

Capital Position – Basel III¹

| (\$ millions) As at | Line # | 2016 | | | | 2015 | | | | 2014 | Cross Reference ² | OSFI Template |
|---|--------|-------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------------------------|---------------|
| | | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | | |
| Common Equity Tier 1 Capital | | | | | | | | | | | | |
| Common shares plus related contributed surplus | 1 | \$ 20,881 | \$ 20,751 | \$ 20,682 | \$ 20,540 | \$ 20,457 | \$ 20,387 | \$ 20,289 | \$ 19,982 | \$ 19,961 | A1+A2+B | 1 |
| Retained earnings | 2 | 35,452 | 34,387 | 33,442 | 32,585 | 32,053 | 30,764 | 29,362 | 28,373 | 27,585 | C | 2 |
| Accumulated other comprehensive income (loss) | 3 | 11,834 | 11,037 | 8,689 | 13,467 | 10,209 | 10,477 | 7,569 | 9,956 | 4,936 | D | 3 |
| Common Equity Tier 1 Capital before regulatory adjustments | 4 | 68,167 | 66,175 | 62,813 | 66,592 | 62,719 | 61,628 | 57,220 | 58,311 | 52,482 | | 6 |
| Common Equity Tier 1 Capital regulatory adjustments | | | | | | | | | | | | |
| Goodwill (net of related tax liability) | 5 | (19,517) | (19,047) | (18,371) | (20,386) | (19,143) | (19,150) | (17,767) | (18,639) | (16,709) | E1+E2-E3 | 8 |
| Intangibles (net of related tax liability) | 6 | (2,241) | (2,119) | (2,071) | (2,215) | (2,192) | (2,273) | (2,254) | (2,432) | (2,355) | F1-F2 | 9 |
| Deferred tax assets excluding those arising from temporary differences | 7 | (172) | (263) | (322) | (359) | (367) | (412) | (595) | (604) | (485) | G | 10 |
| Cash flow hedge reserve | 8 | (1,690) | (2,168) | (1,595) | (2,127) | (1,498) | (1,296) | (1,271) | (1,658) | (711) | H | 11 |
| Shortfall of provisions to expected losses | 9 | (906) | (881) | (262) | (178) | (140) | (118) | (132) | (71) | (91) | I | 12 |
| Gains and losses due to changes in own credit risk on fair valued liabilities | 10 | (166) | (166) | (170) | (249) | (188) | (136) | (94) | (115) | (98) | J | 14 |
| Defined benefit pension fund net assets (net of related tax liability) | 11 | (11) | (12) | (12) | (11) | (104) | (17) | (16) | (17) | (15) | K | 15 |
| Investment in own shares | 12 | (72) | (43) | (64) | – | (4) | (24) | – | – | (7) | | 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 | (1,064) | (1,113) | (1,013) | (1,290) | (1,125) | (1,041) | (951) | (1,167) | (1,046) | L1+L2+L3+L4 | 19 |
| Amounts exceeding the 15% threshold | | | | | | | | | | | | 22 |
| of which: significant investments in the common stocks of financials | 14 | – | – | – | (121) | – | – | – | – | – | | 23 |
| of which: deferred tax assets arising from temporary differences | 15 | – | – | – | (59) | – | – | – | – | – | | 25 |
| Total regulatory adjustments to Common Equity Tier 1 Capital | 16 | (25,839) | (25,812) | (23,880) | (26,995) | (24,761) | (24,467) | (23,080) | (24,703) | (21,517) | | 28 |
| Common Equity Tier 1 Capital | 17 | 42,328 | 40,363 | 38,933 | 39,597 | 37,958 | 37,161 | 34,140 | 33,608 | 30,965 | | 29 |
| Additional Tier 1 capital instruments | | | | | | | | | | | | |
| Directly issued qualifying Additional Tier 1 instruments plus stock surplus | 18 | 3,899 | 2,900 | 2,902 | 2,901 | 2,202 | 2,201 | 2,047 | 1,501 | 1,001 | M+N+O | 30/31 |
| Directly issued capital instruments subject to phase out from Additional Tier 1 | 19 | 3,236 | 3,237 | 3,239 | 3,240 | 3,211 | 3,240 | 3,484 | 3,941 | 3,941 | P1+P2+P3+P4 | 33 |
| Additional Tier 1 instruments issued by subsidiaries and held by third parties subject to phase out | 20 | 286 | 279 | 270 | 302 | 399 | 398 | 368 | 388 | 444 | Q | 34/35 |
| Additional Tier 1 capital instruments before regulatory adjustments | 21 | 7,421 | 6,416 | 6,411 | 6,443 | 5,812 | 5,839 | 5,899 | 5,830 | 5,386 | | 36 |
| Additional Tier 1 capital instruments regulatory adjustments | | | | | | | | | | | | |
| Investment in own Additional Tier 1 instruments | 22 | – | – | – | – | (2) | – | – | – | – | | 37 |
| Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions | 23 | (352) | (352) | (352) | (352) | (352) | (352) | (352) | (352) | (352) | R+S | 40 |
| Total regulatory adjustments to Additional Tier 1 Capital | 24 | (352) | (352) | (352) | (352) | (354) | (352) | (352) | (352) | (352) | | 43 |
| Additional Tier 1 Capital | 25 | 7,069 | 6,064 | 6,059 | 6,091 | 5,458 | 5,487 | 5,547 | 5,478 | 5,034 | | 44 |
| Tier 1 Capital | 26 | 49,397 | 46,427 | 44,992 | 45,688 | 43,416 | 42,648 | 39,687 | 39,086 | 35,999 | | 45 |
| Tier 2 capital instruments and provisions | | | | | | | | | | | | |
| Directly issued qualifying Tier 2 instruments plus related stock surplus | 27 | 5,760 | 3,740 | 3,748 | 2,500 | 2,489 | 1,497 | – | – | – | T | 46 |
| Directly issued capital instruments subject to phase out from Tier 2 | 28 | 4,899 | 4,897 | 4,898 | 4,897 | 5,927 | 5,927 | 5,927 | 5,927 | 6,773 | U | 47 |
| Tier 2 instruments issued by subsidiaries and held by third parties subject to phase out | 29 | 270 | 276 | 281 | 317 | 207 | 207 | 207 | 207 | 237 | V1+V2 | 48/49 |
| Collective allowances | 30 | 1,660 | 1,567 | 1,820 | 1,940 | 1,731 | 1,629 | 1,498 | 1,536 | 1,416 | W | 50 |
| Tier 2 Capital before regulatory adjustments | 31 | 12,589 | 10,480 | 10,747 | 9,654 | 10,354 | 9,260 | 7,632 | 7,670 | 8,426 | | 51 |
| Tier 2 regulatory adjustments | | | | | | | | | | | | |
| Investments in own Tier 2 instruments | 32 | – | – | (20) | – | – | – | – | – | – | | 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 | 33 | (170) | (170) | (170) | (170) | (170) | (170) | (170) | (170) | (170) | X | 55 |
| Total regulatory adjustments to Tier 2 Capital | 34 | (170) | (170) | (190) | (170) | (170) | (170) | (170) | (170) | (170) | | 57 |
| Tier 2 Capital | 35 | 12,419 | 10,310 | 10,557 | 9,484 | 10,184 | 9,090 | 7,462 | 7,500 | 8,256 | | 58 |
| Total Capital | 36 | 61,816 | 56,737 | 55,549 | 55,172 | 53,600 | 51,738 | 47,149 | 46,586 | 44,255 | | 59 |
| Common Equity Tier 1 Capital RWA³ | 37 | 405,844 | 388,243 | 383,589 | 399,617 | 382,360 | 369,495 | 343,596 | 355,597 | 328,393 | | 60a |
| Tier 1 Capital RWA³ | 38 | 405,844 | 388,872 | 384,330 | 400,498 | 383,301 | 370,461 | 344,252 | 356,352 | 329,268 | | 60b |
| Total Capital RWA³ | 39 | \$ 405,844 | \$ 389,412 | \$ 384,966 | \$ 401,253 | \$ 384,108 | \$ 371,289 | \$ 344,813 | \$ 356,999 | \$ 330,581 | | 60c |

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

² Cross referenced to the Reconciliation with Balance Sheet Under Regulatory Scope of Consolidation table on page 81.

³ Each capital ratio has its own RWA measure due to the OSFI prescribed scalar for inclusion of the CVA. For the fourth quarter of 2014, the scalars for inclusion of CVA for CET1, Tier 1, and Total Capital RWA were 57%, 65%, and 77%, respectively. For fiscal 2015 and 2016, the corresponding scalars are 64%, 71%, and 77%, respectively.

Capital Position – Basel III (Continued)

(\$ millions, except as noted)

| As at | Line # | 2016 | | | | 2015 | | | | 2014 | OSFI Template |
|---|--------|------------|------------|------------|------------|------------|------------|------------|------------|------------|---------------|
| | | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | |
| Capital Ratios¹ | | | | | | | | | | | |
| Common Equity Tier 1 Capital (as percentage of CET1 Capital RWA) | 40 | 10.4 % | 10.4 % | 10.1 % | 9.9 % | 9.9 % | 10.1 % | 9.9 % | 9.5 % | 9.4 % | 61 |
| Tier 1 (as percentage of Tier 1 Capital RWA) | 41 | 12.2 | 11.9 | 11.7 | 11.4 | 11.3 | 11.5 | 11.5 | 11.0 | 10.9 | 62 |
| Total Capital (as percentage of Total Capital RWA) | 42 | 15.2 | 14.6 | 14.4 | 13.7 | 14.0 | 13.9 | 13.7 | 13.0 | 13.4 | 63 |
| Buffer requirement (minimum CET1 requirement plus capital conservation buffer plus global systemically important banks (G-SIBs) buffer plus domestic systemically important banks (D-SIBs) buffer requirement expressed as percentage of RWA) | 43 | 8.0 | 8.0 | 8.0 | 8.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 64 |
| of which: capital conservation buffer requirement | 44 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 65 |
| of which: D-SIB buffer requirement ² | 45 | 1.0 | 1.0 | 1.0 | 1.0 | n/a | n/a | n/a | n/a | n/a | 67a |
| Common Equity Tier 1 available to meet buffers (as percentage of RWA) | 46 | 10.4 | 10.4 | 10.1 | 9.9 | 9.9 | 10.1 | 9.9 | 9.5 | 9.4 | 68 |
| OSFI all-in target (minimum plus conservation buffer plus D-SIB surcharge (if applicable)) | | | | | | | | | | | |
| Common Equity Tier 1 all-in target ratio | 47 | 8.0 | 8.0 | 8.0 | 8.0 | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 | 69 |
| Tier 1 all-in target ratio | 48 | 9.5 | 9.5 | 9.5 | 9.5 | 8.5 | 8.5 | 8.5 | 8.5 | 8.5 | 70 |
| Total Capital all-in target ratio | 49 | 11.5 | 11.5 | 11.5 | 11.5 | 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 | 50 | \$ 1,094 | \$ 866 | \$ 866 | \$ 933 | \$ 538 | \$ 527 | \$ 674 | \$ 1,689 | \$ 1,006 | 72 |
| Significant investments in the common stock of financials | 51 | 4,339 | 4,148 | 3,994 | 3,986 | 3,909 | 3,820 | 3,509 | 3,478 | 3,201 | 73 |
| Mortgage servicing rights | 52 | 25 | 23 | 21 | 22 | 20 | 18 | 15 | 10 | 9 | 74 |
| Deferred tax assets arising from temporary differences (net of related tax liability) | 53 | 1,541 | 1,561 | 1,571 | 1,932 | 1,664 | 1,453 | 1,047 | 1,276 | 948 | 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) | 54 | 1,660 | 1,567 | 1,820 | 1,940 | 1,731 | 1,629 | 1,498 | 1,536 | 1,416 | 76 |
| Cap on inclusion of allowances in Tier 2 under standardized approach | 55 | 2,108 | 1,984 | 2,447 | 2,675 | 2,511 | 2,384 | 2,145 | 2,240 | 1,983 | 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 | 56 | 4,051 | 4,051 | 4,051 | 4,051 | 4,726 | 4,726 | 4,726 | 4,726 | 5,401 | 82 |
| Amounts excluded from Additional Tier 1 due to cap (excess over cap after redemptions and maturities) | 57 | – | – | – | – | – | – | – | – | – | 83 |
| Current cap on Tier 2 instruments subject to phase out arrangements | 58 | 5,258 | 5,258 | 5,258 | 5,258 | 6,134 | 6,134 | 6,134 | 6,134 | 7,010 | 84 |
| Amounts excluded from Tier 2 due to cap (excess over cap after redemptions and maturities) | 59 | – | – | – | – | 48 | 859 | 849 | 1,676 | 804 | 85 |
| Capital Ratios – transitional basis³ | | | | | | | | | | | |
| Risk-weighted assets | 60 | \$ 420,930 | \$ 401,698 | \$ 396,826 | \$ 415,418 | \$ 405,997 | \$ 392,371 | \$ 362,871 | \$ 364,957 | \$ 347,005 | |
| Common Equity Tier 1 Capital | 61 | 50,989 | 48,000 | 46,439 | 47,500 | 45,712 | 44,920 | 41,994 | 41,565 | 39,095 | |
| Tier 1 Capital | 62 | 50,989 | 48,000 | 46,439 | 47,500 | 45,712 | 44,920 | 41,994 | 41,565 | 39,095 | |
| Total Capital | 63 | 63,082 | 57,980 | 56,817 | 56,759 | 55,618 | 53,765 | 49,233 | 48,796 | 47,032 | |
| Common Equity Tier 1 (as percentage of RWA) | 64 | 12.1 % | 11.9 % | 11.7 % | 11.4 % | 11.3 % | 11.4 % | 11.6 % | 11.4 % | 11.3 % | |
| Tier 1 Capital (as percentage of RWA) | 65 | 12.1 | 11.9 | 11.7 | 11.4 | 11.3 | 11.4 | 11.6 | 11.4 | 11.3 | |
| Total Capital (as percentage of RWA) | 66 | 15.0 | 14.4 | 14.3 | 13.7 | 13.7 | 13.7 | 13.6 | 13.4 | 13.6 | |
| Capital Ratios for significant bank subsidiaries | | | | | | | | | | | |
| TD Bank, National Association (TD Bank, N.A.)⁴ | | | | | | | | | | | |
| Common Equity Tier 1 Capital | 67 | 13.5 | 13.4 | 13.4 | 13.4 | 13.6 | 13.6 | 13.6 | 12.7 | 12.7 | |
| Tier 1 Capital | 68 | 13.6 | 13.5 | 13.5 | 13.5 | 13.7 | 13.7 | 13.7 | 12.9 | 12.9 | |
| Total Capital | 69 | 14.6 | 14.5 | 14.5 | 14.5 | 14.7 | 14.7 | 14.7 | 13.9 | 13.9 | |
| TD Mortgage Corporation | | | | | | | | | | | |
| Common Equity Tier 1 Capital | 70 | 33.1 | 33.4 | 31.8 | 29.5 | 29.4 | 29.4 | 29.4 | 27.8 | 28.0 | |
| Tier 1 Capital | 71 | 33.1 | 33.4 | 31.8 | 29.5 | 29.4 | 29.4 | 29.4 | 27.8 | 28.0 | |
| Total Capital | 72 | 34.3 | 34.6 | 33.0 | 30.7 | 30.8 | 30.8 | 30.8 | 29.2 | 29.6 | |

¹ The "all-in" basis of regulatory reporting includes all of the regulatory adjustments that will be required by 2019.

² Common equity capital D-SIB surcharge in effect from January 1, 2016. Accordingly, amounts for periods prior to the first quarter of 2016 are not applicable (n/a).

³ 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.

⁴ 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 # | 2016 Q4 | | Cross Reference ³ |
|--|----------------------------|--|------------------------------|
| | Balance Sheet ¹ | Under Regulatory scope of consolidation ² | |
| Cash and due from banks | \$ 3,907 | \$ 3,907 | |
| Interest-bearing deposits with banks | 53,714 | 53,694 | |
| Trading loans, securities, and other | 99,257 | 99,257 | |
| Derivatives | 72,242 | 72,218 | |
| Financial assets designated at fair value through profit or loss | 4,283 | 2,272 | |
| Held-to-maturity securities | 84,395 | 84,395 | |
| Available-for-sale securities | 107,571 | 105,516 | |
| Securities purchased under reverse repurchase agreements | 86,052 | 86,052 | |
| Loans | 589,529 | 589,317 | |
| Allowance for loan losses | (3,873) | (3,873) | |
| <i>Eligible general allowance reflected in Tier 2 regulatory capital</i> | | (1,660) | W |
| <i>Shortfall of allowance to expected loss</i> | | (906) | I |
| <i>Allowances not reflected in regulatory capital</i> | | (1,307) | |
| Other | 79,890 | 77,708 | |
| Investment in TD Ameritrade | | 782 | L1 |
| <i>Significant investments exceeding regulatory thresholds</i> | | 3,342 | |
| <i>Significant investments not exceeding regulatory thresholds</i> | | 2,967 | E2 |
| <i>Imputed goodwill</i> | | 16,662 | E1 |
| Goodwill | | 2,614 | F1 |
| Other intangibles | | 25 | |
| Other intangibles (Mortgage Servicing Rights) | | | |
| Deferred tax assets | | 172 | G |
| <i>Deferred tax assets (DTA) excluding those arising from temporary differences</i> | | 1,541 | |
| <i>DTA's (net of associated deferred tax liabilities (DTL)) realizable through net operating loss (NOL) carryback</i> | | 1,500 | |
| <i>DTA's (net of associated DTL's) arising from temporary differences but not realizable through NOL carryback</i> | | | |
| <i>DTA's (net of associated DTL's) arising from temporary differences but not realizable through NOL carryback exceeding regulatory thresholds</i> | | - | L4 |
| <i>Other DTA/DTL adjustments⁴</i> | | (1,280) | |
| Significant investments in financials (excluding TD Ameritrade) | | 11 | L2 |
| <i>Significant investments exceeding regulatory thresholds</i> | | 2 | S |
| <i>Significant investments in Additional Tier 1 Capital</i> | | 48 | |
| <i>Significant investments not exceeding regulatory thresholds</i> | | 11 | K |
| Defined pension benefits | | 49,311 | |
| Other Assets | | | |
| TOTAL ASSETS | 1,176,967 | 1,170,463 | |
| LIABILITIES AND EQUITY⁵ | | | |
| Trading deposits | 79,786 | 79,786 | |
| Derivatives | 65,425 | 65,425 | |
| Securitization liabilities at fair value | 12,490 | 12,490 | |
| Other financial liabilities designated at fair value through profit or loss | 190 | 190 | |
| Deposits | 773,660 | 773,660 | |
| Other | 160,311 | 153,807 | |
| Deferred tax liabilities | | 112 | E3 |
| <i>Goodwill</i> | | 373 | F2 |
| <i>Intangible assets (excluding mortgage servicing rights)</i> | | 1,139 | |
| <i>Other deferred tax liabilities (Cash flow hedges and other DTL's)</i> | | (1,279) | |
| <i>Other DTA/DTL adjustments⁴</i> | | 166 | J |
| Gains and losses due to changes in own credit risk on fair value liabilities | | 153,296 | |
| Other liabilities | | | |
| Subordinated notes and debentures | 10,891 | 10,891 | |
| <i>Directly issued qualifying Tier 2 instruments</i> | | 5,760 | T |
| <i>Directly issued capital instruments subject to phase out from Tier 2</i> | | 4,899 | U |
| <i>Capital instruments issued by subsidiaries and held by third parties-Tier 2</i> | | 260 | V1 |
| <i>Capital instruments not allowed for regulatory capital</i> | | (28) | |
| Liabilities | 1,102,753 | 1,096,249 | |
| Common Shares | 20,711 | 20,711 | A1 |
| Preferred Shares | 4,400 | 4,400 | |
| <i>Directly issued qualifying Additional Tier 1 instruments</i> | | 3,900 | M |
| <i>Directly issued capital instruments subject to phase out from Additional Tier 1</i> | | 500 | P2 |
| Treasury Shares - Common | (31) | (31) | A2 |
| Treasury Shares - Preferred | (5) | (5) | |
| Treasury Shares - NVCC Preferred Shares | | (3) | O |
| Treasury Shares - non-NVCC Preferred Shares | | (2) | P4 |
| Contributed Surplus | 203 | 203 | |
| <i>Contributed surplus - Common Shares</i> | | 201 | B |
| <i>Contributed surplus - Preferred Shares</i> | | 2 | N |
| Retained Earnings | 35,452 | 35,452 | C |
| Accumulated other comprehensive income | 11,834 | 11,834 | D |
| <i>Cash flow hedges requiring derecognition</i> | | 1,690 | H |
| <i>Net AOCI included as capital</i> | | 10,144 | |
| Non-controlling interests in subsidiaries | 1,650 | 1,650 | |
| <i>Portion allowed for regulatory capital (directly issued)</i> | | 988 | P3 |
| <i>Portion allowed for regulatory capital (issued by subsidiaries and held by third parties) subject to phase out - additional Tier 1</i> | | 286 | Q |
| <i>Portion allowed for regulatory capital (issued by subsidiaries and held by third parties) subject to phase out - Tier 2</i> | | 10 | V2 |
| <i>Portion not allowed for regulatory capital subject to phase out</i> | | 366 | |
| TOTAL LIABILITIES AND EQUITY | \$ 1,176,967 | \$ 1,170,463 | |

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), TD Life Insurance Company and TD Reinsurance (Barbados) Inc. which have total assets included in the consolidated Bank of \$6.5 billion and total equity of \$1.9 billion of which \$271 million is deducted from CET 1, \$350 million is deducted from additional Tier 1 and \$170 million is deducted from Tier 2 Capital. Cross referenced (L3, R, X) respectively, to the Capital Position - Basel III on page 79.

³ Cross referenced to the current period on the Capital Position - Basel III on pages 79 and 80.

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 (P1 - cross referenced to Capital Position - Basel III on page 79) related to TD Capital Trust IV (no longer consolidated as the Bank is not the primary beneficiary of the trust).