

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

(\$ millions) As at	Line #	2016		2015				2014			Cross Reference <sup>2</sup>	OSFI Template
		Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2		
<b>Common Equity Tier 1 Capital</b>												
Common shares plus related contributed surplus	1	\$ 20,682	\$ 20,540	\$ 20,457	\$ 20,387	\$ 20,289	\$ 19,982	\$ 19,961	\$ 19,796	\$ 19,646	A1+A2+B	1
Retained earnings	2	33,442	32,585	32,053	30,764	29,362	28,373	27,585	26,970	26,134	C	2
Accumulated other comprehensive income (loss)	3	8,689	13,467	10,209	10,477	7,569	9,956	4,936	3,834	4,206	D	3
<b>Common Equity Tier 1 Capital before regulatory adjustments</b>	4	<b>62,813</b>	66,592	62,719	61,628	57,220	58,311	52,482	50,600	49,986		6
<b>Common Equity Tier 1 Capital regulatory adjustments</b>												
Goodwill (net of related tax liability)	5	(18,371)	(20,386)	(19,143)	(19,150)	(17,767)	(18,639)	(16,709)	(16,220)	(13,867)	E1+E2-E3	8
Intangibles (net of related tax liability)	6	(2,071)	(2,215)	(2,192)	(2,273)	(2,254)	(2,432)	(2,355)	(2,327)	(2,299)	F1-F2	9
Deferred tax assets excluding those arising from temporary differences	7	(322)	(359)	(367)	(412)	(595)	(604)	(485)	(536)	(525)	G	10
Cash flow hedge reserve	8	(1,595)	(2,127)	(1,498)	(1,296)	(1,271)	(1,658)	(711)	(607)	(791)	H	11
Shortfall of provisions to expected losses	9	(262)	(178)	(140)	(118)	(132)	(71)	(91)	(101)	(96)	I	12
Gains and losses due to changes in own credit risk on fair valued liabilities	10	(170)	(249)	(188)	(136)	(94)	(115)	(98)	(77)	(84)	J	14
Defined benefit pension fund net assets (net of related tax liability)	11	(12)	(11)	(104)	(17)	(16)	(17)	(15)	(61)	(60)	K	15
Investment in own shares	12	(64)	-	(4)	(24)	-	-	(7)	-	-		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	(1,013)	(1,290)	(1,125)	(1,041)	(951)	(1,167)	(1,046)	(1,080)	(3,293)	L1+L2+L3+L4	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
<b>Total regulatory adjustments to Common Equity Tier 1 Capital</b>	16	<b>(23,880)</b>	(26,995)	(24,761)	(24,467)	(23,080)	(24,703)	(21,517)	(21,009)	(21,015)		28
<b>Common Equity Tier 1 Capital</b>	17	<b>38,933</b>	39,597	37,958	37,161	34,140	33,608	30,965	29,591	28,971		29
<b>Additional Tier 1 capital instruments</b>												
Directly issued qualifying Additional Tier 1 instruments plus stock surplus	18	2,902	2,901	2,202	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	3,239	3,240	3,211	3,240	3,484	3,941	3,941	4,364	4,911	O1+O2+O3+O4	33
Additional Tier 1 instruments issued by subsidiaries and held by third parties subject to phase out	20	270	302	399	398	368	388	444	429	490	P	34/35
<b>Additional Tier 1 capital instruments before regulatory adjustments</b>	21	<b>6,411</b>	6,443	5,812	5,839	5,899	5,830	5,386	5,794	5,401		36
<b>Additional Tier 1 capital instruments regulatory adjustments</b>												
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)	Q+R	40
<b>Total regulatory adjustments to Additional Tier 1 Capital</b>	24	<b>(352)</b>	(352)	(354)	(352)	(352)	(352)	(352)	(352)	(352)		43
<b>Additional Tier 1 Capital</b>	25	<b>6,059</b>	6,091	5,458	5,487	5,547	5,478	5,034	5,442	5,049		44
<b>Tier 1 Capital</b>	26	<b>44,992</b>	45,688	43,416	42,648	39,687	39,086	35,999	35,033	34,020		45
<b>Tier 2 capital instruments and provisions</b>												
Directly issued qualifying Tier 2 instruments plus related stock surplus	27	3,748	2,500	2,489	1,497	-	-	-	-	-	S	46
Directly issued capital instruments subject to phase out from Tier 2	28	4,898	4,897	5,927	5,927	5,927	5,927	6,773	6,773	6,774	T	47
Tier 2 instruments issued by subsidiaries and held by third parties subject to phase out	29	281	317	207	207	207	207	237	237	237	U1+U2	48/49
Collective allowances	30	1,820	1,940	1,731	1,629	1,498	1,536	1,416	1,389	1,632	V	50
<b>Tier 2 Capital before regulatory adjustments</b>	31	<b>10,747</b>	9,654	10,354	9,260	7,632	7,670	8,426	8,399	8,643		51
<b>Tier 2 regulatory adjustments</b>												
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)	W	55
<b>Total regulatory adjustments to Tier 2 Capital</b>	34	<b>(190)</b>	(170)	(170)	(170)	(170)	(170)	(170)	(170)	(170)		57
<b>Tier 2 Capital</b>	35	<b>10,557</b>	9,484	10,184	9,090	7,462	7,500	8,256	8,229	8,473		58
<b>Total Capital</b>	36	<b>55,549</b>	55,172	53,600	51,738	47,149	46,586	44,255	43,262	42,493		59
<b>Common Equity Tier 1 Capital RWA<sup>3</sup></b>	37	<b>383,589</b>	399,617	382,360	369,495	343,596	355,597	328,393	316,716	313,238		60a
<b>Tier 1 Capital RWA<sup>3</sup></b>	38	<b>384,330</b>	400,498	383,301	370,461	344,252	356,352	329,268	317,526	313,238		60b
<b>Total Capital RWA<sup>3</sup></b>	39	<b>\$ 384,966</b>	\$ 401,253	\$ 384,108	\$ 371,289	\$ 344,813	\$ 356,999	\$ 330,581	\$ 318,743	\$ 313,238		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 80.

<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 and 2016, the corresponding scalars are 64%, 71%, and 77%, respectively.

## Capital Position – Basel III (Continued)

(\$ millions, except as noted)

As at	Line #	2016		2015				2014			OSFI Template
		Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	
<b>Capital Ratios<sup>1</sup></b>											
Common Equity Tier 1 Capital (as percentage of CET1 Capital RWA)	40	10.1 %	9.9 %	9.9 %	10.1 %	9.9 %	9.5 %	9.4 %	9.3 %	9.2 %	61
Tier 1 (as percentage of Tier 1 Capital RWA)	41	11.7	11.4	11.3	11.5	11.5	11.0	10.9	11.0	10.9	62
Total Capital (as percentage of Total Capital RWA)	42	14.4	13.7	14.0	13.9	13.7	13.0	13.4	13.6	13.6	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)	43	8.0	8.0	7.0	7.0	7.0	7.0	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: D-SIB buffer requirement <sup>2</sup>	45	1.0	1.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	67a
Common Equity Tier 1 available to meet buffers (as percentage of RWA)	46	10.1	9.9	9.9	10.1	9.9	9.5	9.4	9.3	9.2	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	47	8.0	8.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	69
Tier 1 all-in target ratio	48	9.5	9.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	70
Total Capital all-in target ratio	49	11.5	11.5	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	50	\$ 866	\$ 933	\$ 538	\$ 527	\$ 674	\$ 1,689	\$ 1,006	\$ 741	\$ 1,044	72
Significant investments in the common stock of financials	51	3,994	3,986	3,909	3,820	3,509	3,478	3,201	3,067	3,226	73
Mortgage servicing rights	52	21	22	20	18	15	10	9	17	–	74
Deferred tax assets arising from temporary differences (net of related tax liability)	53	1,571	1,932	1,664	1,453	1,047	1,276	948	979	1,088	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)	54	1,820	1,940	1,731	1,629	1,498	1,536	1,416	1,389	1,633	76
Cap on inclusion of allowances in Tier 2 under standardized approach	55	2,447	2,675	2,511	2,384	2,145	2,240	1,983	1,895	1,866	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	56	4,051	4,051	4,726	4,726	4,726	4,726	5,401	5,401	5,401	82
Amounts excluded from Additional Tier 1 due to cap (excess over cap after redemptions and maturities)	57	–	–	–	–	–	–	–	–	128	83
Current cap on Tier 2 instruments subject to phase out arrangements	58	5,258	5,258	6,134	6,134	6,134	6,134	7,010	7,010	7,010	84
Amounts excluded from Tier 2 due to cap (excess over cap after redemptions and maturities)	59	–	–	48	859	849	1,676	804	784	845	85
<b>Capital Ratios – transitional basis<sup>3</sup></b>											
Risk-weighted assets	60	\$ 396,826	\$ 415,418	\$ 405,997	\$ 392,371	\$ 362,871	\$ 364,957	\$ 347,005	\$ 333,679	\$ 330,255	
Common Equity Tier 1 Capital	61	46,439	47,500	45,712	44,920	41,994	41,565	39,095	38,179	38,022	
Tier 1 Capital	62	46,439	47,500	45,712	44,920	41,994	41,565	39,095	38,179	38,022	
Total Capital	63	56,817	56,759	55,618	53,765	49,233	48,796	47,032	46,072	45,276	
Common Equity Tier 1 (as percentage of RWA)	64	11.7 %	11.4 %	11.3 %	11.4 %	11.6 %	11.4 %	11.3 %	11.4 %	11.5 %	
Tier 1 Capital (as percentage of RWA)	65	11.7	11.4	11.3	11.4	11.6	11.4	11.3	11.4	11.5	
Total Capital (as percentage of RWA)	66	14.3	13.7	13.7	13.7	13.6	13.4	13.6	13.8	13.7	
<b>Capital Ratios for significant bank subsidiaries</b>											
<b>TD Bank, National Association (TD Bank, N.A.)<sup>4</sup></b>											
Common Equity Tier 1 Capital	67	13.4	13.4	13.6	13.6	13.6	12.7	12.7	12.1	12.0	
Tier 1 Capital	68	13.5	13.5	13.7	13.7	13.7	12.9	12.9	12.3	12.2	
Total Capital	69	14.5	14.5	14.7	14.7	14.7	13.9	13.9	13.4	13.3	
<b>TD Mortgage Corporation</b>											
Common Equity Tier 1 Capital	70	31.8	29.5	29.4	29.4	29.4	27.8	28.0	27.8	27.0	
Tier 1 Capital	71	31.8	29.5	29.4	29.4	29.4	27.8	28.0	27.8	27.0	
Total Capital	72	33.0	30.7	30.8	30.8	30.8	29.2	29.6	29.4	28.5	

<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> Common equity capital D-SIB surcharge in effect from January 1, 2016. Accordingly, amounts for periods prior to Q1 2016 are not applicable (n/a).

<sup>3</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>4</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 #	2016 Q2		Cross Reference <sup>3</sup>
	Balance Sheet <sup>1</sup>	Under Regulatory scope of consolidation <sup>2</sup>	
Cash and due from banks	\$ 3,292	\$ 3,292	
Interest-bearing deposits with banks	47,778	47,754	
Trading loans, securities, and other	93,140	93,140	
Derivatives	73,092	73,070	
Financial assets designated at fair value through profit or loss	4,279	2,606	
Held-to-maturity securities	76,881	76,881	
Available-for-sale securities	93,644	91,770	
Securities purchased under reverse repurchase agreements	93,820	93,820	
Loans	556,980	556,768	
Allowance for loan losses	(3,616)	(3,616)	
<i>Eligible general allowance reflected in Tier 2 regulatory capital</i>		(1,820)	V
<i>Shortfall of allowance to expected loss</i>		(262)	I
<i>Allowances not reflected in regulatory capital</i>		(1,534)	
Other	85,496	83,717	
Investment in TD Ameritrade			
<i>Significant investments exceeding regulatory thresholds</i>		720	L1
<i>Significant investments not exceeding regulatory thresholds</i>		2,977	
<i>Imputed goodwill</i>		2,776	E2
Goodwill		15,689	E1
Other intangibles		2,488	F1
Other intangibles (Mortgage Servicing Rights)		21	
Deferred tax assets			
<i>Deferred tax assets (DTA) excluding those arising from temporary differences</i>		322	G
<i>DTA's (net of associated deferred tax liabilities (DTL)) realizable through net operating loss (NOL) carryback</i>		1,239	
<i>DTA's (net of associated DTL's) arising from temporary differences but not realizable through NOL carryback</i>		1,571	
<i>DTA's (net of associated DTL's) arising from temporary differences but not realizable through NOL carryback exceeding regulatory thresholds</i>		-	L4
<i>Other DTA/DTL adjustments<sup>4</sup></i>		(1,272)	
Significant investments in financials (excluding TD Ameritrade)		13	L2
<i>Significant investments exceeding regulatory thresholds</i>			
<i>Significant investments in Additional Tier 1 Capital</i>		2	R
<i>Significant investments not exceeding regulatory thresholds</i>		53	
Defined pension benefits		12	K
Other Assets		57,106	
<b>TOTAL ASSETS</b>	<b>1,124,786</b>	<b>1,119,202</b>	
<b>LIABILITIES AND EQUITY<sup>5</sup></b>			
Trading deposits	66,402	66,402	
Derivatives	67,283	67,283	
Securitization liabilities at fair value	11,335	11,335	
Other financial liabilities designated at fair value through profit or loss	762	762	
Deposits	714,531	714,531	
Other	187,757	182,173	
Deferred tax liabilities			
<i>Goodwill</i>		94	E3
<i>Intangible assets (excluding mortgage servicing rights)</i>		417	F2
<i>Other deferred tax liabilities (Cash flow hedges and other DTL's)</i>		1,068	
<i>Other DTA/DTL adjustments<sup>4</sup></i>		(1,270)	
Gains and losses due to changes in own credit risk on fair value liabilities		170	J
Other liabilities		181,694	
Subordinated notes and debentures	8,893	8,893	
<i>Directly issued qualifying Tier 2 instruments</i>		3,748	S
<i>Directly issued capital instruments subject to phase out from Tier 2</i>		4,898	T
<i>Capital instruments issued by subsidiaries and held by third parties-Tier 2</i>		270	U1
<i>Capital instruments not allowed for regulatory capital</i>		(23)	
<b>Liabilities</b>	<b>1,056,963</b>	<b>1,051,379</b>	
Common Shares	20,499	20,499	A1
Preferred Shares	3,400	3,400	
<i>Directly issued qualifying Additional Tier 1 instruments</i>		2,900	M
<i>Directly issued capital instruments subject to phase out from Additional Tier 1</i>		500	O2
Treasury Shares - Common	(4)	(4)	A2
Treasury Shares - Preferred	(4)	(4)	O4
Contributed Surplus	189	189	
<i>Contributed surplus - Common Shares</i>		187	B
<i>Contributed surplus - Preferred Shares</i>		2	N
Retained Earnings	33,442	33,442	C
Accumulated other comprehensive income	8,689	8,689	D
<i>Cash flow hedges requiring derecognition</i>		1,595	H
<i>Net AOCI included as capital</i>		7,094	
Non-controlling interests in subsidiaries	1,612	1,612	
<i>Portion allowed for regulatory capital (directly issued)</i>		993	O3
<i>Portion allowed for regulatory capital (issued by subsidiaries and held by third parties) subject to phase out - additional Tier 1</i>		270	P
<i>Portion allowed for regulatory capital (issued by subsidiaries and held by third parties) subject to phase out - Tier 2</i>		11	U2
<i>Portion not allowed for regulatory capital subject to phase out</i>		338	
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 1,124,786</b>	<b>\$ 1,119,202</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 and TD Reinsurance (Barbados) Inc. which have total assets included in the consolidated Bank of \$5.6 billion and total equity of \$1.9 billion of which \$280 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 78.

<sup>3</sup> Cross referenced to the current period on the Capital Position - Basel III on pages 78 and 79.

<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 78) related to TD Capital Trust IV (no longer consolidated as the Bank is not the primary beneficiary of the trust).