

Capital Position – Basel III Q1 2014, Q4 2013 and Q3 2013^{1,2}

(\$ millions) As at	Line #	2014 Q1	2013 Q4	2013 Q3	Cross Reference ³	OSFI Template
Common Equity Tier 1 Capital (CET1)						
Common shares plus related contributed surplus	1	\$ 19,462	\$ 19,341	\$ 19,255	A1+A2+B	1
Retained earnings	2	25,108	24,565	24,122	C	2
Accumulated other comprehensive income (loss)	3	4,874	3,166	2,650	D	3
Common Equity Tier 1 Capital before regulatory adjustments	4	49,444	47,072	46,027		6
Common Equity Tier 1 capital regulatory adjustments						
Goodwill (net of related tax liability)	5	(14,058)	(13,280)	(13,107)	E1-E2	8
Intangibles (net of related tax liability)	6	(2,307)	(2,097)	(2,077)	F1-F2	9
Deferred tax assets excluding those arising from temporary differences	7	(488)	(519)	(364)	G	10
Cash flow hedge reserve	8	(954)	(1,005)	(823)	H	11
Shortfall of provisions to expected losses	9	(93)	(116)	(202)	I	12
Gains and losses due to changes in own credit risk on fair valued liabilities	10	(96)	(89)	(75)	J	14
Defined benefit pension fund net assets (net of related tax liability)	11	(60)	(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	(3,544)	(3,572)	(3,492)	L1+L2+L3	19
Amounts exceeding the 15% threshold						22
of which: significant investments in the common stocks of financials	14	(31)	-	-	L1+L2+L3	23
of which: deferred tax assets arising from temporary differences	15	(10)	-	-		25
Total regulatory adjustments to Common Equity Tier 1	16	(21,641)	(21,250)	(20,674)		28
Common Equity Tier 1 Capital	17	27,803	25,822	25,353		29
Additional Tier 1 capital instruments						
Directly issued capital instruments subject to phase out from Additional Tier 1	18	4,911	5,524	5,524	M1+M2+M3	33
Additional Tier 1 instruments issued by subsidiaries and held by third parties subject to phase out	19	490	552	552	N1+N2	34/35
Additional Tier 1 capital instruments before regulatory adjustments	20	5,401	6,076	6,076		36
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	21	(352)	(352)	(352)	O + P	40
Total regulatory adjustments to Additional Tier 1 Capital	22	(352)	(352)	(352)		43
Additional Tier 1 capital	23	5,049	5,724	5,724		44
Tier 1 capital	24	32,852	31,546	31,077		45
Tier 2 capital instruments and provisions						
Directly issued capital instruments subject to phase out from Tier 2	25	6,774	7,564	7,620	Q	47
Tier 2 instruments issued by subsidiaries and held by third parties subject to phase out	26	237	297	267	R1 + R2	48/49
Collective allowances	27	1,633	1,472	1,439	S	50
Tier 2 capital before regulatory adjustments	28	8,644	9,333	9,326		51
Tier 2 regulatory adjustments						
Investment in own Tier 2 instruments	29	-	(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	30	(170)	(170)	(170)	T	55
Total regulatory adjustments to Tier 2 capital	31	(170)	(189)	(179)		57
Tier 2 capital	32	8,474	9,144	9,147		58
Total capital	33	41,326	40,690	40,224		59
Total risk-weighted assets	34	\$ 312,972	\$ 286,355	\$ 283,521		60

¹ Capital position calculated using the 'All-in' basis.

² Prior to Q1 2014, the amounts have not been adjusted to reflect the impact of the New IFRS Standards and Amendments.

³ Cross referenced to the Reconciliation with Balance Sheet Under Regulatory Scope of Consolidation table on page 61.

Capital Position – Basel III Q1 2014, Q4 2013 and Q3 2013 (Continued)¹

(\$ millions, except as noted)

As at

Capital Ratios²

Common Equity Tier 1 capital (as percentage of risk-weighted assets)	35	8.9 %	9.0 %	8.9 %	61
Tier 1 (as percentage of risk-weighted assets)	36	10.5	11.0	11.0	62
Total capital (as percentage of risk-weighted assets)	37	13.2	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)	38	7.0	7.0	7.0	64
of which: capital conservation buffer requirement	39	2.5	2.5	2.5	65
Common Equity Tier 1 available to meet buffers (as percentage of risk-weighted assets)	40	8.9	9.0	8.9	68

OSFI all-in target (minimum plus conservation buffer plus D-SIB surcharge (if applicable))

Common Equity Tier 1 all-in target ratio	41	7.0	7.0	7.0	69
Tier 1 all-in target ratio	42	8.5	8.5	8.5	70
Total Capital all-in target ratio	43	10.5	10.5	10.5	71

Amounts below the thresholds for deduction (before risk weighting)

Non-significant investments in the capital of other financials	44	\$ 819	\$ 934	\$ 1,715	72
Significant investments in the common stock of financials	45	3,108	3,034	2,976	73
Deferred tax assets arising from temporary differences (net of related tax liability)	46	1,062	922	891	75

Applicable caps on the inclusion of allowances in Tier 2

Allowance eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	47	1,633	1,472	1,439	76
Cap on inclusion of allowances in Tier 2 under standardized approach	48	1,868	1,621	1,590	77

Capital instruments subject to phase-out arrangements (only applicable between January 1, 2013 to January 1, 2022)

Current cap on Additional Tier 1 instruments subject to phase out arrangements	49	5,401	6,076	6,076	82
Amounts excluded from Additional Tier 1 due to cap (excess over cap after redemptions and maturities)	50	813	567	564	83
Current cap on Tier 2 instruments subject to phase out arrangements	51	7,010	7,887	7,887	84
Amounts excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	52	858	–	5	85

Capital Ratios - transitional basis⁴

Risk-weighted assets	53	\$ 326,853	\$ 307,840	\$ 301,305	
Common Equity Tier 1 capital	54	36,977	37,011	36,321	
Tier 1 Capital	55	36,977	37,011	36,321	
Total Capital	56	44,131	44,500	43,800	
Common Equity Tier 1 (as percentage of risk-weighted assets)	57	11.3 %	12.0 %	12.1 %	
Tier 1 (as percentage of risk-weighted assets)	58	11.3	12.0	12.1	
Total capital (as percentage of risk-weighted assets)	59	13.5	14.5	14.5	

Capital Ratios for significant bank subsidiaries

TD Bank N.A.⁵

Tier 1 capital ratio	60	11.1	11.3	11.6	
Total capital ratio	61	12.3	12.4	12.8	

TD Mortgage Corporation

Common Equity Tier 1 capital ratio	62	25.8	25.5	23.7	
Tier 1 capital ratio	63	25.8	25.5	23.7	
Total capital ratio	64	27.3	27.2	25.4	

¹ Prior to Q1 2014, the amounts have not been adjusted to reflect the impact of the New IFRS Standards and Amendments.

² Cross referenced to the Reconciliation with Balance Sheet Under Regulatory Scope of Consolidation table on page 61.

³ The "all-in" basis of regulatory reporting includes all of the regulatory adjustments that will be required by 2019.

⁴ 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.

⁵ 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 Consolidation¹

(\$ millions)
As at

Line #	2014 Q1		Cross Reference ⁴	
	Balance Sheet ²	Under Regulatory scope of consolidation ³		
Cash and due from banks	1	\$ 2,874	\$ 2,874	
Interest-bearing deposits with banks	2	44,162	44,134	
Trading loans, securities and other	3	101,144	101,144	
Derivatives	4	57,123	57,115	
Financial assets designated at fair value through profit or loss	5	6,372	4,848	
Held-to-maturity securities	6	55,358	55,358	
Available-for-sale securities	7	56,139	54,158	
Securities purchased under reverse repurchase agreements	8	72,114	72,114	
Loans	9	459,527	459,313	
Allowance for loan losses	10	(3,079)	(3,079)	
Eligible general allowance reflected in Tier 2 regulatory capital	11		(1,633)	S
Shortfall of allowance to expected loss	12		(93)	I
Allowances not reflected in regulatory capital	13		(1,353)	
Other	14	57,162	55,405	
Investment in TD Ameritrade	15		2,865	L1
Significant investments exceeding regulatory thresholds	16		2,586	
Significant investments not exceeding regulatory thresholds	17		14,079	E1
Goodwill	18		2,691	F1
Other intangibles	19		488	G
Deferred tax assets	20		749	
Deferred tax assets (DTA) excluding those arising from temporary differences	21		1,073	
DTA's (net of associated deferred tax liabilities (DTL)) realizable through net operating loss (NOL) carryback	22		(729)	
DTA's (net of associated DTL's) arising from temporary differences but not realizable through NOL carryback	23		31	L2
Other DTA/DTL adjustments ⁵	24		2	P
Significant investments in financials (excluding TD Ameritrade)	25		27	
Significant investments exceeding regulatory thresholds	26		60	K1
Significant investments in Additional Tier 1 capital	27		31,483	
Significant investments not exceeding regulatory thresholds	28			
Defined pension benefits	29			
Other Assets	30			
TOTAL ASSETS	31	908,896	903,384	
LIABILITIES AND EQUITY⁶	32			
Trading deposits	33	62,023	62,023	
Derivatives	34	53,668	53,668	
Securitization liabilities at fair value	35	18,322	18,322	
Other financial liabilities designated at fair value through profit or loss	36	4,389	4,389	
Deposits	37	562,163	562,163	
Other	38	146,406	140,894	
Deferred tax liabilities	39		21	E2
Goodwill	40		384	F2
Intangible assets (excluding mortgage servicing rights)	41		-	K2
Defined benefit pension fund assets	42		1,067	
Other deferred tax liabilities (Cash flow hedges and other DTL's)	43		(1,170)	
Other DTA/DTL adjustments ⁵	44		96	J
Gains and losses due to changes in own credit risk on fair value liabilities	45		140,496	
Other liabilities	46			
Subordinated notes and debentures	47	7,987	7,987	
Regulatory capital amortization of maturing debentures	48		148	
Directly issued capital instruments subject to phase out from Tier 2	49		6,774	Q
Capital instruments issued by subsidiaries and held by third parties-Tier 2	50		216	R1
Capital instruments not allowed for regulatory capital	51		849	
Liability for Preferred Shares	52	29	29	
Capital instruments issued by subsidiaries and held by third parties	53		21	R2
Instruments not allowed for regulatory capital subject to phase out	54		8	
Liabilities	55	854,987	849,475	
Common Shares	56	19,452	19,452	A1
Preferred Shares	57	2,925	2,925	
Directly issued capital instruments subject to phase out from Additional Tier 1	58		2,716	M2
Preferred shares not allowed for regulatory capital	59		209	
Treasury Shares - Common	60	(153)	(153)	A2
Treasury Shares - Preferred	61	(3)	(3)	
Contributed Surplus	62	163	163	B
Retained Earnings	63	25,108	25,108	C
Accumulated other comprehensive income	64	4,874	4,874	D
Cash flow hedges requiring derecognition	65		954	H
Net AOCI included as capital	66		3,920	
Non-controlling interests in subsidiaries	67	1,543	1,543	
Portion allowed for regulatory capital (directly issued)	68		795	M3
Portion allowed for regulatory capital (issued by subsidiaries and held by third parties) subject to phase out	69		393	N2
Portion not allowed for regulatory capital subject to phase out	70		355	
TOTAL LIABILITIES AND EQUITY	71	\$ 908,896	\$ 903,384	

¹ Prior to Q1 2014, the amounts have not been adjusted to reflect the impact of the New IFRS Standards and Amendments.

² As per Balance Sheet on page 13.

³ 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 \$5,512 million and total equity of \$1,789 million of which \$679 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 Q1 2014 page.

⁴ Cross referenced to the current period on the Capital Position - Basel III Q1 2014, Q4 2013 and Q3 2013.

⁵ This adjustment is related to deferred tax assets/liabilities netted for financial accounting purposes.

⁶ Included in current cap on Additional Tier 1 instruments is \$1,400 million (M1) related to TD Capital Trust IV (no longer consolidated as the bank is not the primary beneficiary of the trust) and \$97 million (N1) in Tier 1 instruments issued by subsidiaries and held by 3rd parties no longer outstanding.