

Capital Position – Basel III¹

(\$ millions) As at	Line #	2017				2016				2015 Q4	Cross Reference ²	OSFI Template
		Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
Common Equity Tier 1 Capital												
Common shares plus related contributed surplus	1	\$ 20,967	\$ 21,095	\$ 20,762	\$ 20,822	\$ 20,881	\$ 20,751	\$ 20,682	\$ 20,540	\$ 20,457	A1+A2+B	1
Retained earnings	2	40,489	39,473	37,577	37,330	35,452	34,387	33,442	32,585	32,053	C	2
Accumulated other comprehensive income (loss)	3	8,006	6,564	11,853	9,131	11,834	11,037	8,689	13,467	10,209	D	3
Common Equity Tier 1 Capital before regulatory adjustments	4	69,462	67,132	70,192	67,283	68,167	66,175	62,813	66,592	62,719		6
Common Equity Tier 1 Capital regulatory adjustments												
Goodwill (net of related tax liability)	5	(18,820)	(18,269)	(19,837)	(18,986)	(19,517)	(19,047)	(18,371)	(20,386)	(19,143)	E1+E2-E3	8
Intangibles (net of related tax liability)	6	(2,310)	(2,261)	(2,350)	(2,264)	(2,241)	(2,119)	(2,071)	(2,215)	(2,192)	F1-F2	9
Deferred tax assets excluding those arising from temporary differences	7	(113)	(120)	(144)	(189)	(172)	(263)	(322)	(359)	(367)	G	10
Cash flow hedge reserve	8	506	278	(488)	(350)	(1,690)	(2,168)	(1,595)	(2,127)	(1,498)	H	11
Shortfall of provisions to expected losses	9	(805)	(747)	(823)	(769)	(906)	(881)	(262)	(178)	(140)	I	12
Gains and losses due to changes in own credit risk on fair valued liabilities	10	(73)	(103)	(142)	(138)	(166)	(166)	(170)	(249)	(188)	J	14
Defined benefit pension fund net assets (net of related tax liability)	11	(13)	(11)	(11)	(11)	(11)	(12)	(12)	(11)	(104)	K	15
Investment in own shares	12	–	(157)	–	–	(72)	(43)	(64)	–	(4)		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	(1,206)	(767)	(980)	(855)	(1,064)	(1,113)	(1,013)	(1,290)	(1,125)	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	(22,834)	(22,157)	(24,775)	(23,562)	(25,839)	(25,812)	(23,880)	(26,995)	(24,761)		28
Common Equity Tier 1 Capital	17	46,628	44,975	45,417	43,721	42,328	40,363	38,933	39,597	37,958		29
Additional Tier 1 capital instruments												
Directly issued qualifying Additional Tier 1 instruments plus stock surplus	18	4,247	4,247	3,896	3,899	3,899	2,900	2,902	2,901	2,202	M+N+O	30/31
Directly issued capital instruments subject to phase out from Additional Tier 1	19	3,229	3,070	3,070	3,070	3,236	3,237	3,239	3,240	3,211	P1+P2+P3+P4	33
Additional Tier 1 instruments issued by subsidiaries and held by third parties subject to phase out	20	–	306	306	306	286	279	270	302	399		34/35
Additional Tier 1 capital instruments before regulatory adjustments	21	7,476	7,623	7,272	7,275	7,421	6,416	6,411	6,443	5,812		36
Additional Tier 1 capital instruments regulatory adjustments												
Investment in own Additional Tier 1 instruments	22	(1)	–	–	–	–	–	–	–	(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)	Q+R	40
Total regulatory adjustments to Additional Tier 1 Capital	24	(353)	(352)	(352)	(352)	(352)	(352)	(352)	(352)	(354)		43
Additional Tier 1 Capital	25	7,123	7,271	6,920	6,923	7,069	6,064	6,059	6,091	5,458		44
Tier 1 Capital	26	53,751	52,246	52,337	50,644	49,397	46,427	44,992	45,688	43,416		45
Tier 2 capital instruments and provisions												
Directly issued qualifying Tier 2 instruments plus related stock surplus	27	7,156	7,082	5,786	5,700	5,760	3,740	3,748	2,500	2,489	S	46
Directly issued capital instruments subject to phase out from Tier 2	28	2,648	2,641	2,646	2,649	4,899	4,897	4,898	4,897	5,927	T	47
Tier 2 instruments issued by subsidiaries and held by third parties subject to phase out	29	–	279	263	262	270	276	281	317	207		48/49
Collective allowances	30	1,668	1,571	1,680	1,585	1,660	1,567	1,820	1,940	1,731	U	50
Tier 2 Capital before regulatory adjustments	31	11,472	11,573	10,375	10,196	12,589	10,480	10,747	9,654	10,354		51
Tier 2 regulatory adjustments												
Investments in own Tier 2 instruments	32	(25)	(19)	–	–	–	–	(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	(160)	(170)	(170)	(170)	(170)	(170)	(170)	(170)	(170)	V	55
Total regulatory adjustments to Tier 2 Capital	34	(185)	(189)	(170)	(170)	(170)	(170)	(190)	(170)	(170)		57
Tier 2 Capital	35	11,287	11,384	10,205	10,026	12,419	10,310	10,557	9,484	10,184		58
Total Capital	36	65,038	63,630	62,542	60,670	61,816	56,737	55,549	55,172	53,600		59
Common Equity Tier 1 Capital RWA³	37	435,750	408,803	420,053	402,168	405,844	388,243	383,589	399,617	382,360		60a
Tier 1 Capital RWA³	38	435,750	408,803	420,053	402,168	405,844	388,872	384,330	400,498	383,301		60b
Total Capital RWA³	39	\$ 435,750	\$ 408,803	\$ 420,053	\$ 402,168	\$ 405,844	\$ 389,412	\$ 384,966	\$ 401,253	\$ 384,108		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. As the Bank is constrained by the Basel 1 regulatory floor, the RWA as it relates to the regulatory floor is calculated based on the Basel 1 risk weights which are the same for all capital ratios.

Capital Position – Basel III (Continued)

(\$ millions, except as noted) As at	Line #	2017				2016				2015	OSFI
		Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Template
Capital Ratios¹											
Common Equity Tier 1 Capital (as percentage of CET1 Capital RWA)	40	10.7 %	11.0 %	10.8 %	10.9 %	10.4 %	10.4 %	10.1 %	9.9 %	9.9 %	61
Tier 1 (as percentage of Tier 1 Capital RWA)	41	12.3	12.8	12.5	12.6	12.2	11.9	11.7	11.4	11.3	62
Total Capital (as percentage of Total Capital RWA)	42	14.9	15.6	14.9	15.1	15.2	14.6	14.4	13.7	14.0	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	8.0	8.0	8.0	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	66
of which: D-SIB buffer requirement ⁵	46	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	n/a	67a
Common Equity Tier 1 available to meet buffers (as percentage of RWA)	47	10.7	11.0	10.8	10.9	10.4	10.4	10.1	9.9	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	8.0	8.0	7.0	69
Tier 1 all-in target ratio	49	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	8.5	70
Total Capital all-in target ratio	50	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	10.5	71
Amounts below the thresholds for deduction (before risk weighting)											
Non-significant investments in the capital of other financials	51	\$ 2,624	\$ 1,501	\$ 1,149	\$ 1,047	\$ 1,094	\$ 866	\$ 866	\$ 933	\$ 538	72
Significant investments in the common stock of financials	52	4,783	4,574	4,640	4,458	4,339	4,148	3,994	3,986	3,909	73
Mortgage servicing rights	53	31	27	28	26	25	23	21	22	20	74
Deferred tax assets arising from temporary differences (net of related tax liability)	54	909	1,073	1,317	1,472	1,541	1,561	1,571	1,932	1,664	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	1,668	1,571	1,680	1,585	1,660	1,567	1,820	1,940	1,731	76
Cap on inclusion of allowances in Tier 2 under standardized approach	56	2,029	1,894	2,056	1,945	2,108	1,984	2,447	2,675	2,511	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	3,376	3,376	4,051	4,051	4,051	4,051	4,726	82
Amounts excluded from Additional Tier 1 due to cap (excess over cap after redemptions and maturities)	58	–	10	33	21	–	–	–	–	–	83
Current cap on Tier 2 instruments subject to phase out arrangements	59	4,381	4,381	4,381	4,381	5,258	5,258	5,258	5,258	6,134	84
Amounts excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	60	–	–	–	–	–	–	–	–	48	85
Capital Ratios – transitional basis⁶											
Risk-weighted assets	61	\$ 443,186	\$ 416,529	\$ 427,618	\$ 409,629	\$ 420,930	\$ 401,698	\$ 396,826	\$ 415,418	\$ 405,997	
Common Equity Tier 1 Capital	62	51,294	49,458	50,267	48,360	50,989	48,000	46,439	47,500	45,712	
Tier 1 Capital	63	54,523	52,994	53,110	51,394	50,989	48,000	46,439	47,500	45,712	
Total Capital	64	65,646	64,265	63,168	61,291	63,082	57,980	56,817	56,759	55,618	
Common Equity Tier 1 (as percentage of RWA)	65	11.6 %	11.9 %	11.8 %	11.8 %	12.1 %	11.9 %	11.7 %	11.4 %	11.3 %	
Tier 1 Capital (as percentage of RWA)	66	12.3	12.7	12.4	12.5	12.1	11.9	11.7	11.4	11.3	
Total Capital (as percentage of RWA)	67	14.8	15.4	14.8	15.0	15.0	14.4	14.3	13.7	13.7	
Capital Ratios for significant bank subsidiaries											
TD Bank, National Association (TD Bank, N.A.)⁷											
Common Equity Tier 1 Capital	68	14.8	14.4	14.2	13.7	13.5	13.4	13.4	13.4	13.6	
Tier 1 Capital	69	14.8	14.5	14.3	13.8	13.6	13.5	13.5	13.5	13.7	
Total Capital	70	15.7	15.5	15.3	14.8	14.6	14.5	14.5	14.5	14.7	
TD Mortgage Corporation											
Common Equity Tier 1 Capital	71	35.9	35.5	33.1	33.2	33.1	33.4	31.8	29.5	29.4	
Tier 1 Capital	72	35.9	35.5	33.1	33.2	33.1	33.4	31.8	29.5	29.4	
Total Capital	73	36.9	36.6	34.1	34.2	34.3	34.6	33.0	30.7	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)
As at

Line #	2017 Q4		Cross Reference ³
	Balance Sheet ¹	Under Regulatory scope of consolidation ²	
Cash and due from banks	\$ 3,971	\$ 3,971	
Interest-bearing deposits with banks	51,185	51,019	
Trading loans, securities, and other	103,918	103,918	
Derivatives	56,195	56,195	
Financial assets designated at fair value through profit or loss	4,032	2,073	
Held-to-maturity securities	71,363	71,363	
Available-for-sale securities	146,411	144,209	
Securities purchased under reverse repurchase agreements	134,429	134,429	
Loans	616,374	616,165	
Allowance for loan losses	(3,783)	(3,783)	
<i>Eligible general allowance reflected in Tier 2 regulatory capital</i>		(1,668)	U
<i>Shortfall of allowance to expected loss</i>		(805)	I
<i>Allowances not reflected in regulatory capital</i>		(1,310)	
Other	94,900	92,973	
Investment in TD Ameritrade		973	L1
<i>Significant investments exceeding regulatory thresholds</i>		4,021	
<i>Significant investments not exceeding regulatory thresholds</i>		2,790	E2
<i>Imputed goodwill</i>		16,156	E1
Goodwill		2,587	F1
Other intangibles		31	
Other intangibles (Mortgage Servicing Rights)			
Deferred tax assets		113	G
<i>Deferred tax assets (DTA) excluding those arising from temporary differences</i>		909	
<i>DTA's (net of associated deferred tax liabilities (DTL)) realizable through net operating loss (NOL) carryback</i>		1,729	
<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>		-	
<i>Other DTA/DTL adjustments⁴</i>		(360)	
Significant investments in financials (excluding TD Ameritrade)		15	L2
<i>Significant investments exceeding regulatory thresholds</i>		2	R
<i>Significant investments in Additional Tier 1 Capital</i>		60	
<i>Significant investments not exceeding regulatory thresholds</i>		13	K
Defined pension benefits		63,934	
Other Assets			
TOTAL ASSETS	1,278,995	1,272,532	
LIABILITIES AND EQUITY⁵			
Trading deposits	79,940	79,940	
Derivatives	51,214	51,214	
Securitization liabilities at fair value	12,757	12,757	
Other financial liabilities designated at fair value through profit or loss	8	8	
Deposits	832,824	832,824	
Other	217,534	211,071	
Deferred tax liabilities			
Goodwill		126	E3
Intangible assets (excluding mortgage servicing rights)		277	F2
Other deferred tax liabilities (Cash flow hedges and other DTL's)		135	
Other DTA/DTL adjustments ⁴		(360)	
Gains and losses due to changes in own credit risk on fair value liabilities		73	J
Other liabilities		210,820	
Subordinated notes and debentures	9,528	9,528	
Directly issued qualifying Tier 2 instruments		7,156	S
Directly issued capital instruments subject to phase out from Tier 2		2,648	T
Capital instruments not allowed for regulatory capital		(276)	
Liabilities	1,203,805	1,197,342	
Common Shares	20,931	20,931	A1
Preferred Shares	4,750	4,750	
Directly issued qualifying Additional Tier 1 instruments		4,250	M
Directly issued capital instruments subject to phase out from Additional Tier 1		500	P2
Preferred shares not allowed for regulatory capital		-	
Treasury Shares - Common	(176)	(176)	A2
Treasury Shares - Preferred	(7)	(7)	
Treasury Shares - non-viability contingent capital (NVCC) Preferred Shares		(5)	O
Treasury Shares - non-NVCC Preferred Shares		(2)	P4
Contributed Surplus	214	214	
Contributed surplus - Common Shares		212	B
Contributed surplus - Preferred Shares		2	N
Retained Earnings	40,489	40,489	C
Accumulated other comprehensive income	8,006	8,006	D
Cash flow hedges requiring derecognition		(506)	H
Net AOCI included as capital		8,512	
Non-controlling interests in subsidiaries	983	983	
Portion allowed for regulatory capital (directly issued)		983	P3
Portion not allowed for regulatory capital subject to phase out		-	
TOTAL LIABILITIES AND EQUITY	\$ 1,278,995	\$ 1,272,532	

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 \$2 billion of which \$218 million is deducted from CET1, \$350 million is deducted from additional Tier 1 and \$160 million is deducted from Tier 2 Capital. Cross referenced (L3, Q, V) 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).