

Capital Position – Basel III¹

(\$ millions) As at	Line #	2018			2017		Cross Reference ²	OSFI Template
		Q3	Q2	Q1	Q4	Q3		
Common Equity Tier 1 Capital								
Common shares plus related contributed surplus	1	\$ 21,123	\$ 21,287	\$ 21,228	\$ 20,967	\$ 21,095	A1+A2+B	1
Retained earnings	2	44,223	43,363	41,744	40,489	39,473	C	2
Accumulated other comprehensive income (loss)	3	6,498	5,923	4,472	8,006	6,564	D	3
Common Equity Tier 1 Capital before regulatory adjustments	4	71,844	70,573	67,444	69,462	67,132		6
Common Equity Tier 1 Capital regulatory adjustments								
Goodwill (net of related tax liability)	5	(19,079)	(18,856)	(18,136)	(18,820)	(18,269)	E1+E2-E3	8
Intangibles (net of related tax liability)	6	(2,254)	(2,274)	(2,242)	(2,310)	(2,261)	F1-F2	9
Deferred tax assets excluding those arising from temporary differences	7	(248)	(121)	(122)	(113)	(120)	G	10
Cash flow hedge reserve	8	2,228	2,160	1,731	506	278	H	11
Shortfall of provisions to expected losses ³	9	(967)	(734)	(679)	(805)	(747)	I	12
Gains and losses due to changes in own credit risk on fair valued liabilities	10	(109)	(118)	(68)	(73)	(103)	J	14
Defined benefit pension fund net assets (net of related tax liability)	11	(65)	(13)	(13)	(13)	(11)	K	15
Investment in own shares	12	-	-	(21)	-	(157)		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	(1,254)	(1,132)	(1,085)	(1,206)	(767)	L1+L2+L3	19
Total regulatory adjustments to Common Equity Tier 1 Capital	14	(21,748)	(21,088)	(20,635)	(22,834)	(22,157)		28
Common Equity Tier 1 Capital	15	50,096	49,485	46,809	46,628	44,975		29
Additional Tier 1 capital instruments								
Directly issued qualifying Additional Tier 1 instruments plus stock surplus	16	4,600	4,599	4,246	4,247	4,247	M+N+O	30/31
Directly issued capital instruments subject to phase out from Additional Tier 1	17	2,456	2,455	2,455	3,229	3,070	P1+P2+P3	33
Additional Tier 1 instruments issued by subsidiaries and held by third parties subject to phase out	18	245	245	245	-	306	Q	34/35
Additional Tier 1 capital instruments before regulatory adjustments	19	7,301	7,299	6,946	7,476	7,623		36
Additional Tier 1 capital instruments regulatory adjustments								
Investment in own Additional Tier 1 instruments	20	-	-	-	(1)	-		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	21	(350)	(350)	(352)	(352)	(352)	R+S	40
Total regulatory adjustments to Additional Tier 1 Capital	22	(350)	(350)	(352)	(353)	(352)		43
Additional Tier 1 Capital	23	6,951	6,949	6,594	7,123	7,271		44
Tier 1 Capital	24	57,047	56,434	53,403	53,751	52,246		45
Tier 2 capital instruments and provisions								
Directly issued qualifying Tier 2 instruments plus related stock surplus	25	7,184	7,127	7,028	7,156	7,082	T	46
Directly issued capital instruments subject to phase out from Tier 2	26	199	848	836	2,648	2,641	U	47
Tier 2 instruments issued by subsidiaries and held by third parties subject to phase out	27	-	-	-	-	279		48/49
Collective allowance	28	1,665	1,721	1,662	1,668	1,571	V	50
Tier 2 Capital before regulatory adjustments	29	9,048	9,696	9,526	11,472	11,573		51
Tier 2 regulatory adjustments								
Investments in own Tier 2 instruments	30	(2)	-	-	(25)	(19)		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	(160)	(160)	(160)	(160)	(170)	W	55
Total regulatory adjustments to Tier 2 Capital	32	(162)	(160)	(160)	(185)	(189)		57
Tier 2 Capital	33	8,886	9,536	9,366	11,287	11,384		58
Total Capital	34	65,933	65,970	62,769	65,038	63,630		59
Common Equity Tier 1 Capital RWA⁴	35	428,943	417,819	441,273	435,750	408,803		60a
Tier 1 Capital RWA⁴	36	429,083	417,951	441,273	435,750	408,803		60b
Total Capital RWA⁴	37	\$ 429,222	\$ 418,082	\$ 441,273	\$ 435,750	\$ 408,803		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 5.

³ Effective November 1, 2017, amounts are presented in accordance with IFRS 9. Prior periods have not been restated and are based on IAS 39. Refer to Note 2 of the Bank's second quarter 2018 Interim Consolidated Financial Statements.

⁴ Each capital ratio has its own RWA measure due to the OSFI prescribed scalar for inclusion of the CVA. For fiscal 2017, the scalars for inclusion of CVA for CET1, Tier 1, and Total Capital RWA were 72%, 77%, and 81%, respectively. For fiscal 2018, the corresponding scalars are 80%, 83%, and 86%, respectively. Prior to the second quarter of 2018, as the Bank was constrained by the Basel I regulatory floor, the RWA as it relates to the regulatory floor was calculated based on the Basel I risk weights which were the same for all capital ratios.

Capital Position – Basel III (Continued)

(\$ millions, except as noted)

As at	Line #	Q3	2018 Q2	Q1	Q4	2017 Q3	OSFI Template
Capital Ratios¹							
Common Equity Tier 1 Capital (as percentage of CET1 Capital RWA)	38	11.7 %	11.8 %	10.6 %	10.7 %	11.0 %	61
Tier 1 (as percentage of Tier 1 Capital RWA)	39	13.3	13.5	12.1	12.3	12.8	62
Total Capital (as percentage of Total Capital RWA)	40	15.4	15.8	14.2	14.9	15.6	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}	41	8.0	8.0	8.0	8.0	8.0	64
of which: capital conservation buffer requirement	42	2.5	2.5	2.5	2.5	2.5	65
of which: countercyclical buffer requirement ⁴	43	–	–	–	–	–	66
of which: D-SIB buffer requirement ⁵	44	1.0	1.0	1.0	1.0	1.0	67a
Common Equity Tier 1 available to meet buffers (as percentage of RWA)	45	11.7	11.8	10.6	10.7	11.0	68
OSFI all-in target (minimum plus conservation buffer plus D-SIB surcharge (if applicable))⁶							
Common Equity Tier 1 all-in target ratio	46	8.0	8.0	8.0	8.0	8.0	69
Tier 1 all-in target ratio	47	9.5	9.5	9.5	9.5	9.5	70
Total Capital all-in target ratio	48	11.5	11.5	11.5	11.5	11.5	71
Amounts below the thresholds for deduction (before risk weighting)							
Non-significant investments in the capital of other financials	49	\$ 3,075	\$ 4,129	\$ 3,318	\$ 2,624	\$ 1,501	72
Significant investments in the common stock of financials	50	5,135	5,061	4,789	4,783	4,574	73
Mortgage servicing rights	51	37	34	31	31	27	74
Deferred tax assets arising from temporary differences (net of related tax liability)	52	1,029	1,158	1,100	909	1,073	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)	53	1,665	1,721	1,662	1,668	1,571	76
Cap on inclusion of allowances in Tier 2 under standardized approach	54	2,020	2,041	1,941	2,029	1,894	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	55	2,700	2,700	2,700	3,376	3,376	82
Amounts excluded from Additional Tier 1 due to cap (excess over cap after redemptions and maturities)	56	284	541	535	–	10	83
Current cap on Tier 2 instruments subject to phase out arrangements	57	3,505	3,505	3,505	4,381	4,381	84
Amounts excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	58	–	–	–	–	–	85
Capital Ratios – transitional basis⁷							
Risk-weighted assets	59	\$ n/a ⁸	\$ n/a	\$ n/a	\$ 443,186	\$ 416,529	
Common Equity Tier 1 Capital	60	n/a	n/a	n/a	51,294	49,458	
Tier 1 Capital	61	n/a	n/a	n/a	54,523	52,994	
Total Capital	62	n/a	n/a	n/a	65,646	64,265	
Common Equity Tier 1 (as percentage of RWA)	63	n/a %	n/a %	n/a %	11.6 %	11.9 %	
Tier 1 Capital (as percentage of RWA)	64	n/a	n/a	n/a	12.3	12.7	
Total Capital (as percentage of RWA)	65	n/a	n/a	n/a	14.8	15.4	
Capital Ratios for significant bank subsidiaries							
TD Bank, National Association (TD Bank, N.A.)⁹							
Common Equity Tier 1 Capital	66	14.7	14.9	14.8	14.8	14.4	
Tier 1 Capital	67	14.7	14.9	14.8	14.8	14.5	
Total Capital	68	15.6	15.7	15.6	15.7	15.5	
TD Mortgage Corporation							
Common Equity Tier 1 Capital	69	39.9	37.2	35.9	35.9	35.5	
Tier 1 Capital	70	39.9	37.2	35.9	35.9	35.5	
Total Capital	71	40.7	38.1	36.7	36.9	36.6	

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

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

³ The Financial Stability Board, in consultation with BCBS and national authorities, has identified the 2017 list of G-SIBs, using 2016 fiscal year-end data. The Bank was not identified as a G-SIB.

⁴ The countercyclical buffer surcharge is in effect.

⁵ Common equity capital D-SIB surcharge is in effect.

⁶ Reflects Pillar 1 targets and does not include Pillar 2 domestic stability buffer of 1.5%.

⁷ 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. Effective the first quarter of 2018, the transitional period has ended and thus there is no longer a transitional ratio.

⁸ Not applicable.

⁹ 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 #	2018 Q3		Cross Reference ³
	Balance Sheet ¹	Under Regulatory scope of consolidation ²	
Cash and due from banks	\$ 5,541	\$ 5,541	
Interest-bearing deposits with banks	34,578	34,448	
Trading loans, securities, and other	124,061	124,061	
Non-trading financial assets at fair value through profit or loss	3,865	3,403	
Derivatives	47,567	47,567	
Financial assets designated at fair value through profit or loss	3,246	1,225	
Financial assets at fair value through other comprehensive income	130,152	128,141	
Debt securities at amortized cost, net of allowance for credit losses	99,839	99,389	
Securities purchased under reverse repurchase agreements	129,019	129,019	
Loans	638,763	638,763	
Allowance for loan losses	(3,535)	(3,535)	
Eligible allowance reflected in Tier 2 regulatory capital		(1,665)	V
Shortfall of allowance to expected loss		(967)	I
Allowances not reflected in regulatory capital		(903)	
Other	79,408	77,431	
Investment in TD Ameritrade			
Significant investments exceeding regulatory thresholds		1,018	L1
Significant investments not exceeding regulatory thresholds		4,343	
Imputed goodwill		2,814	E1
Goodwill		16,360	E2
Other intangibles		2,446	F1
Other intangibles (Mortgage Servicing Rights)		37	
Deferred tax assets			
Deferred tax assets (DTA) excluding those arising from temporary differences		248	G
DTA's (net of associated deferred tax liabilities (DTL)) realizable through net operating loss (NOL) carryback		1,029	
DTA's (net of associated DTL's) arising from temporary differences but not realizable through NOL carryback		1,013	
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		332	
Significant investments in financials (excluding TD Ameritrade)			
Significant investments exceeding regulatory thresholds		14	L2
Significant investments in Additional Tier 1 Capital		–	S
Significant investments not exceeding regulatory thresholds		60	
Defined pension benefits		65	K
Other Assets		47,652	
TOTAL ASSETS	1,292,504	1,285,453	
LIABILITIES AND EQUITY⁵			
Trading deposits	107,599	107,599	
Derivatives	42,966	42,966	
Securitization liabilities at fair value	12,018	12,018	
Deposits	838,568	838,568	
Other	206,643	199,592	
Deferred tax liabilities			
Goodwill		95	E3
Intangible assets (excluding mortgage servicing rights)		192	F2
Other deferred tax liabilities (Cash flow hedges and other DTL's)		(441)	
Other DTA/DTL adjustments ⁴		332	
Gains and losses due to changes in own credit risk on fair value liabilities		109	J
Other liabilities		199,305	
Subordinated notes and debentures	7,023	7,023	
Directly issued qualifying Tier 2 instruments		7,184	T
Directly issued capital instruments subject to phase out from Tier 2		199	U
Capital instruments not allowed for regulatory capital		(360)	
Liabilities	1,214,817	1,207,766	
Common Shares	21,099	21,099	A1
Preferred Shares	4,850	4,850	
Directly issued qualifying Additional Tier 1 instruments		4,600	M
Directly issued capital instruments subject to phase out from Additional Tier 1		1,359	P1
Preferred shares not allowed for regulatory capital		(1,109)	
Treasury Shares – Common	(168)	(168)	A2
Treasury Shares – Preferred	(3)	(3)	
Treasury Shares – non-viability contingent capital (NVCC) Preferred Shares		(3)	N
Treasury Shares – non-NVCC Preferred Shares		–	
Contributed Surplus	195	195	
Contributed surplus – Common Shares		192	B
Contributed surplus – Preferred Shares		3	O
Retained Earnings	44,223	44,223	C
Accumulated other comprehensive income (AOCI)	6,498	6,498	D
Cash flow hedges requiring derecognition		(2,228)	H
Net AOCI included as capital		8,726	
Non-controlling interests in subsidiaries	993	993	
Portion allowed for regulatory capital (directly issued) subject to phase out – additional Tier 1		397	P2
Portion allowed for regulatory capital (issued by subsidiaries and held by third parties) subject to phase out – additional Tier 1		245	Q
Portion not allowed for regulatory capital subject to phase out		351	
TOTAL LIABILITIES AND EQUITY	\$ 1,292,504	\$ 1,285,453	

¹ As per Balance Sheet on page 12 in the Supplemental Financial Information Package.

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 \$7.1 billion and total equity of \$1.6 billion, of which \$222 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, R, W) respectively, to the Capital Position – Basel III on page 1.

³ Cross referenced to the current period on the Capital Position – Basel III on pages 1 and 2.

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 \$700 million (P3 – cross referenced to Capital Position – Basel III on page 1).