

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

(\$ millions) As at	Line #	Q3	2014 Q2	Q1	Q4	2013 Q3	Cross Reference ³	OSFI Template
Common Equity Tier 1 Capital (CET1)								
Common shares plus related contributed surplus	1	\$ 19,796	\$ 19,646	\$ 19,462	\$ 19,341	\$ 19,255	A1+A2+B	1
Retained earnings	2	26,970	26,134	25,108	24,565	24,122	C	2
Accumulated other comprehensive income (loss)	3	3,834	4,206	4,874	3,166	2,650	D	3
Common Equity Tier 1 Capital before regulatory adjustments	4	50,600	49,986	49,444	47,072	46,027		6
Common Equity Tier 1 Capital regulatory adjustments								
Goodwill (net of related tax liability)	5	(16,220)	(13,867)	(14,058)	(13,280)	(13,107)	E1+E2-E3	8
Intangibles (net of related tax liability)	6	(2,327)	(2,299)	(2,307)	(2,097)	(2,077)	F1-F2	9
Deferred tax assets excluding those arising from temporary differences	7	(536)	(525)	(488)	(519)	(364)	G	10
Cash flow hedge reserve	8	(607)	(791)	(954)	(1,005)	(823)	H	11
Shortfall of provisions to expected losses	9	(101)	(96)	(93)	(116)	(202)	I	12
Gains and losses due to changes in own credit risk on fair valued liabilities	10	(77)	(84)	(96)	(89)	(75)	J	14
Defined benefit pension fund net assets (net of related tax liability)	11	(61)	(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	(1,080)	(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)	-	-		23
of which: deferred tax assets arising from temporary differences	15	-	-	(10)	-	-		25
Total regulatory adjustments to Common Equity Tier 1 Capital	16	(21,009)	(21,015)	(21,641)	(21,250)	(20,674)		28
Common Equity Tier 1 Capital	17	29,591	28,971	27,803	25,822	25,353		29
Additional Tier 1 capital instruments								
Directly issued qualifying Additional Tier 1 instruments plus stock surplus	18	1,001	-	-	-	-	M+N	30/31
Directly issued capital instruments subject to phase out from Additional Tier 1	19	4,364	4,911	4,911	5,524	5,524	O1+O2+O3+O4	33
Additional Tier 1 instruments issued by subsidiaries and held by third parties subject to phase out	20	429	490	490	552	552	P	34/35
Additional Tier 1 capital instruments before regulatory adjustments	21	5,794	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	22	(352)	(352)	(352)	(352)	(352)	Q+R	40
Total regulatory adjustments to Additional Tier 1 Capital	23	(352)	(352)	(352)	(352)	(352)		43
Additional Tier 1 Capital	24	5,442	5,049	5,049	5,724	5,724		44
Tier 1 Capital	25	35,033	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	26	6,773	6,774	6,774	7,564	7,620	S	47
Tier 2 instruments issued by subsidiaries and held by third parties subject to phase out	27	237	237	237	297	267	T1+T2	48/49
Collective allowances	28	1,389	1,632	1,633	1,472	1,439	U	50
Tier 2 Capital before regulatory adjustments	29	8,399	8,643	8,644	9,333	9,326		51
Tier 2 regulatory adjustments								
Investment in own Tier 2 instruments	30	-	-	-	(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	31	(170)	(170)	(170)	(170)	(170)	V	55
Total regulatory adjustments to Tier 2 Capital	32	(170)	(170)	(170)	(189)	(179)		57
Tier 2 Capital	33	8,229	8,473	8,474	9,144	9,147		58
Total Capital	34	43,262	42,493	41,326	40,690	40,224		59
Common Equity Tier 1 Capital risk-weighted assets⁴	35	316,716	313,238	312,972	286,355	283,521		60a
Tier 1 Capital risk-weighted assets⁴	36	317,526	313,238	312,972	286,355	283,521		60b
Total Capital risk-weighted assets⁴	37	\$ 318,743	\$ 313,238	\$ 312,972	\$ 286,355	\$ 283,521		60c

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 64.

⁴ Effective Q3 2014, each capital ratio has its own RWA measure due to the OSFI prescribed scalar for inclusion of the CVA. For Q3 2014, the scalars for inclusion of CVA for CET1, Tier 1 and Total Capital RWA were 57%, 65% and 77% respectively.

Capital Position – Basel III Q3 2014, Q2 2014, Q1 2014, Q4 2013 and Q3 2013 (Continued)¹

(\$ millions, except as noted)

As at

Line #	Q3	2014 Q2	Q1	Q4	2013 Q3	Cross Reference ²	OSFI Template
Capital Ratios³							
Common Equity Tier 1 Capital (as percentage of CET1 Capital risk-weighted assets)	38	9.3 %	9.2 %	8.9 %	9.0 %	8.9 %	61
Tier 1 (as percentage of Tier 1 Capital risk-weighted assets)	39	11.0	10.9	10.5	11.0	11.0	62
Total Capital (as percentage of Total Capital risk-weighted assets)	40	13.6	13.6	13.2	14.2	14.2	63
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)	41	7.0	7.0	7.0	7.0	7.0	64
of which: capital conservation buffer requirement	42	2.5	2.5	2.5	2.5	2.5	65
Common Equity Tier 1 available to meet buffers (as percentage of risk-weighted assets)	43	9.3	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	44	7.0	7.0	7.0	7.0	7.0	69
Tier 1 all-in target ratio	45	8.5	8.5	8.5	8.5	8.5	70
Total Capital all-in target ratio	46	10.5	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	47	\$ 741	\$ 1,044	\$ 819	\$ 934	\$ 1,715	72
Significant investments in the common stock of financials	48	3,067	3,226	3,108	3,034	2,976	73
Mortgage servicing rights	49	17	—	—	—	—	74
Deferred tax assets arising from temporary differences (net of related tax liability)	50	979	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)	51	1,389	1,633	1,633	1,472	1,439	76
Cap on inclusion of allowances in Tier 2 under standardized approach	52	1,895	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	53	5,401	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)	54	—	128	813	567	564	83
Current cap on Tier 2 instruments subject to phase out arrangements	55	7,010	7,010	7,010	7,887	7,887	84
Amounts excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	56	784	845	858	—	5	85
Capital Ratios – transitional basis⁴							
Risk-weighted assets	57	\$ 333,679	\$ 330,255	\$ 326,853	\$ 307,840	\$ 301,305	
Common Equity Tier 1 Capital	58	38,179	38,022	36,977	37,011	36,321	
Tier 1 Capital	59	38,179	38,022	36,977	37,011	36,321	
Total Capital	60	46,072	45,276	44,131	44,500	43,800	
Common Equity Tier 1 (as percentage of risk-weighted assets)	61	11.4 %	11.5 %	11.3 %	12.0 %	12.1 %	
Tier 1 (as percentage of risk-weighted assets)	62	11.4	11.5	11.3	12.0	12.1	
Total Capital (as percentage of risk-weighted assets)	63	13.8	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	64	12.1	12.0	n/a	n/a	n/a	
Tier 1 Capital ratio	65	12.3	12.2	11.1	11.3	11.6	
Total Capital ratio	66	13.4	13.3	12.3	12.4	12.8	
TD Mortgage Corporation							
Common Equity Tier 1 Capital ratio	67	27.8	27.0	25.8	25.5	23.7	
Tier 1 Capital ratio	68	27.8	27.0	25.8	25.5	23.7	
Total Capital ratio	69	29.4	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 64.

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. In addition, 100% of the CVA is included for calculation of the transitional ratios.

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 Q3		Cross Reference ³	
	Balance Sheet ¹	Under Regulatory scope of consolidation ²		
Cash and due from banks	1	\$ 3,099	\$ 3,099	
Interest-bearing deposits with banks	2	36,708	36,682	
Trading loans, securities and other	3	101,749	101,749	
Derivatives	4	46,458	46,453	
Financial assets designated at fair value through profit or loss	5	5,030	3,938	
Held-to-maturity securities	6	56,522	56,522	
Available-for-sale securities	7	61,818	59,691	
Securities purchased under reverse repurchase agreements	8	84,274	84,274	
Loans	9	468,946	468,731	
Allowance for loan losses	10	(3,005)	(3,005)	
Eligible general allowance reflected in Tier 2 regulatory capital	11		(1,389)	U
Shortfall of allowance to expected loss	12		(101)	I
Allowances not reflected in regulatory capital	13		(1,515)	
Other	14	60,151	58,357	
Investment in TD Ameritrade				
Significant investments exceeding regulatory thresholds	15		735	L1
Significant investments not exceeding regulatory thresholds	16		2,185	
Imputed goodwill	17		2,412	E2
Goodwill	18		13,822	E1
Other intangibles	19		2,662	F1
Deferred tax assets				
Deferred tax assets (DTA) excluding those arising from temporary differences	20		536	G
DTA's (net of associated deferred tax liabilities (DTL)) realizable through net operating loss (NOL) carryback	21		979	
DTA's (net of associated DTL's) arising from temporary differences but not realizable through NOL carryback	22		832	
Other DTA/DTL adjustments ⁴	23		(606)	
Significant investments in financials (excluding TD Ameritrade)				
Significant investments exceeding regulatory thresholds	24		10	L2
Significant investments in Additional Tier 1 Capital	25		2	R
Significant investments not exceeding regulatory thresholds	26		28	
Defined pension benefits	27		61	K1
Other Assets	28		34,699	
TOTAL ASSETS	29	921,750	916,491	
LIABILITIES AND EQUITY⁵				
Trading deposits	30	61,325	61,325	
Derivatives	31	45,354	45,354	
Securitization liabilities at fair value	32	13,151	13,151	
Other financial liabilities designated at fair value through profit or loss	33	3,637	3,637	
Deposits	34	573,678	573,678	
Other	35	161,906	156,647	
Deferred tax liabilities				
Goodwill	36		14	E3
Intangible assets (excluding mortgage servicing rights)	37		335	F2
Defined benefit pension fund assets	38		-	K2
Other deferred tax liabilities (Cash flow hedges and other DTL's)	39		837	
Other DTA/DTL adjustments ⁴	40		(899)	
Gains and losses due to changes in own credit risk on fair value liabilities	41		77	J
Other liabilities	42		156,283	
Subordinated notes and debentures	43	7,915	7,915	
Regulatory capital amortization of maturing debentures	44		150	
Directly issued capital instruments subject to phase out from Tier 2	45		6,773	S
Capital instruments issued by subsidiaries and held by third parties-Tier 2	46		216	T1
Capital instruments not allowed for regulatory capital	47		776	
Liability for Preferred Shares	48	29	29	
Capital instruments issued by subsidiaries and held by third parties	49		21	T2
Instruments not allowed for regulatory capital subject to phase out	50		8	
Liabilities	51	866,995	861,736	
Common Shares	52	19,705	19,705	A1
Preferred Shares	53	2,625	2,625	
Directly issued qualifying Additional Tier 1 instruments	54		1,000	M
Directly issued capital instruments subject to phase out from Additional Tier 1	55		1,625	O2
Treasury Shares - Common	56	(92)	(92)	A2
Treasury Shares - Preferred	57	(2)	(2)	O4
Contributed Surplus	58	184	184	
Contributed surplus - Common Shares	59		183	B
Contributed surplus - Preferred Shares	60		1	N
Retained Earnings	61	26,970	26,970	C
Accumulated other comprehensive income	62	3,834	3,834	D
Cash flow hedges requiring derecognition	63		607	H
Net AOCI included as capital	64		3,227	
Non-controlling interests in subsidiaries	65	1,531	1,531	
Portion allowed for regulatory capital (directly issued)	66		994	O3
Portion allowed for regulatory capital (issued by subsidiaries and held by third parties) subject to phase out	67		429	
Portion not allowed for regulatory capital subject to phase out	68		108	P
TOTAL LIABILITIES AND EQUITY	69	921,750	916,491	

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 \$5,259 million and total equity of \$1,806 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, Q, V) respectively, to the Capital Position - Base III Q3 2014 page.

³ Cross referenced to the current period on the Capital Position - Base III Q3 2014, Q2 2014, Q1 2014, Q4 2013 and Q3 2013 on pages 62 and 63.

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 \$1,747 million (O1) related to TD Capital Trust IV (no longer consolidated as the bank is not the primary beneficiary of the trust).