

Capital Position – Basel III¹

(\$ millions)									
As at		Line #	2018 Q1	Q4	Q3	2017 Q2	Q1	Cross Reference ²	OSFI Template
Common Equity Tier 1 Capital									
Common shares plus related contributed surplus		1	\$ 21,228	\$ 20,967	\$ 21,095	\$ 20,762	\$ 20,822	A1+A2+B	1
Retained earnings		2	41,744	40,489	39,473	37,577	37,330	C	2
Accumulated other comprehensive income (loss)		3	4,472	8,006	6,564	11,853	9,131	D	3
Common Equity Tier 1 Capital before regulatory adjustments		4	67,444	69,462	67,132	70,192	67,283		6
Common Equity Tier 1 Capital regulatory adjustments									
Goodwill (net of related tax liability)		5	(18,136)	(18,820)	(18,269)	(19,837)	(18,986)	E1+E2-E3	8
Intangibles (net of related tax liability)		6	(2,242)	(2,310)	(2,261)	(2,350)	(2,264)	F1-F2	9
Deferred tax assets excluding those arising from temporary differences		7	(122)	(113)	(120)	(144)	(189)	G	10
Cash flow hedge reserve		8	1,731	506	278	(488)	(350)	H	11
Shortfall of provisions to expected losses ³		9	(679)	(805)	(747)	(823)	(769)	I	12
Gains and losses due to changes in own credit risk on fair valued liabilities		10	(68)	(73)	(103)	(142)	(138)	J	14
Defined benefit pension fund net assets (net of related tax liability)		11	(13)	(13)	(11)	(11)	(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	(1,085)	(1,206)	(767)	(980)	(855)	L1+L2+L3	19
Total regulatory adjustments to Common Equity Tier 1 Capital		14	(20,635)	(22,834)	(22,157)	(24,775)	(23,562)		28
Common Equity Tier 1 Capital		15	46,809	46,628	44,975	45,417	43,721		29
Additional Tier 1 capital instruments									
Directly issued qualifying Additional Tier 1 instruments plus stock surplus		16	4,246	4,247	4,247	3,896	3,899	M+N+O	30/31
Directly issued capital instruments subject to phase out from Additional Tier 1		17	2,455	3,229	3,070	3,070	3,070	P1+P2+P3	33
Additional Tier 1 instruments issued by subsidiaries and held by third parties subject to phase out		18	245	-	306	306	306	Q	34/35
Additional Tier 1 capital instruments before regulatory adjustments		19	6,946	7,476	7,623	7,272	7,275		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	(352)	(352)	(352)	(352)	(352)	R+S	40
Total regulatory adjustments to Additional Tier 1 Capital		22	(352)	(353)	(352)	(352)	(352)		43
Additional Tier 1 Capital		23	6,594	7,123	7,271	6,920	6,923		44
Tier 1 Capital		24	53,403	53,751	52,246	52,337	50,644		45
Tier 2 capital instruments and provisions									
Directly issued qualifying Tier 2 instruments plus related stock surplus		25	7,028	7,156	7,082	5,786	5,700	T	46
Directly issued capital instruments subject to phase out from Tier 2		26	836	2,648	2,641	2,646	2,649	U	47
Tier 2 instruments issued by subsidiaries and held by third parties subject to phase out		27	-	-	279	263	262		48/49
General allowances ⁴		28	1,662	1,668	1,571	1,680	1,585	V	50
Tier 2 Capital before regulatory adjustments		29	9,526	11,472	11,573	10,375	10,196		51
Tier 2 regulatory adjustments									
Investments in own Tier 2 instruments		30	-	(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)	(170)	(170)	(170)	W	55
Total regulatory adjustments to Tier 2 Capital		32	(160)	(185)	(189)	(170)	(170)		57
Tier 2 Capital		33	9,366	11,287	11,384	10,205	10,026		58
Total Capital		34	62,769	65,038	63,630	62,542	60,670		59
Common Equity Tier 1 Capital RWA⁵		35	441,273	435,750	408,803	420,053	402,168		60a
Tier 1 Capital RWA⁵		36	441,273	435,750	408,803	420,053	402,168		60b
Total Capital RWA⁵		37	\$ 441,273	\$ 435,750	\$ 408,803	\$ 420,053	\$ 402,168		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 the first quarter of fiscal 2018, 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 first quarter 2018 Interim Consolidated Financial Statements.

⁴ Prior to the first quarter of fiscal 2018, was previously collective allowances under IAS 39.

⁵ 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. As the Bank is constrained by Basel I regulatory floor, the RWA as it relates to the regulatory floor is calculated based on Basel I risk weights which are the same for all capital ratios.

Capital Position – Basel III (Continued)

(\$ millions, except as noted)

As at

	Line #	2017					OSFI Template
		2018 Q1	Q4	Q3	Q2	Q1	
Capital Ratios¹							
Common Equity Tier 1 Capital (as percentage of CET1 Capital RWA)	38	10.6 %	10.7 %	11.0 %	10.8 %	10.9 %	61
Tier 1 (as percentage of Tier 1 Capital RWA)	39	12.1	12.3	12.8	12.5	12.6	62
Total Capital (as percentage of Total Capital RWA)	40	14.2	14.9	15.6	14.9	15.1	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	10.6	10.7	11.0	10.8	10.9	68
OSFI all-in target (minimum plus conservation buffer plus D-SIB surcharge (if applicable))							
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	\$ 3,318	\$ 2,624	\$ 1,501	\$ 1,149	\$ 1,047	72
Significant investments in the common stock of financials	50	4,789	4,783	4,574	4,640	4,458	73
Mortgage servicing rights	51	31	31	27	28	26	74
Deferred tax assets arising from temporary differences (net of related tax liability)	52	1,100	909	1,073	1,317	1,472	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	1,662	1,668	1,571	1,680	1,585	76
Cap on inclusion of allowances in Tier 2 under standardized approach	54	1,941	2,029	1,894	2,056	1,945	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	3,376	3,376	3,376	3,376	82
Amounts excluded from Additional Tier 1 due to cap (excess over cap after redemptions and maturities)	56	535	–	10	33	21	83
Current cap on Tier 2 instruments subject to phase out arrangements	57	3,505	4,381	4,381	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 basis⁶							
Risk-weighted assets	59	\$ n/a ⁷	\$ 443,186	\$ 416,529	\$ 427,618	\$ 409,629	
Common Equity Tier 1 Capital	60	n/a	51,294	49,458	50,267	48,360	
Tier 1 Capital	61	n/a	54,523	52,994	53,110	51,394	
Total Capital	62	n/a	65,646	64,265	63,168	61,291	
Common Equity Tier 1 (as percentage of RWA)	63	n/a %	11.6 %	11.9 %	11.8 %	11.8 %	
Tier 1 Capital (as percentage of RWA)	64	n/a	12.3	12.7	12.4	12.5	
Total Capital (as percentage of RWA)	65	n/a	14.8	15.4	14.8	15.0	
Capital Ratios for significant bank subsidiaries							
TD Bank, National Association (TD Bank, N.A.)⁸							
Common Equity Tier 1 Capital	66	14.8	14.8	14.4	14.2	13.7	
Tier 1 Capital	67	14.8	14.8	14.5	14.3	13.8	
Total Capital	68	15.6	15.7	15.5	15.3	14.8	
TD Mortgage Corporation							
Common Equity Tier 1 Capital	69	35.9	35.9	35.5	33.1	33.2	
Tier 1 Capital	70	35.9	35.9	35.5	33.1	33.2	
Total Capital	71	36.7	36.9	36.6	34.1	34.2	

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 Basel Committee on Banking Supervision 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 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.

⁷ Not applicable.

⁸ 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 Q1		Cross Reference ³
	Balance Sheet ¹	Under Regulatory scope of consolidation ²	
Cash and due from banks	\$ 3,896	\$ 3,896	
Interest-bearing deposits with banks	44,893	44,788	
Trading loans, securities, and other	111,875	111,875	
Non-trading financial assets at fair value through profit or loss	4,504	4,272	
Derivatives	60,557	60,557	
Financial assets designated at fair value through profit or loss	3,305	1,450	
Financial assets at fair value through other comprehensive income	135,262	133,179	
Debt securities at amortized cost, net of allowance for credit losses	81,695	81,328	
Securities purchased under reverse repurchase agreements	124,600	124,600	
Loans	610,594	610,594	
Allowance for loan losses	(3,465)	(3,465)	
<i>Eligible general allowance reflected in Tier 2 regulatory capital</i>		(1,662)	V
<i>Shortfall of allowance to expected loss</i>		(679)	I
<i>Allowances not reflected in regulatory capital</i>		(1,124)	
Other	83,600	81,735	
Investment in TD Ameritrade		866	L1
<i>Significant investments exceeding regulatory thresholds</i>		3,979	
<i>Significant investments not exceeding regulatory thresholds</i>		2,660	E1
<i>Imputed goodwill</i>		15,558	E2
Goodwill		2,490	F1
Other intangibles		31	
Other intangibles (Mortgage Servicing Rights)			
Deferred tax assets		122	G
<i>Deferred tax assets (DTA) excluding those arising from temporary differences</i>		1,100	
<i>DTA's (net of associated deferred tax liabilities (DTL)) realizable through net operating loss (NOL) carryback</i>		881	
<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>		140	
<i>Other DTA/DTL adjustments⁴</i>			
Significant investments in financials (excluding TD Ameritrade)		13	L2
<i>Significant investments exceeding regulatory thresholds</i>		2	S
<i>Significant investments in Additional Tier 1 Capital</i>		57	
<i>Significant investments not exceeding regulatory thresholds</i>		13	K
Defined pension benefits		53,823	
Other Assets			
TOTAL ASSETS	1,261,316	1,254,809	
LIABILITIES AND EQUITY⁵			
Trading deposits	93,827	93,827	
Derivatives	58,578	58,578	
Securitization liabilities at fair value	11,840	11,840	
Deposits	813,444	813,444	
Other	202,935	196,428	
Deferred tax liabilities		82	E3
Goodwill		248	F2
Intangible assets (excluding mortgage servicing rights)		(292)	
Other deferred tax liabilities (Cash flow hedges and other DTL's)		140	
Other DTA/DTL adjustments ⁴		68	J
Gains and losses due to changes in own credit risk on fair value liabilities		196,182	
Other liabilities			
Subordinated notes and debentures	7,518	7,518	
Directly issued qualifying Tier 2 instruments		7,028	T
Directly issued capital instruments subject to phase out from Tier 2		836	U
Capital instruments not allowed for regulatory capital		(346)	
Liabilities	1,188,142	1,181,635	
Common Shares	21,094	21,094	A1
Preferred Shares	4,750	4,750	
Directly issued qualifying Additional Tier 1 instruments		4,251	M
Directly issued capital instruments subject to phase out from Additional Tier 1		1,358	P1
Preferred shares not allowed for regulatory capital		(859)	
Treasury Shares – Common	(92)	(92)	A2
Treasury Shares – Preferred	(9)	(9)	
Treasury Shares – non-viability contingent capital (NVCC) Preferred Shares		(8)	N
Treasury Shares – non-NVCC Preferred Shares		(1)	
Contributed Surplus	229	229	
Contributed surplus – Common Shares		226	B
Contributed surplus – Preferred Shares		3	O
Retained Earnings	41,744	41,744	C
Accumulated other comprehensive income (AOCI)	4,472	4,472	D
Cash flow hedges requiring derecognition		(1,731)	H
Net AOCI included as capital		6,203	
Non-controlling interests in subsidiaries	986	986	
Portion allowed for regulatory capital (directly issued)		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		344	
TOTAL LIABILITIES AND EQUITY	\$ 1,261,316	\$ 1,254,809	

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 \$6.5 billion and total equity of \$1.6 billion, of which \$206 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).