

# Capital Position – Basel III<sup>1</sup>

(\$ millions) As at	Line #	2015				2014			2013		Cross Reference <sup>2</sup>	OSFI Template
		Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3		
<b>Common Equity Tier 1 Capital (CET1)</b>												
Common shares plus related contributed surplus	1	\$ 20,387	\$ 20,289	\$ 19,982	\$ 19,961	\$ 19,796	\$ 19,646	\$ 19,462	\$ 19,341	\$ 19,255	A1+A2+B	1
Retained earnings	2	30,764	29,362	28,373	27,585	26,970	26,134	25,108	24,565	24,122	C	2
Accumulated other comprehensive income (loss)	3	10,477	7,569	9,956	4,936	3,834	4,206	4,874	3,166	2,650	D	3
<b>Common Equity Tier 1 Capital before regulatory adjustments</b>	4	<b>61,628</b>	57,220	58,311	52,482	50,600	49,986	49,444	47,072	46,027		6
<b>Common Equity Tier 1 Capital regulatory adjustments</b>												
Goodwill (net of related tax liability)	5	(19,150)	(17,767)	(18,639)	(16,709)	(16,220)	(13,867)	(14,058)	(13,280)	(13,107)	E1+E2-E3	8
Intangibles (net of related tax liability)	6	(2,273)	(2,254)	(2,432)	(2,355)	(2,327)	(2,299)	(2,307)	(2,097)	(2,077)	F1-F2	9
Deferred tax assets excluding those arising from temporary differences	7	(412)	(595)	(604)	(485)	(536)	(525)	(488)	(519)	(364)	G	10
Cash flow hedge reserve	8	(1,296)	(1,271)	(1,658)	(711)	(607)	(791)	(954)	(1,005)	(823)	H	11
Shortfall of provisions to expected losses	9	(118)	(132)	(71)	(91)	(101)	(96)	(93)	(116)	(202)	I	12
Gains and losses due to changes in own credit risk on fair valued liabilities	10	(136)	(94)	(115)	(98)	(77)	(84)	(96)	(89)	(75)	J	14
Defined benefit pension fund net assets (net of related tax liability)	11	(17)	(16)	(17)	(15)	(61)	(60)	(60)	(389)	(368)	K	15
Investment in own shares	12	(24)	-	-	(7)	-	-	-	(183)	(166)		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	(1,041)	(951)	(1,167)	(1,046)	(1,080)	(3,293)	(3,544)	(3,572)	(3,492)	L1+L2+L3	19
Amounts exceeding the 15% threshold												22
of which: significant investments in the common stocks of financials	14	-	-	-	-	-	-	(31)	-	-		23
of which: deferred tax assets arising from temporary differences	15	-	-	-	-	-	-	(10)	-	-		25
<b>Total regulatory adjustments to Common Equity Tier 1 Capital</b>	16	<b>(24,467)</b>	(23,080)	(24,703)	(21,517)	(21,009)	(21,015)	(21,641)	(21,250)	(20,674)		28
<b>Common Equity Tier 1 Capital</b>	17	<b>37,161</b>	34,140	33,608	30,965	29,591	28,971	27,803	25,822	25,353		29
<b>Additional Tier 1 capital instruments</b>												
Directly issued qualifying Additional Tier 1 instruments plus stock surplus	18	2,201	2,047	1,501	1,001	1,001	-	-	-	-	M+N	30/31
Directly issued capital instruments subject to phase out from Additional Tier 1	19	3,240	3,484	3,941	3,941	4,364	4,911	4,911	5,524	5,524	O1+O2+O3+O4	33
Additional Tier 1 instruments issued by subsidiaries and held by third parties subject to phase out	20	398	368	388	444	429	490	490	552	552	P	34/35
<b>Additional Tier 1 capital instruments before regulatory adjustments</b>	21	<b>5,839</b>	5,899	5,830	5,386	5,794	5,401	5,401	6,076	6,076		36
<b>Additional Tier 1 capital instruments regulatory adjustments</b>												
Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	22	(352)	(352)	(352)	(352)	(352)	(352)	(352)	(352)	(352)	Q+R	40
<b>Total regulatory adjustments to Additional Tier 1 Capital</b>	23	<b>(352)</b>	(352)	(352)	(352)	(352)	(352)	(352)	(352)	(352)		43
<b>Additional Tier 1 Capital</b>	24	<b>5,487</b>	5,547	5,478	5,034	5,442	5,049	5,049	5,724	5,724		44
<b>Tier 1 Capital</b>	25	<b>42,648</b>	39,687	39,086	35,999	35,033	34,020	32,852	31,546	31,077		45
<b>Tier 2 capital instruments and provisions</b>												
Directly issued qualifying Tier 2 instruments plus related stock surplus	26	1,497	-	-	-	-	-	-	-	-	S	46
Directly issued capital instruments subject to phase out from Tier 2	27	5,927	5,927	5,927	6,773	6,773	6,774	6,774	7,564	7,620	T	47
Tier 2 instruments issued by subsidiaries and held by third parties subject to phase out	28	207	207	207	237	237	237	237	297	267	U1+U2	48/49
Collective allowances	29	1,629	1,498	1,536	1,416	1,389	1,632	1,633	1,472	1,439	V	50
<b>Tier 2 Capital before regulatory adjustments</b>	30	<b>9,260</b>	7,632	7,670	8,426	8,399	8,643	8,644	9,333	9,326		51
<b>Tier 2 regulatory adjustments</b>												
Investment in own Tier 2 instruments	31	-	-	-	-	-	-	-	(19)	(9)		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	32	(170)	(170)	(170)	(170)	(170)	(170)	(170)	(170)	(170)	W	55
<b>Total regulatory adjustments to Tier 2 Capital</b>	33	<b>(170)</b>	(170)	(170)	(170)	(170)	(170)	(170)	(189)	(179)		57
<b>Tier 2 Capital</b>	34	<b>9,090</b>	7,462	7,500	8,256	8,229	8,473	8,474	9,144	9,147		58
<b>Total Capital</b>	35	<b>51,738</b>	47,149	46,586	44,255	43,262	42,493	41,326	40,690	40,224		59
<b>Common Equity Tier 1 Capital RWA<sup>3</sup></b>	36	<b>369,495</b>	343,596	355,597	328,393	316,716	313,238	312,972	286,355	283,521		60a
<b>Tier 1 Capital RWA<sup>3</sup></b>	37	<b>370,461</b>	344,252	356,352	329,268	317,526	313,238	312,972	286,355	283,521		60b
<b>Total Capital RWA<sup>3</sup></b>	38	<b>\$ 371,289</b>	\$ 344,813	\$ 356,999	\$ 330,581	\$ 318,743	\$ 313,238	\$ 312,972	\$ 286,355	\$ 283,521		60c

<sup>1</sup> Capital position has been calculated using the "all-in" basis.

<sup>2</sup> Cross referenced to the Reconciliation with Balance Sheet Under Regulatory Scope of Consolidation table on page 78.

<sup>3</sup> Effective the third quarter of 2014, each capital ratio has its own RWA measure due to the OSFI prescribed scalar for inclusion of the CVA. For the third and fourth quarters of 2014, the scalars for inclusion of CVA for CET1, Tier 1 and Total Capital RWA were 57%, 65%, and 77%, respectively. For fiscal 2015, the scalars are 64%, 71%, and 77%, respectively.

## Capital Position – Basel III (Continued)

(\$ millions, except as noted) As at	Line #	2015				2014				2013		OSFI Template
		Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3		
<b>Capital Ratios<sup>1</sup></b>												
Common Equity Tier 1 Capital (as percentage of CET1 Capital RWA)	39	10.1 %	9.9 %	9.5 %	9.4 %	9.3 %	9.2 %	8.9 %	9.0 %	8.9 %	61	
Tier 1 (as percentage of Tier 1 Capital RWA)	40	11.5	11.5	11.0	10.9	11.0	10.9	10.5	11.0	11.0	62	
Total Capital (as percentage of Total Capital RWA)	41	13.9	13.7	13.0	13.4	13.6	13.6	13.2	14.2	14.2	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)	42	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	64	
of which: capital conservation buffer requirement	43	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	65	
Common Equity Tier 1 available to meet buffers (as percentage of RWA)	44	10.1	9.9	9.5	9.4	9.3	9.2	8.9	9.0	8.9	68	
<b>OSFI all-in target (minimum plus conservation buffer plus D-SIB surcharge (if applicable))</b>												
Common Equity Tier 1 all-in target ratio	45	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	69	
Tier 1 all-in target ratio	46	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	70	
Total Capital all-in target ratio	47	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	71	
<b>Amounts below the thresholds for deduction (before risk weighting)</b>												
Non-significant investments in the capital of other financials	48	\$ 527	\$ 674	\$ 1,689	\$ 1,006	\$ 741	\$ 1,044	\$ 819	\$ 934	\$ 1,715	72	
Significant investments in the common stock of financials	49	3,820	3,509	3,478	3,201	3,067	3,226	3,108	3,034	2,976	73	
Mortgage servicing rights	50	18	15	10	9	17	–	–	–	–	74	
Deferred tax assets arising from temporary differences (net of related tax liability)	51	1,453	1,047	1,276	948	979	1,088	1,062	922	891	75	
<b>Applicable caps on the inclusion of allowances in Tier 2</b>												
Allowance eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	52	1,629	1,498	1,536	1,416	1,389	1,633	1,633	1,472	1,439	76	
Cap on inclusion of allowances in Tier 2 under standardized approach	53	2,384	2,145	2,240	1,983	1,895	1,866	1,868	1,621	1,590	77	
<b>Capital instruments subject to phase-out arrangements (only applicable between January 1, 2013 to January 1, 2022)</b>												
Current cap on Additional Tier 1 instruments subject to phase out arrangements	54	4,726	4,726	4,726	5,401	5,401	5,401	5,401	6,076	6,076	82	
Amounts excluded from Additional Tier 1 due to cap (excess over cap after redemptions and maturities)	55	–	–	–	–	–	128	813	567	564	83	
Current cap on Tier 2 instruments subject to phase out arrangements	56	6,134	6,134	6,134	7,010	7,010	7,010	7,010	7,887	7,887	84	
Amounts excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	57	859	849	1,676	804	784	845	858	–	5	85	
<b>Capital Ratios – transitional basis<sup>2</sup></b>												
Risk-weighted assets	58	\$ 392,371	\$ 362,871	\$ 364,957	\$ 347,005	\$ 333,679	\$ 330,255	\$ 326,853	\$ 307,840	\$ 301,305		
Common Equity Tier 1 Capital	59	44,920	41,994	41,565	39,095	38,179	38,022	36,977	37,011	36,321		
Tier 1 Capital	60	44,920	41,994	41,565	39,095	38,179	38,022	36,977	37,011	36,321		
Total Capital	61	53,765	49,233	48,796	47,032	46,072	45,276	44,131	44,500	43,800		
Common Equity Tier 1 (as percentage of RWA)	62	11.4 %	11.6 %	11.4 %	11.3 %	11.4 %	11.5 %	11.3 %	12.0 %	12.1 %		
Tier 1 Capital (as percentage of RWA)	63	11.4	11.6	11.4	11.3	11.4	11.5	11.3	12.0	12.1		
Total Capital (as percentage of RWA)	64	13.7	13.6	13.4	13.6	13.8	13.7	13.5	14.5	14.5		
<b>Capital Ratios for significant bank subsidiaries</b>												
<b>TD Bank N.A.<sup>3</sup></b>												
Common Equity Tier 1 Capital	65	13.6	13.6	12.7	12.7	12.1	12.0	n/a	n/a	n/a		
Tier 1 Capital	66	13.7	13.7	12.9	12.9	12.3	12.2	11.1	11.3	11.6		
Total Capital	67	14.7	14.7	13.9	13.9	13.4	13.3	12.3	12.4	12.8		
<b>TD Mortgage Corporation</b>												
Common Equity Tier 1 Capital	68	29.4	29.4	27.8	28.0	27.8	27.0	25.8	25.5	23.7		
Tier 1 Capital	69	29.4	29.4	27.8	28.0	27.8	27.0	25.8	25.5	23.7		
Total Capital	70	30.8	30.8	29.2	29.6	29.4	28.5	27.3	27.2	25.4		

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

<sup>2</sup> 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.

<sup>3</sup> 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 #	2015 Q3		Cross Reference <sup>3</sup>	
	Balance Sheet <sup>1</sup>	Under Regulatory scope of consolidation <sup>2</sup>		
Cash and due from banks	1	\$ 3,542	\$ 3,542	
Interest-bearing deposits with banks	2	49,081	49,069	
Trading loans, securities, and other	3	108,472	108,472	
Derivatives	4	75,056	75,016	
Financial assets designated at fair value through profit or loss	5	4,005	2,442	
Held-to-maturity securities	6	73,661	73,661	
Available-for-sale securities	7	77,586	75,792	
Securities purchased under reverse repurchase agreements	8	102,325	102,325	
Loans	9	531,972	531,768	
Allowance for loan losses	10	(3,344)	(3,344)	
<i>Eligible general allowance reflected in Tier 2 regulatory capital</i>	11		(1,629)	V
<i>Shortfall of allowance to expected loss</i>	12		(118)	I
<i>Allowances not reflected in regulatory capital</i>	13		(1,597)	
Other	14	76,846	75,082	
Investment in TD Ameritrade				
<i>Significant investments exceeding regulatory thresholds</i>	15		761	L1
<i>Significant investments not exceeding regulatory thresholds</i>	16		2,923	
<i>Imputed goodwill</i>	17		2,893	E2
Goodwill	18		16,342	E1
Other intangibles	19		2,677	F1
Other intangibles (Mortgage Servicing Rights)	20		18	
Deferred tax assets				
<i>Deferred tax assets (DTA) excluding those arising from temporary differences</i>	21		412	G
<i>DTA's (net of associated deferred tax liabilities (DTL)) realizable through net operating loss (NOL) carryback</i>	22		1,453	
<i>DTA's (net of associated DTL's) arising from temporary differences but not realizable through NOL carryback</i>	23		1,046	
<i>Other DTA/DTL adjustments<sup>4</sup></i>	24		(926)	
Significant investments in financials (excluding TD Ameritrade)				
<i>Significant investments exceeding regulatory thresholds</i>	25		17	L2
<i>Significant investments in Additional Tier 1 Capital</i>	26		2	R
<i>Significant investments not exceeding regulatory thresholds</i>	27		63	
Defined pension benefits	28		17	K
Other Assets	29		47,384	
<b>TOTAL ASSETS</b>	30	<b>1,099,202</b>	<b>1,093,825</b>	
<b>LIABILITIES AND EQUITY<sup>5</sup></b>				
Trading deposits	31	80,673	80,673	
Derivatives	32	63,120	63,120	
Securitization liabilities at fair value	33	10,567	10,567	
Other financial liabilities designated at fair value through profit or loss	34	1,781	1,781	
Deposits	35	685,660	685,660	
Other	36	182,980	177,603	
Deferred tax liabilities				
Goodwill	37		85	E3
Intangible assets (excluding mortgage servicing rights)	38		404	F2
Other deferred tax liabilities (Cash flow hedges and other DTL's)	39		4,856	
Other DTA/DTL adjustments <sup>4</sup>	40		(4,998)	
Gains and losses due to changes in own credit risk on fair value liabilities	41		136	J
Liability for Preferred Shares				
Capital instruments issued by subsidiaries and held by third parties	42		18	U2
Instruments not allowed for regulatory capital subject to phase out	43		16	
Other liabilities	44		177,086	
Subordinated notes and debentures	45	8,456	8,456	
Directly issued qualifying Tier 2 instruments	46		1497	S
Directly issued capital instruments subject to phase out from Tier 2	47		5,927	T
Capital instruments issued by subsidiaries and held by third parties-Tier 2	48		189	U1
Capital instruments not allowed for regulatory capital	49		843	
<b>Liabilities</b>	50	<b>1,033,237</b>	<b>1,027,860</b>	
Common Shares	51	20,180	20,180	A1
Preferred Shares	52	2,700	2,700	
Directly issued qualifying Additional Tier 1 instruments	53		2,199	M
Directly issued capital instruments subject to phase out from Additional Tier 1	54		501	O2
Treasury Shares - Common	55	(17)	(17)	A2
Treasury Shares - Preferred	56	(4)	(4)	O4
Contributed Surplus	57	226	226	
Contributed surplus - Common Shares	58		224	B
Contributed surplus - Preferred Shares	59		2	N
Retained Earnings	60	30,764	30,764	C
Accumulated other comprehensive income	61	10,477	10,477	D
Cash flow hedges requiring derecognition	62		1,296	H
Net AOCI included as capital	63		9,181	
Non-controlling interests in subsidiaries	64	1,639	1,639	
Portion allowed for regulatory capital (directly issued)	65		993	O3
Portion allowed for regulatory capital (issued by subsidiaries and held by third parties) subject to phase out	66		398	P
Portion not allowed for regulatory capital subject to phase out	67		248	
<b>TOTAL LIABILITIES AND EQUITY</b>	68	<b>\$ 1,099,202</b>	<b>\$ 1,093,825</b>	

<sup>1</sup> As per Balance Sheet on page 13.

<sup>2</sup> Legal entities excluded from the regulatory scope of consolidation included the following insurance subsidiaries: Meloche Monnex Inc. (consolidated), TD Life Insurance Company, TD Reinsurance (Barbados) Inc. and TD Reinsurance (Ireland) Limited which have total assets included in the consolidated Bank of \$5.4 billion and total equity of \$1.7 billion of which \$263 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, Q, W) respectively, to the Capital Position - Basel III on page 76.

<sup>3</sup> Cross referenced to the current period on the Capital Position - Basel III on pages 76 and 77.

<sup>4</sup> This adjustment is related to deferred tax assets/liabilities netted for financial accounting purposes.

<sup>5</sup> Included in current cap on additional Tier 1 instruments is \$1.7 billion (O1 - cross referenced to Capital Position - Basel III on page 76) related to TD Capital Trust IV (no longer consolidated as the Bank is not the primary beneficiary of the trust).