

Capital Position – Basel III¹

(\$ millions) As at	Line #	2017		2016				2015			Cross Reference ²	OSFI Template
		Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2		
Common Equity Tier 1 Capital												
Common shares plus related contributed surplus	1	\$ 20,762	\$ 20,822	\$ 20,881	\$ 20,751	\$ 20,682	\$ 20,540	\$ 20,457	\$ 20,387	\$ 20,289	A1+A2+B	1
Retained earnings	2	37,577	37,330	35,452	34,387	33,442	32,585	32,053	30,764	29,362	C	2
Accumulated other comprehensive income (loss)	3	11,853	9,131	11,834	11,037	8,689	13,467	10,209	10,477	7,569	D	3
Common Equity Tier 1 Capital before regulatory adjustments	4	70,192	67,283	68,167	66,175	62,813	66,592	62,719	61,628	57,220		6
Common Equity Tier 1 Capital regulatory adjustments												
Goodwill (net of related tax liability)	5	(19,837)	(18,986)	(19,517)	(19,047)	(18,371)	(20,386)	(19,143)	(19,150)	(17,767)	E1+E2-E3	8
Intangibles (net of related tax liability)	6	(2,350)	(2,264)	(2,241)	(2,119)	(2,071)	(2,215)	(2,192)	(2,273)	(2,254)	F1-F2	9
Deferred tax assets excluding those arising from temporary differences	7	(144)	(189)	(172)	(263)	(322)	(359)	(367)	(412)	(595)	G	10
Cash flow hedge reserve	8	(488)	(350)	(1,690)	(2,168)	(1,595)	(2,127)	(1,498)	(1,296)	(1,271)	H	11
Shortfall of provisions to expected losses	9	(823)	(769)	(906)	(881)	(262)	(178)	(140)	(118)	(132)	I	12
Gains and losses due to changes in own credit risk on fair valued liabilities	10	(142)	(138)	(166)	(166)	(170)	(249)	(188)	(136)	(94)	J	14
Defined benefit pension fund net assets (net of related tax liability)	11	(11)	(11)	(11)	(12)	(12)	(11)	(104)	(17)	(16)	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	(980)	(855)	(1,064)	(1,113)	(1,013)	(1,290)	(1,125)	(1,041)	(951)	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	(24,775)	(23,562)	(25,839)	(25,812)	(23,880)	(26,995)	(24,761)	(24,467)	(23,080)		28
Common Equity Tier 1 Capital	17	45,417	43,721	42,328	40,363	38,933	39,597	37,958	37,161	34,140		29
Additional Tier 1 capital instruments												
Directly issued qualifying Additional Tier 1 instruments plus stock surplus	18	3,896	3,899	3,899	2,900	2,902	2,901	2,202	2,201	2,047	M+N+O	30/31
Directly issued capital instruments subject to phase out from Additional Tier 1	19	3,070	3,070	3,236	3,237	3,239	3,240	3,211	3,240	3,484	P1+P2+P3+P4	33
Additional Tier 1 instruments issued by subsidiaries and held by third parties subject to phase out	20	306	306	286	279	270	302	399	398	368	Q	34/35
Additional Tier 1 capital instruments before regulatory adjustments	21	7,272	7,275	7,421	6,416	6,411	6,443	5,812	5,839	5,899		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)	(352)	(354)	(352)	(352)		43
Additional Tier 1 Capital	25	6,920	6,923	7,069	6,064	6,059	6,091	5,458	5,487	5,547		44
Tier 1 Capital	26	52,337	50,644	49,397	46,427	44,992	45,688	43,416	42,648	39,687		45
Tier 2 capital instruments and provisions												
Directly issued qualifying Tier 2 instruments plus related stock surplus	27	5,786	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	2,646	2,649	4,899	4,897	4,898	4,897	5,927	5,927	5,927	U	47
Tier 2 instruments issued by subsidiaries and held by third parties subject to phase out	29	263	262	270	276	281	317	207	207	207	V1+V2	48/49
Collective allowances	30	1,680	1,585	1,660	1,567	1,820	1,940	1,731	1,629	1,498	W	50
Tier 2 Capital before regulatory adjustments	31	10,375	10,196	12,589	10,480	10,747	9,654	10,354	9,260	7,632		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)	(170)	(190)	(170)	(170)	(170)	(170)		57
Tier 2 Capital	35	10,205	10,026	12,419	10,310	10,557	9,484	10,184	9,090	7,462		58
Total Capital	36	62,542	60,670	61,816	56,737	55,549	55,172	53,600	51,738	47,149		59
Common Equity Tier 1 Capital RWA³	37	420,053	402,168	405,844	388,243	383,589	399,617	382,360	369,495	343,596		60a
Tier 1 Capital RWA³	38	420,053	402,168	405,844	388,872	384,330	400,498	383,301	370,461	344,252		60b
Total Capital RWA³	39	\$ 420,053	\$ 402,168	\$ 405,844	\$ 389,412	\$ 384,966	\$ 401,253	\$ 384,108	\$ 371,289	\$ 344,813		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				2015			OSFI Template
		Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	
Capital Ratios¹											
Common Equity Tier 1 Capital (as percentage of CET1 Capital RWA)	40	10.8 %	10.9 %	10.4 %	10.4 %	10.1 %	9.9 %	9.9 %	10.1 %	9.9 %	61
Tier 1 (as percentage of Tier 1 Capital RWA)	41	12.5	12.6	12.2	11.9	11.7	11.4	11.3	11.5	11.5	62
Total Capital (as percentage of Total Capital RWA)	42	14.9	15.1	15.2	14.6	14.4	13.7	14.0	13.9	13.7	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	8.0	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	66
of which: D-SIB buffer requirement ⁵	46	1.0	1.0	1.0	1.0	1.0	1.0	n/a	n/a	n/a	67a
Common Equity Tier 1 available to meet buffers (as percentage of RWA)	47	10.8	10.9	10.4	10.4	10.1	9.9	9.9	10.1	9.9	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	8.0	7.0	7.0	7.0	69
Tier 1 all-in target ratio	49	9.5	9.5	9.5	9.5	9.5	9.5	8.5	8.5	8.5	70
Total Capital all-in target ratio	50	11.5	11.5	11.5	11.5	11.5	11.5	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	\$ 1,149	\$ 1,047	\$ 1,094	\$ 866	\$ 866	\$ 933	\$ 538	\$ 527	\$ 674	72
Significant investments in the common stock of financials	52	4,640	4,458	4,339	4,148	3,994	3,986	3,909	3,820	3,509	73
Mortgage servicing rights	53	28	26	25	23	21	22	20	18	15	74
Deferred tax assets arising from temporary differences (net of related tax liability)	54	1,317	1,472	1,541	1,561	1,571	1,932	1,664	1,453	1,047	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	1,680	1,585	1,660	1,567	1,820	1,940	1,731	1,629	1,498	76
Cap on inclusion of allowances in Tier 2 under standardized approach	56	2,056	1,945	2,108	1,984	2,447	2,675	2,511	2,384	2,145	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	3,376	4,051	4,051	4,051	4,051	4,726	4,726	4,726	82
Amounts excluded from Additional Tier 1 due to cap (excess over cap after redemptions and maturities)	58	33	21	–	–	–	–	–	–	–	83
Current cap on Tier 2 instruments subject to phase out arrangements	59	4,381	4,381	5,258	5,258	5,258	5,258	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	85
Capital Ratios – transitional basis⁶											
Risk-weighted assets	61	\$ 427,618	\$ 409,629	\$ 420,930	\$ 401,698	\$ 396,826	\$ 415,418	\$ 405,997	\$ 392,371	\$ 362,871	
Common Equity Tier 1 Capital	62	50,267	48,360	50,989	48,000	46,439	47,500	45,712	44,920	41,994	
Tier 1 Capital	63	53,110	51,394	50,989	48,000	46,439	47,500	45,712	44,920	41,994	
Total Capital	64	63,168	61,291	63,082	57,980	56,817	56,759	55,618	53,765	49,233	
Common Equity Tier 1 (as percentage of RWA)	65	11.8 %	11.8 %	12.1 %	11.9 %	11.7 %	11.4 %	11.3 %	11.4 %	11.6 %	
Tier 1 Capital (as percentage of RWA)	66	12.4	12.5	12.1	11.9	11.7	11.4	11.3	11.4	11.6	
Total Capital (as percentage of RWA)	67	14.8	15.0	15.0	14.4	14.3	13.7	13.7	13.7	13.6	
Capital Ratios for significant bank subsidiaries											
TD Bank, National Association (TD Bank, N.A.)⁷											
Common Equity Tier 1 Capital	68	14.2	13.7	13.5	13.4	13.4	13.4	13.6	13.6	13.6	
Tier 1 Capital	69	14.3	13.8	13.6	13.5	13.5	13.5	13.7	13.7	13.7	
Total Capital	70	15.3	14.8	14.6	14.5	14.5	14.5	14.7	14.7	14.7	
TD Mortgage Corporation											
Common Equity Tier 1 Capital	71	33.1	33.2	33.1	33.4	31.8	29.5	29.4	29.4	29.4	
Tier 1 Capital	72	33.1	33.2	33.1	33.4	31.8	29.5	29.4	29.4	29.4	
Total Capital	73	34.1	34.2	34.3	34.6	33.0	30.7	30.8	30.8	30.8	

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 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)		2017		Cross Reference ³
As at		Q2		
Line #	Balance Sheet ¹	Under Regulatory scope of consolidation ¹		
Cash and due from banks	1	\$ 5,271	\$ 5,271	
Interest-bearing deposits with banks	2	54,227	54,211	
Trading loans, securities, and other	3	111,833	111,833	
Derivatives	4	62,674	62,661	
Financial assets designated at fair value through profit or loss	5	3,971	1,932	
Held-to-maturity securities	6	82,330	82,330	
Available-for-sale securities	7	121,992	120,107	
Securities purchased under reverse repurchase agreements	8	113,834	113,834	
Loans	9	602,353	602,133	
Allowance for loan losses	10	(3,892)	(3,892)	
Eligible general allowance reflected in Tier 2 regulatory capital	11		(1,680)	W
Shortfall of allowance to expected loss	12		(823)	I
Allowances not reflected in regulatory capital	13		(1,389)	
Other	14	97,327	95,334	
Investment in TD Ameritrade	15		714	L1
Significant investments exceeding regulatory thresholds	16		3,548	
Significant investments not exceeding regulatory thresholds	17		3,019	E2
Imputed goodwill	18		16,942	E1
Goodwill	19		2,688	F1
Other intangibles	20		28	
Other intangibles (Mortgage Servicing Rights)	21		144	
Deferred tax assets	22		1,317	G
Deferred tax assets (DTA) excluding those arising from temporary differences	23		1,465	
DTA's (net of associated deferred tax liabilities (DTL)) realizable through net operating loss (NOL) carryback	24		-	
DTA's (net of associated DTL's) arising from temporary differences but not realizable through NOL carryback	25		(662)	
DTA's (net of associated DTL's) arising from temporary differences but not realizable through NOL carryback exceeding regulatory thresholds	26		13	L2
Other DTA/DTL adjustments ⁴	27		2	S
Significant investments in financials (excluding TD Ameritrade)	28		59	
Significant investments exceeding regulatory thresholds	29		11	K
Significant investments in Additional Tier 1 Capital	30		66,046	
Significant investments not exceeding regulatory thresholds	31			
Defined pension benefits	32			
Other Assets	33			
TOTAL ASSETS	34	1,251,920	1,245,754	
LIABILITIES AND EQUITY⁵	35			
Trading deposits	36	92,958	92,958	
Derivatives	37	57,353	57,353	
Securitization liabilities at fair value	38	12,824	12,824	
Other financial liabilities designated at fair value through profit or loss	39	6	6	
Deposits	40	807,112	807,112	
Other	41	196,946	190,780	
Deferred tax liabilities	42			
Goodwill	43		124	E3
Intangible assets (excluding mortgage servicing rights)	44		338	F2
Other deferred tax liabilities (Cash flow hedges and other DTL's)	45		545	
Other DTA/DTL adjustments ⁴	46		(661)	
Gains and losses due to changes in own credit risk on fair value liabilities	47		142	J
Other liabilities	48		190,292	
Subordinated notes and debentures	49	8,482	8,482	
Directly issued qualifying Tier 2 instruments	50		5,786	T
Directly issued capital instruments subject to phase out from Tier 2	51		2,646	U
Capital instruments issued by subsidiaries and held by third parties-Tier 2	52		253	V1
Capital instruments not allowed for regulatory capital	53		(203)	
Liabilities	54	1,175,681	1,169,515	
Common Shares	55	20,809	20,809	A1
Preferred Shares	56	4,400	4,400	
Directly issued qualifying Additional Tier 1 instruments	57		3,900	M
Directly issued capital instruments subject to phase out from Additional Tier 1	58		1,698	P2
Preferred shares not allowed for regulatory capital	59		(1,198)	
Treasury Shares - Common	60	(245)	(245)	A2
Treasury Shares - Preferred	61	(7)	(7)	
Treasury Shares - non-viability contingent capital (NVCC) Preferred Shares	62		(6)	O
Treasury Shares - non-NVCC Preferred Shares	63		(1)	P4
Contributed Surplus	64	200	200	
Contributed surplus - Common Shares	65		198	B
Contributed surplus - Preferred Shares	66		2	N
Retained Earnings	67	37,577	37,577	C
Accumulated other comprehensive income	68	11,853	11,853	D
Cash flow hedges requiring derecognition	69		488	H
Net AOCI included as capital	70		11,365	
Non-controlling interests in subsidiaries	71	1,652	1,652	
Portion allowed for regulatory capital (directly issued)	72		497	P3
Portion allowed for regulatory capital (issued by subsidiaries and held by third parties) subject to phase out - additional Tier 1	73		306	Q
Portion allowed for regulatory capital (issued by subsidiaries and held by third parties) subject to phase out - Tier 2	74		10	V2
Portion not allowed for regulatory capital subject to phase out	75		839	
TOTAL LIABILITIES AND EQUITY	76	\$ 1,251,920	\$ 1,245,754	

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 \$2 billion of which \$253 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 \$876 million (P1 - cross referenced to Capital Position - Basel III on page 79).