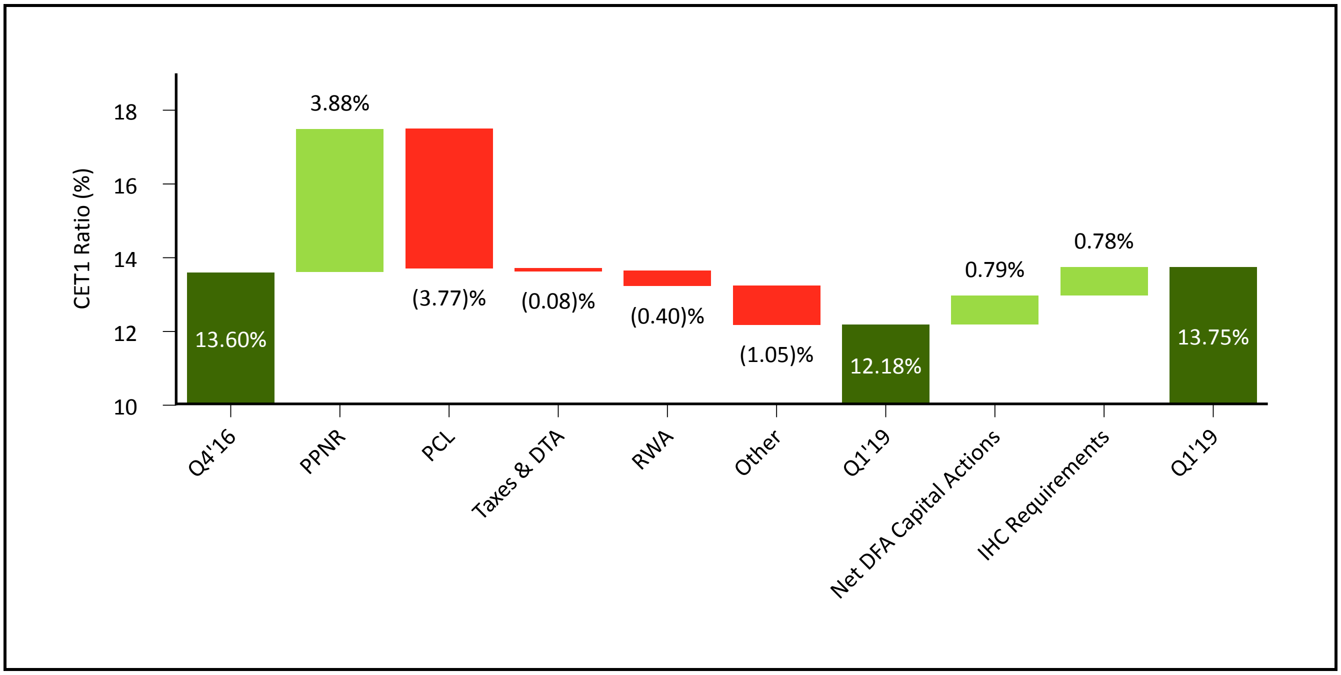
Capital Ratios	Actual Q4'16	Stressed Capital Ratios Ending	Stressed Capital Ratios Minimum
CET1 capital ratio (%)	13.6	13.7	12.4
Tier 1 risk-based capital ratio (%)	13.7	13.8	12.4
Total risk-based capital ratio (%)	14.8	15.1	13.7
Tier 1 leverage ratio (%)	7.8	5.9	5.9
Tier 1 supplementary leverage ratio (%)	7.1	5.5	5.5

RWA / Leverage Assets	Actual Q4'16	Ending	Balance at Capital Ratio Minimum
Basel III RWA ($ Billions)	188.7	196.9	206.3
Total leverage assets ($ Billions)	328.8	458.3	458.3
Total supplementary leverage assets ($ Billions)	365.4	491.9	491.9

Figure 4 below illustrates the drivers of changes to the CET1 ratio over the planning horizon. TDGUS is projected to have positive net income before taxes of $0.2B over the planning horizon which is nearly offset by taxes and deductions for DTA. DFA capital actions result in an increase to the CET1 ratio as TDGUS issues common stock to The Toronto-Dominion Bank in the first quarter of the planning horizon and does not pay dividends over the remaining quarters. Further, the transfer of TDLIH in accordance with IHC requirements, results in an increase to capital ratios for TDGUS as the net available capital contributed by the nonbank subsidiary exceeds the capital consumed by additional RWA. Growth in RWA causes downward pressure on risk-based capital ratios due to forecasted growth in other assets and securities, offset by a reduction in loans. "Other" drivers of the CET1 ratio, which have a material impact, include changes in AOCI and deductions for Goodwill. AOCI has a negative impact over the planning horizon as widening credit spreads and a downgrade of Sovereign/Supranational credit drive negative MTM adjustments for AFS securities net of cash flow hedges. In addition, deductions for goodwill are expected to increase due to the Scottrade transaction.

[1] The minimum capital ratio presented is for the period from Q1'17 to Q1'19.

Figure 4: TDGUS CET1 Capital Ratio Q4'16 to Q1'19



TDBNA: Summary of Company-Run Stress Test Results

This section presents the results of the stress test submitted to the OCC for the scenario for TDBNA. Figure 5 below presents the pro forma PPNR results for TDBNA over the planning horizon. PPNR is positive and offsets the increased PCL, resulting in a pre-tax gain.

Figure 5: TDBNA Projected Revenue, Losses, and Net Income Before Taxes Through Q1'19

	$ Billions	Percent of Average Assets [1]
Pre-provision net revenue[2]	5.4	1.7%
Other revenue[3]	0.0	—%
less		
Provision for credit losses[4]	5.1	1.6%
Realized losses/gains on securities (Available-for-Sale ("AFS") and Held-to-Maturity ("HTM"))	0.0	—%
Trading and counterparty losses	0.0	—%
Other losses/gains	0.0	—%
equals		
Net income before taxes	0.3	0.1%
Other effects on capital	**Q4'16**	**Q1'19**
AOCI included in capital ($ Billions)[5]	0.0	(1.2)

[1] Average assets is the 9-quarter average of total assets.

[2] PPNR is the sum of net interest income and non-interest income less expenses (including operational risk losses) before adjusting for loss provisions.

[3] Other revenue includes one-time income (and expense) items not included in PPNR.

[4] Provision for credit losses is the net of changes in allowance and net charge-offs.

[5] Certain AOCI items are subject to transition into projected regulatory capital. Those transitions are 60 percent included in regulatory capital for 2016, 80 percent included in projected regulatory capital for 2017, and 100 percent included in projected regulatory capital for 2018 and 2019.

Credit risk-related losses projected for each loan category over the planning horizon are presented in Figure 6 below.

Figure 6: TDBNA Projected 9-Quarter Loan Losses by Type of Loan through Q1'19

	$ Billions	Portfolio Loss Rates [1]
Loan losses[2]	3.3	2.4%
First-lien mortgages, domestic	0.1	0.7%
Junior liens and HELOCS, domestic	0.2	1.7%
Commercial and Industrial[3]	0.6	1.7%
Commercial real estate, domestic	0.7	2.8%
Credit cards	0.7	20.6%
Other consumer[4]	0.8	4.0%
Other loans	0.2	0.8%

[1] Portfolio loss rates are calculated based on the 9-quarter average of total loans and exclude loans Held-for-Sale and loans Held-for-Investment under the Fair-Value option.

[2] Loan losses represent net charge offs which reduce the ALLL.

[3] Commercial and industrial loans include small business loans and business and corporate cards.

[4] Other consumer loans include automobile loans.

Explanation of the Most Significant Causes of the Changes in Regulatory Capital Ratios

TDBNA's capital ratios determined based on DFA capital actions exceed regulatory minimum ratio requirements throughout the planning horizon. As illustrated in Figure 7 below, under the scenario, the CET1 ratio for TDBNA is projected to decrease from 13.7% as of December 31, 2016 to 12.8% as of March 31, 2019. The tier 1 leverage ratio is projected to decrease from 8.6% as of December 31, 2016 to 5.8% as of March 31, 2019.

Figure 7: TDBNA Projected Stressed Capital Ratios and Metrics Based on DFA Capital Actions Through Q1'19[2]

	Actual Q4'16	Stressed Capital Ratios	
		Ending	Minimum
CET1 capital ratio (%)	13.7	12.8	12.4
Tier 1 risk-based capital ratio (%)	13.8	12.8	12.4
Total risk-based capital ratio (%)	14.8	14.2	13.8
Tier 1 leverage ratio (%)	8.6	5.8	5.8
Tier 1 supplementary leverage ratio (%)	7.7	5.4	5.4

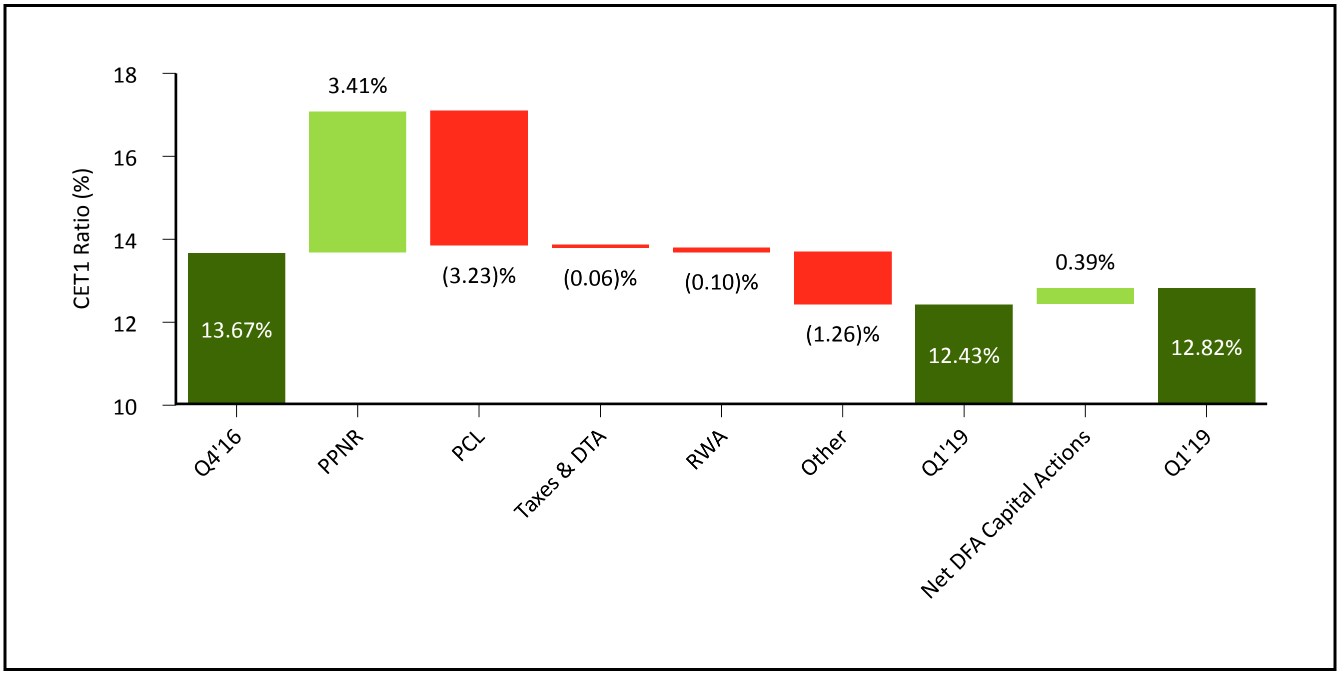
RWA / Leverage Assets	Actual Q4'16	Ending	Balance at Capital Ratio Minimum
Basel III RWA ($Billions)	157.7	159.0	163.8
Total leverage assets ($Billions)	253.6	348.9	348.9
Total supplementary leverage assets ($Billions)	283.8	380.3	380.3

Figure 8 below illustrates the drivers of changes to the CET1 ratio over the planning horizon. In the scenario, net DFA capital actions, which reflect capital contributions and dividends paid over the planning horizon in accordance with the established DFA capital action requirements, result in an increase in the CET1 ratio. PPNR exceeds PCL resulting in a pre-tax gain that is largely offset by taxes and deductions for DTA. Growth in RWA causes downward pressure on risk-based capital ratios due to the forecasted growth in loans and securities.

"Other" drivers of the CET1 ratio, which have a material impact, include changes in AOCI and deductions for Goodwill. AOCI has a negative impact over the planning horizon as widening credit spreads and a downgrade of Sovereign/ Supranational credit drives negative MTM adjustments for AFS securities net of cash flow hedges. In addition, deductions for goodwill are expected to increase related to the Scottrade transaction.

[2] The minimum capital ratio presented is for the period from Q1'17 to Q1'19.

Figure 8: TDBNA CET1 Capital Ratio Q4'16 to Q1'19



TDBUSA: Summary of Company-Run Stress Test Results

The following section presents the results of the stress test submitted to the OCC for the scenario for TDBUSA. PPNR is positive over the planning horizon and is sufficient to offset PCL resulting in a pre-tax gain as shown in Figure 9 below.

Figure 9: TDBUSA Projected Revenue, Losses, and Net Income Before Taxes through Q1'19

	$ Billions	Percent of Average Assets [1]
Pre-provision net revenue[2]	2.1	6.2%
Other revenue[3]	0.0	—%
less		
Provision for credit losses[4]	1.7	4.9%
Realized losses/gains on securities (Available-for-Sale ("AFS") and Held-to-Maturity ("HTM"))	0.0	—%
Trading and counterparty losses	0.0	—%
Other losses/gains	0.0	—%
equals		
Net income before taxes	0.4	1.2%
Other Effects on Capital	**Q4'16**	**Q1'19**
AOCI included in capital ($ Billions)[5]	0.0	0.0

[1] Average assets is the 9-quarter average of total assets.

[2] PPNR is the sum of net interest income and non-interest income less expenses (including operational risk losses) before adjusting for loss provisions.

[3] Other revenue includes one-time income (and expense) items not included in PPNR.

[4] Provision for credit losses is the net of changes in allowance and net charge-offs.

[5] Certain AOCI items are subject to transition into projected regulatory capital. Those transitions are 60 percent included in regulatory capital for 2016, 80 percent included in projected regulatory capital for 2017, and 100 percent included in projected regulatory capital for 2018 and 2019.

Credit risk-related losses projected for each loan category over the planning horizon are presented in Figure 10 below.

Figure 10: TDBUSA Projected 9-Quarter Loan Losses by Type of Loan through Q1'19

	$ Billions	Portfolio Loss Rates[1]
Loan losses[2]	1.5	19.9%
First-lien mortgages, domestic	0.0	—%
Junior liens and HELOCS, domestic	0.0	—%
Commercial and Industrial	0.0	—%
Commercial real estate, domestic	0.0	—%
Credit cards	1.5	20.2%
Other consumer	0.0	—%
Other loans	0.0	—%

[1] Portfolio loss rates are calculated based on the 9-quarter average of total loans and exclude loans Held-for-Sale and loans Held-for-Investment under the Fair-Value option.

[2] Loan losses represent net charge offs which reduce the ALLL.

Explanation of the Most Significant Causes of the Changes in Regulatory Capital Ratios

TDBUSA's capital ratios determined based on DFA capital actions exceed regulatory minimum ratio requirements throughout the planning horizon for the scenario. As illustrated in Figure 11 below, TDBUSA's CET1 ratio is projected to increase from 17.2% as of December 31, 2016 to 25.7% as of March 31, 2019.

Figure 11: TDBUSA Projected Stressed Capital Ratios based on DFA Capital Actions through Q1'19[3]

	Actual Q4'16	Stressed Capital Ratios	
		Ending	Minimum
CET1 capital ratio (%)	17.2	25.7	21.6
Tier 1 risk-based capital ratio (%)	17.2	25.7	21.6
Total risk-based capital ratio (%)	18.5	27.0	23.0
Tier 1 leverage ratio (%)	7.9	6.6	6.5
Tier 1 supplementary leverage ratio (%)	6.5	5.9	5.8

RWA / Leverage Assets	Actual Q4'16	Ending	Balance at Capital Ratio Minimum
Basel III RWA ($Billions)	10.2	9.7	10.5
Total leverage assets ($Billions)	22.1	37.6	36.7
Total supplementary leverage assets ($Billions)	26.7	42.0	40.7

Figure 12 below illustrates the drivers of changes to the CET1 ratio over the planning horizon. In the scenario, net DFA capital actions, which reflect capital contributions from The Toronto-Dominion Bank in accordance with established DFA capital action requirements, result in an increase in the CET1 ratio. In addition, PPNR exceeds PCL resulting in a pre-tax gain that is nearly offset by taxes and deductions for DTA. A decrease in RWA due to seasonal trends at TDBUSA has a positive impact on the CET1 ratio. "Other" drivers of the CET1 ratio include changes in AOCI and deductions for intangible assets.

[3] The minimum capital ratio presented is for the period from Q1'17 to Q1'19.

Figure 12: TDBUSA CET1 Capital Ratio Q4'16 to Q1'19