

Capital Position – Basel III¹

(\$ millions) As at	Line #	2018				2017 Q4	Cross Reference ²	OSFI Template
		Q4	Q3	Q2	Q1			
Common Equity Tier 1 Capital								
Common shares plus related contributed surplus	1	\$ 21,267	\$ 21,123	\$ 21,287	\$ 21,228	\$ 20,967	A1+A2+B	1
Retained earnings	2	46,145	44,223	43,363	41,744	40,489	C	2
Accumulated other comprehensive income (loss)	3	6,639	6,498	5,923	4,472	8,006	D	3
Common Equity Tier 1 Capital before regulatory adjustments	4	74,051	71,844	70,573	67,444	69,462		6
Common Equity Tier 1 Capital regulatory adjustments								
Goodwill (net of related tax liability)	5	(19,285)	(19,079)	(18,856)	(18,136)	(18,820)	E1+E2-E3	8
Intangibles (net of related tax liability)	6	(2,236)	(2,254)	(2,274)	(2,242)	(2,310)	F1-F2	9
Deferred tax assets excluding those arising from temporary differences	7	(317)	(248)	(121)	(122)	(113)	G	10
Cash flow hedge reserve	8	2,568	2,228	2,160	1,731	506	H	11
Shortfall of provisions to expected losses ³	9	(953)	(967)	(734)	(679)	(805)	I	12
Gains and losses due to changes in own credit risk on fair valued liabilities	10	(115)	(109)	(118)	(68)	(73)	J	14
Defined benefit pension fund net assets (net of related tax liability)	11	(113)	(65)	(13)	(13)	(13)	K	15
Investment in own shares	12	(123)	–	–	(21)	–		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	(1,088)	(1,254)	(1,132)	(1,085)	(1,206)	L1+L2+L3	19
Total regulatory adjustments to Common Equity Tier 1 Capital	14	(21,662)	(21,748)	(21,088)	(20,635)	(22,834)		28
Common Equity Tier 1 Capital	15	52,389	50,096	49,485	46,809	46,628		29
Additional Tier 1 capital instruments								
Directly issued qualifying Additional Tier 1 instruments plus stock surplus	16	4,996	4,600	4,599	4,246	4,247	M+N+O	30/31
Directly issued capital instruments subject to phase out from Additional Tier 1	17	2,455	2,456	2,455	2,455	3,229	P1+P2+P3	33
Additional Tier 1 instruments issued by subsidiaries and held by third parties subject to phase out	18	245	245	245	245	–	Q	34/35
Additional Tier 1 capital instruments before regulatory adjustments	19	7,696	7,301	7,299	6,946	7,476		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)	(350)	(352)	(352)	R+S	40
Total regulatory adjustments to Additional Tier 1 Capital	22	(350)	(350)	(350)	(352)	(353)		43
Additional Tier 1 Capital	23	7,346	6,951	6,949	6,594	7,123		44
Tier 1 Capital	24	59,735	57,047	56,434	53,403	53,751		45
Tier 2 capital instruments and provisions								
Directly issued qualifying Tier 2 instruments plus related stock surplus	25	8,927	7,184	7,127	7,028	7,156	T	46
Directly issued capital instruments subject to phase out from Tier 2	26	198	199	848	836	2,648	U	47
Tier 2 instruments issued by subsidiaries and held by third parties subject to phase out	27	–	–	–	–	–		48/49
Collective allowance	28	1,734	1,665	1,721	1,662	1,668	V	50
Tier 2 Capital before regulatory adjustments	29	10,859	9,048	9,696	9,526	11,472		51
Tier 2 regulatory adjustments								
Investments in own Tier 2 instruments	30	–	(2)	–	–	(25)		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)	(160)	W	55
Total regulatory adjustments to Tier 2 Capital	32	(160)	(162)	(160)	(160)	(185)		57
Tier 2 Capital	33	10,699	8,886	9,536	9,366	11,287		58
Total Capital	34	70,434	65,933	65,970	62,769	65,038		59
Common Equity Tier 1 Capital RWA^{4,5}	35	435,632	428,943	417,819	441,273	435,750		60a
Tier 1 Capital RWA^{4,5}	36	435,780	429,083	417,951	441,273	435,750		60b
Total Capital RWA^{4,5}	37	\$ 435,927	\$ 429,222	\$ 418,082	\$ 441,273	\$ 435,750		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 4.

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 4 of the Bank's 2018 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 2018, the scalars for inclusion of CVA for CET1, Tier 1, and Total Capital RWA are 80%, 83%, and 86%, respectively. For fiscal 2017, the corresponding scalars were 72%, 77%, and 81%, respectively.

⁵ Prior to the second quarter of 2018, RWA for all ratios were the same due to the regulatory floor which was based on Basel I risk weights. Subsequently, the regulatory floor is based on standardized risk weights and is no longer triggered resulting in a separate RWA for each ratio due to the CVA scalar.

Capital Position – Basel III (Continued)

(\$ millions, except as noted)

As at	Line #	2018				2017 Q4	OSFI Template
		Q4	Q3	Q2	Q1		
Capital Ratios¹							
Common Equity Tier 1 Capital (as percentage of CET1 Capital RWA)	38	12.0 %	11.7 %	11.8 %	10.6 %	10.7 %	61
Tier 1 (as percentage of Tier 1 Capital RWA)	39	13.7	13.3	13.5	12.1	12.3	62
Total Capital (as percentage of Total Capital RWA)	40	16.2	15.4	15.8	14.2	14.9	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	12.0	11.7	11.8	10.6	10.7	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	\$ 4,273	\$ 3,075	\$ 4,129	\$ 3,318	\$ 2,624	72
Significant investments in the common stock of financials	50	5,348	5,135	5,061	4,789	4,783	73
Mortgage servicing rights	51	39	37	34	31	31	74
Deferred tax assets arising from temporary differences (net of related tax liability)	52	885	1,029	1,158	1,100	909	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	1,734	1,665	1,721	1,662	1,668	76
Cap on inclusion of allowances in Tier 2 under standardized approach	54	2,070	2,020	2,041	1,941	2,029	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	2,700	3,376	82
Amounts excluded from Additional Tier 1 due to cap (excess over cap after redemptions and maturities)	56	31	284	541	535	–	83
Current cap on Tier 2 instruments subject to phase out arrangements	57	3,505	3,505	3,505	3,505	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	\$ n/a	\$ 443,186	
Common Equity Tier 1 Capital	60	n/a	n/a	n/a	n/a	51,294	
Tier 1 Capital	61	n/a	n/a	n/a	n/a	54,523	
Total Capital	62	n/a	n/a	n/a	n/a	65,646	
Common Equity Tier 1 (as percentage of RWA)	63	n/a %	n/a %	n/a %	n/a %	11.6 %	
Tier 1 Capital (as percentage of RWA)	64	n/a	n/a	n/a	n/a	12.3	
Total Capital (as percentage of RWA)	65	n/a	n/a	n/a	n/a	14.8	
Capital Ratios for significant bank subsidiaries							
TD Bank, National Association (TD Bank, N.A.)⁹							
Common Equity Tier 1 Capital	66	14.9	14.7	14.9	14.8	14.8	
Tier 1 Capital	67	14.9	14.7	14.9	14.8	14.8	
Total Capital	68	15.7	15.6	15.7	15.6	15.7	
TD Mortgage Corporation							
Common Equity Tier 1 Capital	69	40.7	39.9	37.2	35.9	35.9	
Tier 1 Capital	70	40.7	39.9	37.2	35.9	35.9	
Total Capital	71	41.6	40.7	38.1	36.7	36.9	

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 2018 list of G-SIBs, using 2017 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 Q4		Cross Reference ³
	Balance Sheet ¹	Under Regulatory scope of consolidation ²	
Cash and due from banks	\$ 4,735	\$ 4,735	
Interest-bearing deposits with banks	30,720	30,585	
Trading loans, securities, and other	127,897	127,897	
Non-trading financial assets at fair value through profit or loss	4,015	3,554	
Derivatives	56,996	57,001	
Financial assets designated at fair value through profit or loss	3,618	1,510	
Financial assets at fair value through other comprehensive income	130,600	128,824	
Debt securities at amortized cost, net of allowance for credit losses	107,171	106,936	
Securities purchased under reverse repurchase agreements	127,379	127,379	
Loans	649,942	649,942	
Allowance for loan losses	(3,549)	(3,549)	
Eligible allowance reflected in Tier 2 regulatory capital		(1,734)	V
Shortfall of allowance to expected loss		(953)	I
Allowances not reflected in regulatory capital		(862)	
Other	95,379	93,337	
Investment in TD Ameritrade			
Significant investments exceeding regulatory thresholds		914	L1
Significant investments not exceeding regulatory thresholds		4,684	
Imputed goodwill		2,847	E1
Goodwill		16,536	E2
Other intangibles		2,420	F1
Other intangibles (Mortgage Servicing Rights)		39	
Deferred tax assets			
Deferred tax assets (DTA) excluding those arising from temporary differences		317	G
DTA's (net of associated deferred tax liabilities (DTL)) realizable through net operating loss (NOL) carryback		885	
DTA's (net of associated DTL's) arising from temporary differences but not realizable through NOL carryback		1,063	
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		447	
Significant investments in financials (excluding TD Ameritrade)			
Significant investments exceeding regulatory thresholds		13	L2
Significant investments in Additional Tier 1 Capital		-	S
Significant investments not exceeding regulatory thresholds		63	
Defined pension benefits		113	K
Other Assets		62,996	
TOTAL ASSETS	1,334,903	1,328,151	
LIABILITIES AND EQUITY⁵			
Trading deposits	114,704	114,704	
Derivatives	48,270	48,270	
Securitization liabilities at fair value	12,618	12,618	
Deposits	851,439	851,439	
Other	219,092	212,340	
Deferred tax liabilities			
Goodwill		98	E3
Intangible assets (excluding mortgage servicing rights)		184	F2
Other deferred tax liabilities (Cash flow hedges and other DTL's)		(554)	
Other DTA/DTL adjustments ⁴		447	
Gains and losses due to changes in own credit risk on fair value liabilities		115	J
Other liabilities		212,050	
Subordinated notes and debentures	8,740	8,740	
Directly issued qualifying Tier 2 instruments		8,927	T
Directly issued capital instruments subject to phase out from Tier 2		198	U
Capital instruments not allowed for regulatory capital		(385)	
Liabilities	1,254,863	1,248,111	
Common Shares	21,221	21,221	A1
Preferred Shares	5,000	5,000	
Directly issued qualifying Additional Tier 1 instruments		5,000	M
Directly issued capital instruments subject to phase out from Additional Tier 1		1,358	P1
Preferred shares not allowed for regulatory capital		(1,358)	
Treasury Shares – Common	(144)	(144)	A2
Treasury Shares – Preferred	(7)	(7)	
Treasury Shares – non-viability contingent capital (NVCC) Preferred Shares		(7)	N
Treasury Shares – non-NVCC Preferred Shares		-	
Contributed Surplus	193	193	
Contributed surplus – Common Shares		190	B
Contributed surplus – Preferred Shares		3	O
Retained Earnings	46,145	46,145	C
Accumulated other comprehensive income (AOCI)	6,639	6,639	D
Cash flow hedges requiring derecognition		(2,568)	H
Net AOCI included as capital		9,207	
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	\$ 1,334,903	\$ 1,328,151	

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 \$6.8 billion and total equity of \$1.5 billion, of which \$161 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).