

## Capital Position – Basel III Q4 2013 and Q3 2013<sup>1</sup>

(\$ millions)  
As at

### Common Equity Tier 1 Capital (CET1)

|   |   |               |               |         |          |
|---|---|---------------|---------------|---------|----------|
| Common shares plus related contributed surplus                    | 1 | \$ 19,341     | \$ 19,255     | A1+A2+B | 1        |
| Retained earnings   | 2 | 24,565        | 24,122        | C       | 2        |
| Accumulated other comprehensive income (loss)                     | 3 | 3,166         | 2,650         | D       | 3        |
| <b>Common Equity Tier 1 Capital before regulatory adjustments</b> | 4 | <b>47,072</b> | <b>46,027</b> |         | <b>6</b> |

### Common Equity Tier 1 capital regulatory adjustments

|   |    |                 |                 |          |           |
|---|----|-----------------|-----------------|----------|-----------|
| Goodwill (net of related tax liability)   | 5  | (13,280)        | (13,107)        | E1-E2    | 8         |
| Intangibles (net of related tax liability)  | 6  | (2,097)         | (2,077)         | F1-F2    | 9         |
| Deferred tax assets excluding those arising from temporary differences  | 7  | (519)           | (364)           | G        | 10        |
| Cash flow hedge reserve   | 8  | (1,005)         | (823)           | H        | 11        |
| Shortfall of provisions to expected losses  | 9  | (116)           | (202)           | I        | 12        |
| Gains and losses due to changes in own credit risk on fair valued liabilities   | 10 | (89)            | (75)            | J        | 14        |
| Defined benefit pension fund net assets (net of related tax liability)  | 11 | (389)           | (368)           | K1-K2    | 15        |
| Investment in own shares  | 12 | (183)           | (166)           |          | 16        |
| Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold) | 13 | (3,572)         | (3,492)         | L1+L2+L3 | 19        |
| <b>Total regulatory adjustments to Common Equity Tier 1</b>   | 14 | <b>(21,250)</b> | <b>(20,674)</b> |          | <b>28</b> |
| <b>Common Equity Tier 1 Capital</b>   | 15 | <b>25,822</b>   | <b>25,353</b>   |          | <b>29</b> |

### Additional Tier 1 capital instruments

|   |    |              |              |          |           |
|---|----|--------------|--------------|----------|-----------|
| Directly issued capital instruments subject to phase out from Additional Tier 1                     | 16 | 5,524        | 5,524        | M1+M2+M3 | 33        |
| Additional Tier 1 instruments issued by subsidiaries and held by third parties subject to phase out | 17 | 552          | 552          | N1+N2    | 34/35     |
| <b>Additional Tier 1 capital instruments before regulatory adjustments</b>                          | 18 | <b>6,076</b> | <b>6,076</b> |          | <b>36</b> |

### Additional Tier 1 capital instruments regulatory adjustments

|   |    |              |              |       |           |
|---|----|--------------|--------------|-------|-----------|
| Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions | 19 | (352)        | (352)        | O + P | 40        |
| <b>Total regulatory adjustments to Additional Tier 1 Capital</b>  | 20 | <b>(352)</b> | <b>(352)</b> |       | <b>43</b> |

### Additional Tier 1 capital

|                       |    |               |               |  |           |
|-----------------------|----|---------------|---------------|--|-----------|
| <b>Tier 1 capital</b> | 22 | <b>31,546</b> | <b>31,077</b> |  | <b>45</b> |
|-----------------------|----|---------------|---------------|--|-----------|

### Tier 2 capital instruments and provisions

|  |    |              |              |         |           |
|--|----|--------------|--------------|---------|-----------|
| Directly issued capital instruments subject to phase out from Tier 2                     | 23 | 7,564        | 7,620        | Q       | 47        |
| Tier 2 instruments issued by subsidiaries and held by third parties subject to phase out | 24 | 297          | 267          | R1 + R2 | 48/49     |
| Collective allowances  | 25 | 1,472        | 1,439        | S       | 50        |
| <b>Tier 2 capital before regulatory adjustments</b>                                      | 26 | <b>9,333</b> | <b>9,326</b> |         | <b>51</b> |

### Tier 2 regulatory adjustments

|   |    |              |              |   |           |
|---|----|--------------|--------------|---|-----------|
| Investment in own Tier 2 instruments  | 27 | (19)         | (9)          |   | 52        |
| Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions | 28 | (170)        | (170)        | T | 55        |
| <b>Total regulatory adjustments to Tier 2 capital</b>   | 29 | <b>(189)</b> | <b>(179)</b> |   | <b>57</b> |

### Tier 2 capital

|                       |    |              |              |  |           |
|-----------------------|----|--------------|--------------|--|-----------|
| <b>Tier 2 capital</b> | 30 | <b>9,144</b> | <b>9,147</b> |  | <b>58</b> |
|-----------------------|----|--------------|--------------|--|-----------|

### Total capital

|                      |    |               |               |  |           |
|----------------------|----|---------------|---------------|--|-----------|
| <b>Total capital</b> | 31 | <b>40,690</b> | <b>40,224</b> |  | <b>59</b> |
|----------------------|----|---------------|---------------|--|-----------|

### Total risk-weighted assets

|                                   |    |                   |                   |  |           |
|-----------------------------------|----|-------------------|-------------------|--|-----------|
| <b>Total risk-weighted assets</b> | 32 | <b>\$ 286,355</b> | <b>\$ 283,521</b> |  | <b>60</b> |
|-----------------------------------|----|-------------------|-------------------|--|-----------|

| Line # | 2013 Q4    | 2013 Q3    | Cross Reference <sup>2</sup> | OSFI Template |
|--------|------------|------------|------------------------------|---------------|
| 1      | \$ 19,341  | \$ 19,255  | A1+A2+B                      | 1             |
| 2      | 24,565     | 24,122     | C                            | 2             |
| 3      | 3,166      | 2,650      | D                            | 3             |
| 4      | 47,072     | 46,027     |                              | 6             |
| 5      | (13,280)   | (13,107)   | E1-E2                        | 8             |
| 6      | (2,097)    | (2,077)    | F1-F2                        | 9             |
| 7      | (519)      | (364)      | G                            | 10            |
| 8      | (1,005)    | (823)      | H                            | 11            |
| 9      | (116)      | (202)      | I                            | 12            |
| 10     | (89)       | (75)       | J                            | 14            |
| 11     | (389)      | (368)      | K1-K2                        | 15            |
| 12     | (183)      | (166)      |                              | 16            |
| 13     | (3,572)    | (3,492)    | L1+L2+L3                     | 19            |
| 14     | (21,250)   | (20,674)   |                              | 28            |
| 15     | 25,822     | 25,353     |                              | 29            |
| 16     | 5,524      | 5,524      | M1+M2+M3                     | 33            |
| 17     | 552        | 552        | N1+N2                        | 34/35         |
| 18     | 6,076      | 6,076      |                              | 36            |
| 19     | (352)      | (352)      | O + P                        | 40            |
| 20     | (352)      | (352)      |                              | 43            |
| 21     | 5,724      | 5,724      |                              | 44            |
| 22     | 31,546     | 31,077     |                              | 45            |
| 23     | 7,564      | 7,620      | Q                            | 47            |
| 24     | 297        | 267        | R1 + R2                      | 48/49         |
| 25     | 1,472      | 1,439      | S                            | 50            |
| 26     | 9,333      | 9,326      |                              | 51            |
| 27     | (19)       | (9)        |                              | 52            |
| 28     | (170)      | (170)      | T                            | 55            |
| 29     | (189)      | (179)      |                              | 57            |
| 30     | 9,144      | 9,147      |                              | 58            |
| 31     | 40,690     | 40,224     |                              | 59            |
| 32     | \$ 286,355 | \$ 283,521 |                              | 60            |

<sup>1</sup> Capital position calculated using the 'All-in' basis.

<sup>2</sup> Cross referenced to the current period on the Reconciliation with Balance Sheet Under Regulatory Scope of Consolidation page.

## Capital Position – Basel III Q4 2013 and Q3 2013 (Continued)

(\$ millions, except as noted)

As at

| Line #  | 2013 Q4 | 2013 Q3    | Cross Reference <sup>1</sup> | OSFI Template |
|---|---------|------------|------------------------------|---------------|
| <b>Capital Ratios<sup>2</sup></b>   |         |            |                              |               |
| Common Equity Tier 1 capital (as percentage of risk-weighted assets)  | 33      | 9.0 %      | 8.9 %                        | 61            |
| Tier 1 (as percentage of risk-weighted assets)  | 34      | 11.0       | 11.0                         | 62            |
| Total capital (as percentage of risk-weighted assets)   | 35      | 14.2       | 14.2                         | 63            |
| Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus G-SIB buffer plus D-SIB buffer requirement expressed as percentage of risk-weighted assets) | 36      | 7.0        | 7.0                          | 64            |
| of which: capital conservation buffer requirement   | 37      | 2.5        | 2.5                          | 65            |
| Common Equity Tier 1 available to meet buffers (as percentage of risk-weighted assets)  | 38      | 9.0        | 8.9                          | 68            |
| <b>OSFI all-in target (minimum plus conservation buffer plus D-SIB surcharge (if applicable))</b>   |         |            |                              |               |
| Common Equity Tier 1 all-in target ratio  | 39      | 7.0        | 7.0                          | 69            |
| Tier 1 all-in target ratio  | 40      | 8.5        | 8.5                          | 70            |
| Total Capital all-in target ratio   | 41      | 10.5       | 10.5                         | 71            |
| <b>Amounts below the thresholds for deduction (before risk weighting)</b>   |         |            |                              |               |
| Non-significant investments in the capital of other financials  | 42      | \$ 934     | \$ 1,715                     | 72            |
| Significant investments in the common stock of financials   | 43      | 3,034      | 2,976                        | 73            |
| Deferred tax assets arising from temporary differences (net of related tax liability)   | 44      | 922        | 891                          | 75            |
| <b>Applicable caps on the inclusion of allowances in Tier 2</b>   |         |            |                              |               |
| Allowance eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)   | 45      | 1,472      | 1,439                        | 76            |
| Cap on inclusion of allowances in Tier 2 under standardized approach  | 46      | 1,621      | 1,590                        | 77            |
| <b>Capital instruments subject to phase-out arrangements (only applicable between January 1, 2013 to January 1, 2022)</b>   |         |            |                              |               |
| Current cap on Additional Tier 1 instruments subject to phase out arrangements  | 47      | 6,076      | 6,076                        | 82            |
| Amounts excluded from Additional Tier 1 due to cap (excess over cap after redemptions and maturities)   | 48      | 567        | 564                          | 83            |
| Current cap on Tier 2 instruments subject to phase out arrangements   | 49      | 7,887      | 7,887                        | 84            |
| Amounts excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)  | 50      | -          | 5                            | 85            |
| <b>Capital Ratios - transitional basis<sup>3</sup></b>  |         |            |                              |               |
| Risk-weighted assets  | 51      | \$ 307,840 | \$ 301,305                   |               |
| Common Equity Tier 1 capital  | 52      | 37,011     | 36,321                       |               |
| Tier 1 Capital  | 53      | 37,011     | 36,321                       |               |
| Total Capital   | 54      | 44,500     | 43,800                       |               |
| Common Equity Tier 1 (as percentage of risk-weighted assets)  | 55      | 12.0 %     | 12.1 %                       |               |
| Tier 1 (as percentage of risk-weighted assets)  | 56      | 12.0       | 12.1                         |               |
| Total capital (as percentage of risk-weighted assets)   | 57      | 14.5       | 14.5                         |               |
| <b>Capital Ratios for significant bank subsidiaries</b>   |         |            |                              |               |
| <b>TD Bank N.A.<sup>4</sup></b>   |         |            |                              |               |
| Tier 1 capital ratio  | 58      | 11.3       | 11.6                         |               |
| Total capital ratio   | 59      | 12.4       | 12.8                         |               |
| <b>TD Mortgage Corporation</b>  |         |            |                              |               |
| Common Equity Tier 1 capital ratio  | 60      | 25.5       | 23.7                         |               |
| Tier 1 capital ratio  | 61      | 25.5       | 23.7                         |               |
| Total capital ratio   | 62      | 27.2       | 25.4                         |               |

<sup>1</sup> Cross referenced to the current period on the Reconciliation with Balance Sheet Under Regulatory Scope of Consolidation table.

<sup>2</sup> The "all-in" basis of regulatory reporting includes all of the regulatory adjustments that will be required by 2019.

<sup>3</sup> The "transitional" basis of regulatory reporting allows for certain adjustments to CET1, the largest of which being goodwill, intangible assets and the threshold deductions, to be phased-in over a period of five years starting in 2014, while retaining the phase-out rules for non-qualifying capital instruments.

<sup>4</sup> On a stand-alone basis, TD Bank, N.A. reports regulatory capital to the Office of the Comptroller of the Currency (OCC) under Basel I based on calendar quarter-ends. The disclosed capital ratios are based on this framework.

# Reconciliation with Balance Sheet Under Regulatory Scope of Consolidation

(\$ millions)  
As at

| Line #   | 2013 Q4                    |  | Cross Reference <sup>3</sup> |    |
|--|----------------------------|--|------------------------------|----|
|  | Balance Sheet <sup>1</sup> | Under Regulatory scope of consolidation <sup>2</sup> |                              |    |
| Cash and due from banks  | 1                          | \$ 3,581   | \$ 3,581                     |    |
| Interest-bearing deposits with banks   | 2                          | 28,855   | 28,834                       |    |
| Trading loans, securities and other  | 3                          | 101,928  | 101,928                      |    |
| Derivatives  | 4                          | 49,461   | 49,460                       |    |
| Financial assets designated at fair value through profit or loss   | 5                          | 6,532  | 4,863                        |    |
| Held-to-maturity securities  | 6                          | 29,961   | 29,961                       |    |
| Available-for-sale securities  | 7                          | 79,541   | 77,548                       |    |
| Securities purchased under reverse repurchase agreements   | 8                          | 64,283   | 64,283                       |    |
| Loans  | 9                          | 447,777  | 447,568                      |    |
| Allowance for loan losses  | 10                         | (2,855)  | (2,855)                      |    |
| Eligible general allowance reflected in Tier 2 regulatory capital  | 11                         |  | (1,472)                      | S  |
| Shortfall of allowance to expected loss  | 12                         |  | (116)                        | I  |
| Allowances not reflected in regulatory capital   | 13                         |  | (1,267)                      |    |
| <b>Other</b>   | 14                         | 53,468   | 51,691                       |    |
| Investment in TD Ameritrade  | 15                         |  | 2,855                        | L1 |
| Significant investments exceeding regulatory thresholds  | 16                         |  | 2,445                        |    |
| Significant investments not exceeding regulatory thresholds  | 17                         |  | 13,297                       | E1 |
| Goodwill   | 18                         |  | 2,493                        | F1 |
| Other intangibles  | 19                         |  | 519                          | G  |
| Deferred tax assets  | 20                         |  | 882                          |    |
| Deferred tax assets (DTA) excluding those arising from temporary differences                                   | 21                         |  | 922                          |    |
| DTAs (net of associated deferred tax liabilities (DTL)) realizable through net operating loss (NOL) carryback  | 22                         |  | (871)                        |    |
| DTAs (net of associated DTLs) arising from temporary differences but not realizable through NOL carryback      | 23                         |  | 17                           | L2 |
| Other DTA/DTL adjustments <sup>4</sup>   | 24                         |  | 2                            | P  |
| Significant investments in financials (excluding TD Ameritrade)  | 25                         |  | 13                           |    |
| Significant investments exceeding regulatory thresholds  | 26                         |  | 506                          | K1 |
| Significant investments in Additional Tier 1 capital   | 27                         |  | 28,611                       |    |
| Significant investments not exceeding regulatory thresholds  | 28                         |  |                              |    |
| Defined pension benefits   | 29                         |  |                              |    |
| Other Assets   | 30                         |  |                              |    |
| <b>TOTAL ASSETS</b>  | 31                         | 862,532  | 856,862                      |    |
| <b>LIABILITIES AND EQUITY</b>  | 32                         |  |                              |    |
| Trading deposits   | 33                         | 47,593   | 47,593                       |    |
| Derivatives  | 34                         | 49,471   | 49,471                       |    |
| Securitization liabilities at fair value   | 35                         | 21,960   | 21,960                       |    |
| Other financial liabilities designated at fair value through profit or loss                                    | 36                         | 12   | 12                           |    |
| Deposits   | 37                         | 543,476  | 543,476                      |    |
| Other  | 38                         | 138,298  | 132,628                      |    |
| Deferred tax liabilities   | 39                         |  | 17                           | E2 |
| Goodwill   | 40                         |  | 396                          | F2 |
| Intangible assets (excluding mortgage servicing rights)  | 41                         |  | 117                          | K2 |
| Defined benefit pension fund assets  | 42                         |  | 1,134                        |    |
| Other deferred tax liabilities (Cash flow hedges and other DTLs)   | 43                         |  | (1,343)                      |    |
| Other DTA/DTL adjustments <sup>4</sup>   | 44                         |  | 89                           | J  |
| Gains and losses due to changes in own credit risk on fair value liabilities                                   | 45                         |  | 132,218                      |    |
| Other liabilities  | 46                         |  |                              |    |
| Subordinated notes and debentures  | 47                         | 7,982  | 7,982                        |    |
| Regulatory capital amortization of maturing debentures   | 48                         |  | 148                          |    |
| Directly issued capital instruments subject to phase out from Tier 2   | 49                         |  | 7,564                        | Q  |
| Capital instruments issued by subsidiaries and held by third parties-Tier 2                                    | 50                         |  | 270                          | R1 |
| Capital instruments not allowed for regulatory capital   | 51                         |  |                              |    |
| Liability for Preferred Shares   | 52                         | 27   | 27                           |    |
| Capital instruments issued by subsidiaries and held by third parties   | 53                         |  | 27                           | R2 |
| Instruments not allowed for regulatory capital subject to phase out  | 54                         |  |                              |    |
| Liability for Capital Trust Securities   | 55                         | 1,740  | 1,740                        |    |
| Directly issued capital instruments subject to phase out from Additional Tier 1                                | 56                         |  | 1,574                        | M1 |
| Instruments issued by subsidiaries and held by third parties   | 57                         |  | 110                          | N1 |
| Securities not allowed for regulatory capital  | 58                         |  | 56                           |    |
| <b>Liabilities</b>   | 59                         | 810,559  | 804,889                      |    |
| Common Shares  | 60                         | 19,316   | 19,316                       | A1 |
| Preferred Shares   | 61                         | 3,395  | 3,395                        |    |
| Directly issued capital instruments subject to phase out from Additional Tier 1                                | 62                         |  | 3,056                        | M2 |
| Preferred shares not allowed for regulatory capital  | 63                         |  | 339                          |    |
| Treasury Shares - Common   | 64                         | (145)  | (145)                        | A2 |
| Treasury Shares - Preferred  | 65                         | (2)  | (2)                          |    |
| Contributed Surplus  | 66                         | 170  | 170                          | B  |
| Retained Earnings  | 67                         | 24,565   | 24,565                       | C  |
| Accumulated other comprehensive income   | 68                         | 3,166  | 3,166                        | D  |
| Cash flow hedges requiring derecognition   | 69                         |  | 1,005                        | H  |
| Net AOCI included as capital   | 70                         |  | 2,161                        |    |
| Non-controlling interests in subsidiaries  | 71                         | 1,508  | 1,508                        |    |
| Portion allowed for regulatory capital (directly issued)   | 72                         |  | 894                          | M3 |
| Portion allowed for regulatory capital (issued by subsidiaries and held by third parties) subject to phase out | 73                         |  | 442                          | N2 |
| Portion not allowed for regulatory capital subject to phase out  | 74                         |  | 172                          |    |
| <b>TOTAL LIABILITIES AND EQUITY</b>  | 75                         | \$ 862,532   | \$ 856,862                   |    |

<sup>1</sup> As per Balance Sheet.

<sup>2</sup> Legal entities excluded from the regulatory scope of consolidation included the following insurance subsidiaries: Meloche Monnex Inc. (Consolidated), CT Financial Assurance Company, TD Life Insurance Company, TD Reinsurance (Barbados) Inc. and TD Reinsurance (Ireland) Limited which have total assets included in the consolidated Bank of \$5,670 million and total equity of \$1,796 million of which \$700 million is deducted from CET1, \$350 million is deducted from additional Tier 1 and \$170 million is deducted from Tier 2 capital. Cross referenced (L3, O, T) respectively, to the Capital Position - Basel III Q4 2013 page.

<sup>3</sup> Cross referenced to the current period on the Capital Position - Basel III Q4 2013 and Q3 2013 pages.

<sup>4</sup> This adjustment is related to deferred tax assets/liabilities netted for financial accounting purposes.