

Capital Position – Basel III¹

(\$ millions) As at	Line #	2017					2016					Cross Reference ²	OSFI Template
		Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
Common Equity Tier 1 Capital													
Common shares plus related contributed surplus	1	\$ 20,822	\$ 20,881	\$ 20,751	\$ 20,682	\$ 20,540	\$ 20,457	\$ 20,387	\$ 20,289	\$ 19,982	A1+A2+B	1	
Retained earnings	2	37,330	35,452	34,387	33,442	32,585	32,053	30,764	29,362	28,373	C	2	
Accumulated other comprehensive income (loss)	3	9,131	11,834	11,037	8,689	13,467	10,209	10,477	7,569	9,956	D	3	
Common Equity Tier 1 Capital before regulatory adjustments	4	67,283	68,167	66,175	62,813	66,592	62,719	61,628	57,220	58,311		6	
Common Equity Tier 1 Capital regulatory adjustments													
Goodwill (net of related tax liability)	5	(18,986)	(19,517)	(19,047)	(18,371)	(20,386)	(19,143)	(19,150)	(17,767)	(18,639)	E1+E2-E3	8	
Intangibles (net of related tax liability)	6	(2,264)	(2,241)	(2,119)	(2,071)	(2,215)	(2,192)	(2,273)	(2,254)	(2,432)	F1-F2	9	
Deferred tax assets excluding those arising from temporary differences	7	(189)	(172)	(263)	(322)	(359)	(367)	(412)	(595)	(604)	G	10	
Cash flow hedge reserve	8	(350)	(1,690)	(2,168)	(1,595)	(2,127)	(1,498)	(1,296)	(1,271)	(1,658)	H	11	
Shortfall of provisions to expected losses	9	(769)	(906)	(881)	(262)	(178)	(140)	(118)	(132)	(71)	I	12	
Gains and losses due to changes in own credit risk on fair valued liabilities	10	(138)	(166)	(166)	(170)	(249)	(188)	(136)	(94)	(115)	J	14	
Defined benefit pension fund net assets (net of related tax liability)	11	(11)	(11)	(12)	(12)	(11)	(104)	(17)	(16)	(17)	K	15	
Investment in own shares	12	-	(72)	(43)	(64)	-	(4)	(24)	-	-		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	(855)	(1,064)	(1,113)	(1,013)	(1,290)	(1,125)	(1,041)	(951)	(1,167)	L1+L2+L3	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	(23,562)	(25,839)	(25,812)	(23,880)	(26,995)	(24,761)	(24,467)	(23,080)	(24,703)		28	
Common Equity Tier 1 Capital	17	43,721	42,328	40,363	38,933	39,597	37,958	37,161	34,140	33,608		29	
Additional Tier 1 capital instruments													
Directly issued qualifying Additional Tier 1 instruments plus stock surplus	18	3,899	3,899	2,900	2,902	2,901	2,202	2,201	2,047	1,501	M+N+O	30/31	
Directly issued capital instruments subject to phase out from Additional Tier 1	19	3,070	3,236	3,237	3,239	3,240	3,211	3,240	3,484	3,941	P1+P2+P3	33	
Additional Tier 1 instruments issued by subsidiaries and held by third parties subject to phase out	20	306	286	279	270	302	399	398	368	388	Q	34/35	
Additional Tier 1 capital instruments before regulatory adjustments	21	7,275	7,421	6,416	6,411	6,443	5,812	5,839	5,899	5,830		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)	(352)	(354)	(352)	(352)	(352)		43	
Additional Tier 1 Capital	25	6,923	7,069	6,064	6,059	6,091	5,458	5,487	5,547	5,478		44	
Tier 1 Capital	26	50,644	49,397	46,427	44,992	45,688	43,416	42,648	39,687	39,086		45	
Tier 2 capital instruments and provisions													
Directly issued qualifying Tier 2 instruments plus related stock surplus	27	5,700	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	2,649	4,899	4,897	4,898	4,897	5,927	5,927	5,927	5,927	U	47	
Tier 2 instruments issued by subsidiaries and held by third parties subject to phase out	29	262	270	276	281	317	207	207	207	207	V1+V2	48/49	
Collective allowances	30	1,585	1,660	1,567	1,820	1,940	1,731	1,629	1,498	1,536	W	50	
Tier 2 Capital before regulatory adjustments	31	10,196	12,589	10,480	10,747	9,654	10,354	9,260	7,632	7,670		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)	(170)	(190)	(170)	(170)	(170)	(170)	(170)		57	
Tier 2 Capital	35	10,026	12,419	10,310	10,557	9,484	10,184	9,090	7,462	7,500		58	
Total Capital	36	60,670	61,816	56,737	55,549	55,172	53,600	51,738	47,149	46,586		59	
Common Equity Tier 1 Capital RWA³	37	402,168	405,844	388,243	383,589	399,617	382,360	369,495	343,596	355,597		60a	
Tier 1 Capital RWA³	38	402,168	405,844	388,872	384,330	400,498	383,301	370,461	344,252	356,352		60b	
Total Capital RWA³	39	\$ 402,168	\$ 405,844	\$ 389,412	\$ 384,966	\$ 401,253	\$ 384,108	\$ 371,289	\$ 344,813	\$ 356,999		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 fiscal 2015 and 2016, the scalars for inclusion of CVA for CET1, Tier 1, and Total Capital RWA were 64%, 71%, and 77%, respectively. For fiscal 2017, the corresponding scalars are 72%, 77%, and 81%, respectively.

Capital Position – Basel III (Continued)

(\$ millions, except as noted) As at	Line #	2017					2016					OSFI Template
		Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1		
Capital Ratios¹												
Common Equity Tier 1 Capital (as percentage of CET1 Capital RWA)	40	10.9 %	10.4 %	10.4 %	10.1 %	9.9 %	9.9 %	10.1 %	9.9 %	9.5 %	61	
Tier 1 (as percentage of Tier 1 Capital RWA)	41	12.6	12.2	11.9	11.7	11.4	11.3	11.5	11.5	11.0	62	
Total Capital (as percentage of Total Capital RWA)	42	15.1	15.2	14.6	14.4	13.7	14.0	13.9	13.7	13.0	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) ^{2,3}	43	8.0	8.0	8.0	8.0	8.0	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: countercyclical buffer requirement ⁴	45	–	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	66	
of which: D-SIB buffer requirement ⁵	46	1.0	1.0	1.0	1.0	1.0	n/a	n/a	n/a	n/a	67a	
Common Equity Tier 1 available to meet buffers (as percentage of RWA)	47	10.9	10.4	10.4	10.1	9.9	9.9	10.1	9.9	9.5	68	
OSFI all-in target (minimum plus conservation buffer plus D-SIB surcharge (if applicable))												
Common Equity Tier 1 all-in target ratio	48	8.0	8.0	8.0	8.0	8.0	7.0	7.0	7.0	7.0	69	
Tier 1 all-in target ratio	49	9.5	9.5	9.5	9.5	9.5	8.5	8.5	8.5	8.5	70	
Total Capital all-in target ratio	50	11.5	11.5	11.5	11.5	11.5	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	51	\$ 1,047	\$ 1,094	\$ 866	\$ 866	\$ 933	\$ 538	\$ 527	\$ 674	\$ 1,689	72	
Significant investments in the common stock of financials	52	4,458	4,339	4,148	3,994	3,986	3,909	3,820	3,509	3,478	73	
Mortgage servicing rights	53	26	25	23	21	22	20	18	15	10	74	
Deferred tax assets arising from temporary differences (net of related tax liability)	54	1,472	1,541	1,561	1,571	1,932	1,664	1,453	1,047	1,276	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)	55	1,585	1,660	1,567	1,820	1,940	1,731	1,629	1,498	1,536	76	
Cap on inclusion of allowances in Tier 2 under standardized approach	56	1,945	2,108	1,984	2,447	2,675	2,511	2,384	2,145	2,240	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	57	3,376	4,051	4,051	4,051	4,051	4,726	4,726	4,726	4,726	82	
Amounts excluded from Additional Tier 1 due to cap (excess over cap after redemptions and maturities)	58	21	–	–	–	–	–	–	–	–	83	
Current cap on Tier 2 instruments subject to phase out arrangements	59	4,381	5,258	5,258	5,258	5,258	6,134	6,134	6,134	6,134	84	
Amounts excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	60	–	–	–	–	–	48	859	849	1,676	85	
Capital Ratios – transitional basis⁶												
Risk-weighted assets	61	\$ 409,629	\$ 420,930	\$ 401,698	\$ 396,826	\$ 415,418	\$ 405,997	\$ 392,371	\$ 362,871	\$ 364,957		
Common Equity Tier 1 Capital	62	48,360	50,989	48,000	46,439	47,500	45,712	44,920	41,994	41,565		
Tier 1 Capital	63	51,394	50,989	48,000	46,439	47,500	45,712	44,920	41,994	41,565		
Total Capital	64	61,291	63,082	57,980	56,817	56,759	55,618	53,765	49,233	48,796		
Common Equity Tier 1 (as percentage of RWA)	65	11.8 %	12.1 %	11.9 %	11.7 %	11.4 %	11.3 %	11.4 %	11.6 %	11.4 %		
Tier 1 Capital (as percentage of RWA)	66	12.5	12.1	11.9	11.7	11.4	11.3	11.4	11.6	11.4		
Total Capital (as percentage of RWA)	67	15.0	15.0	14.4	14.3	13.7	13.7	13.7	13.6	13.4		
Capital Ratios for significant bank subsidiaries												
TD Bank, National Association (TD Bank, N.A.)⁷												
Common Equity Tier 1 Capital	68	13.7	13.5	13.4	13.4	13.4	13.6	13.6	13.6	12.7		
Tier 1 Capital	69	13.8	13.6	13.5	13.5	13.5	13.7	13.7	13.7	12.9		
Total Capital	70	14.8	14.6	14.5	14.5	14.5	14.7	14.7	14.7	13.9		
TD Mortgage Corporation												
Common Equity Tier 1 Capital	71	33.2	33.1	33.4	31.8	29.5	29.4	29.4	29.4	27.8		
Tier 1 Capital	72	33.2	33.1	33.4	31.8	29.5	29.4	29.4	29.4	27.8		
Total Capital	73	34.2	34.3	34.6	33.0	30.7	30.8	30.8	30.8	29.2		

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

² The minimum CET1 requirement prior to the buffers is 4.5%.

³ The Financial Stability Board, in consultation with Basel Committee on Banking Supervision and national authorities, has identified the 2016 list of global systemically important banks (G-SIBs), using 2015 fiscal year-end data. The Bank was not identified as a G-SIB.

⁴ Effective January 1, 2017, the countercyclical buffer surcharge is in effect.

⁵ Common equity capital D-SIB surcharge is in effect from January 1, 2016.

⁶ 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.

⁷ 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	2017 Q1	2017 Q1	Cross Reference ³
Line #	Balance Sheet ¹	Under Regulatory scope of consolidation ²	
Cash and due from banks	3,748	3,748	
Interest-bearing deposits with banks	54,438	54,421	
Trading loans, securities, and other	110,261	110,261	
Derivatives	60,640	60,625	
Financial assets designated at fair value through profit or loss	4,594	2,617	
Held-to-maturity securities	77,981	77,981	
Available-for-sale securities	113,275	111,365	
Securities purchased under reverse repurchase agreements	96,389	96,389	
Loans	588,473	588,255	
Allowance for loan losses	(3,815)	(3,815)	
Eligible general allowance reflected in Tier 2 regulatory capital		(1,585)	W
Shortfall of allowance to expected loss		(769)	I
Allowances not reflected in regulatory capital		(1,461)	
Other	80,899	78,801	
Investment in TD Ameritrade			
Significant investments exceeding regulatory thresholds		620	L1
Significant investments not exceeding regulatory thresholds		3,385	
Imputed goodwill		2,878	E2
Goodwill		16,222	E1
Other intangibles		2,635	F1
Other intangibles (Mortgage Servicing Rights)		26	
Deferred tax assets			
Deferred tax assets (DTA) excluding those arising from temporary differences		189	G
DTA's (net of associated deferred tax liabilities (DTL)) realizable through net operating loss (NOL) carryback		1,472	
DTA's (net of associated DTL's) arising from temporary differences but not realizable through NOL carryback		1,140	
DTA's (net of associated DTL's) arising from temporary differences but not realizable through NOL carryback exceeding regulatory thresholds		-	
Other DTA/DTL adjustments ⁴		(654)	
Significant investments in financials (excluding TD Ameritrade)			
Significant investments exceeding regulatory thresholds		10	L2
Significant investments in Additional Tier 1 Capital		2	S
Significant investments not exceeding regulatory thresholds		53	
Defined pension benefits		11	K
Other Assets		50,812	
TOTAL ASSETS	1,186,883	1,180,648	
LIABILITIES AND EQUITY⁵			
Trading deposits	91,485	91,485	
Derivatives	57,936	57,936	
Securitization liabilities at fair value	12,537	12,537	
Other financial liabilities designated at fair value through profit or loss	24	24	
Deposits	774,534	774,534	
Other	168,671	162,436	
Deferred tax liabilities			
Goodwill		114	E3
Intangible assets (excluding mortgage servicing rights)		371	F2
Other deferred tax liabilities (Cash flow hedges and other DTL's)		513	
Other DTA/DTL adjustments ⁴		(654)	
Gains and losses due to changes in own credit risk on fair value liabilities		138	J
Other liabilities		161,954	
Subordinated notes and debentures	8,394	8,394	
Directly issued qualifying Tier 2 instruments		5,700	T
Directly issued capital instruments subject to phase out from Tier 2		2,649	U
Capital instruments issued by subsidiaries and held by third parties-Tier 2		253	V1
Capital instruments not allowed for regulatory capital		(208)	
Liabilities	1,113,581	1,107,346	
Common Shares	20,836	20,836	A1
Preferred Shares	4,400	4,400	
Directly issued qualifying Additional Tier 1 instruments		3,900	M
Directly issued capital instruments subject to phase out from Additional Tier 1		1,698	P2
Preferred shares not allowed for regulatory capital		(1,198)	
Treasury Shares - Common	(218)	(218)	A2
Treasury Shares - Preferred	(5)	(5)	
Treasury Shares - non-viability contingent capital (NVCC) Preferred Shares		(3)	O
Treasury Shares - non-NVCC Preferred Shares		(2)	
Contributed Surplus	206	206	
Contributed surplus - Common Shares		204	B
Contributed surplus - Preferred Shares		2	N
Retained Earnings	37,330	37,330	C
Accumulated other comprehensive income	9,131	9,131	D
Cash flow hedges requiring derecognition		350	H
Net AOCI included as capital		8,781	
Non-controlling interests in subsidiaries	1,622	1,622	
Portion allowed for regulatory capital (directly issued)		497	P3
Portion allowed for regulatory capital (issued by subsidiaries and held by third parties) subject to phase out - additional Tier 1		306	Q
Portion allowed for regulatory capital (issued by subsidiaries and held by third parties) subject to phase out - Tier 2		9	V2
Portion not allowed for regulatory capital subject to phase out		810	
TOTAL LIABILITIES AND EQUITY	1,186,883	1,180,648	

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 \$6.2 billion and total equity of \$1.9 billion of which \$225 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, 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 related to TD Capital Trust IV (no longer consolidated as the Bank is not the primary beneficiary of the trust). The allowed for regulatory capital is \$875 million (P1 - cross referenced to Capital Position - Basel III on page 79).