

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

(\$ millions) As at	Line #	2014				2013		Cross Reference ³	OSFI Template
		Q4	Q3	Q2	Q1	Q4	Q3		
Common Equity Tier 1 Capital (CET1)									
Common shares plus related contributed surplus	1	\$ 19,961	\$ 19,796	\$ 19,646	\$ 19,462	\$ 19,341	\$ 19,255	A1+A2+B	1
Retained earnings	2	27,585	26,970	26,134	25,108	24,565	24,122	C	2
Accumulated other comprehensive income (loss)	3	4,936	3,834	4,206	4,874	3,166	2,650	D	3
Common Equity Tier 1 Capital before regulatory adjustments	4	52,482	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	(16,709)	(16,220)	(13,867)	(14,058)	(13,280)	(13,107)	E1+E2-E3	8
Intangibles (net of related tax liability)	6	(2,355)	(2,327)	(2,299)	(2,307)	(2,097)	(2,077)	F1-F2	9
Deferred tax assets excluding those arising from temporary differences	7	(485)	(536)	(525)	(488)	(519)	(364)	G	10
Cash flow hedge reserve	8	(711)	(607)	(791)	(954)	(1,005)	(823)	H	11
Shortfall of provisions to expected losses	9	(91)	(101)	(96)	(93)	(116)	(202)	I	12
Gains and losses due to changes in own credit risk on fair valued liabilities	10	(98)	(77)	(84)	(96)	(89)	(75)	J	14
Defined benefit pension fund net assets (net of related tax liability)	11	(15)	(61)	(60)	(60)	(389)	(368)	K1-K2	15
Investment in own shares	12	(7)	-	-	-	(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	(1,046)	(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	(21,517)	(21,009)	(21,015)	(21,641)	(21,250)	(20,674)		28
Common Equity Tier 1 Capital	17	30,965	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	1,001	-	-	-	-	M+N	30/31
Directly issued capital instruments subject to phase out from Additional Tier 1	19	3,941	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	444	429	490	490	552	552	P	34/35
Additional Tier 1 capital instruments before regulatory adjustments	21	5,386	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)	(352)	Q+R	40
Total regulatory adjustments to Additional Tier 1 Capital	23	(352)	(352)	(352)	(352)	(352)	(352)		43
Additional Tier 1 Capital	24	5,034	5,442	5,049	5,049	5,724	5,724		44
Tier 1 Capital	25	35,999	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	6,773	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	237	297	267	T1+T2	48/49
Collective allowances	28	1,416	1,389	1,632	1,633	1,472	1,439	U	50
Tier 2 Capital before regulatory adjustments	29	8,426	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)	(170)	V	55
Total regulatory adjustments to Tier 2 Capital	32	(170)	(170)	(170)	(170)	(189)	(179)		57
Tier 2 Capital	33	8,256	8,229	8,473	8,474	9,144	9,147		58
Total Capital	34	44,255	43,262	42,493	41,326	40,690	40,224		59
Common Equity Tier 1 Capital risk-weighted assets⁴	35	328,393	316,716	313,238	312,972	286,355	283,521		60a
Tier 1 Capital risk-weighted assets⁴	36	329,268	317,526	313,238	312,972	286,355	283,521		60b
Total Capital risk-weighted assets⁴	37	\$ 330,581	\$ 318,743	\$ 313,238	\$ 312,972	\$ 286,355	\$ 283,521		60c

¹ Capital position calculated using the "all-in" basis.

² Prior to the first quarter of 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 74.

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

Capital Position – Basel III Q3 2013 to Q4 2014 (Continued)¹

(\$ millions, except as noted)

As at	Line #	Q4	Q3	2014			2013			Cross Reference ²	OSFI Template
				Q2	Q1	Q4	Q3				
Capital Ratios³											
Common Equity Tier 1 Capital (as percentage of CET1 Capital risk-weighted assets)	38	9.4 %	9.3 %	9.2 %	8.9 %	9.0 %	8.9 %			61	
Tier 1 (as percentage of Tier 1 Capital risk-weighted assets)	39	10.9	11.0	10.9	10.5	11.0	11.0			62	
Total Capital (as percentage of Total Capital risk-weighted assets)	40	13.4	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	7.0			64	
of which: capital conservation buffer requirement	42	2.5	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	9.4	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	7.0			69	
Tier 1 all-in target ratio	45	8.5	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	10.5			71	
Amounts below the thresholds for deduction (before risk weighting)											
Non-significant investments in the capital of other financials	47	\$ 1,006	\$ 741	\$ 1,044	\$ 819	\$ 934	\$ 1,715			72	
Significant investments in the common stock of financials	48	3,201	3,067	3,226	3,108	3,034	2,976			73	
Mortgage servicing rights	49	9	17	–	–	–	–			74	
Deferred tax assets arising from temporary differences (net of related tax liability)	50	948	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	1,416	1,389	1,633	1,633	1,472	1,439			76	
Cap on inclusion of allowances in Tier 2 under standardized approach	52	1,983	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	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	7,010	7,887	7,887			84	
Amounts excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	56	804	784	845	858	–	5			85	
Capital Ratios – transitional basis⁴											
Risk-weighted assets	57	\$ 347,005	\$ 333,679	\$ 330,255	\$ 326,853	\$ 307,840	\$ 301,305				
Common Equity Tier 1 Capital	58	39,095	38,179	38,022	36,977	37,011	36,321				
Tier 1 Capital	59	39,095	38,179	38,022	36,977	37,011	36,321				
Total Capital	60	47,032	46,072	45,276	44,131	44,500	43,800				
Common Equity Tier 1 (as percentage of risk-weighted assets)	61	11.3 %	11.4 %	11.5 %	11.3 %	12.0 %	12.1 %				
Tier 1 Capital (as percentage of risk-weighted assets)	62	11.3	11.4	11.5	11.3	12.0	12.1				
Total Capital (as percentage of risk-weighted assets)	63	13.6	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	64	12.7	12.1	12.0	n/a	n/a	n/a				
Tier 1 Capital	65	12.9	12.3	12.2	11.1	11.3	11.6				
Total Capital	66	13.9	13.4	13.3	12.3	12.4	12.8				
TD Mortgage Corporation											
Common Equity Tier 1 Capital	67	28.0	27.8	27.0	25.8	25.5	23.7				
Tier 1 Capital	68	28.0	27.8	27.0	25.8	25.5	23.7				
Total Capital	69	29.6	29.4	28.5	27.3	27.2	25.4				

¹ Prior to the first quarter of 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 74.

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 Q4		Cross Reference ³	
	Balance Sheet ¹	Under Regulatory scope of consolidation ²		
Cash and due from banks	1	\$ 2,781	\$ 2,781	
Interest-bearing deposits with banks	2	43,773	43,757	
Trading loans, securities, and other	3	101,173	101,173	
Derivatives	4	55,363	55,352	
Financial assets designated at fair value through profit or loss	5	4,745	3,474	
Held-to-maturity securities	6	56,977	56,977	
Available-for-sale securities	7	63,008	61,141	
Securities purchased under reverse repurchase agreements	8	75,031	75,031	
Loans	9	481,937	481,716	
Allowance for loan losses	10	(3,028)	(3,028)	
Eligible general allowance reflected in Tier 2 regulatory capital	11		(1,416)	U
Shortfall of allowance to expected loss	12		(91)	I
Allowances not reflected in regulatory capital	13		(1,521)	
Other	14	62,982	61,214	
Investment in TD Ameritrade	15		732	L1
Significant investments exceeding regulatory thresholds	16		2,344	
Significant investments not exceeding regulatory thresholds	17		2,493	E2
Imputed goodwill	18		14,233	E1
Goodwill	19		2,680	F1
Other intangibles	20		485	G
Deferred tax assets	21		918	
Deferred tax assets (DTA) excluding those arising from temporary differences	22		1,123	
DTA's (net of associated deferred tax liabilities (DTL)) realizable through net operating loss (NOL) carryback	23		(634)	
DTA's (net of associated DTL's) arising from temporary differences but not realizable through NOL carryback	24		7	
Other DTA/DTL adjustments ⁴	25		2	L2
Significant investments in financials (excluding TD Ameritrade)	26		23	R
Significant investments exceeding regulatory thresholds	27		15	
Significant investments in Additional Tier 1 Capital	28		15	K1
Significant investments not exceeding regulatory thresholds	29		36,793	
Defined pension benefits	30			
Other Assets	31			
TOTAL ASSETS	32	944,742	939,588	
LIABILITIES AND EQUITY⁵	33			
Trading deposits	34	59,334	59,334	
Derivatives	35	50,776	50,776	
Securitization liabilities at fair value	36	11,198	11,198	
Other financial liabilities designated at fair value through profit or loss	37	3,250	3,250	
Deposits	38	600,716	600,716	
Other	39	155,452	150,298	
Deferred tax liabilities	40		17	E3
Goodwill	41		325	F2
Intangible assets (excluding mortgage servicing rights)	42		-	K2
Defined benefit pension fund assets	43		910	
Other deferred tax liabilities (Cash flow hedges and other DTL's)	44		(965)	
Other DTA/DTL adjustments ⁴	45		98	J
Gains and losses due to changes in own credit risk on fair value liabilities	46		21	
Liability for Preferred Shares	47		9	T2
Capital instruments issued by subsidiaries and held by third parties	48		149,883	
Instruments not allowed for regulatory capital subject to phase out	49		7,785	
Other liabilities	50		-	
Subordinated notes and debentures	51	7,785	7,785	
Regulatory capital amortization of maturing debentures	52		6,773	S
Directly issued capital instruments subject to phase out from Tier 2	53		216	T1
Capital instruments issued by subsidiaries and held by third parties-Tier 2	54		796	
Capital instruments not allowed for regulatory capital	55			
Liabilities	56	888,511	883,357	
Common Shares	57	19,811	19,811	A1
Preferred Shares	58	2,200	2,200	
Directly issued qualifying Additional Tier 1 instruments	59		1,000	M
Directly issued capital instruments subject to phase out from Additional Tier 1	60		1,200	O2
Treasury Shares - Common	61	(54)	(54)	A2
Treasury Shares - Preferred	62	(1)	(1)	O4
Contributed Surplus	63	205	205	
Contributed surplus - Common Shares	64		204	B
Contributed surplus - Preferred Shares	65		1	N
Retained Earnings	66	27,585	27,585	C
Accumulated other comprehensive income	67	4,936	4,936	D
Cash flow hedges requiring derecognition	68		711	H
Net AOCI included as capital	69		4,225	
Non-controlling interests in subsidiaries	70	1,549	1,549	
Portion allowed for regulatory capital (directly issued)	71		994	O3
Portion allowed for regulatory capital (issued by subsidiaries and held by third parties) subject to phase out	72		444	P
Portion not allowed for regulatory capital subject to phase out	73		111	
TOTAL LIABILITIES AND EQUITY	74	\$ 944,742	\$ 939,588	

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 \$5.2 billion and total equity of \$1.8 billion of which \$307 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 - Basel III Q3 2013 to Q4 2014 on page 72.

³ Cross referenced to the current period on the Capital Position - Basel III Q3 2013 to Q4 2014 on pages 72 and 73.

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 \$1.7 billion (O1) related to TD Capital Trust IV (no longer consolidated as the Bank is not the primary beneficiary of the trust).