

Capital Position – Basel III Q2 2014, Q1 2014, Q4 2013 and Q3 2013^{1,2}

(\$ millions) As at	Line #	2014		2013		Cross Reference ³	OSFI Template
		Q2	Q1	Q4	Q3		
Common Equity Tier 1 Capital (CET1)							
Common shares plus related contributed surplus	1	\$ 19,646	\$ 19,462	\$ 19,341	\$ 19,255	A1+A2+B	1
Retained earnings	2	26,134	25,108	24,565	24,122	C	2
Accumulated other comprehensive income (loss)	3	4,206	4,874	3,166	2,650	D	3
Common Equity Tier 1 Capital before regulatory adjustments	4	49,986	49,444	47,072	46,027		6
Common Equity Tier 1 capital regulatory adjustments							
Goodwill (net of related tax liability)	5	(13,867)	(14,058)	(13,280)	(13,107)	E1-E2	8
Intangibles (net of related tax liability)	6	(2,299)	(2,307)	(2,097)	(2,077)	F1-F2	9
Deferred tax assets excluding those arising from temporary differences	7	(525)	(488)	(519)	(364)	G	10
Cash flow hedge reserve	8	(791)	(954)	(1,005)	(823)	H	11
Shortfall of provisions to expected losses	9	(96)	(93)	(116)	(202)	I	12
Gains and losses due to changes in own credit risk on fair valued liabilities	10	(84)	(96)	(89)	(75)	J	14
Defined benefit pension fund net assets (net of related tax liability)	11	(60)	(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	(3,293)	(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	(21,015)	(21,641)	(21,250)	(20,674)		28
Common Equity Tier 1 Capital	17	28,971	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	4,911	5,524	5,524	M1+M2+M3+M4	33
Additional Tier 1 instruments issued by subsidiaries and held by third parties subject to phase out	19	490	490	552	552	N1+N2	34/35
Additional Tier 1 capital instruments before regulatory adjustments	20	5,401	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)	(352)	O + P	40
Total regulatory adjustments to Additional Tier 1 Capital	22	(352)	(352)	(352)	(352)		43
Additional Tier 1 capital	23	5,049	5,049	5,724	5,724		44
Tier 1 capital	24	34,020	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	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	237	297	267	R1 + R2	48/49
Collective allowances	27	1,632	1,633	1,472	1,439	S	50
Tier 2 capital before regulatory adjustments	28	8,643	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)	(170)	T	55
Total regulatory adjustments to Tier 2 capital	31	(170)	(170)	(189)	(179)		57
Tier 2 capital	32	8,473	8,474	9,144	9,147		58
Total capital	33	42,493	41,326	40,690	40,224		59
Total risk-weighted assets	34	\$ 313,238	\$ 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 Q2 2014, Q1 2014, Q4 2013 and Q3 2013 (Continued)¹

(\$ millions, except as noted)

As at

	Line #	2014		2013		Cross Reference ²	OSFI Template
		Q2	Q1	Q4	Q3		
Capital Ratios³							
Common Equity Tier 1 capital (as percentage of risk-weighted assets)	35	9.2 %	8.9 %	9.0 %	8.9 %		61
Tier 1 (as percentage of risk-weighted assets)	36	10.9	10.5	11.0	11.0		62
Total capital (as percentage of risk-weighted assets)	37	13.6	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	7.0		64
of which: capital conservation buffer requirement	39	2.5	2.5	2.5	2.5		65
Common Equity Tier 1 available to meet buffers (as percentage of risk-weighted assets)	40	9.2	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	7.0		69
Tier 1 all-in target ratio	42	8.5	8.5	8.5	8.5		70
Total Capital all-in target ratio	43	10.5	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	\$ 1,044	\$ 819	\$ 934	\$ 1,715		72
Significant investments in the common stock of financials	45	3,226	3,108	3,034	2,976		73
Deferred tax assets arising from temporary differences (net of related tax liability)	46	1,088	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	1,633	1,472	1,439		76
Cap on inclusion of allowances in Tier 2 under standardized approach	48	1,866	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	5,401	6,076	6,076		82
Amounts excluded from Additional Tier 1 due to cap (excess over cap after redemptions and maturities)	50	128	813	567	564		83
Current cap on Tier 2 instruments subject to phase out arrangements	51	7,010	7,010	7,887	7,887		84
Amounts excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	52	845	858	–	5		85
Capital Ratios - transitional basis⁴							
Risk-weighted assets	53	\$ 330,255	\$ 326,853	\$ 307,840	\$ 301,305		
Common Equity Tier 1 capital	54	38,022	36,977	37,011	36,321		
Tier 1 Capital	55	38,022	36,977	37,011	36,321		
Total Capital	56	45,276	44,131	44,500	43,800		
Common Equity Tier 1 (as percentage of risk-weighted assets)	57	11.5 %	11.3 %	12.0 %	12.1 %		
Tier 1 (as percentage of risk-weighted assets)	58	11.5	11.3	12.0	12.1		
Total capital (as percentage of risk-weighted assets)	59	13.7	13.5	14.5	14.5		
Capital Ratios for significant bank subsidiaries							
TD Bank N.A.⁵							
Common Equity Tier 1 capital ratio	60	12.0	n/a	n/a	n/a		
Tier 1 capital ratio	61	12.2	11.1	11.3	11.6		
Total capital ratio	62	13.3	12.3	12.4	12.8		
TD Mortgage Corporation							
Common Equity Tier 1 capital ratio	63	27.0	25.8	25.5	23.7		
Tier 1 capital ratio	64	27.0	25.8	25.5	23.7		
Total capital ratio	65	28.5	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) on calendar quarter ends.

Reconciliation with Balance Sheet Under Regulatory Scope of Consolidation

(\$ millions)
As at

Line #	2014 Q2		Cross Reference ³
	Balance Sheet ¹	Under Regulatory scope of consolidation ²	
Cash and due from banks	2,873	2,873	
Interest-bearing deposits with banks	33,726	33,707	
Trading loans, securities and other	99,461	99,461	
Derivatives	50,343	50,339	
Financial assets designated at fair value through profit or loss	5,952	4,740	
Held-to-maturity securities	56,534	56,534	
Available-for-sale securities	56,751	54,711	
Securities purchased under reverse repurchase agreements	72,311	72,311	
Loans	458,962	458,746	
Allowance for loan losses	(3,049)	(3,049)	
Eligible general allowance reflected in Tier 2 regulatory capital		(1,632)	S
Shortfall of allowance to expected loss		(96)	I
Allowances not reflected in regulatory capital		(1,321)	
Other	62,604	60,929	
Investment in TD Ameritrade			
Significant investments exceeding regulatory thresholds		2,637	L1
Significant investments not exceeding regulatory thresholds		2,679	
Goodwill		13,879	E1
Other intangibles		2,656	F1
Deferred tax assets			
Deferred tax assets (DTA) excluding those arising from temporary differences		525	G
DTA's (net of associated deferred tax liabilities (DTL)) realizable through net operating loss (NOL) carryback		808	
DTA's (net of associated DTL's) arising from temporary differences but not realizable through NOL carryback		1,088	
Other DTA/DTL adjustments ⁴		(650)	
Significant investments in financials (excluding TD Ameritrade)			
Significant investments exceeding regulatory thresholds		28	L2
Significant investments in Additional Tier 1 capital		2	P
Significant investments not exceeding regulatory thresholds		28	
Defined pension benefits		60	K1
Other Assets		37,189	
TOTAL ASSETS	896,468	891,302	
LIABILITIES AND EQUITY⁵			
Trading deposits	57,141	57,141	
Derivatives	47,882	47,882	
Securitization liabilities at fair value	16,224	16,224	
Other financial liabilities designated at fair value through profit or loss	4,108	4,108	
Deposits	555,044	555,044	
Other	154,297	149,131	
Deferred tax liabilities			
Goodwill		12	E2
Intangible assets (excluding mortgage servicing rights)		357	F2
Defined benefit pension fund assets		-	K2
Other deferred tax liabilities (Cash flow hedges and other DTL's)		971	
Other DTA/DTL adjustments ⁴		(1,038)	
Gains and losses due to changes in own credit risk on fair value liabilities		84	J
Other liabilities		148,745	
Subordinated notes and debentures			
Regulatory capital amortization of maturing debentures	7,974	7,974	
Directly issued capital instruments subject to phase out from Tier 2		147	
Capital instruments issued by subsidiaries and held by third parties-Tier 2		6,774	Q
Capital instruments not allowed for regulatory capital		216	R1
Liability for Preferred Shares	29	837	
Capital instruments issued by subsidiaries and held by third parties		21	R2
Instruments not allowed for regulatory capital subject to phase out		8	
Liabilities	842,699	837,533	
Common Shares	19,593	19,593	A1
Preferred Shares	2,250	2,250	
Directly issued capital instruments subject to phase out from Additional Tier 1		2,250	M2
Treasury Shares - Common	(120)	(120)	A2
Treasury Shares - Preferred	(1)	(1)	
Contributed Surplus	173	173	B
Retained Earnings	26,134	26,134	C
Accumulated other comprehensive income	4,206	4,206	D
Cash flow hedges requiring derecognition		791	H
Net AOCI included as capital		3,415	
Non-controlling interests in subsidiaries			
Portion allowed for regulatory capital (directly issued)	1,534	795	M3
Portion allowed for regulatory capital (issued by subsidiaries and held by third parties) subject to phase out		393	N2
Portion not allowed for regulatory capital subject to phase out		346	
TOTAL LIABILITIES AND EQUITY	\$ 896,468	\$ 891,302	

¹ As per Balance Sheet on page 13.

² 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 \$5,166 million and total equity of \$1,762 million of which \$628 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 Q2 2014 page.

³ Cross referenced to the current period on the Capital Position - Basel III Q2 2014, Q1 2014, Q4 2013 and Q3 2013 on pages 59 and 60.

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

⁵ 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), \$97 million (N1) in Tier 1 instruments issued by subsidiaries and held by 3rd parties and \$466 million (M4) in Tier 1 preferred shares no longer outstanding.