UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 40-F

[Check one]

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☒ ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **October 31, 2018** Commission File Number **1-14446**

THE TORONTO-DOMINION BANK

(Exact name of Registrant as specified in its charter)

Canada

(Province or other jurisdiction of incorporation or organization)

6029

(Primary Standard Industrial Classification Code Number (if applicable))

13-5640479

(I.R.S. Employer Identification Number (if applicable))

c/o General Counsel's Office
P.O. Box 1
Toronto-Dominion Centre
Toronto, Ontario M5K 1A2
(416) 308-6963

(Address and telephone number of Registrant's principal executive offices)

Glenn Gibson, The Toronto-Dominion Bank
31 West 52nd Street
New York, NY
10019-6101
(212) 827-7000

(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
Common Shares	**New York Stock Exchange**

Securities registered or to be registered pursuant to Section 12(g) of the Act.

Not Applicable

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

Not Applicable

(Title of Class)

For annual reports, indicate by check mark the information filed with this form:

☒ Annual information form ☒ Audited annual financial statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Common Shares	1,830,396,240
Non-Cumulative 5-Year Rate Reset Preferred Shares, Series 1 (Non-Viability Contingent Capital)	20,000,000
Non-Cumulative 5-Year Rate Reset Preferred Shares, Series 3 (Non-Viability Contingent Capital)	20,000,000
Non-Cumulative 5-Year Rate Reset Preferred Shares, Series 5 (Non-Viability Contingent Capital)	20,000,000
Non-Cumulative 5-Year Rate Reset Preferred Shares, Series 7 (Non-Viability Contingent Capital)	14,000,000
Non-Cumulative 5-Year Rate Reset Preferred Shares, Series 9 (Non-Viability Contingent Capital)	8,000,000
Non-Cumulative Fixed Rate Class A First Preferred Shares, Series 11 (Non-Viability Contingent Capital)	6,000,000
Non-Cumulative 5-Year Rate Reset Preferred Shares, Series 12 (Non-Viability Contingent Capital)	28,000,000
Non-Cumulative 5-Year Rate Reset Preferred Shares, Series 14 (Non-Viability Contingent Capital)	40,000,000
Non-Cumulative 5-Year Rate Reset Preferred Shares, Series 16 (Non-Viability Contingent Capital)	14,000,000
Non-Cumulative 5-Year Rate Reset Preferred Shares, Series 18 (Non-Viability Contingent Capital)	14,000,000
Non-Cumulative 5-Year Rate Reset Preferred Shares, Series 20 (Non-Viability Contingent Capital)	16,000,000

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the Registrant is an emerging growth company, as defined in Rule 12b-2 of the Exchange Act.

Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to
Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Disclosure Controls and Procedures

The disclosure provided under the heading *Accounting Standards and Policies – Controls and Procedures – Disclosure Controls and Procedures* included in Exhibit 99.2: Management's Discussion and Analysis is incorporated by reference herein.

Management's Annual Report on Internal Control Over Financial Reporting

The disclosure provided under the heading *Accounting Standards and Policies – Controls and Procedures – Management's Report on Internal Control Over Financial Reporting* included in Exhibit 99.2: Management's Discussion and Analysis is incorporated by reference herein.

Attestation Report of the Registered Public Accounting Firm

The disclosure provided under the heading *Report of Independent Registered Public Accounting Firm To the Shareholders and Directors of The Toronto-Dominion Bank – Opinion on Internal Control over Financial Reporting* included in Exhibit 99.3: 2018 Annual Financial Statements is incorporated by reference herein.

Changes in Internal Control Over Financial Reporting

The disclosure provided under the heading *Accounting Standards and Policies – Controls and Procedures – Changes in Internal Control Over Financial Reporting* included in Exhibit 99.2: Management's Discussion and Analysis is incorporated by reference herein.

Audit Committee Financial Expert

The disclosure provided under the heading *Directors and Executive Officers – Audit Committee* included in Exhibit 99.1**:** Annual Information Form dated November 28, 2018 is incorporated by reference herein.

Code of Ethics

The Registrant has adopted the *Code of Conduct and Ethics for Employees and Directors* (the "Code") as its code of ethics applicable to all its employees and directors, including the Registrant's Group President and Chief Executive Officer, Group Head and Chief Financial Officer, and Senior Vice President, Controller & Chief Accountant. The Registrant posts the Code on its website at www.td.com and also undertakes to provide a copy of its code of ethics to any person without charge upon request. Such request may be made by mail, telephone, facsimile or e-mail to:

The Toronto-Dominion Bank
TD Shareholder Relations
P.O. Box 1, Toronto-Dominion Centre
Toronto, Ontario, Canada M5K 1A2
Telephone: 1-866-756-8936
Facsimile: 416-982-6166
E-mail: tdshinfo@td.com

On February 9, 2018, an amended version of the Code was filed with the SEC on Form 6-K and made available on the Registrant's website.

The key amendments made to the Code at that time included: a) Introduction and Summary – *Applying the Code* – moved language regarding the requirement to report violations of the Code (and how to do so) to this section from elsewhere in the Code to make it more immediate; b) Section 1 – *Respecting the Law* – removed reference to TD AMCB "ethics officers" as this role no longer exists and employees are expected to seek guidance on such matters from their manager and/or one of the listed control partners; c) Section 2C – *Alcohol and Substance Use* – changed the word "abuse" in the title of the section to "use" in recognition that "abuse" may be stigmatizing and that the section also provides guidance on acceptable use (where permitted); Section 2F – *Irregular Business Conduct* – added language on irregular business conduct to align with new Conduct Risk Management Policy and Program. In addition to these changes, certain other editorial, technical, organizational, administrative and non-substantive amendments were made to the Code.

No waivers from the provisions of the Code were granted in the fiscal year ended October 31, 2018 to the Registrant's Group President and Chief Executive Officer, Group Head and Chief Financial Officer, and Senior Vice President, Controller & Chief Accountant.

Principal Accountant Fees and Services

The disclosure regarding Audit Fees, Audit-Related Fees, Tax Fees and All Other Fees provided under the heading *Directors and Executive Officers – Pre-Approval Policies and Shareholders' Auditor Service Fees* included in Exhibit 99.1: Annual Information Form dated November 28, 2018 is incorporated by reference herein.

Pre-Approval Policy for Audit and Non-Audit Services

The disclosure provided under the heading *Directors and Executive Officers – Pre-Approval Policies and Shareholders' Auditor Service Fees* included in Exhibit 99.1: Annual Information Form dated November 28, 2018 is incorporated by reference herein.

During the fiscal year ended October 31, 2018, the waiver of pre-approval provisions set forth in the applicable rules of the SEC were not utilized for any services related to Audit-Related Fees, Tax Fees or All Other Fees and the Audit Committee did not approve any such fees subject to the waiver of pre-approval provisions.

Hours Expended on Audit Attributed to Persons Other than the Principal Accountant's Employees

Not Applicable

Off-balance Sheet Arrangements

The disclosure provided under the heading *Group Financial Condition – Securitization and Off-Balance Sheet Arrangements* included in Exhibit 99.2: Management's Discussion and Analysis is incorporated by reference herein.

Tabular Disclosure of Contractual Obligations

The disclosure provided in Exhibit 99.5 *Contractual Obligations by Remaining Maturity* is incorporated by reference herein.

Identification of the Audit Committee

The disclosure provided under the heading *Directors and Executive Officers – Audit Committee* included in Exhibit 99.1: Annual Information Form dated November 28, 2018 identifying the Registrant's Audit Committee is incorporated by reference herein.

Mine Safety Disclosure

Not Applicable

Undertaking

Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

Comparison of NYSE Corporate Governance Rules

A Comparison of NYSE Corporate Governance Rules Required to be followed by U.S. Domestic Issuers and the Corporate Governance Practices of The Toronto-Dominion Bank (Disclosure Required by Section 303A.11 of the NYSE Listed Company Manual) is available on the Corporate Governance section of the Registrant's website www.td.com/governance.

Signatures

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

Registrant: THE TORONTO-DOMINION BANK

By: */s/ Ellen Patterson*
Name: Ellen Patterson
Title: Group Head, General Counsel

Date: November 29, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 40-F

ANNUAL REPORT PURSUANT TO
SECTION 13(a) or 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

THE TORONTO-DOMINION BANK

EXHIBITS

INDEX TO EXHIBITS

No.	Exhibits
99.1	Annual Information Form dated November 28, 2018
99.2	Management's Discussion and Analysis
99.3	2018 Annual Financial Statements
99.4	Industry Guide 3 – Return on Assets, Dividend Payouts, and Equity to Assets Ratios
99.5	Contractual Obligations by Remaining Maturity
99.6	Code of Ethics
99.7	Consent of Independent Registered Public Accounting Firm
99.8	Certification Pursuant to Section 302 of the U.S. Sarbanes-Oxley Act of 2002
99.9	Certification Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the U.S. Sarbanes-Oxley Act of 2002
101	The following financial information from The Toronto-Dominion Bank's Annual Report on Form 40-F for the year ended October 31, 2018 formatted in XBRL: (i) Consolidated Balance Sheet as at October 31, 2018 and 2017; (ii) Consolidated Statements of Income, Comprehensive Income, Changes in Equity, and Cash Flows for each of the years in the three-year period ended October 31, 2018; and (iii) Notes to Consolidated Financial Statements.

Exhibit 99.1



The Toronto-Dominion Bank

ANNUAL INFORMATION FORM

November 28, 2018

Documents Incorporated by Reference

Portions of this Annual Information Form ("AIF") are disclosed in the annual consolidated financial statements (the "Annual Financial Statements") and management's discussion and analysis of the Bank (as defined below) for the year ended October 31, 2018 (the "2018 MD&A") and are incorporated by reference into this AIF.

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	Annual Information Form	Annual Financial Statements	2018 MD&A
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Unless otherwise specified, this AIF presents information as at October 31, 2018.

Caution Regarding Forward-Looking Statements

From time to time, the Bank (as defined in this document) makes written and/or oral forward-looking statements, including in this document, in other filings with Canadian regulators or the United States (U.S.) Securities and Exchange Commission (SEC), and in other communications. In addition, representatives of the Bank may make forward-looking statements orally to analysts, investors, the media, and others. All such statements are made pursuant to the "safe harbour" provisions of, and are intended to be forward-looking statements under, applicable Canadian and U.S. securities legislation, including the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, statements made in this document, the Management's Discussion and Analysis ("2018 MD&A") under the heading "Economic Summary and Outlook", for the Canadian Retail, U.S. Retail and Wholesale Banking segments under headings "Business Outlook and Focus for 2019", and for the Corporate segment, "Focus for 2019", and in other statements regarding the Bank's objectives and priorities for 2019 and beyond and strategies to achieve them, the regulatory environment in which the Bank operates, and the Bank's anticipated financial performance. Forward-looking statements are typically identified by words such as "will", "would", "should", "believe", "expect", "anticipate", "intend", "estimate", "plan", "goal", "target", "may", and "could". By their very nature, these forward-looking statements require the Bank to make assumptions and are subject to inherent risks and uncertainties, general and specific. Especially in light of the uncertainty related to the physical, financial, economic, political, and regulatory environments, such risks and uncertainties – many of which are beyond the Bank's control and the effects of which can be difficult to predict – may cause actual results to differ materially from the expectations expressed in the forward-looking statements. Risk factors that could cause, individually or in the aggregate, such differences include: credit, market (including equity, commodity, foreign exchange, interest rate, and credit spreads), liquidity, operational (including technology and infrastructure), reputational, insurance, strategic, regulatory, legal, environmental, capital adequacy, and other risks. Examples of such risk factors include the general business and economic conditions in the regions in which the Bank operates; the ability of the Bank to execute on long-term and shorter-term strategic priorities, including the successful completion of acquisitions and strategic plans; the ability of the Bank to attract, develop, and retain key executives; disruptions in or attacks (including cyber-attacks) on the Bank's information technology, internet, network access, or other voice or data communications systems or services; the evolution of various types of fraud or other criminal behaviour to which the Bank is exposed; the failure of third parties to comply with their obligations to the Bank or its affiliates, including relating to the care and control of information; the impact of new and changes to, or application of, current laws and regulations, including without limitation tax laws, capital guidelines and liquidity regulatory guidance and the bank recapitalization "bail-in" regime; exposure related to significant litigation and regulatory matters; increased competition from incumbents and non-traditional competitors, including Fintech and big technology competitors; changes to the Bank's credit ratings; changes in currency and interest rates (including the possibility of negative interest rates); increased funding costs and market volatility due to market illiquidity and competition for funding; critical accounting estimates and changes to accounting standards, policies, and methods used by the Bank; existing and potential international debt crises; and the occurrence of natural and unnatural catastrophic events and claims resulting from such events. The Bank cautions that the preceding list is not exhaustive of all possible risk factors and other factors could also adversely affect the Bank's results. For more detailed information, please refer to the "Risk Factors and Management" section of the 2018 MD&A, as may be updated in subsequently filed quarterly reports to shareholders and news releases (as applicable) related to any events or transactions discussed under the heading "Significant and Subsequent Events, and Pending Acquisitions" in the relevant MD&A, which applicable releases may be found on www.td.com. All such factors should be considered carefully, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements, when making decisions with respect to the Bank and the Bank cautions readers not to place undue reliance on the Bank's forward-looking statements. Material economic assumptions underlying the forward-looking statements contained in this document are set out in the 2018 MD&A under the headings "Economic Summary and Outlook", for the Canadian Retail, U.S. Retail, and Wholesale Banking segments, "Business Outlook and Focus for 2019", and for the Corporate segment, "Focus for 2019", each as may be updated in subsequently filed quarterly reports to shareholders. Any forward-looking statements contained in this document represent the views of management only as of the date hereof and are presented for the purpose of assisting the Bank's

shareholders and analysts in understanding the Bank's financial position, objectives and priorities, and anticipated financial performance as at and for the periods ended on the dates presented, and may not be appropriate for other purposes. The Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by or on its behalf, except as required under applicable securities legislation.

CORPORATE STRUCTURE

Name, Address and Incorporation

The Toronto-Dominion Bank (the "Bank" or "TD") and its subsidiaries are collectively known as "TD Bank Group". The Bank, a Schedule 1 chartered bank subject to the provisions of the Bank Act (Canada) (the "Bank Act"), was formed on February 1, 1955 through the amalgamation of The Bank of Toronto (chartered in 1855) and The Dominion Bank (chartered in 1869). The Bank's head office is located at Toronto-Dominion Centre, King Street West and Bay Street, Toronto, Ontario, M5K 1A2.

Intercorporate Relationships

Information about the intercorporate relationships among the Bank and its principal subsidiaries is provided in Appendix "A" to this AIF.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

As at October 31, 2018, TD was the second largest Canadian bank in terms of market capitalization. TD Bank Group is the sixth largest bank in North America by branches and serves more than 25 million customers in three key businesses operating in a number of locations in financial centres around the globe: Canadian Retail, including TD Canada Trust, TD Auto Finance Canada, TD Wealth (Canada), TD Direct Investing, and TD Insurance; U.S. Retail, including TD Bank, America's Most Convenient Bank®, TD Auto Finance U.S., TD Wealth (U.S.), and an investment in TD Ameritrade; and Wholesale Banking, including TD Securities. TD also ranks among the world's leading online financial services firms, with approximately 12 million active online and mobile customers. TD had CDN$1.3 trillion in assets on October 31, 2018. The Toronto-Dominion Bank trades under the symbol "TD" on the Toronto and New York Stock Exchanges.

TD Bank, N.A., operating under the brand name TD Bank, America's Most Convenient Bank ®, is one of the 10 largest banks in the U.S. and provides customers with a full range of financial products and services at more than 1,200 convenient locations located from Maine to Florida. TD Bank, N.A. is a wholly owned subsidiary of the Bank.

For additional information on TD's businesses, see the descriptions provided below and on pages 13 to 26 of the 2018 MD&A.

On January 3, 2017, TD Securities U.S. completed its acquisition of Albert Fried & Company, an established New York-based broker-dealer.

On June 2, 2017, the Bank completed the sale of its European direct investing business, though the sale of shares of TD Wealth Holdings (UK) Limited and TD Bank International S.A. (Luxembourg) to Interactive Investor plc.

The Bank completed the final phase of its internal reorganization to comply with the rule adopted by the U.S. Board of Governors of the Federal Reserve System requiring large foreign banking organizations with U.S. subsidiaries to organize their U.S. subsidiaries under a single U.S. intermediate holding company. Effective July 1, 2017, all of the Bank's ownership interests in its U.S. subsidiaries (subject to limited exceptions and exclusions), including its investment in TD Ameritrade Holding Corporation ("TD Ameritrade"), were held by TD Group US Holdings LLC, the Bank's U.S. intermediate holding company.

On September 18, 2017, TD Bank, N.A. completed its acquisition of Scottrade Bank, a federal savings bank wholly owned by Scottrade Financial Services, Inc. ("Scottrade"), for cash consideration equal to approximately US$1.4 billion. Scottrade Bank merged with TD Bank, N.A. On the same day, TD Ameritrade acquired Scottrade for cash and TD Ameritrade shares. Concurrently with the closing of the TD Ameritrade / Scottrade transaction, the Bank purchased, pursuant to its pre-emptive rights, approximately US$400 million in new common equity (approximately 11.1 million shares) from TD Ameritrade.

On January 8, 2018, the Bank completed its acquisition of Layer 6 Inc., a world-renowned artificial intelligence company based in Toronto, Ontario.

On November 1, 2018, the Bank completed its acquisition of Greystone Capital Management Inc., the parent company of Greystone Managed Investments Inc., a Canadian institutional asset manager based in Regina, Saskatchewan.

On November 26, 2018, the Bank finalized a long-term loyalty program agreement (the "Loyalty Agreement") with Air Canada. Under the terms of the Loyalty Agreement, the Bank will become the primary credit card issuer for Air Canada's new loyalty program when it launches in 2020 through to 2030. The Loyalty Agreement was finalized in conjunction with Air Canada entering into a definitive share purchase agreement with Aimia Inc. ("Aimia") for the acquisition of Aimia Canada Inc., which operates the Aeroplan loyalty business (the "Transaction"), for an aggregate purchase price of $450 million in cash and the assumption of approximately $1.9 billion of Aeroplan Miles liability. The closing of the Transaction is subject to the satisfaction of certain conditions, including receipt of Aimia shareholder approval and customary regulatory approvals. The Loyalty Agreement will become effective upon the closing of the Transaction and TD Aeroplan cardholders will become members of Air Canada's new loyalty program and their miles will be transitioned when Air Canada's new loyalty program launches in 2020.

DESCRIPTION OF THE BUSINESS

Descriptions of TD's significant business segments and related information are provided on pages 3 and 13 to 26 of the 2018 MD&A.

Investment in TD Ameritrade

The Bank has an investment in TD Ameritrade, a leading provider of securities brokerage services and related technology-based financial services to retail clients and independent registered investment advisors ("RIAs"). TD Ameritrade provides its services to individual retail investors and traders, and RIAs predominantly through the Internet, a national branch network and relationships with RIAs. TD Ameritrade is a U.S. publicly-traded company and its common shares are listed on the Nasdaq Global Select Market. As of October 31, 2018, the Bank owned approximately 41.61% of the outstanding voting securities of TD Ameritrade. Additional information concerning TD Ameritrade may be found on the U.S. Securities and Exchange Commission's EDGAR system ("EDGAR") at www.sec.gov. The Bank's investment in TD Ameritrade is subject to a Stockholders Agreement that contains provisions relating to governance, board composition, stock ownership, transfers of shares, voting and other matters.

Average Number of Employees

TD had an average of 84,383 full-time equivalent employees for fiscal 2018.

Risk Factors

The Bank considers it critical to regularly assess its operating environment and highlight top and emerging risks, which are risks with a potential to have a material effect on the Bank and where the attention of senior leaders is focused due to the potential magnitude or immediacy of their impact. An explanation of the types of risks facing the Bank and its businesses and the ways in which the Bank manages them can be found under the heading "Risk Factors and Management" on pages 52 to 89 of the 2018 MD&A, which is incorporated by reference.

DIVIDENDS

Dividends per Share for the Bank (October 31st year-end)

Type of Shares	2018	2017	2016
Common Shares	**$2.61**	**$2.35**	**$2.16**
Preferred Shares			
Series S[1]	$0.63	$0.84	$0.84
Series T[2]	$0.50	$0.54	$0.52
Series Y[3]	$0.89	$0.89	$0.89
Series Z[4]	$0.69	$0.56	$0.54
Series 1[5]	$0.98	$0.98	$0.98
Series 3[5]	$0.95	$0.95	$0.95
Series 5[5]	$0.94	$0.94	$0.94
Series 7[5]	$0.90	$0.90	$0.90
Series 9[5]	$0.93	$0.93	$0.93
Series 11[5]	$1.23	$1.23	$1.23
Series 12[5]	$1.38	$1.38	$1.09
Series 14[5]	$1.21	$1.21	$0.18
Series 16[5]	$1.13	$0.34	-
Series 18[5,6]	$0.74	-	-
Series 20[5,7]	-	-	-

Notes:

1 On July 31, 2018, the Bank redeemed all of its 5,387,491 outstanding Non-Cumulative Class A First Preferred Shares, Series S.
2 On July 31, 2018, the Bank redeemed all of its 4,612,509 outstanding Non-Cumulative Class A First Preferred Shares, Series T.
3 On October 31, 2018, the Bank redeemed all of its 5,481,853 outstanding Non-Cumulative Class A First Preferred Shares, Series Y.
4 On October 31, 2018, the Bank redeemed all of its 4,518,147 outstanding Non-Cumulative Class A First Preferred Shares, Series Z.
5 Non-viability contingent capital (NVCC).
6 On March 14, 2018, the Bank issued 14 million Non-Cumulative 5-Year Rate Reset Preferred Shares, Series 18.
7 On September 13, 2018, the Bank issued 16 million Non-Cumulative 5-Year Rate Reset Preferred Shares, Series 20.

Dividends for TD Ameritrade (September 30th year-end)

TD Ameritrade declared a US$0.21 per share quarterly cash dividend on its common stock during each quarter of its 2018 fiscal year. On October 22, 2018, TD Ameritrade declared a US$0.30 per share quarterly cash dividend on its common stock for the first quarter of its 2019 fiscal year, payable on November 20, 2018 to all holders of record of TD Ameritrade common stock as of November 6, 2018. The payment of any future dividends will be at the discretion of TD Ameritrade's board of directors and will depend upon a number of factors that its board of directors deems relevant, including future earnings, the success of TD Ameritrade's business activities, capital requirements, the general financial condition and future prospects of its business, and general business conditions.

CAPITAL STRUCTURE

The following summary of the Bank's share capital is qualified in its entirety by the Bank's by-laws and the actual terms and conditions of such shares.

In accordance with capital adequacy requirements adopted by the Office of the Superintendent of Financial Institutions (Canada) ("OSFI"), in order to qualify as Tier 1 or Tier 2 Capital under Basel III, non-common capital instruments issued by the Bank after January 1, 2013, including Preferred Shares and Subordinated Debentures (Medium Term Notes with NVCC Provisions, defined below), must include a non-viability contingent capital feature (the "NVCC Provisions"), under which they could be converted into a variable number of common shares of the Bank if OSFI announces that the Bank has ceased, or is about to cease, to be viable or if the Bank has accepted or agreed to accept a capital injection or equivalent support from a federal or provincial government in Canada (each, a "trigger event").

Common Shares

The authorized common share capital of the Bank consists of an unlimited number of common shares without nominal or par value. Subject to the restrictions set out under "Constraints" below, holders of common shares are entitled to vote at all meetings of the shareholders of the Bank, except meetings at which only holders of a specified class or series of shares are entitled to vote. The holders of common shares are entitled to receive dividends as and when declared by the Board of Directors of the Bank, subject to the preference of the holders of the preferred shares of the Bank. After payment to the holders of the preferred shares of the Bank of the amount or amounts to which they may be entitled, and after payment of all outstanding debts, the holders of common shares shall be entitled to receive the remaining property of the Bank upon the liquidation, dissolution or winding-up thereof.

Preferred Shares

The Class A First Preferred Shares (the "Preferred Shares") of the Bank may be issued from time to time, in one or more series, with such rights, privileges, restrictions and conditions as the Board of Directors of the Bank may determine.

The Preferred Shares of each series rank on a parity with every other series of Preferred Shares, and all Preferred Shares rank prior to the common shares and to any other shares of the Bank ranking junior to the Preferred Shares with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Bank, provided that a trigger event has not occurred as contemplated under the NVCC Provisions applicable to a series of Preferred Shares. In the event of a trigger event occurring under the NVCC Provisions, the existing priority of the Preferred Shares of the affected series will not be relevant as all Preferred Shares of such series will be converted into common shares of the Bank and, upon conversion, will rank on a parity with all other common shares of the Bank.

There are no voting rights attaching to the Preferred Shares except to the extent provided in any series or by the Bank Act. The Bank may not, without the prior approval of the holders of the Preferred Shares, create or issue (i) any shares ranking in priority to or on a parity with the Preferred Shares, or (ii) any additional series of Preferred Shares, unless at the date of such creation or issuance all cumulative dividends and any declared and unpaid non-cumulative dividends shall have been paid or set apart for payment in respect of each series of Preferred Shares then issued and outstanding.

Approval of amendments to the provisions of the Preferred Shares as a class may be given in writing by the holders of all the outstanding Preferred Shares or by a resolution carried by an affirmative vote of at least two-thirds of the votes cast at a meeting at which the holders of a majority of the then outstanding Preferred Shares are present or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the shareholders then present or represented by proxy may transact the business for which the meeting was originally called.

In the event of the liquidation, dissolution or winding-up of the Bank, provided that a trigger event has not occurred as contemplated under the NVCC Provisions applicable to a series of Preferred Shares, before

any amounts shall be paid to or any assets distributed among the holders of the common shares or shares of any other class of the Bank ranking junior to the Preferred Shares, the holder of a Preferred Share of a series shall be entitled to receive, to the extent provided for with respect to such Preferred Shares by the conditions attaching to such series: (i) an amount equal to the amount paid up thereon; (ii) such premium, if any, as has been provided for with respect to the Preferred Shares of such series; and (iii) all unpaid cumulative dividends, if any, on such Preferred Shares and, in the case of non-cumulative Preferred Shares, all declared and unpaid non-cumulative dividends. After payment to the holders of the Preferred Shares of the amounts so payable to them, they shall not be entitled to share in any further distribution of the property or assets of the Bank.

Constraints

There are no constraints imposed on the ownership of securities of the Bank to ensure that the Bank has a required level of Canadian ownership. However, the Bank Act contains restrictions on the issue, transfer, acquisition, beneficial ownership and voting of all shares of a chartered bank. For example, no person shall be a major shareholder of a bank if the bank has equity of $12 billion or more. A person is a major shareholder of a bank where: (i) the aggregate of shares of any class of voting shares beneficially owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person is more than 20% of that class of voting shares; or (ii) the aggregate of shares of any class of non-voting shares beneficially owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person is more than 30% of that class of non-voting shares. No person shall have a significant interest in any class of shares of a bank, including the Bank, unless the person first receives the approval of the Minister of Finance (Canada). For purposes of the Bank Act, a person has a significant interest in a class of shares of a Canadian chartered bank where the aggregate of any shares of the class beneficially owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person exceeds 10% of all of the outstanding shares of that class of shares of such bank.

The Bank Act also prohibits the registration of a transfer or issue of any share of the Bank to, and the exercise in person or by proxy of any voting rights attached to any share of the Bank that is beneficially owned by, Her Majesty in right of Canada or of a province or any agent or agency of Her Majesty, in either of those rights, or to the government of a foreign country or any political subdivision thereof, or any agent or agency of a foreign government. Notwithstanding the foregoing, the Minister of Finance of Canada may approve the issue of shares of a bank, including the Bank, to an agent that is an “eligible agent”, which is defined as an agent or agency of Her Majesty in right of Canada or of a province or an agent or agency of a government of a foreign country or any political subdivision of a foreign country: (i) whose mandate is publicly available; (ii) that controls the assets of an investment fund in a manner intended to maximize long-term risk-adjusted returns and Her Majesty in right of Canada or of a province or an agent or agency of a government of a foreign country or any political subdivision of a foreign country contributes to the fund or the fund is established to provide compensation, hospitalization, medical care, annuities, pensions or similar benefits to natural persons; and (iii) whose decisions with respect to the assets of the fund referred to in (ii) above are not influenced in any significant way by Her Majesty in right of Canada or of the province or the government of the foreign country or the political subdivision. The application for this approval would be made jointly by the Bank and the eligible agent.

Ratings

Credit ratings are important to the Bank’s borrowing costs and ability to raise funds. Rating downgrades could potentially result in higher financing costs and increased collateral pledging requirements for the Bank and reduced access to capital markets. Rating downgrades may also affect the Bank’s ability to enter into normal course derivative transactions. The Bank regularly reviews the level of increased collateral that would be required in the event of rating downgrades and holds liquid assets to cover additional collateral required in the event of certain downgrades in the Bank’s senior long-term credit ratings. Additional information relating to credit ratings is provided under the heading “Liquidity Risk” in the “Managing Risk” section starting on page 75 of the 2018 MD&A.

As at October 31, 2018

	DBRS	Moody's Investors Service	S&P Global Ratings
Legacy Senior Debt[1]	AA	Aa1	AA-
Senior Debt[2]	Aa (low)	Aa3	A
Short Term Debt	R-1 (high)	P-1	A-1+
Subordinated Debt	A (high)	A2	A
NVCC Subordinated Debt	A (low)	A2 (hyb)	A-
Preferred Shares	Pfd-2 (high)	Baa1 (hyb)	BBB+
NVCC Preferred Shares	Pfd-2	Baa1 (hyb)	BBB
Outlook	Positive	Stable	Stable

Notes:

1 Includes: (a) Senior debt issued prior to September 23, 2018; and (b) Senior debt issued on or after September 23, 2018 which is excluded from the bank recapitalization "bail-in" regime, including debt with an original term to maturity of less than 400 days and most structured notes.

2 Subject to conversion under the bank recapitalization "bail-in" regime.

Credit ratings are not recommendations to purchase, sell or hold a financial obligation inasmuch as they do not comment on market price or suitability for a particular investor. Ratings are subject to revision or withdrawal at any time by the rating agency. Credit ratings and outlooks provided by the rating agencies reflect their views and are subject to change from time to time, based on a number of factors, including the Bank's financial strength, competitive position and liquidity as well as factors not entirely within the Bank's control, including the methodologies used by the rating agencies and conditions affecting the financial services industry generally.

The Bank has made payments in the ordinary course to the rating agencies listed above in connection with the assignment of ratings on the securities of the Bank. In addition, the Bank has made customary payments in respect of certain other services provided to the Bank by the applicable rating agencies during the last two years.

We note that the following descriptions of the ratings categories prepared by the respective rating agencies are provided solely in order to satisfy requirements of Canadian law and do not constitute an endorsement by the Bank of the ratings categories or of the application by the respective rating agencies of their criteria and analyses. A description of the rating categories of each of the rating agencies, obtained from the respective rating agency's public website, is set out below.

Description of ratings, as disclosed by DBRS on its public website
The DBRS® long-term rating scale provides an opinion on the risk of default. That is, the risk that an issuer will fail to satisfy its financial obligations in accordance with the terms under which an obligation has been issued. Ratings are based on quantitative and qualitative considerations relevant to the issuer, and the relative ranking of claims. All rating categories other than AAA and D also contain subcategories "(high)" and "(low)". The absence of either a "(high)" or "(low)" designation indicates the rating is in the middle of the category. AA: Superior credit quality. The capacity for the payment of financial obligations is considered high. Credit quality differs from AAA only to a small degree. Unlikely to be significantly vulnerable to future events. A: Good credit quality. The capacity for the payment of financial obligations is substantial, but of lesser credit quality than AA. May be vulnerable to future events, but qualifying negative factors are considered manageable. The DBRS® short-term debt rating scale provides an opinion on the risk that an issuer will not meet its short-term financial obligations in a timely manner. R-1 (high): Highest credit quality. The capacity for the

payment of short-term financial obligations as they fall due is exceptionally high. Unlikely to be adversely affected by future events.

The DBRS® preferred share rating scale is used in the Canadian securities market and is meant to give an indication of the risk that a borrower will not fulfill its full obligations in a timely manner, with respect to both dividend and principal commitments. Each rating category is denoted by the subcategories “high” and “low”. The absence of either a “high” or “low” designation indicates the rating is in the middle of the category. Preferred shares rated Pfd-2 are of satisfactory credit quality. Protection of dividends and principal is still substantial, but earnings, the balance sheet and coverage ratios are not as strong as Pfd-1 rated companies. Generally, Pfd-2 ratings correspond with companies whose senior bonds are rated in the A category.

Description of ratings, as disclosed by Moody's Investors Service on its public website

Moody’s long-term ratings are assigned to issuers or obligations with an original maturity of one year or more and reflect both on the likelihood of a default on contractually promised payments and the expected financial loss suffered in the event of default. Obligations rated Aa are judged to be of high quality and are subject to very low credit risk. Obligations rated A are judged to be upper-medium grade and are subject to low credit risk. Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics. Moody’s appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. Additionally, a “(hyb)” indicator is appended to all ratings of hybrid securities issued by banks, insurers, finance companies, and securities firm. By their terms, hybrid securities allow for the omission of scheduled dividends, interest, or principal payments, which can potentially result in impairment if such an omission occurs. Hybrid securities may also be subject to contractually allowable write-downs of principal that could result in impairment. Together with the hybrid indicator, the long-term obligation rating assigned to a hybrid security is an expression of the relative credit risk associated with that security.

Moody’s assigns provisional ratings to medium-term note (MTN) programs and definitive ratings to the individual debt securities issued from them (referred to as drawdowns or notes). MTN program ratings are intended to reflect the ratings likely to be assigned to drawdowns issued from the program with the specified priority of claim (e.g. senior or subordinated). To capture the contingent nature of a program rating, Moody’s assigns provisional ratings to MTN programs. A provisional rating is denoted by a (P) in front of the rating.

Moody’s short-term ratings are assigned to obligations with an original maturity of thirteen months or less and reflect both on the likelihood of a default on contractually promised payments and the expected financial loss suffered in the event of default. P-1 Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.

Description of ratings, as disclosed by S&P Global Ratings on its public website

An S&P Global Ratings issue credit rating is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific financial obligation, a specific class of financial obligations, or a specific financial program (including ratings on medium-term note programs and commercial paper programs).

A long-term obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitments on the obligation is very strong. A long-term obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitments on the obligation is still strong. A long-term obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments on the obligation. The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

A short-term obligation rated 'A-1' is rated in the highest category by S&P Global Ratings. The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.

The S&P Global Ratings Canadian preferred share rating scale serves issuers, investors, and intermediaries in the Canadian financial markets by expressing preferred share ratings (determined in accordance with global rating criteria) in terms of rating symbols that have been actively used in the Canadian market over a number of years. An S&P Global Ratings preferred share rating on the Canadian scale is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific preferred share obligation issued in the Canadian market, relative to preferred shares issued by other issuers in the Canadian market. There is a direct correspondence between the specific ratings assigned on the Canadian preferred share scale and the various rating levels on the global debt rating scale of S&P Global Ratings. A Canadian preferred share rating of P-2(high) and P-2 corresponds to global scale preferred share rating of BBB+ and BBB, respectively.

MARKET FOR SECURITIES OF THE BANK

Market Listings

The Bank's common shares are listed on the Toronto Stock Exchange and the New York Stock Exchange. The Bank's preferred shares are listed on the Toronto Stock Exchange.

Trading Price and Volume

Trading price and volume of the Bank's securities on the Toronto Stock Exchange in the past year is set out in the tables below:

	Nov. 2017	Dec. 2017	Jan. 2018	Feb. 2018	March 2018	April 2018	May 2018	June 2018	July 2018	Aug. 2018	Sept. 2018	Oct. 2018
COMMON SHARES												
High ($)	75.09	74.00	75.21	75.67	76.65	73.27	76.81	77.47	77.17	79.54	80.05	79.24
Low ($)	72.32	71.61	73.16	69.21	72.17	69.37	71.90	74.85	75.45	76.38	78.05	71.31
Vol.('000)	47,827	59,565	66,822	73,716	82,349	56,470	75,987	74,506	44,755	53,733	60,650	75,110

	Nov. 2017	Dec. 2017	Jan. 2018	Feb. 2018	March 2018	April 2018	May 2018	June 2018	July 2018	Aug. 2018	Sept. 2018	Oct. 2018
PREFERRED SHARES												
Series S[1]												
High ($)	25.12	25.10	25.26	25.00	24.95	24.99	25.09	25.18	25.17			
Low ($)	24.90	24.92	24.92	24.87	24.75	24.81	24.92	24.96	24.96	-	-	-
Vol.('000)	27	88	518	300	165	308	224	30	56			
Series T[2]												
High ($)	24.85	24.94	25.11	24.99	24.85	24.93	24.99	25.12	25.15			
Low ($)	24.62	24.73	24.81	24.77	24.68	24.79	24.89	24.94	24.96	-	-	-
Vol.('000)	27	53	463	70	208	53	240	398	338			
Series Y[3]												
High ($)	25.05	25.16	25.25	25.07	24.90	24.96	25.05	25.11	25.15	25.22	25.20	25.23
Low ($)	24.85	24.90	24.90	24.84	24.66	24.75	24.92	24.90	24.93	25.00	25.04	24.97
Vol.('000)	35	347	229	28	139	101	50	112	66	24	164	389
Series Z[4]												
High ($)	24.79	24.87	25.04	24.83	24.81	24.88	24.98	25.05	25.06	25.10	25.15	25.14
Low ($)	24.67	24.67	24.80	24.75	24.72	24.56	24.83	24.87	24.92	24.96	24.95	24.97
Vol.('000)	49	134	19	405	22	154	35	215	8	8	159	129
Series 1[5]												
High ($)	23.74	23.75	24.26	24.13	23.65	23.24	23.71	23.58	23.79	23.88	23.70	23.89
Low ($)	23.38	22.90	23.59	23.42	23.18	22.55	22.64	23.16	23.10	23.54	23.25	22.05
Vol.('000)	406	255	1,267	822	1,648	439	432	263	147	194	164	354
Series 3[5]												
High ($)	23.69	23.54	24.04	23.99	23.64	23.15	23.75	23.54	23.79	23.80	23.70	24.08
Low ($)	23.28	22.68	23.43	23.27	22.92	22.46	22.68	23.12	23.17	23.50	23.27	21.71
Vol.('000)	244	172	224	143	590	624	322	286	133	397	75	311
Series 5[5]												
High ($)	23.60	23.30	23.86	23.75	23.39	22.97	23.60	23.44	23.71	23.77	23.77	23.77
Low ($)	23.20	22.53	23.25	23.00	22.85	22.38	22.50	22.96	23.00	23.35	23.10	21.74
Vol.('000)	369	398	549	566	1,299	198	687	246	299	452	278	458
Series 7[5]												
High ($)	24.80	24.99	24.99	24.94	24.54	24.36	24.86	24.72	24.68	24.75	24.72	25.00
Low ($)	24.25	24.10	24.24	24.15	24.13	23.91	24.24	24.32	24.26	24.51	24.38	23.21
Vol.('000)	292	105	340	616	246	283	345	86	386	240	205	288

	Nov. 2017	Dec. 2017	Jan. 2018	Feb. 2018	March 2018	April 2018	May 2018	June 2018	July 2018	Aug. 2018	Sept. 2018	Oct. 2018
PREFERRED SHARES												
Series 9[5]												
High ($)	24.95	25.14	25.25	25.06	24.75	24.48	24.99	24.84	24.92	24.95	24.97	25.05
Low ($)	24.63	24.36	24.60	24.40	24.12	24.07	24.40	24.50	24.43	24.72	24.59	23.43
Vol.('000)	268	69	176	57	378	105	475	128	42	82	103	109
Series 11[5]												
High ($)	25.35	25.30	25.55	25.10	24.95	24.91	24.60	25.10	25.18	24.99	24.98	24.99
Low ($)	25.16	25.14	24.99	24.81	24.66	24.30	24.37	24.50	24.72	24.76	24.75	23.42
Vol.('000)	69	56	134	125	77	85	63	41	44	47	34	170
Series 12[5]												
High ($)	27.05	26.99	27.19	26.61	26.75	26.80	26.65	26.62	26.63	26.50	26.64	26.59
Low ($)	26.63	26.54	26.44	26.16	26.36	26.25	26.34	26.30	26.22	26.25	26.15	25.71
Vol.('000)	878	233	252	220	773	436	846	451	163	294	245	292
Series 14[5]												
High ($)	26.56	26.41	26.48	26.25	26.25	26.24	26.27	26.17	26.16	26.18	26.08	26.12
Low ($)	26.16	25.99	25.92	25.79	25.81	25.72	25.90	25.99	25.80	25.97	25.83	25.25
Vol.('000)	502	1,276	646	303	898	415	269	176	175	575	708	761
Series 16[5]												
High ($)	25.97	25.80	25.90	25.60	25.74	25.30	25.45	25.35	25.57	25.60	25.43	25.42
Low ($)	25.55	25.21	25.25	25.00	25.05	24.82	25.12	24.92	24.98	25.31	25.00	24.30
Vol.('000)	153	128	283	282	231	419	224	407	206	409	206	304
Series 18[5,6]												
High ($)	-	-	-	-	25.25	25.73	25.68	25.30	25.63	25.72	25.67	25.54
Low ($)					24.94	24.90	25.00	25.04	24.95	25.29	25.01	24.71
Vol.('000)					1,319	1,469	359	181	144	109	246	245
Series 20[5,7]												
High ($)	-	-	-	-	-	-	-	-	-	-	25.17	25.25
Low ($)											24.86	24.55
Vol.('000)											1,861	1,532

Notes:

1 On July 31, 2018, the Bank redeemed all of its 5,387,491 outstanding Non-Cumulative Class A First Preferred Shares, Series S.
2 On July 31, 2018, the Bank redeemed all of its 4,612,509 outstanding Non-Cumulative Class A First Preferred Shares, Series T.
3 On October 31, 2018, the Bank redeemed all of its 5,481,853 outstanding Non-Cumulative Class A First Preferred Shares, Series Y.
4 On October 31, 2018, the Bank redeemed all of its 4,518,147 outstanding Non-Cumulative Class A First Preferred Shares, Series Z.
5 Non-viability contingent capital (NVCC).
6 On March 14, 2018, the Bank issued 14 million Non-Cumulative 5-Year Rate Reset Preferred Shares, Series 18.
7 On September 13, 2018, the Bank issued 16 million Non-Cumulative 5-Year Rate Reset Preferred Shares, Series 20.

Prior Sales

In the most recently completed financial year, the Bank did not issue any shares that are not listed or quoted on a marketplace. For more information on the Bank's subordinated debentures, please see Note 19 of the Annual Financial Statements for the year ended October 31, 2018, which note is incorporated by reference in this AIF.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class
Common Shares[1]	3,947,876	0.27

[1] On November 1, 2018, the Bank acquired 100% of the outstanding equity of Greystone Capital Management Inc. (GCMI), the parent company of Greystone Managed Investments Inc. (Greystone). In connection therewith, TD common shares were issued to employee shareholders to satisfy a portion of the purchase price and to replace share-based awards. A portion of such common shares will be held in escrow for two years following the acquisition date, subject to the continued employment of such employee shareholder. AST Trust Company (Canada) is acting as Escrow Agent.

DIRECTORS AND EXECUTIVE OFFICERS

Directors and Board Committees of the Bank

The following table sets forth, as at November 28, 2018, the directors of the Bank, their present principal occupation and business, municipality of residence and the date each became a director of the Bank.

Director Name Principal Occupation & Municipality of Residence	Director Since
William E. Bennett Corporate Director, and former President and Chief Executive Officer, Draper & Kramer, Inc. Chicago, Illinois, U.S.A.	May 2004
Amy W. Brinkley Consultant, AWB Consulting, LLC (executive advising and risk management consulting firm) Charlotte, North Carolina, U.S.A.	September 2010
Brian C. Ferguson Corporate Director, and former President & Chief Executive Officer, Cenovus Energy Inc. Calgary, Alberta, Canada	March 2015
Colleen A. Goggins Corporate Director, and retired Worldwide Chairman, Consumer Group, Johnson & Johnson Princeton, New Jersey, U.S.A.	March 2012
Mary Jo Haddad Corporate Director, and retired President and Chief Executive Officer The Hospital for Sick Children Oakville, Ontario, Canada	December 2014
Jean-René Halde Corporate Director, and retired President and Chief Executive Officer Business Development Bank of Canada Saint-Laurent, Quebec, Canada	December 2015
David E. Kepler Corporate Director, and retired Executive Vice President, The Dow Chemical Company Sanford, Michigan, U.S.A.	December 2013
Brian M. Levitt Chairman of the Board, The Toronto-Dominion Bank Lac Brome, Quebec, Canada	December 2008
Alan N. MacGibbon Corporate Director, retired Managing Partner and Chief Executive of Deloitte LLP (Canada) Oakville, Ontario, Canada	April 2014

Director Name Principal Occupation & Municipality of Residence	Director Since
Karen E. Maidment Corporate Director, and former Chief Financial and Administrative Officer, BMO Financial Group Cambridge, Ontario, Canada	September 2011
Bharat B. Masrani Group President and Chief Executive Officer, TD Bank Group Toronto, Ontario, Canada	April 2014
Irene R. Miller Chief Executive Officer, Akim, Inc. (U.S. investment management and consulting firm) New York, New York, U.S.A.	May 2006
Nadir H. Mohamed Corporate Director, and former President and Chief Executive Officer, Rogers Communications Inc. Toronto, Ontario, Canada	April 2008
Claude Mongeau Corporate Director, and former President and Chief Executive Officer, Canadian National Railway Company Montreal, Quebec, Canada	March 2015

Except as disclosed below, all directors have had the same principal occupation for the past five years.

Mr. Ferguson was President & Chief Executive Officer of Cenovus Energy Inc. prior to November 3, 2017. Ms. Haddad was the President and Chief Executive Officer of The Hospital for Sick Children prior to January 2014. Mr. Halde was President and Chief Executive Officer of the Business Development Bank of Canada prior to July 2015. Mr. Kepler was Executive Vice President at The Dow Chemical Company from March 2008 to January 2015 and as an Executive Vice President, had responsibility for Business Services, and was Chief Sustainability Officer and Chief Information Officer. Mr. Levitt served in various executive and non-executive leadership positions at Osler, Hoskin & Harcourt LLP prior to December 2015. Mr. MacGibbon was Senior Counsel to Deloitte LLP (Canada) from June 2012 to December 2013. Prior to commencing his current role as Group President and Chief Executive Officer of the Bank on November 1, 2014, Mr. Masrani was Chief Operating Officer of the Bank from July 2013 to October 31, 2014, and Group Head, U.S. Personal and Commercial Banking of the Bank and President and Chief Executive Officer, TD Bank US Holding Company and TD Bank, N.A. prior to July 2013. Mr. Mohamed was President and Chief Executive Officer of Rogers Communications Inc. prior to December 2013. Mr. Mongeau was President and Chief Executive Officer of Canadian National Railway Company prior to July 2016.

Each director will hold office until the next annual meeting of shareholders of the Bank, which is scheduled for April 4, 2019. Information concerning the nominees proposed for election as directors at the meeting will be contained in the management proxy circular of the Bank in respect of the meeting.

The following table sets forth the Committees of the Bank's Board, the members of each Committee as at November 28, 2018 and each Committee's key responsibilities.

Committee	Members	Key Responsibilities
Corporate Governance Committee	Brian M. Levitt (Chair) William E. Bennett Karen E. Maidment Alan N. MacGibbon	**Responsibility for corporate governance of the Bank:** • Identify individuals qualified to become Board members and recommend to the Board the director nominees for the next annual meeting of shareholders and recommend candidates to fill vacancies on the Board that occur between meetings of the shareholders; • Develop and recommend to the Board a set of corporate governance principles, including a code of conduct and ethics, aimed at fostering a healthy governance culture at the Bank; • Satisfy itself that the Bank communicates effectively, both proactively and responsively, with its shareholders, other interested parties and the public; • Oversee the Bank's strategy and reporting on corporate responsibility for environmental and social matters; • Act as conduct review committee for the Bank and certain of its Canadian subsidiaries that are federally-regulated financial institutions, including providing oversight of conduct risk; and • Oversee the evaluation of the Board and Committees.
Human Resources Committee	Karen E. Maidment (Chair) Amy W. Brinkley Mary Jo Haddad Brian M. Levitt Nadir H. Mohamed	**Responsibility for management's performance evaluation, compensation and succession planning:** • Discharge, and assist the Board in discharging, the responsibility of the Board relating to leadership, human resource planning and compensation as set out in this Committee's charter; • Set performance objectives for the CEO, which encourage the Bank's long-term financial success and regularly measure the CEO's performance against these objectives; • Recommend compensation for the CEO to the Board for approval, and determine compensation for certain senior officers; • Monitor the Bank's compensation strategy, plans, policies and practices for alignment to the Financial Stability Board Principles for Sound Compensation Practices and Implementation Standards, including the appropriate consideration of risk; • Oversee a robust talent planning and development process, including review and approval of the succession plans for the senior officer positions and heads of control functions; • Review and recommend the CEO succession plan to the Board of Directors for approval; • Produce a report on compensation which is published in the Bank's annual proxy circular, and review, as appropriate, any other related major public disclosures concerning compensation; and

Committee	Members	Key Responsibilities
		• Oversee the strategy, design and management of the Bank's employee pension, retirement savings and benefits plans.
Risk Committee	William E. Bennett (Chair) Amy W. Brinkley Colleen A. Goggins David E. Kepler Alan N. MacGibbon Karen E. Maidment	**Supervising the management of risk of the Bank:** • Approve the Enterprise Risk Framework and related risk category frameworks and policies that establish the appropriate approval levels for decisions and other measures to manage risk to which the Bank is exposed; • Review and recommend the Bank's Enterprise Risk Appetite Statement and related measures for approval by the Board and oversee the Bank's major risks as set out in the Enterprise Risk Framework; • Review the Bank's risk profile against Risk Appetite measures; and • Provide a forum for "big-picture" analysis of an enterprise view of risk including considering trends and current and emerging risks.
Audit Committee	Alan N. MacGibbon* (Chair) William E. Bennett* Brian C. Ferguson* Jean-René Halde Irene R. Miller* Claude Mongeau*	**Supervising the quality and integrity of the Bank's financial reporting and compliance requirements:** • Oversee reliable, accurate and clear financial reporting to shareholders; • Oversee effectiveness of internal controls, including internal controls over financial reporting; • Directly responsible for the selection, compensation, retention and oversight of the work of the shareholders' auditor – the shareholders' auditor reports directly to this Committee; • Receive reports from the shareholders' auditor, chief financial officer, chief auditor, chief compliance officer, chief anti-money laundering officer and bank secrecy act officer, and evaluate the effectiveness and independence of each; • Oversee the establishment and maintenance of policies and programs reasonably designed to achieve and maintain the Bank's compliance with the laws and regulations that apply to it; and • Act as the Audit Committee for certain subsidiaries of the Bank that are federally-regulated financial institutions.

* *Designated Audit Committee Financial Expert*

Audit Committee

The Audit Committee of the Board of Directors of the Bank operates under a written charter that sets out its responsibilities and composition requirements. A copy of the charter is attached to this AIF as Appendix "B". The Committee charter requires all members to be financially literate or be willing and able to acquire the necessary knowledge quickly. "Financially literate" means the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Bank's financial statements.

In addition, the Committee charter contains independence requirements applicable to each member and each member currently meets those requirements. Specifically, the charter provides that no member of the Committee may be an officer or retired officer of the Bank and every member shall be independent of the Bank within the meaning of all applicable laws, rules and regulations, including those particularly applicable to Audit Committee members and any other relevant consideration as determined by the Board of Directors, including the Bank's Director Independence Policy (a copy of which is available on the Bank's website at www.td.com).

As indicated in the table above, the members of the Committee are: Alan N. MacGibbon (chair), William E. Bennett, Brian C. Ferguson, Jean-René Halde, Irene R. Miller and Claude Mongeau. The members of the Bank's Audit Committee bring significant skill and experience to their responsibilities, including academic and professional experience in accounting, business and finance. The Board has determined that each of Messrs. Bennett, Ferguson, MacGibbon and Mongeau and Ms. Miller has the attributes of an Audit Committee financial expert as defined in the U.S. Sarbanes-Oxley Act; all committee members are financially literate and independent under the applicable listing standards of the New York Stock Exchange, the Committee charter, the Bank's Director Independence Policy and the corporate governance guidelines of the Canadian Securities Administrators.

The following sets out the education and experience of each director relevant to the performance of his or her duties as a member of the Committee:

William E. Bennett is a Corporate Director. He is the former President and Chief Executive Officer of Draper & Kramer, Inc., a Chicago-based financial services and real estate company. He also previously served as Executive Vice President and Chief Credit Officer of First Chicago Corp. and its principal subsidiary, the First National Bank of Chicago. Mr. Bennett previously served as chair of the audit committee of each of the Bank, TD Bank US Holding Company (the holding company of TD Bank, N.A. and TD Bank USA, N.A.), Capital Power Corporation, and Nuveen Investments Bond and Mutual Funds. He holds an undergraduate degree in economics from Kenyon College and a master's degree in business administration from the University of Chicago. Mr. Bennett is one of the Bank's Audit Committee financial experts.

Brian C. Ferguson is a Corporate Director. He is the former President & Chief Executive Officer of Cenovus Energy Inc. Prior to leading Cenovus Energy Inc., Mr. Ferguson was the Executive Vice-President and Chief Financial Officer of Encana Corporation. Mr. Ferguson holds a Bachelor of Commerce degree from the University of Alberta, and is a Fellow of Chartered Professional Accountants Alberta. Mr. Ferguson is a member of the audit committee of Trans Mountain Corporation. Mr. Ferguson is one of the Bank's Audit Committee financial experts.

Jean-René Halde is a Corporate Director. He was the President and Chief Executive Officer of the Business Development Bank of Canada from June 2005 to June 2015. Prior to June 2005, Mr. Halde held Chief Executive Officer positions at several leading companies, including Metro-Richelieu Inc., Culinar Inc., and Livingston Group Inc. Mr. Halde holds a master's degree in Economics from the University of Western Ontario and a master's degree in business administration from the Harvard Business School. Mr. Halde is a member of the audit committee of D-Box Technologies Inc.

Alan N. MacGibbon is Chair of the Bank's Audit Committee. Mr. MacGibbon is a Corporate Director. He was Managing Partner and Chief Executive of Deloitte LLP (Canada) from 2004 to June 2012 and also served as Global Managing Director, Quality, Strategy and Communications of Deloitte Touche Tohmatsu Limited from June 2011 to September 2013 and Senior Counsel to Deloitte LLP (Canada) from June 2012 to December 2013. Mr. MacGibbon currently serves as chair of the audit committee of each of TD Bank US Holding Company (the holding company of TD Bank, N.A. and TD Bank USA, N.A.), and CAE, Inc. Mr. MacGibbon holds an undergraduate degree in business administration and an honorary doctorate degree from the University of New Brunswick. He is a Chartered Professional Accountant, a Chartered Accountant, and a Fellow of the Chartered Professional Accountants Ontario. Mr. MacGibbon is one of the Bank's Audit Committee financial experts.

Irene R. Miller is the Chief Executive Officer of Akim, Inc. Until June 1997, Ms. Miller was Vice Chairman and Chief Financial Officer of Barnes & Noble, Inc. Prior to joining Barnes & Noble, Inc. in 1991, she held senior investment banking and corporate finance positions with Morgan Stanley & Co. and Rothschild Inc., respectively. Ms. Miller is a member of the audit committee of TD Ameritrade and previously served as chair of the audit committee of the boards of Inditex, S.A., Coach, Inc., Oakley, Inc., The Body Shop International plc, and Benckiser N.V. Ms. Miller holds an undergraduate degree in science from the University of Toronto and a master's of science degree in chemistry and chemical engineering from Cornell University. Ms. Miller is one of the Bank's Audit Committee financial experts.

Claude Mongeau is a Corporate Director. He is the former President and Chief Executive Officer of Canadian National Railway Company. Prior to leading Canadian National Railway Company, Mr. Mongeau was the company's Executive Vice-President and Chief Financial Officer. Mr. Mongeau is a member of the audit committees of Cenovus Energy Inc., and Telus Corporation. Mr. Mongeau holds an undergraduate degree in psychology from the University of Quebec and a master's degree in business administration from McGill University. Mr. Mongeau is one of the Bank's Audit Committee financial experts.

Additional Information Regarding the Audit Committee and Shareholders' Auditor

The Audit Committee oversees the financial reporting process at the Bank, including the work of the shareholder's independent external auditor, currently Ernst & Young LLP ("EY"). EY is responsible for planning and carrying out, in accordance with professional standards, an audit of the Bank's annual financial statements and reviews of the Bank's quarterly financial statements.

The Audit Committee is responsible for the annual recommendation of the appointment and oversight of the shareholders' independent external auditor. The Audit Committee assesses the performance and qualification of the shareholders' auditor and submits its recommendation for appointment, or reappointment, to the Board of Directors for recommendation to the shareholders. The shareholders' auditor is then appointed by the shareholders, who vote on this matter at the Annual General Meeting.

At least annually, the Audit Committee evaluates the performance, qualifications, skills, resources (amount and type), and independence of the shareholders' auditor, including the lead partner, in order to support the Board of Directors in reaching its recommendation to appoint the shareholders' auditor. This annual evaluation includes an assessment of audit quality and service considerations such as: auditor independence, objectivity and professional skepticism; quality of the engagement team; monitoring of the partner rotation timing; and, quality of the communication and service provided by the shareholders' auditor. In the evaluation, the Audit Committee considers the nature and extent of communications received from the shareholders' auditor during the year, the responses from management and the Audit Committee to an annual questionnaire regarding the performance of, and interactions with, the shareholders' auditor.

EY was appointed as the shareholders' independent external auditor for the year ended October 31, 2018, in accordance with the Bank Act and the recommendation by the Audit Committee, and has been the Bank's sole independent external auditor beginning with the year ended October 31, 2006. Prior to 2006, EY acted as joint auditors of the Bank.

Executive Officers of the Bank

The following individuals are executive officers of the Bank:

Executive Officer	Principal Occupation	Municipality of Residence
Riaz Ahmed	Group Head and Chief Financial Officer, TD Bank Group	Oakville, Ontario, Canada
Ajai K. Bambawale	Group Head and Chief Risk Officer, TD Bank Group	Toronto, Ontario, Canada
Greg Braca	Group Head, U.S. Banking, TD Bank Group and President and Chief Executive Officer, TD Bank, America's Most Convenient Bank®	Orangeburg, New York, U.S.A.
Norie C. Campbell	Group Head, Customer and Colleague Experience, TD Bank Group	Toronto, Ontario, Canada
Theresa L. Currie	Group Head, Canadian Personal Banking, TD Bank Group	Toronto, Ontario, Canada
Robert E. Dorrance	Group Head, Wholesale Banking, TD Bank Group and Chairman, CEO and President, TD Securities	Toronto, Ontario, Canada
Paul C. Douglas	Group Head, Canadian Business Banking, TD Bank Group	Burlington, Ontario, Canada
Bharat B. Masrani	Group President and Chief Executive Officer, TD Bank Group	Toronto, Ontario, Canada
Frank J. McKenna	Deputy Chair, TD Bank Group	Toronto, Ontario, Canada
Ellen R. Patterson	Group Head, General Counsel, TD Bank Group	Haddonfield, NJ, U.S.A.
Michael G. Rhodes	Group Head, Innovation, Technology and Shared Services, TD Bank Group	Wilmington, Delaware, U.S.A.
Leovigildo Salom	Group Head, Wealth Management and TD Insurance, TD Bank Group	Toronto, Ontario, Canada

Except as disclosed below, all executive officers have had the same principal occupation for the past five years.

Prior to commencing his current Group Head role on January 2, 2016, Mr. Ahmed was Group Head, Insurance, Credit Cards, and Enterprise Strategy, TD Bank Group from July 1, 2013 to January 2, 2016, and Group Head, Corporate Development, Enterprise Strategy and Treasury, Corporate Office, TD Bank Group from May 27, 2010 to July 1, 2013.

Prior to commencing his current role as Group Head and Chief Risk Officer, TD Bank Group on February 1, 2018, Mr. Bambawale was Executive Vice President, TD Bank Group, and Chief Risk Officer, TD Bank, America's Most Convenient Bank® from September 18, 2014 to January 31, 2018, and Senior Vice President, Credit Risk Management, TD Bank, America's Most Convenient Bank® from January 14, 2013 to September 17, 2014.

Prior to commencing his current role as Group Head, U.S. Banking, TD Bank Group and President and Chief Executive Officer, TD Bank, America's Most Convenient Bank® on November 1, 2017, Mr. Braca was Executive Vice President, TD Bank Group and President and Chief Executive Officer, TD Bank, America's Most Convenient Bank® from June 1, 2017 to October 31, 2017, Executive Vice President, TD Bank Group and Chief Operating Officer, TD Bank, America's Most Convenient Bank® from November 1, 2016 to May 31, 2017, and Executive Vice President, TD Bank Group and Head of Corporate and Specialty Banking, TD Bank, America's Most Convenient Bank® from October 25, 2012 to October 31, 2016.

Prior to commencing her current role as Group Head, Customer and Colleague Experience, TD Bank Group on November 1, 2017, Ms. Campbell was Group Head and Chief General Counsel, TD Bank Group from December 12, 2016 to October 31, 2017, Group Head and General Counsel (formerly known as Group Head Legal, Compliance, Anti-Money Laundering, Financial Crimes and Fraud Management, Enterprise Projects and General Counsel, TD Bank Group) from November 1, 2014 to December 11, 2016, Group Head, Legal, Compliance and Anti-Money Laundering, and General Counsel, TD Bank Group from April 15, 2013 to October 31, 2014, Executive Vice President, and General Counsel, Legal, Corporate Office, TD Bank Group from November 1, 2011 to April 14, 2013, and Senior Vice President, Legal, Corporate Office and Assistant General Counsel, TD Bank Financial Group prior to November 1, 2011.

Prior to commencing her current Group Head role on January 2, 2016, Ms. Currie was Group Head, Direct Channels, Technology, Marketing and People Strategies, TD Bank Group from November 1, 2014 to January 1, 2016, Group Head, Direct Channels, Marketing, Corporate Shared Services and People Strategies, TD Bank Group from April 15, 2013 to October 31, 2014, and Group Head, Direct Channels, Corporate and People Strategies, Corporate Office, TD Bank Group from July 4, 2011 to April 14, 2013.

Prior to commencing his current role as Group President and Chief Executive Officer of the Bank on November 1, 2014, Mr. Masrani was Chief Operating Officer of the Bank from July 1, 2013 to October 31, 2014, and Group Head, U.S. Personal and Commercial Banking of the Bank and President and Chief Executive Officer, TD Bank US Holding Company and TD Bank, N.A. prior to July 1, 2013.

Prior to commencing her current role as Group Head, General Counsel, TD Bank Group on November 1, 2017, Ms. Patterson was Executive Vice President and General Counsel, TD Bank Group from December 12, 2016 to October 31, 2017, Senior Vice President, TD Bank Group and Head of Legal, Compliance, AML and General Counsel, TD Bank, America's Most Convenient Bank® from December 20, 2013 to December 11, 2016, and Senior Vice President, TD Bank Group and General Counsel, TD Bank, America's Most Convenient Bank® from October 8, 2012 to December 19, 2013.

Prior to commencing his current role as Group Head, Innovation, Technology and Shared Services, TD Bank Group on November 1, 2017, Mr. Rhodes was Executive Vice President, TD Bank Group and Head of Consumer Banking, TD Bank, America's Most Convenient Bank® from July 6, 2015 to October 31, 2017 and Executive Vice President, North American Cards and Merchant Services, TD Bank Group from October 3, 2011 to July 5, 2015.

Prior to commencing his current role as Group Head, Wealth Management and TD Insurance, TD Bank Group on November 1, 2017, Mr. Salom was Executive Vice President, Wealth Management, TD Bank Group from August 2, 2011 to October 31, 2017.

Shareholdings of Directors and Executive Officers

To the knowledge of the Bank, as at October 31, 2018, the directors and executive officers of the Bank as a group beneficially owned, directly or indirectly, or exercised control or direction over an aggregate of 1,827,916 of the Bank's common shares, representing approximately 0.10% of the Bank's issued and outstanding common shares on that date.

Additional Disclosure for Directors and Executive Officers

To the best of our knowledge, having made due inquiry, the Bank confirms that, as at November 28, 2018, except as set out below:

(i) no director or executive officer of the Bank is, or was within the last ten years, a director or officer of a company (including the Bank) that:

(a) was subject to an order (including a cease trade order or an order similar to a cease trade or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days), that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer;

(b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

(c) within a year of the person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

(ii) in the last ten years, no director or executive officer of the Bank has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer; and

(iii) no director or executive officer of the Bank has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Mr. Mongeau was, prior to August 10, 2009, a director of Nortel Networks Corporation and Nortel Networks Limited, each of which initiated creditor protection proceedings under the Companies' Creditors Arrangement Act (Canada) on January 14, 2009. Certain U.S. subsidiaries filed voluntary petitions in the United States under Chapter 11 of the U.S. Bankruptcy Code, and certain Europe, Middle East and Africa subsidiaries made consequential filings in Europe and the Middle East.

Ms. Goggins was, prior to June 14 2016, a director of Valeant Pharmaceuticals International, Inc. ("Valeant"). Management cease trade orders were issued for directors and officers of Valeant by the Autorité des march s financiers (Quebec) while Ms. Goggins was a director of Valeant. These orders were effective from March 31, 2016 to April 29, 2016, and from May 17, 2016 to June 8, 2016.

Pre-Approval Policies and Shareholders' Auditor Service Fees

The Bank's Audit Committee has implemented a policy restricting the services that may be performed by the shareholders' independent external auditor. The policy provides detailed guidance to management as

to the specific services that are eligible for Audit Committee pre-approval. By law, the shareholders' auditor may not provide certain services to the Bank or its subsidiaries.

The types of services to be performed by the shareholders' auditor, together with the maximum amount of fees that may be paid for such services, must be annually pre-approved by the Audit Committee pursuant to the policy. The policy also provides that the Audit Committee will, on a quarterly basis, receive a year-to-date report of fees paid or payable to the shareholders' auditor for services performed, as well as details of any proposed engagements for consideration and, if necessary pre-approval, by the Audit Committee. In making its determination regarding the services to be performed by the shareholders' auditor, the Audit Committee considers compliance with applicable legal and regulatory requirements and guidance and with the policy, as well as whether the provision of the services could negatively impact auditor independence. This includes considering whether the provision of the services would place the auditor in a position to audit its own work, place the auditor in an advocacy role on behalf of the Bank, or result in the auditor acting in the role of the Bank's management.

Fees paid to Ernst & Young LLP, the Bank's current shareholders' independent external auditor, for services provided during the three most recently completed fiscal years are detailed in the table below.

	Fees paid to Ernst & Young LLP		
(thousands of Canadian dollars)	**2018**	**2017**	**2016**
Audit fees[1]	$ 26,452	$ 24,203	$ 22,230
Audit-related fees[2]	1,387	1,622	1,614
Tax fees[3]	2,679	2,438	2,563
All other fees[4]	1,799	2,033	1,511
Total	**$ 32,317**	**$ 30,296**	**$ 27,918**

Notes:

1. Audit fees are fees for the professional services in connection with the audit of the Bank's financial statements and the audit of its subsidiaries, other services that are normally provided by the shareholders' auditor in connection with statutory and regulatory filings or engagements, and the performance of specified procedures with respect to qualified intermediary requirements for reporting to the Internal Revenue Service, United States.
2. Audit-related fees are fees for assurance and related services that are performed by the shareholders' auditor. These services include: employee benefit plan audits; audit of charitable organizations; audit services for certain special purpose entities administered by the Bank; accounting and tax consultation in connection with mergers, acquisitions, divestitures and restructurings; attest services in connection with mergers and acquisitions including audit procedures related to opening balance sheet and purchase price allocation; application and general controls reviews; interpretation of accounting, tax and reporting standards; attest services that are not required by statute or regulation; translation of financial statements and reports in connection with the audit or review; and information technology advisory services.
3. Tax fees comprise: general tax planning and advice related to mergers and acquisitions and financing structures; electronic and paper-based tax knowledge publications; income and commodity tax compliance and advisory services; and transfer pricing services and customs and duties issues.
4. All other fees include fees for insolvency and viability matters, limited to cases in which the Bank is a minority syndicate participant and not in a position to influence or select the external audit firm to use. In these instances, the shareholders' auditor is retained to provide assistance on operational business reviews, lender negotiations, business plan assessments, debt restructuring and asset recovery. Also included in this category are fees for: reports on control procedures at a service organization; audit and tax services for SEC-registered funds, subject to the SEC investment company complexes rules; database for tax compliance; benchmark studies; regulatory advisory services; and performance and process improvement services.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

A description of certain legal proceedings to which the Bank is a party is set out under the heading "Litigation" in Note 27 of the Annual Financial Statements for the year ended October 31, 2018, which note is incorporated by reference in this AIF.

Regulatory Actions

From time to time, in the ordinary course of business, the Bank and its subsidiaries are assessed fees or fines by securities regulatory authorities in relation to administrative matters, including late filings or reporting, which may be considered penalties or sanctions pursuant to Canadian securities regulations but which are not, individually or in the aggregate, material to the Bank. In addition, the Bank and its subsidiaries are subject to numerous regulatory authorities around the world, and fees, administrative penalties, settlement agreements and sanctions may be categorized differently by each regulator. During the past financial year, TD Investment Services Inc. paid administrative filing fees relating to late filings to the Ontario Securities Commission in the aggregate amount of $5,000, TD Asset Management Inc. paid administrative filing fees relating to late filings to the Ontario Securities Commission in the aggregate amount of $20,000, and TD Waterhouse Private Investment Counsel Inc. paid administrative filing fees relating to late filings to the Ontario Securities Commission in the aggregate amount of $5,000.[2]

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the best of our knowledge, the Bank confirms that, as at November 28, 2018, there were no directors or executive officers of the Bank, nor any associate or affiliate of a director or executive officer of the Bank, with a material interest in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Bank.

TRANSFER AGENTS AND REGISTRARS

Transfer Agent

AST Trust Company (Canada)
P.O. Box 700, Station B
Montreal, Quebec H3B 3K3

Telephone: 416-682-3860 or toll-free at 1-800-387-0825 (Canada and U.S. only)
Fax: 1-888-249-6189
Email: inquiries@astfinancial.com
Website: www.astfinancial.com/ca-en

[2] National Instrument 14-101 *Definitions* limits the meaning of "securities legislation" to Canadian provincial and territorial legislation and "securities regulatory authority" to Canadian provincial and territorial securities regulatory authorities.

Co-transfer Agent and Registrar

Computershare
P.O. Box 505000
Louisville,KY 40233

or

462 South 4th Street, Suite 1600
Louisville,KY 40202

Telephone:1-866-233-4836
TDD for hearing impaired: 1-800-231-5469
Shareholdersoutside of U.S.: 201-680-6578
TDD shareholders outside of U.S.: 201-680-6610
Website:www.computershare.com/investor

INTERESTS OF EXPERTS

The Consolidated Financial Statements of the Bank for the year ended October 31, 2018 filed under National Instrument 51-102 – Continuous Disclosure Obligations, portions of which are incorporated by reference in this AIF, have been audited by Ernst & Young LLP, Chartered Professional Accountants, Licensed Public Accountants, Toronto, Ontario. EY is the external auditor who prepared the Report of Independent Registered Public Accounting Firm – Opinion on the Consolidated Financial Statements, and Report of Independent Registered Public Accounting Firm – Opinion on Internal Control over Financial Reporting. EY is independent with respect to the Bank within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario. EY is also independent with respect to the Bank within the meaning of United States federal securities laws and the rules and regulations thereunder, including the independence rules adopted by the Securities and Exchange Commission pursuant to the Sarbanes-Oxley Act of 2002; and in compliance with Rule 3520 of the Public Company Accounting Oversight Board.

ADDITIONAL INFORMATION

Additional information concerning the Bank may be found on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Bank's securities and options to purchase securities, in each case if applicable, is contained in the Bank's management proxy circular for its most recent annual meeting of shareholders that involved the election of directors. Additional financial information is provided in the Bank's comparative financial statements and management's discussion and analysis for its most recently completed financial year, which at the date hereof was the year ended October 31, 2018.

Under certain Canadian bank resolution powers that came into effect on September 23, 2018 (the "bail-in regime"), the Canada Deposit Insurance Corporation ("CDIC") may, in circumstances where the Bank has ceased, or is about to cease, to be viable, assume temporary control or ownership of the Bank and may be granted broad powers by one or more orders of the Governor in Council (Canada), including the power to sell or dispose of all or a part of the assets of the Bank, and the power to carry out or cause the Bank to carry out a transaction or a series of transactions the purpose of which is to restructure the business of the Bank. The expressed objectives of the bail-in regime include reducing government and taxpayer exposure in the unlikely event of a failure of a bank designated by OSFI as a domestic systemically important bank ("D-SIB"), reducing the likelihood of such a failure by increasing market discipline and reinforcing that bank shareholders and creditors are responsible for the D-SIBs' risks and not taxpayers, and preserving financial stability by empowering the CDIC to quickly restore a failed D-SIB to viability and allow it to remain open and operating, even where the D-SIB has experienced severe losses. For a description of Canadian bank resolution powers and the consequent risk factors attaching to certain liabilities of the Bank, reference is made to https://www.td.com/investor-relations/ir-homepage/regulatory-disclosures/main-features-of-capital-instruments/main-features-of-capital-instruments.jsp.

Appendix "A"

Intercorporate Relationships

The following is a list of the directly or indirectly held significant subsidiaries.

SIGNIFICANT SUBSIDIARIES[1]

(millions of Canadian dollars)			As at October 31, 2018
North America	**Address of Head or Principal Office[2]**	**Description**	**Carrying value of shares owned by the Bank[3]**
Meloche Monnex Inc.	Montreal, Québec	Holding Company	**$ 1,379**
Security National Insurance Company	Montreal, Québec	Insurance Company	
Primmum Insurance Company	Toronto, Ontario	Insurance Company	
TD Direct Insurance Inc.	Toronto, Ontario	Insurance Company	
TD General Insurance Company	Toronto, Ontario	Insurance Company	
TD Home and Auto Insurance Company	Toronto, Ontario	Insurance Company	
TD Asset Management Inc.	Toronto, Ontario	Investment Counselling and Portfolio Management	**328**
TD Waterhouse Private Investment Counsel Inc.	Toronto, Ontario	Investment Counselling and Portfolio Management	
TD Auto Finance (Canada) Inc.	Toronto, Ontario	Automotive Finance Entity	**2,344**
TD Auto Finance Services Inc.	Toronto, Ontario	Automotive Finance Entity	**1,350**
TD Group US Holdings LLC	Wilmington, Delaware	Holding Company	**68,903**
Toronto Dominion Holdings (U.S.A.), Inc.	New York, New York	Holding Company	
TD Prime Services LLC	New York, New York	Securities Dealer	
TD Securities (USA) LLC	New York, New York	Securities Dealer	
Toronto Dominion (Texas) LLC	New York, New York	Financial Services Entity	
Toronto Dominion (New York) LLC	New York, New York	Financial Services Entity	
Toronto Dominion Capital (U.S.A.), Inc.	New York, New York	Small Business Investment Company	
Toronto Dominion Investments, Inc.	New York, New York	Merchant Banking and Investments	
TD Bank US Holding Company	Cherry Hill, New Jersey	Holding Company	
Epoch Investment Partners, Inc.	New York, New York	Investment Counselling and Portfolio Management	
TDAM USA Inc.	New York, New York	Investment Counselling and Portfolio Management	
TD Bank USA, National Association	Cherry Hill, New Jersey	U.S. National Bank	
TD Bank, National Association	Cherry Hill, New Jersey	U.S. National Bank	
TD Auto Finance LLC	Farmington Hills, Michigan	Automotive Finance Entity	
TD Equipment Finance, Inc.	Cherry Hill, New Jersey	Financial Services Entity	
TD Private Client Wealth LLC	New York, New York	Broker-dealer and Registered Investment Advisor	
TD Wealth Management Services Inc.	Cherry Hill, New Jersey	Insurance Agency	
TD Luxembourg International Holdings	Luxembourg, Luxembourg	Holding Company	
TD Ameritrade Holding Corporation[4]	Omaha, Nebraska	Securities Dealer	
TD Investment Services Inc.	Toronto, Ontario	Mutual Fund Dealer	**26**
TD Life Insurance Company	Toronto, Ontario	Insurance Company	**70**
TD Mortgage Corporation	Toronto, Ontario	Deposit-Taking Entity	**9,201**
TD Pacific Mortgage Corporation	Vancouver, British Columbia	Deposit-Taking Entity	
The Canada Trust Company	Toronto, Ontario	Trust, Loans, and Deposit-Taking Entity	
TD Securities Inc.	Toronto, Ontario	Investment Dealer and Broker	**2,191**
TD Vermillion Holdings Limited	Toronto, Ontario	Holding Company	**21,520**
TD Financial International Ltd.	Hamilton, Bermuda	Holding Company	
TD Reinsurance (Barbados) Inc.	St. James, Barbados	Reinsurance Company	
Toronto Dominion International Inc.	St. James, Barbados	Intragroup Lending Company	
TD Waterhouse Canada Inc.	Toronto, Ontario	Investment Dealer	**2,799**
International			
TD Bank N.V.	Amsterdam, The Netherlands	Dutch Bank	**434**
TD Ireland Unlimited Company	Dublin, Ireland	Holding Company	**319**
TD Global Finance Unlimited Company	Dublin, Ireland	Securities Dealer	
TD Securities (Japan) Co. Ltd.	Tokyo, Japan	Securities Dealer	**9**
Toronto Dominion Australia Limited	Sydney, Australia	Securities Dealer	**99**
Toronto Dominion Investments B.V.	London, England	Holding Company	**1,078**
TD Bank Europe Limited	London, England	UK Bank	
Toronto Dominion Holdings (U.K.) Limited	London, England	Holding Company	
TD Securities Limited	London, England	Securities Dealer	
Toronto Dominion (South East Asia) Limited	Singapore, Singapore	Financial Institution	**817**

[1] Unless otherwise noted, The Toronto-Dominion Bank, either directly or through its subsidiaries, owns 100% of the entity and/or 100% of any issued and outstanding voting securities and non-voting securities of the entities listed.

[2] Each subsidiary is incorporated or organized in the country in which its head or principal office is located, with the exception of Toronto Dominion Investments B.V., a company incorporated in The Netherlands, but with its principal office in the United Kingdom.

[3] Carrying amounts are prepared for purposes of meeting the disclosure requirements of Section 308 (3)(a)(ii) of the *Bank Act*. Intercompany transactions may be included herein which are eliminated for consolidated financial reporting purposes. Certain amounts have been adjusted to conform with the presentation adopted in the current period.

[4] As at October 31, 2018, the Bank's reported investment in TD Ameritrade Holding Corporation was 41.61% (October 31, 2017 – 41.27%) of the outstanding shares of TD Ameritrade Holding Corporation. TD Luxembourg International Holdings and its ownership of TD Ameritrade Holding Corporation is included given the significance of the Bank's investment in TD Ameritrade Holding Corporation.

Appendix "B"

AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS
OF THE TORONTO-DOMINION BANK

CHARTER

~ ~ Supervising the Quality and Integrity of the Bank's Financial Reporting and Compliance Requirements ~ ~

Main Responsibilities:

- overseeing reliable, accurate and clear financial reporting to shareholders
- overseeing the effectiveness of internal controls, including internal controls over financial reporting
- directly responsible for the selection, compensation, retention and oversight of the work of the shareholders' auditor – the shareholders' auditor reports directly to the Committee
- receiving reports from the shareholders' auditor, chief financial officer, chief auditor, chief compliance officer, chief anti-money laundering officer, and bank secrecy act officer, and evaluating the effectiveness and independence of each
- overseeing the establishment and maintenance of policies and programs reasonably designed to achieve and maintain the Bank's compliance with the laws and regulations that apply to it
- acting as the audit committee for certain subsidiaries of the Bank that are federally-regulated financial institutions

Independence is Key:

- the Committee is composed entirely of independent directors
- the Committee meets regularly without management present
- the Committee has the authority to engage independent advisors, paid for by the Bank, to help it make the best possible decisions on the financial reporting, accounting policies and practices, disclosure practices, compliance and internal controls of the Bank

Composition and Independence, Financial Literacy and Authority

The Committee shall be composed of members of the Board of Directors in such number as is determined by the Board with regard to the by-laws of the Bank, applicable laws, rules and regulations and any other relevant consideration, subject to a minimum requirement of three directors. In this Charter, "Bank" means The Toronto-Dominion Bank on a consolidated basis.

No member of the Committee may be an officer or retired officer of the Bank. Every member of the Committee shall be independent of the Bank within the meaning of all applicable laws, rules and regulations including those particularly applicable to audit committee members and any other relevant consideration as determined by the Board of Directors, including the Bank's Director Independence Policy. No member of the Committee may serve on more than three public company audit committees without the consent of the Corporate Governance Committee and the Board.

The members of the Committee shall be appointed by the Board and each shall serve until his or her successor is duly appointed, unless the member resigns, is removed, or ceases to be a director. A Chair

will be appointed by the Board upon recommendation of the Corporate Governance Committee, failing which the members of the Committee may designate a Chair by majority vote. The Committee may from time to time delegate to its Chair certain powers or responsibilities that the Committee itself may have hereunder.

In addition to the qualities set out in the Position Description for Directors, all members of the Committee should be financially literate or be willing and able to acquire the necessary knowledge quickly. Financially literate means the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Bank's financial statements. At least one member of the Committee shall have a background in accounting or related financial management experience which would include any experience or background which results in the individual's financial sophistication, including being or having been an auditor, a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

In fulfilling the responsibilities set out in this Charter, the Committee has the authority to conduct any investigation it deems appropriate to, and access any officer, employee or agent of the Bank for the purpose of fulfilling its responsibilities, including the shareholders' auditor. The Audit Committee may obtain advice and assistance from outside legal, accounting or other advisors as the Committee deems necessary to carry out its duties, and may retain and determine the compensation to be paid by the Bank for such independent counsel or outside advisor in its sole discretion without seeking Board approval.

Committee members will enhance their familiarity with financial, accounting and other areas relevant to their responsibilities by participating in educational sessions or other opportunities for development.

Meetings

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Committee shall meet with the shareholders' auditor and management quarterly to review the Bank's financial statements consistent with the section entitled "Financial Reporting" below. The Committee shall dedicate a portion of each of its regularly scheduled quarterly meetings to meeting separately with each of the Chief Financial Officer, the Chief Auditor, the Chief Compliance Officer, the Chief Anti-Money Laundering Officer and the Bank Secrecy Act Officer and the shareholders' auditor and to meeting on its own without members of management or the shareholders' auditor. Any member of the Committee may make a request to the Chair for a Committee meeting or any part thereof to be held without management present. The Committee shall also meet with the Office of the Superintendent of Financial Institutions Canada ("OSFI") to review and discuss the results of OSFI's annual supervisory examination of the Bank in the event OSFI directs that it meet with the Committee instead of the full Board.

To facilitate open communication between this Committee and the Risk Committee, and where the Chair of the Risk Committee is not a member of this Committee, he or she shall receive notice of and attend by invitation of this Committee, as a non-voting observer, each meeting of this Committee and receive the materials for each such meeting. In addition, this Committee shall meet with the Risk Committee at least two times annually to discuss topics relevant to both Committees.

The Committee may invite to its meetings any director, member of management of the Bank or such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities.

Specific Duties and Responsibilities

Financial Reporting

The Committee shall be responsible for the oversight of reliable, accurate and clear financial reporting to shareholders, including reviewing and discussing the Bank's annual and interim financial statements and management's discussion and analysis and reviewing the shareholders' auditor opinion on the annual financial statements and on the Bank's internal controls over financial reporting, prior to approval by the Board and release to the public, and reviewing, as appropriate, releases to the public of significant material non-public financial information of the Bank. Such review of the financial reports of the Bank shall include, when appropriate but at least annually, discussion with management, the internal audit division and the shareholders' auditor of significant issues regarding accounting principles, practices, financial statement disclosures, and significant management estimates and judgments.
The Committee shall review earnings news releases and satisfy itself that adequate procedures are in place for the review of the Bank's public disclosure of financial information extracted or derived from the Bank's financial statements, other than the public disclosure in the Bank's annual and interim financial statements and MD&A, and must periodically assess the adequacy of those procedures.

Financial Reporting Process

The Committee shall support the Board in its oversight of the financial reporting process of the Bank including:

- working with management, the shareholders' auditor and the internal audit division to review the integrity of the Bank's financial reporting processes;
- reviewing the process relating to and the certifications of the Chief Executive Officer and the Chief Financial Officer on the integrity of the Bank's quarterly and annual consolidated financial statements and other disclosure documents as required;
- considering the key accounting policies of the Bank and reviewing in appropriate detail the basis for significant estimates and judgments including but not limited to actuarial reserves, allowances for loan losses and other valuation allowances and discussing such matters with management and/or the shareholders' auditor;
- keeping abreast of trends and best practices in financial reporting including considering, as they arise, topical issues and their application to the Bank;
- reviewing with management and the shareholders' auditor significant accounting principles and policies and all critical accounting policies and practices used and any significant audit adjustments made;
- considering and approving, if appropriate, substantive changes to the Bank's accounting and financial reporting policies as suggested by management, the shareholders' auditor, or the internal audit division;
- establishing regular systems of reporting to the Committee by each of management, the shareholders' auditor and the internal audit division regarding any significant judgments made in management's preparation of the financial statements and any significant difficulties encountered during the course of the review or audit, including any restrictions on the scope of work or access to required information; and
- reviewing tax and tax planning matters that are material to the financial statements.

The Audit Committee's Role in the Financial Reporting Process

The shareholders' auditor is responsible for planning and carrying out, in accordance with professional standards, an audit of the Bank's annual financial statements and reviews of the Bank's quarterly financial

information. Management of the Bank is responsible for the Bank's financial reporting process which includes the preparation, presentation and integrity of the Bank's financial statements and maintenance of appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to ensure compliance with accounting standards and applicable laws and regulations. The Audit Committee oversees the financial reporting process at the Bank and receives quarterly reporting regarding the process undertaken by management and the results of the review by the shareholders' auditor. It is not the duty of the Audit Committee to plan or conduct audits, or to determine that the Bank's financial statements are complete, accurate and in accordance with International Financial Reporting Standards.

Internal Controls

The Committee shall be responsible for overseeing the establishment of the internal control framework and monitoring its effectiveness including:

- reviewing management's reports related to the establishment and maintenance of an adequate and effective internal control system and processes (including controls related to the prevention, identification and detection of fraud) that are designed to provide assurance in areas including reporting (financial, operational, risk), efficiency and effectiveness of operations and safeguarding assets, monitoring compliance with laws, regulations and guidance, and internal policies, including compliance with section 404 of the U.S. Sarbanes-Oxley Act and similar rules of the Canadian Securities Administrators;

- meeting with management, the Chief Auditor and the shareholders' auditor to assess the adequacy and effectiveness of the Bank's internal controls, including controls related to the prevention, identification and detection of fraud;

- overseeing that there are adequate governance structures and control processes for all financial instruments that are measured at fair value for financial reporting purposes;

- receiving reports from the Risk Committee as considered necessary or desirable with respect to any issues relating to internal control procedures considered by that Committee in the course of undertaking its responsibilities; and

- reviewing reporting by the Bank to its shareholders regarding internal control over financial reporting.

Internal Audit Division

The Committee shall oversee the internal audit division of the Bank and any aspects of the internal audit function that are outsourced to a third party. The Committee shall satisfy itself that the internal audit division is sufficiently independent to perform its responsibilities. In addition, the Committee shall:

- review and approve the annual audit plan (including the risk assessment methodology), and any significant changes thereto and satisfy itself that the plan is appropriate, risk-based and addresses all the relevant activities and significant risks over a measurable cycle;

- review and approve the annual financial budget and resource plan and review significant updates;

- review and approve at least annually the Chief Auditor's mandate and Independence Attestation, and the mandate of the internal audit division;

- confirm the appointment and dismissal of the Chief Auditor;

- annually convey its view of the performance of the Chief Auditor to the Chief Executive Officer as input into the compensation approval process;

- at least annually assess the effectiveness and operational adequacy of the internal audit division;

- review the results of the independent quality assurance review report on the internal audit division conducted on a five-year cycle, including information on the qualifications and independence of the assessor(s) and any potential conflict of interest;

- review and discuss regular reports prepared by the Chief Auditor, including all information outlined in regulatory guidance, together with management's response and follow-up on outstanding issues, and proactively consider thematic issues across the Bank;

- provide a forum for the Chief Auditor to have unfettered access to the Committee to raise any internal audit, organizational or industry issues or issues with respect to the relationship and interaction between the internal audit division, management, the shareholders' auditor and/or regulators; and

- review reports of deficiencies identified by supervisory authorities related to the internal audit division, including information to demonstrate progress of necessary correction action and remediation, by management, within an appropriate time frame.

Oversight of Shareholders' Auditor

The Committee shall annually review and evaluate the performance, qualifications, skills, resources (amount and type) and independence of the shareholders' auditor and recommend to the Board for recommendation to the shareholders, the appointment of the shareholders' auditor. The Committee shall be responsible for approving the auditor's remuneration and shall satisfy itself that the level of audit fees is commensurate with the scope of work to ensure a quality audit. The Committee shall also make recommendations to the Board for approval regarding, if appropriate, termination of the shareholders' auditor. The shareholders' auditor shall be accountable to the Committee and the entire Board, as representatives of the shareholders, for its review of the financial statements and controls of the Bank. In addition, the Committee shall:

- review and approve the annual audit plans and engagement letters of the shareholders' auditor and satisfy itself that the plans are appropriate, risk-based and address all the relevant activities over a measurable cycle;

- at least annually, review the shareholders' auditor's processes for assuring the quality of their audit services including ensuring their independence and any other matters that may affect the audit firm's ability to serve as shareholders' auditor;

- discuss those matters that are required to be communicated by the shareholders' auditor to the Committee in accordance with the standards established by the Chartered Professional Accountants of Canada and the Public Company Accounting Oversight Board and the requirements of the *Bank Act (Canada)* and of the Bank's regulators, including its primary regulator OSFI, as such matters are applicable to the Bank from time to time;

- review with the shareholders' auditor any issues that may be brought forward by it, including any audit problems or difficulties, such as restrictions on its audit activities or access to requested information, and management's responses;

- request management to take the necessary corrective actions to address any findings and recommendations of the shareholders' auditor in a timely manner;

- review with the shareholders' auditor concerns, if any, about the quality, not just acceptability, of the Bank's accounting principles and policies as applied in its financial reporting;

- provide a forum for management and the internal and/or shareholders' auditor to raise issues regarding their relationship and interaction. To the extent disagreements regarding financial reporting are not resolved, be responsible for the resolution of such disagreements between management and the internal and/or shareholders' auditor;

- at least annually, review and evaluate the qualifications, performance and independence of the lead partner of the shareholders' auditor, monitor the rotation timing, and as required upon rotation of the lead partner, assess the qualifications of the shareholders' auditor's proposed new lead partner and, obtain confirmation from the shareholders' auditor that he or she is in compliance with the requirements for the qualifications for auditors pursuant to the *Bank Act (Canada)*;

- at least every five years, conduct a periodic comprehensive review of the shareholders' auditor; and

- annually review and discuss the Canadian Public Accountability Board's (CPAB) public report with the shareholders' auditor, and as necessary discuss any CPAB findings specific to the inspection of the Bank's audit.

Independence of Shareholders' Auditor

The Committee shall monitor and assess the independence of the shareholders' auditor through various mechanisms, including:

- reviewing and approving (or recommending to the Board for approval) the audit engagement terms and fees and other legally permissible services to be performed by the shareholders' auditor for the Bank, with such approval to be given either specifically or pursuant to pre-approval procedures adopted by the Committee;

- receiving from the shareholders' auditor, at least annually, a formal written statement confirming independence and delineating all relationships between the shareholders' auditor and the Bank consistent with the rules of professional conduct of the Canadian provincial chartered accountants institutes or other regulatory bodies, as applicable;

- reviewing and discussing with the Board, annually and otherwise as necessary, and the shareholders' auditor, any relationships or services between the shareholders' auditor and the Bank or any factors that may impact the objectivity and independence of the shareholders' auditor;

- reviewing, approving and monitoring policies and procedures for the employment of past or present partners, or employees of the shareholders' auditor as required by applicable laws; and

- reviewing, approving and monitoring other policies and procedures put in place to facilitate auditor independence, such as the criteria for tendering the shareholders' auditor contract and the rotation of members of the audit engagement team, as applicable.

Finance Department

The Committee shall oversee the Finance Department of the Bank, including:

- reviewing and approving the mandate of the Finance Department and the mandate of the Chief Financial Officer at least annually;

- reviewing and approving, at least annually, the Finance Department budget and resource plan, including receiving reports from management on resource adequacy;

- annually assessing the effectiveness of the Finance Department;

- reviewing the results of an independent assessment of the Finance Department effectiveness conducted periodically;

- periodically reviewing the results of a benchmarking of the Finance Department conducted with the assistance of an independent third party;

- annually conveying its view of the performance of the Chief Financial Officer to the Chief Executive Officer as input into the compensation approval process;

- confirming the appointment and dismissal of the Chief Financial Officer; and

- providing a forum for the Chief Financial Officer to have unfettered access to the Committee to raise any financial reporting issues or issues with respect to the relationship and interaction among the Finance Department, management, the shareholders' auditor and/or regulators.

Compliance

The Committee shall oversee the establishment and maintenance of policies and programs reasonably designed to achieve and maintain the Bank's compliance with the laws and regulations that apply to it, including:

- establishing and maintaining procedures in accordance with regulatory requirements for the receipt, retention, and treatment of confidential, anonymous submissions of concerns regarding questionable accounting, internal accounting controls or auditing matters, and receiving reports on such complaints and submissions as required under the applicable policy;

- reviewing professional pronouncements and changes to key regulatory requirements relating to accounting rules to the extent they apply to the financial reporting process of the Bank; and

- acting as the Board's compliance oversight committee in respect of the Volcker Rule within the Dodd-Frank Wall Street Reform and Consumer Protection Act (U.S.), including receiving reports, at least annually, from senior management and control functions on the effectiveness of and compliance with matters relating to the TDBG Enterprise Written Volcker Compliance Program.

Compliance Department

The Committee shall oversee the Compliance Department of the Bank and the execution of its mandate, and shall satisfy itself that the Compliance Department is sufficiently independent to perform its responsibilities. In addition, the Committee shall:

- review and approve its annual plan, including its budget and resources, and any significant changes to the annual plan and/or methodology;

- annually review and approve the mandate of the Compliance Department and the mandate of the Chief Compliance Officer;

- at least annually assess the effectiveness of the Compliance Department;

- review the results of an independent assessment of the Compliance Department conducted periodically;

- periodically review the results of a benchmarking of the Compliance Department conducted with the assistance of an independent third party;

- confirm the appointment and dismissal of the Chief Compliance Officer;

- annually convey its view of the performance of the Chief Compliance Officer to the Chief Executive Officer as input into the compensation approval process;

- review with management the Bank's compliance with applicable regulatory requirements and the Regulatory Compliance Management ("RCM") Program;

- semi-annually receive reports from the Compliance Department on Compliance with Canadian Consumer Protection Requirements as Supervised by the Financial Consumer Agency of Canada ("FCAC");

- regularly review and discuss reports prepared by the Chief Compliance Officer for the Audit Committee, including with regard to reports by regulators and supervisory authorities related to the Compliance Department, the Bank's RCM program or the Bank's compliance or non-compliance with applicable laws and regulations, and follow-up on any outstanding issues including proactive consideration of whether deficiencies in one area may be present in other areas;

- at least annually review the assessment by the Chief Compliance Officer on the adequacy of, adherence to and effectiveness of the Bank's day-to-day RCM controls, as well as the Opinion of the Chief Compliance Officer as to whether the RCM Program and controls are sufficiently robust to achieve compliance with the applicable regulatory requirements enterprise-wide; and

- provide a forum for the Chief Compliance Officer to have unfettered access to the Committee to raise any compliance issues or concerns with respect to the relationship and interaction among the Compliance Department, management and/or regulators.

Anti-Money Laundering ("AML" / Anti-Terrorist Financing ("ATF")

The Committee shall oversee and monitor the establishment, maintenance and ongoing effectiveness of the Anti-Money Laundering / Anti-Terrorist Financing / Economic Sanctions / Anti-Bribery and Anti-Corruption ("AML Program") that is designed to ensure the Bank is in compliance with the laws and regulations that apply to it as well as its own policies, including:

- reviewing with management the Bank's compliance with applicable regulatory requirements;

- reviewing an annual report from the Chief Anti-Money Laundering Officer and the Bank Secrecy Act Officer regarding the assessment of the effectiveness of the AML Program, and following up with management on the status of recommendations and suggestions, as appropriate; and

- reviewing the opinion of the Chief Auditor on the effectiveness of the AML Program every two years, and following up with management on the status of recommendations and suggestions, as appropriate.

Global Anti-Money Laundering Department

The Committee shall oversee the Global Anti-Money Laundering Department of the Bank and the execution of its mandate, and shall satisfy itself that the Global AML Department is sufficiently independent to perform its responsibilities. The oversight and monitoring will be provided in the following manner:

- review and approve the Global AML Department's annual plan, including its budget and resources, and any significant changes to the annual plan;

- consider and approve the AML Program, its design and any significant AML/ATF policies, including the TD Global Sanctions Policy;

- at least annually assess the effectiveness of the AML/ATF function;

- review the results of an independent assessment of the AML Program conducted periodically;

- periodically review the results of a benchmarking of the AML Department conducted with the assistance of an independent third party;

- annually review and approve the mandate of the Global AML Department and each of the mandates of the Chief Anti-Money Laundering Officer and the Bank Secrecy Act Officer;

- confirm the appointment and dismissal of the Chief Anti-Money Laundering Officer and the Bank Secrecy Act Officer;

- annually convey its view of the performance of the Chief Anti-Money Laundering Officer and the Bank Secrecy Act Officer to the Chief Executive Officer as input into the compensation approval process;

- regularly review and discuss reports prepared by the Chief Anti-Money Laundering Officer and the Bank Secrecy Act Officer for the Audit Committee, including with regard to reports by supervisory authorities related to the AML Program, and on the design and operation of the AML Program, the adequacy of resources (people, systems, budget), and any recommendations thereto, and follow-up on any outstanding issues including proactive consideration of whether deficiencies in one area may be present in other areas; and

- provide a forum for the Chief Anti-Money Laundering Officer and the Bank Secrecy Act Officer to have unfettered access to the Committee to raise any compliance issues or issues with respect to the relationship and interaction among the Global AML Department, management and/or regulators.

General

The Committee shall have the following additional general duties and responsibilities:

- acting as the audit committee for certain Canadian subsidiaries of the Bank that are federally-regulated financial institutions, including meeting on an annual basis, without management present, with the appointed actuaries of the subsidiaries of the Bank that are federally-regulated financial institutions;

- reviewing with the Bank's general counsel any legal matter arising from litigation, asserted claims or regulatory non-compliance that could have a material impact on the Bank's financial condition and provide a forum for the General Counsel to have unfettered access to the Committee to raise any legal issues;

- performing such other functions and tasks as may be mandated by regulatory requirements applicable to audit committees or delegated by the Board;

- conducting an annual evaluation of the Committee to assess its contribution and effectiveness in fulfilling its mandate;

- review and assess the adequacy of this Charter at least annually and submit this Charter to the Corporate Governance Committee for review and recommendation to the Board for approval; noting that changes considered administrative by the Chair of the Audit Committee and the Chairman of the Board can be reviewed and approved by the Corporate Governance Committee throughout the year and aggregated once per year for review and concurrence by the Board;

- maintaining minutes or other records of meetings and activities of the Committee; and

- reporting to the Board on material matters arising at Audit Committee meetings following each meeting of the Committee and reporting as required to the Risk Committee on issues of relevance to it.

Exhibit 99.2

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) is presented to enable readers to assess material changes in the financial condition and operating results of TD Bank Group ("TD" or the "Bank") for the year ended October 31, 2018, compared with the corresponding period in the prior years. This MD&A should be read in conjunction with the audited Consolidated Financial Statements and related Notes for the year ended October 31, 2018. This MD&A is dated November 28, 2018. Unless otherwise indicated, all amounts are expressed in Canadian dollars and have been primarily derived from the Bank's annual Consolidated Financial Statements prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Note that certain comparative amounts have been restated/reclassified to conform with the presentation adopted in the current period.

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Additional information relating to the Bank, including the Bank's Annual Information Form, is available on the Bank's website at http://www.td.com, on SEDAR at http://www.sedar.com, and on the U.S. Securities and Exchange Commission's website at http://www.sec.gov (EDGAR filers section).

Caution Regarding Forward-Looking Statements

From time-to-time, the Bank (as defined in this document) makes written and/or oral forward-looking statements, including in this document, in other filings with Canadian regulators or the United States (U.S.) Securities and Exchange Commission (SEC), and in other communications. In addition, representatives of the Bank may make forward-looking statements orally to analysts, investors, the media, and others. All such statements are made pursuant to the "safe harbour" provisions of, and are intended to be forward-looking statements under, applicable Canadian and U.S. securities legislation, including the *U.S. Private Securities Litigation Reform Act of 1995* . Forward-looking statements include, but are not limited to, statements made in this document, the Management's Discussion and Analysis ("2018 MD&A") in the Bank's 2018 Annual Report under the heading "Economic Summary and Outlook", for the Canadian Retail, U.S. Retail, and Wholesale Banking segments under headings "Business Outlook and Focus for 2019", and for the Corporate segment, "Focus for 2019", and in other statements regarding the Bank's objectives and priorities for 2019 and beyond and strategies to achieve them, the regulatory environment in which the Bank operates, and the Bank's anticipated financial performance. Forward-looking statements are typically identified by words such as "will", "would", "should", "believe", "expect", "anticipate", "intend", "estimate", "plan", "goal", "target", "may", and "could".

By their very nature, these forward-looking statements require the Bank to make assumptions and are subject to inherent risks and uncertainties, general and specific. Especially in light of the uncertainty related to the physical, financial, economic, political, and regulatory environments, such risks and uncertainties – many of which are beyond the Bank's control and the effects of which can be difficult to predict – may cause actual results to differ materially from the expectations expressed in the forward-looking statements. Risk factors that could cause, individually or in the aggregate, such differences include: credit, market (including equity, commodity, foreign exchange, interest rate, and credit spreads), liquidity, operational (including technology and infrastructure), reputational, insurance, strategic, regulatory, legal, environmental, capital adequacy, and other risks. Examples of such risk factors include the general business and economic conditions in the regions in which the Bank operates; the ability of the Bank to execute on long-term and shorter-term strategic priorities, including the successful completion of acquisitions and strategic plans; the ability of the Bank to attract, develop, and retain key executives; disruptions in or attacks (including cyber-attacks) on the Bank's information technology, internet, network access, or other voice or data communications systems or services; the evolution of various types of fraud or other criminal behaviour to which the Bank is exposed; the failure of third parties to comply with their obligations to the Bank or its affiliates, including relating to the care and control of information; the impact of new and changes to, or application of, current laws and regulations, including without limitation tax laws, capital guidelines and liquidity regulatory guidance, and the bank recapitalization "bail-in" regime; exposure related to significant litigation and regulatory matters; increased competition from incumbents and non-traditional competitors, including Fintech and big technology competitors; changes to the Bank's credit ratings; changes in currency and interest rates (including the possibility of negative interest rates); increased funding costs and market volatility due to market illiquidity and competition for funding; critical accounting estimates and changes to accounting standards, policies, and methods used by the Bank; existing and potential international debt crises; and the occurrence of natural and unnatural catastrophic events and claims resulting from such events. The Bank cautions that the preceding list is not exhaustive of all possible risk factors and other factors could also adversely affect the Bank's results. For more detailed information, please refer to the "Risk Factors and Management" section of the 2018 MD&A, as may be updated in subsequently filed quarterly reports to shareholders and news releases (as applicable) related to any events or transactions or events discussed under the heading "Significant and Subsequent Events, and Pending Acquisitions" in the relevant MD&A, which applicable releases may be found on www.td.com. All such factors should be considered carefully, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements, when making decisions with respect to the Bank and the Bank cautions readers not to place undue reliance on the Bank's forward-looking statements.

Material economic assumptions underlying the forward-looking statements contained in this document are set out in the 2018 MD&A under the headings "Economic Summary and Outlook", for the Canadian Retail, U.S. Retail, and Wholesale Banking segments, "Business Outlook and Focus for 2019", and for the Corporate segment, "Focus for 2019", each as may be updated in subsequently filed quarterly reports to shareholders.

Any forward-looking statements contained in this document represent the views of management only as of the date hereof and are presented for the purpose of assisting the Bank's shareholders and analysts in understanding the Bank's financial position, objectives and priorities, and anticipated financial performance as at and for the periods ended on the dates presented, and may not be appropriate for other purposes. The Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time-to-time by or on its behalf, except as required under applicable securities legislation.

TABLE 1: FINANCIAL HIGHLIGHTS

(millions of Canadian dollars, except where noted)	2018	2017	2016
Results of operations			
Total revenues – reported	**$ 38,834**	$ 36,149	$ 34,315
Total revenues – adjusted [1]	**38,923**	35,946	34,308
Provision for credit losses [2]	**2,480**	2,216	2,330
Insurance claims and related expenses	**2,444**	2,246	2,462
Non-interest expenses – reported	**20,137**	19,366	18,877
Non-interest expenses – adjusted [1]	**19,885**	19,092	18,496
Net income – reported	**11,334**	10,517	8,936
Net income – adjusted [1]	**12,183**	10,587	9,292
Financial positions (billions of Canadian dollars)			
Total loans net of allowance for loan losses	**$ 646.4**	$ 612.6	$ 585.7
Total assets	**1,334.9**	1,279.0	1,177.0
Total deposits	**851.4**	832.8	773.7
Total equity	**80.0**	75.2	74.2
Total Common Equity Tier 1 Capital risk-weighted assets [3]	**435.6**	435.8	405.8
Financial ratios			
Return on common equity – reported	**15.7 %**	14.9 %	13.3 %
Return on common equity – adjusted [1,4]	**16.9**	15.0	13.9
Efficiency ratio – reported	**51.9 %**	53.6 %	55.0 %
Efficiency ratio – adjusted [1]	**51.1**	53.1	53.9
Provision for credit losses as a % of net average loans and acceptances [5]	**0.39**	0.37	0.41
Common share information – reported (Canadian dollars)			
Per share earnings			
Basic	**$ 6.02**	$ 5.51	$ 4.68
Diluted	**6.01**	5.50	4.67
Dividends per common share	**2.61**	2.35	2.16
Book value per share	**40.50**	37.76	36.71
Closing share price [6]	**73.03**	73.34	60.86
Shares outstanding (millions)			
Average basic	**1,835.4**	1,850.6	1,853.4
Average diluted	**1,839.5**	1,854.8	1,856.8
End of period	**1,828.3**	1,839.6	1,857.2
Market capitalization (billions of Canadian dollars)	**$ 133.5**	$ 134.9	$ 113.0
Dividend yield [7]	**3.5 %**	3.6 %	3.9 %
Dividend payout ratio	**43.3**	42.6	46.1
Price-earnings ratio	**12.2**	13.3	13.0
Total shareholder return (1-year) [8]	**3.1**	24.8	17.9
Common share information – adjusted (Canadian dollars) [1]			
Per share earnings			
Basic	**$ 6.48**	$ 5.55	$ 4.88
Diluted	**6.47**	5.54	4.87
Dividend payout ratio	**40.2 %**	42.3 %	44.3 %
Price-earnings ratio	**11.3**	13.2	12.5
Capital ratios			
Common Equity Tier 1 Capital ratio [3]	**12.0 %**	10.7 %	10.4 %
Tier 1 Capital ratio [3]	**13.7**	12.3	12.2
Total Capital ratio [3]	**16.2**	14.9	15.2
Leverage ratio	**4.2**	3.9	4.0

1 The Toronto-Dominion Bank ("TD" or the "Bank") prepares its Consolidated Financial Statements in accordance with International Financial Reporting Standards (IFRS), the current Generally Accepted Accounting Principles (GAAP), and refers to results prepared in accordance with IFRS as the "reported" results. The Bank also utilizes non-GAAP financial measures to arrive at "adjusted" results to assess each of its businesses and to measure overall Bank performance. To arrive at adjusted results, the Bank removes "items of note", from reported results. Refer to the "Financial Results Overview" in 2018 Management's Discussion and Analysis (MD&A) for further explanation, a list of the items of note, and a reconciliation of non-GAAP financial measures.

2 Effective November 1, 2017, amounts were prepared in accordance with IFRS 9, Financial Instruments (IFRS 9). Prior period comparatives were prepared in accordance with IAS 39. Financial Instruments: Recognition and Measurement (IAS 39) and have not been restated.

3 Each capital ratio has its own risk-weighted assets (RWA) measure due to the Office of the Superintendent of Financial Institutions Canada (OSFI)-prescribed scalar for inclusion of the Credit Valuation Adjustment (CVA). For fiscal 2018, the scalars for inclusion of CVA for Common Equity Tier 1 (CET1), Tier 1, and Total Capital RWA are 80%, 83%, and 86%, respectively. For fiscal 2017, the scalars were 72%, 77%, and 81%, respectively. For fiscal 2016, the scalars were 64%, 71%, and 77%, respectively. For fiscal 2016 and 2017, RWA for all ratios were the same due to the regulatory floor which was based on Basel I risk weights. For fiscal 2018, the regulatory floor is based on Basel II standardized risk weights and is no longer triggered resulting in a separate RWA for each ratio due to the CVA scalar.

4 Adjusted return on common equity is a non-GAAP financial measure. Refer to the "Return on Common Equity" section of this document for an explanation.

5 Excludes acquired credit-impaired (ACI) loans, debt securities classified as loans (DSCL) under IAS 39, and debt securities at amortized cost (DSAC) and debt securities at fair value through other comprehensive income (DSOCI) under IFRS 9.

6 Toronto Stock Exchange (TSX) closing market price.

7 Dividend yield is calculated as the dividend per common share paid during the year divided by the daily average closing stock price during the year.

8 TSR is calculated based on share price movement and dividends reinvested over a trailing one-year period.

FINANCIAL RESULTS OVERVIEW

CORPORATE OVERVIEW

The Toronto-Dominion Bank and its subsidiaries are collectively known as TD Bank Group ("TD" or the "Bank"). TD is the sixth largest bank in North America by branches and serves more than 25 million customers in three key businesses operating in a number of locations in financial centres around the globe: Canadian Retail, which includes the results of the Canadian personal and commercial banking, wealth and insurance businesses; U.S. Retail, which includes the results of the U.S. personal and business banking operations, wealth management services, and the Bank's investment in TD Ameritrade; and Wholesale Banking. TD also ranks among the world's leading online financial services firms, with more than 12 million active online and mobile customers. TD had $1.3 trillion in assets on October 31, 2018, and 84,383 average full-time equivalent employees in fiscal 2018. The Toronto-Dominion Bank trades under the symbol "TD" on the Toronto and New York Stock Exchanges.

HOW THE BANK REPORTS

The Bank prepares its Consolidated Financial Statements in accordance with IFRS, the current generally accepted accounting principles (GAAP), and refers to results prepared in accordance with IFRS as "reported" results. The Bank also utilizes non-GAAP financial measures referred to as "adjusted" results to assess each of its businesses and to measure the Bank's overall performance. To arrive at adjusted results, the Bank removes "items of note", from reported results. The items of note relate to items which management does not believe are indicative of underlying business performance. The Bank believes that adjusted results provide the reader with a better understanding of how management views the Bank's performance. The items of note are disclosed in Table 3. As explained, adjusted results differ from reported results determined in accordance with IFRS. Adjusted results, items of note, and related terms used in this document are not defined terms under IFRS and, therefore, may not be comparable to similar terms used by other issuers.

The Bank's U.S. strategic cards portfolio comprises of agreements with certain U.S. retailers pursuant to which TD is the U.S. issuer of private label andco-branded consumer credit cards to their U.S. customers. Under the terms of the individual agreements, the Bank and the retailers share in the profits generated by the relevant portfolios after credit losses. Under IFRS, TD is required to present the gross amount of revenue and provisions for credit losses related to these portfolios in the Bank's Consolidated Statement of Income. At the segment level, the retailer program partners' share of revenues and credit losses is presented in the Corporate segment, with an offsetting amount (representing the partners' net share) recorded in Non-interest expenses, resulting in no impact to Corporate's reported Net income (loss). The Net income (loss) included in the U.S. Retail segment includes only the portion of revenue and credit losses attributable to TD under the agreements.

Effective November 1, 2017, the Bank adopted IFRS 9, which replaces the guidance in IAS 39. Refer to Note 2 and Note 4 of the 2018 Consolidated Financial Statements for a summary of the Bank's accounting policies as it relates to IFRS 9. Under IFRS 9, the current period provision for credit losses (PCL) for performing (Stage 1 and Stage 2) and impaired (Stage 3) financial assets, loan commitments, and financial guarantees is recorded within the respective segment. Under IAS 39 and prior to November 1, 2017, the PCL related to the collectively assessed allowance for incurred but not identified credit losses that related to the Canadian Retail and Wholesale Banking segments was recorded in the Corporate segment. Prior period results have not been restated. PCL on impaired financial assets includes Stage 3 PCL under IFRS 9 and counterparty-specific and individually insignificant PCL under IAS 39. PCL on performing financial assets, loan commitments, and financial guarantees include Stage 1 and Stage 2 PCL under IFRS 9 and incurred but not identified losses under IAS 39.

IFRS 9 does not require restatement of comparative period financial statements except in limited circumstances related to aspects of hedge accounting. Entities are permitted to restate comparatives as long as hindsight is not applied. The Bank has made the decision not to restate comparative period financial information and has recognized any measurement differences between the previous carrying amount and the new carrying amount on November 1, 2017 through an adjustment to opening retained earnings. As such, fiscal 2018 results reflect the adoption of IFRS 9, while prior periods reflect results under IAS 39.

U.S. Tax Reform

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the *Tax Cuts and Jobs Act* (the "U.S. Tax Act") which made broad and complex changes to the U.S. tax code.

The reduction of the U.S. federal corporate tax rate enacted by the U.S. Tax Act resulted in an adjustment during 2018 to the Bank's U.S. deferred tax assets and liabilities to the lower base rate of 21% as well as an adjustment to the Bank's carrying balances of certain tax credit-related investments and its investment in TD Ameritrade. The Bank finalized its assessment of the implications of the U.S. Tax Act during 2018 and recorded a net charge to earnings of $392 million (US$319 million) for the year ended October 31, 2018.

The lower corporate tax rate had and will have a positive effect on TD's current year and future earnings. The amount of the benefit may vary due to, among other things, changes in interpretations and assumptions the Bank has made, guidance that may be issued by applicable regulatory authorities, and actions the Bank may take to reinvest some of the savings in its operations.

The following table provides the operating results on a reported basis for the Bank.

TABLE 2: OPERATING RESULTS – Reported

(millions of Canadian dollars)	**2018**	2017	2016
Net interest income	**$ 22,239**	$ 20,847	$ 19,923
Non-interest income	**16,595**	15,302	14,392
Total revenue	**38,834**	36,149	34,315
Provision for credit losses	**2,480**	2,216	2,330
Insurance claims and related expenses	**2,444**	2,246	2,462
Non-interest expenses	**20,137**	19,366	18,877
Income before income taxes and equity in net income of an investment in TD Ameritrade	**13,773**	12,321	10,646
Provision for income taxes	**3,182**	2,253	2,143
Equity in net income of an investment in TD Ameritrade	**743**	449	433
Net income – reported	**11,334**	10,517	8,936
Preferred dividends	**214**	193	141
Net income available to common shareholders and non-controlling interests in subsidiaries	**$ 11,120**	$ 10,324	$ 8,795
Attributable to:			
Common shareholders	**$ 11,048**	$ 10,203	$ 8,680
Non-controlling interests	**72**	121	115

TABLE 3: NON-GAAP FINANCIAL MEASURES – Reconciliation of Adjusted to Reported Net Income

(millions of Canadian dollars)	2018	2017	2016
Operating results – adjusted			
Net interest income	**$ 22,239**	$ 20,847	$ 19,923
Non-interest income[1]	**16,684**	15,099	14,385
Total revenue	**38,923**	35,946	34,308
Provision for credit losses	**2,480**	2,216	2,330
Insurance claims and related expenses	**2,444**	2,246	2,462
Non-interest expenses[2]	**19,885**	19,092	18,496
Income before income taxes and equity in net income of an investment in TD Ameritrade	**14,114**	12,392	11,020
Provision for (recovery of) income taxes	**2,898**	2,336	2,226
Equity in net income of an investment in TD Ameritrade [3]	**967**	531	498
Net income – adjusted	**12,183**	10,587	9,292
Preferred dividends	**214**	193	141
Net income available to common shareholders and non-controlling interests in subsidiaries – adjusted	**11,969**	10,394	9,151
Attributable to:			
Non-controlling interests in subsidiaries, net of income taxes	**72**	121	115
Net income available to common shareholders – adjusted	**11,897**	10,273	9,036
Pre-tax adjustments of items of note			
Amortization of intangibles [4]	**(324)**	(310)	(335)
Charges associated with the Scottrade transaction [5]	**(193)**	(46)	–
Impact from U.S. tax reform [6]	**(48)**	–	–
Dilution gain on the Scottrade transaction [7]	**–**	204	–
Loss on sale of the Direct Investing business in Europe [8]	**–**	(42)	–
Fair value of derivatives hedging the reclassified available-for-sale securities portfolio [9]	**–**	41	7
Impairment of goodwill, non-financial assets, and other charges [10]	**–**	–	(111)
Provision for (recovery of) income taxes for items of note			
Amortization of intangibles [4,11]	**(55)**	(78)	(89)
Charges associated with the Scottrade transaction [5]	**(5)**	(10)	–
Impact from U.S. tax reform [6]	**344**	–	–
Dilution gain on the Scottrade transaction [7]	**–**	–	–
Loss on sale of the Direct Investing business in Europe [8]	**–**	(2)	–
Fair value of derivatives hedging the reclassified available-for-sale securities portfolio [9]	**–**	7	1
Impairment of goodwill, non-financial assets, and other charges [10]	**–**	–	5
Total adjustments for items of note	**(849)**	(70)	(356)
Net income available to common shareholders – reported	**$ 11,048**	$ 10,203	$ 8,680

1 Adjusted non-interest income excludes the following items of note: Adjustment to the carrying balances of certain tax credit-related investments as explained in footnote 6 – 2018 – $(89) million. Dilution gain on the Scottrade transaction, as explained in footnote 7 – 2017 – $204 million. Loss on sale of the Direct Investing business in Europe, as explained in footnote 8 – 2017 – $42 million. Gain on fair value of derivatives hedging the reclassified available-for-sale (AFS) securities portfolio, as explained in footnote 9 – 2017 – $41 million and 2016 – $7 million. These amounts were reported in the Corporate segment.

2 Adjusted non-interest expenses exclude the following items of note: Amortization of intangibles, as explained in footnote 4 – 2018 – $231 million, 2017 – $248 million, 2016 – $270 million, reported in the Corporate segment. Charges associated with the Bank's acquisition of Scottrade Bank, as explained in footnote 5 – 2018 – $21 million and 2017 – $26 million, reported in the U.S. Retail segment. Impairment of goodwill, non-financial assets, and other charges as explained in footnote 10 – 2016 – $111 million, reported in Corporate segment.

3 Adjusted equity in net income of an investment in TD Ameritrade excludes the following items of note: Amortization of intangibles as explained in footnote 4 – 2018 – $93 million, 2017 – $62 million and 2016 – $65 million; and the Bank's share of TD Ameritrade's deferred tax balances adjustment, as explained in footnote 6 – 2018 – $(41) million. The earnings impact of both of these items was reported in the Corporate segment. The Bank's share of charges associated with TD Ameritrade's acquisition of Scottrade Financial Services Inc. (Scottrade), as explained in footnote 5 – 2018 – $172 million and 2017 – $20 million. This item was reported in the U.S. Retail segment.

4 Amortization of intangibles relates to intangibles acquired as a result of asset acquisitions and business combinations, including the after tax amounts for amortization of intangibles relating to the Equity in net income of the investment in TD Ameritrade. Although the amortization of software and asset servicing rights are recorded in amortization of intangibles, they are not included for purposes of the items of note.

5 On September 18, 2017, the Bank acquired Scottrade Bank and TD Ameritrade acquired Scottrade, together with the Bank's purchase of TD Ameritrade shares issued in connection with TD Ameritrade's acquisition of Scottrade (the "Scottrade transaction"). Scottrade Bank merged with TD Bank, N.A. The Bank and TD Ameritrade incurred acquisition related charges including employee severance, contract termination fees, direct transaction costs, and other one-time charges. These amounts have been recorded as an adjustment to net income and include charges associated with the Bank's acquisition of Scottrade Bank and the after tax amounts for the Bank's share of charges associated with TD Ameritrade's acquisition of Scottrade. These amounts were reported in the U.S. Retail segment.

6 The reduction of the U.S. federal corporate tax rate enacted by the U.S. Tax Act resulted in a net charge to earnings during 2018 of $392 million, comprising a net $48 million pre-tax charge related to the write-down of certain tax credit-related investments, partially offset by the favourable impact of the Bank's share of TD Ameritrade's remeasurement of its deferred income tax balances, and a net $344 million income tax expense resulting from the remeasurement of the Bank's deferred tax assets and liabilities to the lower base rate of 21% and other related tax adjustments. The earnings impact was reported in the Corporate segment.

7 In connection with TD Ameritrade's acquisition of Scottrade on September 18, 2017, TD Ameritrade issued 38.8 million shares, of which the Bank purchased 11.1 million pursuant to its pre-emptive rights. As a result of the share issuances, the Bank's common stock ownership percentage in TD Ameritrade decreased and the Bank realized a dilution gain of $204 million reported in the Corporate segment.

8 On June 2, 2017, the Bank completed the sale of its Direct Investing business in Europe to Interactive Investor PLC. A loss of $40 million after tax was recorded in the Corporate segment in other income (loss). The loss is not considered to be in the normal course of business for the Bank.

9 The Bank changed its trading strategy with respect to certain trading debt securities and reclassified these securities from trading to AFS under IAS 39 (classified as fair value through other comprehensive income (FVOCI) under IFRS 9) effective August 1, 2008. These debt securities are economically hedged, primarily with credit default swap (CDS) and interest rate swap contracts which are recorded on a fair value basis with changes in fair value recorded in the period's earnings. As a result the derivatives were accounted for on an accrual basis in Wholesale Banking and the gains and losses related to the derivatives in excess of the accrued amounts were reported in the Corporate segment. Adjusted results of the Bank in prior periods exclude the gains and losses of the derivatives in excess of the accrued amount. Effective February 1, 2017, the total gains and losses as a result of changes in fair value of these derivatives are recorded in Wholesale Banking.

10 In the second quarter of 2016, the Bank recorded impairment losses on goodwill, certain intangibles, other non-financial assets, and deferred tax assets, as well as other charges relating to the Direct Investing business in Europe that had been experiencing continued losses. These amounts are reported in the Corporate segment.

11 The amount reported in 2018 excludes $31 million relating to the one-time adjustment of associated deferred tax liability balances as a result of the U.S. Tax Act. The impact of this adjustment is included in the Impact from U.S. tax reform item of note.

TABLE 4: RECONCILIATION OF REPORTED TO ADJUSTED EARNINGS PER SHARE (EPS)[1]

(Canadian dollars)	2018	2017	2016
Basic earnings per share – reported	**$ 6.02**	$ 5.51	$ 4.68
Adjustments for items of note[2]	**0.46**	0.04	0.20
Basic earnings per share – adjusted	**$ 6.48**	$ 5.55	$ 4.88
Diluted earnings per share – reported	**$ 6.01**	$ 5.50	$ 4.67
Adjustments for items of note[2]	**0.46**	0.04	0.20
Diluted earnings per share – adjusted	**$ 6.47**	$ 5.54	$ 4.87

1 EPS is computed by dividing net income available to common shareholders by the weighted-average number of shares outstanding during the period.
2 For explanations of items of note, refer to the "Non-GAAP Financial Measures – Reconciliation of Adjusted to Reported Net Income" table in the "Financial Results Overview" section of this document.

TABLE 5: AMORTIZATION OF INTANGIBLES, NET OF INCOME TAXES[1,2]

(millions of Canadian dollars)	2018	2017	2016
TD Bank, National Association (TD Bank, N.A.)	**$ 87**	$ 91	$ 108
TD Ameritrade Holding Corporation (TD Ameritrade)[3]	**93**	62	65
MBNA Canada	**49**	42	36
Aeroplan	**17**	17	17
Other	**23**	20	20
	269	232	246
Software and asset servicing rights	**464**	351	340
Amortization of intangibles, net of income taxes	**$ 733**	$ 583	$ 586

1 The amount reported in 2018 excludes $31 million relating to the one-time adjustment of associated deferred tax liability balances as a result of the U.S. Tax Act. The impact of this adjustment is included in the Impact from U.S. tax reform item of note.
2 Amortization of intangibles, with the exception of software and asset servicing rights, are included as items of note. For explanations of items of note, refer to the "Non-GAAP Financial Measures – Reconciliation of Adjusted to Reported Net Income" table in the "Financial Results Overview" section of this document.
3 Included in equity in net income of an investment in TD Ameritrade.

RETURN ON COMMON EQUITY

The Bank's methodology for allocating capital to its business segments is aligned with the common equity capital requirements under Basel III. The capital allocated to the business segments is based on 9% CET1 Capital.

Adjusted ROE is adjusted net income available to common shareholders as a percentage of average common equity.

Adjusted ROE is a non-GAAP financial measure and is not a defined term under IFRS. Readers are cautioned that earnings and other measures adjusted to a basis other than IFRS do not have standardized meanings under IFRS and, therefore, may not be comparable to similar terms used by other issuers.

TABLE 6: RETURN ON COMMON EQUITY

(millions of Canadian dollars, except as noted)	2018	2017	2016
Average common equity	**$ 70,499**	$ 68,349	$ 65,121
Net income available to common shareholders – reported	**11,048**	10,203	8,680
Items of note, net of income taxes[1]	**849**	70	356
Net income available to common shareholders – adjusted	**$ 11,897**	$ 10,273	$ 9,036
Return on common equity – reported	**15.7 %**	14.9 %	13.3 %
Return on common equity – adjusted	**16.9**	15.0	13.9

1 For explanations of items of note, refer to the "Non-GAAP Financial Measures – Reconciliation of Adjusted to Reported Net Income" table in the "Financial Results Overview" section of this document.

RETURN ON TANGIBLE COMMON EQUITY

Tangible common equity (TCE) is calculated as common shareholders' equity less goodwill, imputed goodwill and intangibles on an investment in TD Ameritrade and other acquired intangible assets, net of related deferred tax liabilities. Return on tangible common equity (ROTCE) is calculated as reported net income available to common shareholders after adjusting for the after-tax amortization of acquired intangibles, which are treated as an item of note, as a percentage of average TCE. Adjusted ROTCE is calculated using reported net income available to common shareholders, adjusted for items of note, as a percentage of average TCE. Adjusted ROTCE provides a useful measure of the performance of the Bank's income producing assets, independent of whether or not they were acquired or developed internally. TCE, ROTCE, and adjusted ROTCE are each non-GAAP financial measures and are not defined terms under IFRS. Readers are cautioned that earnings and other measures adjusted to a basis other than IFRS do not have standardized meanings under IFRS and, therefore, may not be comparable to similar terms used by other issuers.

TABLE 7: RETURN ON TANGIBLE COMMON EQUITY

(millions of Canadian dollars, except as noted)	2018	2017	2016
Average common equity	**$ 70,499**	$ 68,349	$ 65,121
Average goodwill	**16,197**	16,335	16,489
Average imputed goodwill and intangibles on an investment in TD Ameritrade	**4,100**	3,899	3,996
Average other acquired intangibles[1]	**676**	917	1,141
Average related deferred tax liabilities	**(240)**	(343)	(398)
Average tangible common equity	**49,766**	47,541	43,893
Net income available to common shareholders – reported	**11,048**	10,203	8,680
Amortization of acquired intangibles, net of income taxes[2]	**269**	232	246
Net income available to common shareholders after adjusting for after-tax amortization of acquired intangibles	**11,317**	10,435	8,926
Other items of note, net of income taxes[2]	**580**	(162)	110
Net income available to common shareholders – adjusted	**$ 11,897**	$ 10,273	$ 9,036
Return on tangible common equity	**22.7 %**	21.9 %	20.3 %
Return on tangible common equity – adjusted	**23.9**	21.6	20.6

1 Excludes intangibles relating to software and asset servicing rights.
2 For explanations of items of note, refer to the "Non-GAAP Financial Measures – Reconciliation of Adjusted to Reported Net Income" table in the "Financial Results Overview" section of this document.

SIGNIFICANT AND SUBSEQUENT EVENTS, AND PENDING ACQUISITIONS

Acquisition of Greystone Managed Investments Inc.

On November 1, 2018, the Bank acquired 100% of the outstanding equity of Greystone Capital Management Inc., the parent company of Greystone Managed Investments Inc. (Greystone) for consideration of $817 million, of which $475 million was paid in cash and $342 million was paid in the Bank's common shares. The value of 4.7 million common shares issued as consideration was based on the volume weighted-average market price of the Bank's common shares over the 10 trading day period immediately preceding the fifth business day prior to the acquisition date and was recorded based on market price at close. Common shares of $167 million issued to employee shareholders in respect of the purchase price will be held in escrow for two years post-acquisition, subject to their continued employment, and will be recorded as a compensation expense over the two-year escrow period.

The acquisition is accounted for as a business combination under the purchase method. As at November 1, 2018, the acquisition contributed $169 million of assets and $55 million of liabilities. The excess of accounting consideration over the fair value of the identifiable net assets is allocated to customer relationship intangibles of $140 million, deferred tax liability of $37 million and goodwill of $433 million. Goodwill is not deductible for tax purposes. The results of the acquisition will be consolidated from the acquisition date and reported in the Canadian Retail segment. The purchase price allocation is subject to refinement and may be adjusted to reflect new information about facts and circumstances that existed at the acquisition date during the measurement period.

Agreement for Air Canada Credit Card Loyalty Program

On November 26, 2018, the Bank finalized a long-term loyalty program agreement (the "Loyalty Agreement") with Air Canada. Under the terms of the Loyalty Agreement, the Bank will become the primary credit card issuer for Air Canada's new loyalty program when it launches in 2020 through to 2030. The Loyalty Agreement was finalized in conjunction with Air Canada entering into a definitive share purchase agreement with Aimia Inc. ("Aimia") for the acquisition of Aimia Canada Inc., which operates the Aeroplan loyalty business (the "Transaction"), for an aggregate purchase price of $450 million in cash and the assumption of approximately $1.9 billion of Aeroplan Miles liability. The closing of the Transaction is subject to the satisfaction of certain conditions, including receipt of Aimia shareholder approval and customary regulatory approvals. The Loyalty Agreement will become effective upon the closing of the Transaction and TD Aeroplan cardholders will become members of Air Canada's new loyalty program and their miles will be transitioned when Air Canada's new loyalty program launches in 2020.

If the proposed Transaction is completed, the Bank will pay $622 million plus applicable sales tax to Air Canada, of which $547 million ($446 million after sales and income taxes) will be recognized as an expense during the first quarter of 2019 to be reported in the Canadian Retail segment, and $75 million will be recognized as an intangible asset amortized over the Loyalty Agreement term, both of which are expected to be reported as items of note. In addition, the Bank will prepay $308 million plus applicable sales tax for the future purchase of loyalty points over a ten year period. The Bank also expects to incur additional pre-tax costs of approximately $100 million over two years to build the functionality required to facilitate the new program. The proposed Transaction is expected to reduce the Bank's CET 1 ratio on close by approximately 13 basis points (bps).

Normal Course Issuer Bid

As approved by the Board on November 28, 2018, the Bank announced its intention to amend its normal course issuer bid (NCIB) for up to an additional 20 million of its common shares, subject to the approval of OSFI and the TSX. The timing and amount of any purchases under the program are subject to regulatory approvals and to management discretion based on factors such as market conditions and capital adequacy.

Redemption of TD CaTS III Securities

On November 26, 2018, TD Capital Trust III announced its intention to redeem all of the outstanding TD Capital Trust III Securities – Series 2008 (TD CaTS III) on December 31, 2018, at a redemption price per TD CaTS III of $1,000, plus the unpaid distribution payable on the redemption date of December 31, 2018.

Net Income

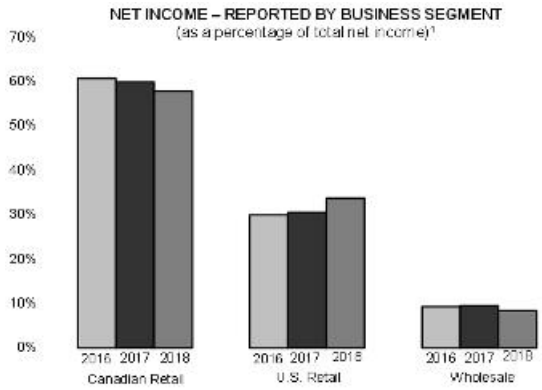
Reported net income for the year was $11,334 million, an increase of $817 million, or 8%, compared with last year. The increase reflects revenue growth and a higher contribution from TD Ameritrade, partially offset by higher PCL, now reflecting the Bank's adoption of IFRS 9, an increase in non-interest expenses, and a higher effective tax rate. The reported ROE for the year was 15.7%, compared with 14.9% last year. Adjusted net income of $12,183 million increased $1,596 million, or 15%, compared with last year.

By segment, the increase in reported net income was due to an increase in U.S. Retail of $866 million, or 26%, an increase in Canadian Retail of $658 million, or 10%, and an increase in Wholesale Banking[2] of $15 million, or 1%, partially offset by a higher net loss in the Corporate segment of $722 million.

Reported diluted EPS for the year was $6.01, an increase of 9%, compared with $5.50 last year. Adjusted diluted EPS for the year was $6.47, a 17% increase, compared with $5.54 last year.

Impact of Foreign Exchange Rate on U.S. Retail Segment Translated Earnings

U.S. Retail segment earnings, including the contribution from the Bank's investment in TD Ameritrade, reflect fluctuations in the U.S. dollar to Canadian dollar exchange rate compared with last year. Depreciation of the Canadian dollar had a favourable impact on the U.S. Retail segment earnings for the year ended October 31, 2018, compared with last year, as shown in the following table.



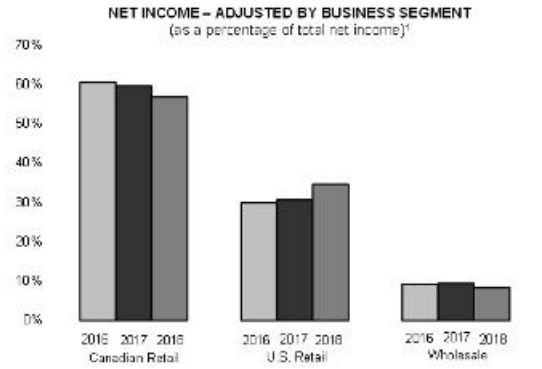


TABLE 8: IMPACT OF FOREIGN EXCHANGE RATE ON U.S. RETAIL SEGMENT TRANSLATED EARNINGS

(millions of Canadian dollars, except as noted)	2018 vs. 2017 Increase (Decrease)	2017 vs. 2016 Increase (Decrease)
U.S. Retail Bank		
Total revenue	**$ (173)**	$ (151)
Non-interest expenses – reported	**(94)**	(90)
Non-interest expenses – adjusted	**(93)**	(89)
Net income – reported, after tax	**(57)**	(39)
Net income – adjusted, after tax	**(58)**	(40)
Equity in net income of an investment in TD Ameritrade – reported	**(12)**	(4)
Equity in net income of an investment in TD Ameritrade – adjusted	**(10)**	(7)
U.S. Retail segment increased net income – reported, after tax	**(68)**	(43)
U.S. Retail segment increased net income – adjusted, after tax	**(68)**	(47)
Earnings per share (Canadian dollars)		
Basic – reported	**$ (0.04)**	$ (0.02)
Basic – adjusted	**(0.04)**	(0.03)
Diluted – reported	**(0.04)**	(0.02)
Diluted – adjusted	**(0.04)**	(0.03)

On a trailing twelve-month basis, a one cent appreciation/depreciation in the U.S. dollar to Canadian dollar average exchange rate would have increased/decreased U.S. Retail segment net income by approximately $57 million.

1 Amounts exclude Corporate Segment.

2 Net interest income within Wholesale Banking is calculated on a tax equivalent basis (TEB). Refer to the "Business Segment Analysis" section in this document for additional details.

Revenue

Reported revenue was $38,834 million, an increase of $2,685 million, or 7%, compared with last year. Adjusted revenue was $38,923 million, an increase of $2,977 million, or 8%, compared with last year.



NET INTEREST INCOME

Net interest income for the year was $22,239 million, an increase of $1,392 million, or 7%, compared with last year. The increase reflects loan and deposit volume growth and higher margins in the Canadian and U.S. Retail segments, and the benefit of the Scottrade transaction, partially offset by the impact of foreign currency translation.

By segment, the increase in reported net interest income was due to an increase in Canadian Retail of $965 million, or 9%, an increase in U.S. Retail of $690 million, or 9%, and an increase in the Corporate segment of $391 million, or 41%, partially offset by a decrease in Wholesale Banking of $654 million, or 36%. The decrease in net interest income taxable equivalent basis (TEB) in Wholesale Banking reflects a change in business mix in the second quarter last year as a result of an increase in client activity in equity trading. The TEB adjustment is offset in Corporate segment.

NET INTEREST MARGIN

Net interest margin declined by 1 basis point during the year to 1.95%, compared with 1.96% last year, primarily due to changes in non-retail product mix, partially offset by margin expansion in the Canadian and U.S. Retail segments.

NON-INTEREST INCOME

Reported non-interest income for the year was $16,595 million, an increase of $1,293 million, or 8%, compared with last year. The increase reflects higher non-interest income in Wholesale Banking, fee-based income in the Canadian and U.S. Retail segments, wealth asset growth, an increase in revenues from the insurance business, and higher trading volumes in the direct investing business in the Canadian Retail segment. The increase was partially offset by the dilution gain on the Scottrade transaction last year and losses on certain tax credit-related investments in the current year.

By segment, the increase in reported non-interest income was due to an increase in Wholesale of $842 million, or 57%, an increase in Canadian Retail of $686 million, or 7%, and an increase in U.S. Retail of $33 million, or 1%, partially offset by a decrease in Corporate of $268 million, or 41%.

TABLE 9: NON-INTEREST INCOME

(millions of Canadian dollars, except as noted)				2018 vs. 2017
	2018	2017	2016	% change
Investment and securities services				
Broker dealer fees and commissions	**$ 577**	$ 493	$ 463	**17**
Full-service brokerage and other securities services	**1,041**	960	853	**8**
Underwriting and advisory	**566**	589	546	**(4)**
Investment management fees	**546**	534	505	**2**
Mutual fund management	**1,790**	1,738	1,623	**3**
Trust fees	**136**	145	153	**(6)**
Total investment and securities services	**4,656**	4,459	4,143	**4**
Credit fees	**1,210**	1,130	1,048	**7**
Net securities gains (losses)	**111**	128	54	**(13)**
Trading income (losses)	**1,052**	303	395	**247**
Service charges	**2,716**	2,648	2,571	**3**
Card services	**2,376**	2,388	2,313	**(1)**
Insurance revenue	**4,045**	3,760	3,796	**8**
Other income (loss)	**429**	486	72	**(12)**
Total	**$ 16,595**	$ 15,302	$ 14,392	**8**

TRADING-RELATED INCOME

Trading-related income is the total of net interest income on trading positions, trading income (loss), and income from financial instruments designated at fair value through profit or loss that are managed within a trading portfolio. Net interest income arises from interest and dividends related to trading assets and liabilities, and is reported net of interest expense and income associated with funding these assets and liabilities in the following table. Trading income (loss) includes realized and unrealized gains and losses on trading assets and liabilities. Trading-related income excludes underwriting fees and commissions on securities transactions. Management believes that the total trading-related income is the appropriate measure of trading performance.

Trading-related income by product line depicts trading income for each major trading category.

TABLE 10: TRADING-RELATED INCOME

(millions of Canadian dollars)	*For the years ended October 31*		
	2018	2017	2016
Net interest income (loss) [1]	**$ 495**	$ 770	$ 934
Trading income (loss)	**1,052**	303	395
Financial instruments designated at fair value through profit or loss [2]	**10**	11	6
Total	**$ 1,557**	$ 1,084	$ 1,335
By product			
Interest rate and credit	**$ 535**	$ 668	$ 742
Foreign exchange	**680**	673	622
Equity and other [1]	**332**	(268)	(35)
Financial instruments designated at fair value through profit or loss [2]	**10**	11	6
Total	**$ 1,557**	$ 1,084	$ 1,335

1 Excludes TEB.

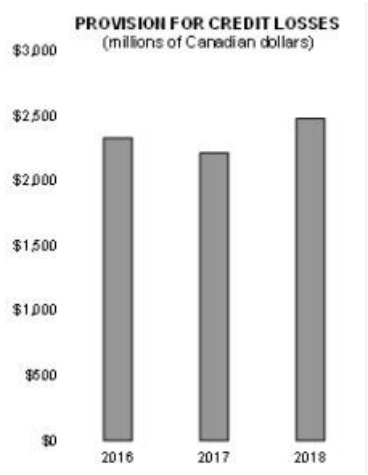
2 Excludes amounts related to securities designated at fair value through profit or loss that are not managed within a trading portfolio, but which have been combined with derivatives to form economic hedging relationships.

FINANCIAL RESULTS OVERVIEW

Provision for Credit Losses

PCL for the year was $2,480 million, an increase of $264 million, or 12%, compared with last year. PCL – impaired was $2,166 million, an increase of $176 million, or 9%, primarily reflecting U.S. credit card and U.S. auto portfolio volume growth, seasoning and mix, partially offset by strong credit performance in Canadian Retail. PCL – performing was $314 million, an increase of $88 million, or 39%, primarily reflecting the impact of methodology changes related to the adoption of IFRS 9 including where Stage 2 loans are now measured based on a lifetime expected credit loss (ECL). Total PCL year to date as an annualized percentage of credit volume was 0.39%.

By segment, the increase in PCL was due to an increase in U.S. Retail of $125 million, or 16%, an increase in the Corporate segment of $96 million, or 21% (largely reflecting PCL for the U.S. strategic cards portfolio, which is offset in Corporate segment non-interest expenses), an increase in Wholesale Banking of $31 million, and an increase in Canadian Retail of $12 million, or 1%.



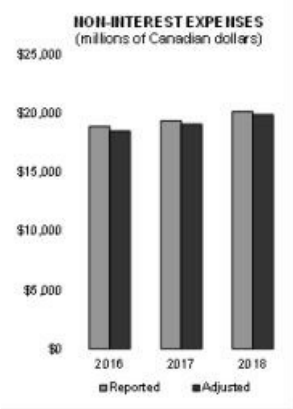
Expenses

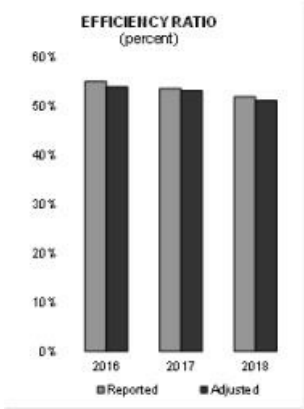
NON-INTEREST EXPENSES

Reported non-interest expenses for the year were $20,137 million, an increase of $771 million, or 4%, compared with last year. The increase was primarily due to an increase in employee-related expenses including revenue-based variable compensation expenses, business and volume growth, and higher spend related to strategic initiatives, partially offset by productivity savings.

By segment, the increase in non-interest expenses was due to an increase in Canadian Retail of $539 million, or 6%, an increase in U.S. Retail of $222 million, or 4%, an increase in Wholesale of $138 million, or 7%, partially offset by a decrease in the Corporate segment of $128 million, or 5%.

Adjusted non-interest expenses were $19,885 million, an increase of $793 million, or 4%, compared with last year.





INSURANCE CLAIMS AND RELATED EXPENSES

Insurance claims and related expenses were $2,444 million, an increase of $198 million, or 9%, compared with last year, reflecting an increase in reinsurance liabilities assumed, more severe weather-related events, higher current year claims, and changes in the fair value of investments supporting claims liabilities which resulted in a similar increase to non-interest income, partially offset by more favourable prior years' claims development, and the impact of changes to forward-looking actuarial assumptions.

EFFICIENCY RATIO

The efficiency ratio measures operating efficiency and is calculated by taking the non-interest expenses as a percentage of total revenue. A lower ratio indicates a more efficient business operation.

The reported efficiency ratio was 51.9%, compared with 53.6% last year.

TABLE 11: NON-INTEREST EXPENSES AND EFFICIENCY RATIO

(millions of Canadian dollars, except as noted)				2018 vs. 2017	
	2018	2017	2016	% change	
Salaries and employee benefits					
Salaries	**$ 6,162**	$ 5,839	$ 5,576	**6**	
Incentive compensation	**2,592**	2,454	2,170	**6**	
Pension and other employee benefits	**1,623**	1,725	1,552	**(6)**	
Total salaries and employee benefits	**10,377**	10,018	9,298	**4**	
Occupancy					
Rent	**913**	917	915	**–**	
Depreciation and impairment losses	**371**	402	427	**(8)**	
Other	**481**	475	483	**1**	
Total occupancy	**1,765**	1,794	1,825	**(2)**	
Equipment					
Rent	**207**	184	182	**13**	
Depreciation and impairment losses	**205**	201	202	**2**	
Other	**661**	607	560	**9**	
Total equipment	**1,073**	992	944	**8**	
Amortization of other intangibles	**815**	704	708	**16**	
Marketing and business development	**803**	726	743	**11**	
Restructuring charges	**73**	2	(18)	**3,550**	
Brokerage-related fees	**306**	314	316	**(3)**	
Professional and advisory services	**1,247**	1,165	1,232	**7**	
Other expenses	**3,678**	3,651	3,829	**1**	
Total expenses	**$ 20,137**	$ 19,366	$ 18,877	**4**	
Efficiency ratio – reported	**51.9 %**	53.6 %	55.0 %	**(170)**	**bps**
Efficiency ratio – adjusted[1]	**51.1**	53.1	53.9	**(200)**	

1 For explanations of items of note, refer to the "Non-GAAP Financial Measures – Reconciliation of Adjusted to Reported Net Income" table in the "Financial Results Overview" section of this document.

Taxes

Reported total income and other taxes increased $1,022 million, or 28.6%, compared with last year, reflecting an increase in income tax expense of $929 million, or 41.2%, and an increase in other taxes of $93 million, or 7.1%. Adjusted total income and other taxes were up $655 million from last year, or 17.9%, reflecting an increase in income tax expense of $562 million.

The Bank's reported effective tax rate was 23.1% for 2018, compared with 18.3% last year. The year-over-year increase was largely due to higher income before taxes, lower tax-exempt dividend income, the impact of U.S. tax reform on U.S. deferred tax assets and liabilities and a prior year non-taxable dilution gain on the Scottrade transaction, partially offset by the lower U.S. federal tax rate associated with U.S. tax reform. For a reconciliation of the Bank's effective income tax rate with the Canadian statutory income tax rate, refer to Note 25 of the 2018 Consolidated Financial Statements.

The Bank's adjusted effective income tax rate for 2018 was 20.5%, compared with 18.9% last year. The year-over-year increase was largely due to higher income before taxes and lower tax-exempt dividend income, partially offset by the lower U.S. federal tax rate associated with U.S. tax reform.

The Bank reports its investment in TD Ameritrade using the equity method of accounting. TD Ameritrade's tax expense of $206 million in 2018, compared with $268 million last year, was not part of the Bank's effective tax rate.

TABLE 12: NON-GAAP FINANCIAL MEASURES – Reconciliation of Reported to Adjusted Provision for Income Taxes

(millions of Canadian dollars, except as noted)	2018	2017	2016
Provision for income taxes – reported	**$ 3,182**	$ 2,253	$ 2,143
Total adjustments for items of note [1,2]	**(284)**	83	83
Provision for income taxes – adjusted	**2,898**	2,336	2,226
Other taxes			
Payroll	**538**	517	502
Capital and premium	**148**	136	169
GST, HST, and provincial sales [3]	**487**	462	461
Municipal and business	**237**	202	203
Total other taxes	**1,410**	1,317	1,335
Total taxes – adjusted	**$ 4,308**	$ 3,653	$ 3,561
Effective income tax rate – reported	**23.1 %**	18.3 %	20.1 %
Effective income tax rate – adjusted [4]	**20.5**	18.9	20.2

1 For explanations of items of note, refer to the "Non-GAAP Financial Measures – Reconciliation of Adjusted to Reported Net Income" table in the "Financial Results Overview" section of this document.
2 The tax effect for each item of note is calculated using the statutory income tax rate of the applicable legal entity.
3 Goods and services tax (GST) and Harmonized sales tax (HST).
4 Adjusted effective income tax rate is the adjusted provision for income taxes before other taxes as a percentage of adjusted net income before taxes.

Quarterly Financial Information

FOURTH QUARTER 2018 PERFORMANCE SUMMARY

Reported net income for the quarter was $2,960 million, an increase of $248 million, or 9%, compared with fourth quarter last year. The increase reflects revenue growth, partially offset by growth in non-interest expenses, higher PCL and higher insurance claims. Adjusted net income for the quarter was $3,048 million, an increase of $445 million, or 17%, compared with the fourth quarter last year. Reported diluted EPS for the quarter was $1.58, an increase of 11%, compared with $1.42 in the fourth quarter of last year. Adjusted diluted EPS for the quarter was $1.63, an increase of 20%, compared with $1.36 in the fourth quarter of last year.

Reported revenue for the quarter was $10,122 million, an increase of $852 million, or 9%, compared with the fourth quarter last year.

Net interest income for the quarter was $5,756 million, an increase of $426 million, or 8%, primarily due to loan and deposit volume growth, and higher deposit margins due to a more favourable interest rate environment in the Canadian and U.S. Retail segments, and the impact of foreign currency translation. By segment, the increase in reported net interest income was due to an increase in U.S. Retail of $273 million, or 15%, and an increase in Canadian Retail of $249 million, or 9%, partially offset by a decrease in the Corporate segment of $92 million, or 23%, and a decrease in Wholesale Banking of $4 million, or 1%. Adjusted net interest income for the quarter was $5,756 million, an increase of $426 million, or 8%, compared with the fourth quarter last year.

Non-interest income for the quarter was $4,366 million, an increase of $426 million, or 11% reflecting higher trading-related revenue, fee-based income growth in the Canadian and U.S. Retail segments, and an increase in revenues from the insurance business, partially offset by the dilution gain on the Scottrade transaction in the same quarter last year. By segment, the increase in reported non-interest income was due to an increase in Wholesale Banking of $227 million, or 54%, an increase in Canadian Retail of $205 million, or 8%, an increase in U.S. Retail of $44 million, or 7%, partially offset by a decrease in the Corporate segment of $50 million, or 22%. Adjusted non-interest income for the quarter was $4,366 million, an increase of $630 million, or 17%, compared with fourth quarter last year.

PCL for the quarter was $670 million, an increase of $92 million, or 16%, compared with the fourth quarter last year. PCL – impaired was $559 million, an increase of $12 million, or 2%. PCL – performing was $111 million, an increase of $80 million, reflecting the impact of methodology changes related to the adoption of IFRS 9 including where Stage 2 loans are now measured based on a lifetime ECL. Total PCL for the quarter as an annualized percentage of credit volume was 0.40%.

By segment, the increase in PCL was due to an increase in U.S. Retail of $41 million, or 20%, an increase in the Corporate segment of $24 million, or 18%, an increase in Canadian Retail of $19 million, or 8%, and an increase in Wholesale Banking of $8 million.

Insurance claims and related expenses for the quarter were $684 million, an increase of $69 million, or 11%, compared with the fourth quarter last year, reflecting an increase in reinsurance liabilities assumed, more severe weather-related events, less favourable prior years' claims development, and the impact of changes to forward-looking assumptions, partially offset by changes in the fair value of investments supporting claims liabilities which resulted in a similar decrease to non-interest income.

Reported non-interest expenses for the quarter were $5,352 million, an increase of $524 million, or 11%, compared with the fourth quarter last year, reflecting business and volume growth, higher spend related to strategic initiatives, an increase in employee-related expenses including revenue-based variable compensation expenses, and the impact of foreign currency translation. By segment, the increase in reported non-interest expenses was due to an increase in Canadian Retail of $258 million, or 11%, an increase in Wholesale Banking of $117 million or 28%, an increase in U.S. Retail of $108 million, or 7%, and an increase in the Corporate segment of $41 million, or 7%. Adjusted non-interest expenses for the quarter were $5,299 million, an increase of $560 million, or 12%, compared with fourth quarter last year.

The Bank's reported effective tax rate was 20.2% for the quarter, compared with 19.7% in the same quarter last year. The increase was largely due to higher income before taxes in the current period and a non-taxable dilution gain on the Scottrade transaction included in the prior period, partially offset by the lower U.S. federal tax rate associated with U.S. tax reform and business mix. The Bank's adjusted effective tax rate was 20.3% for the quarter, compared with 21.3% in the same quarter last year. The decrease was largely due to the lower U.S. federal tax rate associated with U.S. tax reform, partially offset by higher income before taxes.

QUARTERLY TREND ANALYSIS

Subject to the impact of seasonal trends and items of note, the Bank has increased reported earnings over the past eight quarters reflecting a consistent strategy, revenue growth, expense discipline, and investments to support future growth. The Bank's earnings reflect increasing revenue from loan and deposit volume growth, increasing margins, and wealth asset growth in the Canadian and U.S. Retail segments, as well as growth in trading revenue, fee income, and advisory activity in the Wholesale Banking segment. Revenue growth is partially offset by moderate expense growth in all business segments. The Bank's quarterly earnings are impacted by seasonality, the number of days in a quarter, the economic environment in Canada and the U.S., and foreign currency translation.

TABLE 13: QUARTERLY RESULTS

(millions of Canadian dollars, except as noted) — *For the three months ended*

	2018				2017			
	Oct. 31	**Jul. 31**	**Apr. 30**	**Jan. 31**	Oct. 31	Jul. 31	Apr. 30	Jan. 31
Net interest income	**$ 5,756**	**$ 5,655**	**$ 5,398**	**$ 5,430**	$ 5,330	$ 5,267	$ 5,109	$ 5,141
Non-interest income	**4,366**	**4,230**	**4,069**	**3,930**	3,940	4,019	3,364	3,979
Total revenue	**10,122**	**9,885**	**9,467**	**9,360**	9,270	9,286	8,473	9,120
Provision for credit losses	**670**	**561**	**556**	**693**	578	505	500	633
Insurance claims and related expenses	**684**	**627**	**558**	**575**	615	519	538	574
Non-interest expenses	**5,352**	**5,117**	**4,822**	**4,846**	4,828	4,855	4,786	4,897
Provision for (recovery of) income taxes	**691**	**705**	**746**	**1,040**	640	760	257	596
Equity in net income of an investment in TD Ameritrade	**235**	**230**	**131**	**147**	103	122	111	113
Net income – reported	**2,960**	**3,105**	**2,916**	**2,353**	2,712	2,769	2,503	2,533
Pre-tax adjustments for items of note [1]								
Amortization of intangibles	**76**	**77**	**86**	**85**	78	74	78	80
Charges associated with the Scottrade transaction	**25**	**18**	**77**	**73**	46	–	–	–
Impact from U.S. tax reform	**–**	**–**	**–**	**48**	–	–	–	–
Dilution gain on the Scottrade transaction	**–**	**–**	**–**	**–**	(204)	–	–	–
Loss on sale of TD Direct Investment business in Europe	**–**	**–**	**–**	**–**	–	42	–	–
Fair value of derivatives hedging the reclassified available-for-sale securities portfolio	**–**	**–**	**–**	**–**	–	–	–	(41)
Total pre-tax adjustments for items of note	**101**	**95**	**163**	**206**	(80)	116	78	39
Provision for (recovery of) income taxes items of note	**13**	**73**	**17**	**(387)**	29	20	20	14
Net income – adjusted	**3,048**	**3,127**	**3,062**	**2,946**	2,603	2,865	2,561	2,558
Preferred dividends	**51**	**59**	**52**	**52**	50	47	48	48
Net income available to common shareholders and non-controlling interests in subsidiaries – adjusted	**$ 2,997**	**$ 3,068**	**$ 3,010**	**$ 2,894**	$ 2,553	$ 2,818	$ 2,513	$ 2,510
Attributable to:								
Common shareholders – adjusted	**$ 2,979**	**$ 3,050**	**$ 2,992**	**$ 2,876**	$ 2,518	$ 2,789	$ 2,485	$ 2,481
Non-controlling interests – adjusted	**18**	**18**	**18**	**18**	35	29	28	29
(Canadian dollars, except as noted)								
Basic earnings per share								
Reported	**$ 1.58**	**$ 1.65**	**$ 1.54**	**$ 1.24**	$ 1.42	$ 1.46	$ 1.31	$ 1.32
Adjusted	**1.63**	**1.67**	**1.62**	**1.56**	1.36	1.51	1.34	1.34
Diluted earnings per share								
Reported	**1.58**	**1.65**	**1.54**	**1.24**	1.42	1.46	1.31	1.32
Adjusted	**1.63**	**1.66**	**1.62**	**1.56**	1.36	1.51	1.34	1.33
Return on common equity – reported	**15.8 %**	**16.9 %**	**16.8 %**	**13.2 %**	15.4 %	15.5 %	14.4 %	14.4 %
Return on common equity – adjusted	**16.3**	**17.1**	**17.6**	**16.6**	14.7	16.1	14.8	14.5
(billions of Canadian dollars, except as noted)								
Average earning assets	**$ 1,183**	**$ 1,152**	**$ 1,124**	**$ 1,116**	$ 1,077	$ 1,077	$ 1,056	$ 1,041
Net interest margin as a percentage of average earning assets	**1.93 %**	**1.95 %**	**1.97 %**	**1.93 %**	1.96 %	1.94 %	1.98 %	1.96 %

[1] For explanations of items of note, refer to the "Non-GAAP Financial Measures – Reconciliation of Adjusted to Reported Net Income" table in the "Financial Results Overview" section of this document.

Business Focus

For management reporting purposes, the Bank's operations and activities are organized around the following three key business segments: Canadian Retail, U.S. Retail, and Wholesale Banking. The Bank's other activities are grouped into the Corporate segment.

Canadian Retail serves over 15 million customers in the Canadian personal and commercial banking, wealth, and insurance businesses. Personal Banking provides a full range of financial products and services through its network of 1,098 branches, 3,394 automated teller machines (ATM), telephone, internet, and mobile banking. Auto Finance provides flexible financing options to customers at point of sale for automotive and recreational vehicle purchases. The credit cards business provides a comprehensive line-up of credit cards including proprietary, co-branded, and affinity credit card programs. Merchant Solutions provides point-of-sale payment solutions for large and small businesses. Business Banking offers a broad range of customized products and services to help business owners meet their financing, investment, cash management, international trade, and day-to-day banking needs. The wealth business offers a wide range of wealth products and services to a large and diverse set of retail and institutional clients in Canada through the direct investing, advice-based, and asset management businesses. The insurance business offers property and casualty insurance, as well as life and health insurance products in Canada.

U.S. Retail comprises the Bank's personal and business banking operations under the brand TD Bank, America's Most Convenient Bank®, and wealth management in the U.S. Personal banking provides a full range of financial products and services to over 8 million retail customers through multiple delivery channels, including a network of 1,257 stores located along the east coast from Maine to Florida, mobile and internet banking, ATM, and telephone. Business banking serves the needs of businesses, through a diversified range of products and services to meet their financing, investment, cash management, international trade, and day-to-day banking needs. Wealth management offers a range of wealth products and services to retail and institutional clients. U.S. Retail works with TD Ameritrade to refer mass affluent clients to TD Ameritrade for their direct investing needs. The results of the Bank's equity investment in TD Ameritrade are included in U.S. Retail and reported as equity in net income of an investment in TD Ameritrade.

Wholesale Banking offers a wide range of capital markets and corporate and investment banking services, including underwriting and distribution of new debt and equity issues, providing advice on strategic acquisitions and divestitures, and meeting the daily trading, funding, and investment needs of our clients. Operating under the TD Securities brand, our clients include highly-rated companies, governments, and institutions in key financial markets around the world. Wholesale Banking is an integrated part of TD's strategy, providing market access to TD's wealth and retail operations, and providing wholesale banking solutions to our partners and their customers.

The Bank's other business activities are not considered reportable segments and are, therefore, grouped in the Corporate segment. Corporate segment is comprised of a number of service and control groups such as technology solutions, treasury and balance sheet management, direct channels, marketing, human resources, finance, risk management, compliance, legal, anti-money laundering, and others. Certain costs relating to these functions are allocated to operating business segments. The basis of allocation and methodologies are reviewed periodically to align with management's evaluation of the Bank's business segments.

Results of each business segment reflect revenue, expenses, assets, and liabilities generated by the businesses in that segment. Where applicable, the Bank measures and evaluates the performance of each segment based on adjusted results and ROE, and for those segments the Bank indicates that the measure is adjusted. Net income for the operating business segments is presented before any items of note not attributed to the operating segments. For further details, refer to the "How the Bank Reports" section of this document and Note 29 of the 2018 Consolidated Financial Statements. For information concerning the Bank's measure of ROE, which is a non-GAAP financial measure, refer to the "Return on Common Equity" section.

Upon adoption of IFRS 9, the current period PCL related to performing (Stage 1 and Stage 2) and impaired (Stage 3) financial assets, loan commitments, and financial guarantees is recorded within the respective segment. Under IAS 39 and prior to November 1, 2017, the PCL related to the collectively assessed allowance for incurred but not identified credit losses that related to Canadian Retail and Wholesale Banking segments was recorded in the Corporate segment. Prior period results have not been restated. PCL on impaired financial assets includes Stage 3 PCL under IFRS 9 and counterparty-specific and individually insignificant PCL under IAS 39. PCL on performing financial assets, loan commitments, and financial guarantees include Stage 1 and Stage 2 PCL under IFRS 9 and incurred but not identified credit losses under IAS 39.

The reduction of the U.S. federal corporate tax rate enacted by the U.S. Tax Act resulted in an adjustment to the Bank's U.S. deferred tax assets and liabilities to the lower base rate of 21% as well as an adjustment to the Bank's carrying balances of certain tax credit-related investments and its investment in TD Ameritrade. The earnings impact of these adjustments was reported in the Corporate segment. The lower corporate tax rate had, and will have, a positive effect on TD's current and future earnings, which are and will be reflected in the results of the affected segments. The amount of the benefit may vary due to, among other things, changes in interpretations and assumptions the Bank has made, guidance that may be issued by applicable regulatory authorities, and actions the Bank may take to reinvest some of the savings in its operations. The effective tax rate for the U.S. Retail Bank declined in proportion to the reduction in the federal rate. For additional details, refer to "How the Bank Reports" and "Non-GAAP Financial Measures – Reconciliation of Adjusted to Reported Net Income" table in the "How We Performed" section of this document.

Net interest income within Wholesale Banking is calculated on a TEB, which means that the value ofnon-taxable or tax-exempt income, including dividends, is adjusted to its equivalent before-tax value. Using TEB allows the Bank to measure income from all securities and loans consistently and makes for a more meaningful comparison of net interest income with similar institutions. The TEB increase to net interest income and provision for income taxes reflected in Wholesale Banking results is reversed in the Corporate segment. The TEB adjustment for the year was $176 million, compared with $654 million last year.

The "Business Outlook and Focus for 2019" section for each business segment, provided on the following pages, is based on the Bank's views and the assumptions set out in the "Economic Summary and Outlook" section and the actual outcome may be materially different. For more information, refer to the "Caution Regarding Forward-Looking Statements" section and the "Risk Factors That May Affect Future Results" section.

TABLE 14: RESULTS BY SEGMENT[1]

(millions of Canadian dollars)	Canadian Retail		U.S. Retail		Wholesale Banking[2,3]		Corporate[2,3]		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
Net interest income (loss)	**$ 11,576**	$ 10,611	**$ 8,176**	$ 7,486	**$ 1,150**	$ 1,804	**$ 1,337**	$ 946	**$ 22,239**	$ 20,847
Non-interest income (loss)	**11,137**	10,451	**2,768**	2,735	**2,309**	1,467	**381**	649	**16,595**	15,302
Total revenue[4]	**22,713**	21,062	**10,944**	10,221	**3,459**	3,271	**1,718**	1,595	**38,834**	36,149
Provision for (recovery of) credit losses – impaired[5]	**927**	986	**776**	648	**(8)**	(28)	**471**	384	**2,166**	1,990
Provision for (recovery of) credit losses – performing[6]	**71**	–	**141**	144	**11**	–	**91**	82	**314**	226
Total provision for (recovery of) credit losses	**998**	986	**917**	792	**3**	(28)	**562**	466	**2,480**	2,216
Insurance claims and related expenses	**2,444**	2,246	**–**	–	**–**	–	**–**	–	**2,444**	2,246
Non-interest expenses	**9,473**	8,934	**6,100**	5,878	**2,067**	1,929	**2,497**	2,625	**20,137**	19,366
Income (loss) before income taxes	**9,798**	8,896	**3,927**	3,551	**1,389**	1,370	**(1,341)**	(1,496)	**13,773**	12,321
Provision for (recovery of) income taxes	**2,615**	2,371	**432**	671	**335**	331	**(200)**	(1,120)	**3,182**	2,253
Equity in net income of an investment in TD Ameritrade	**–**	–	**693**	442	**–**	–	**50**	7	**743**	449
Net income (loss) – reported	**7,183**	6,525	**4,188**	3,322	**1,054**	1,039	**(1,091)**	(369)	**11,334**	10,517
Pre-tax adjustments for items of note[7]										
Amortization of intangibles	**–**	–	**–**	–	**–**	–	**324**	310	**324**	310
Charges associated with the Scottrade transaction	**–**	–	**193**	46	**–**	–	**–**	–	**193**	46
Impact from U.S. tax reform	**–**	–	**–**	–	**–**	–	**48**	–	**48**	–
Dilution gain on the Scottrade transaction	**–**	–	**–**	–	**–**	–	**–**	(204)	**–**	(204)
Loss on sale of the Direct Investing business in Europe	**–**	–	**–**	–	**–**	–	**–**	42	**–**	42
Fair value of derivatives hedging the reclassified available-for-sale securities portfolio	**–**	–	**–**	–	**–**	–	**–**	(41)	**–**	(41)
Total pre-tax adjustments for items of note	**–**	–	**193**	46	**–**	–	**372**	107	**565**	153
Provision for (recovery of) income taxes for items of note	**–**	–	**5**	10	**–**	–	**(289)**	73	**(284)**	83
Net income (loss) – adjusted	**$ 7,183**	$ 6,525	**$ 4,376**	$ 3,358	**$ 1,054**	$ 1,039	**$ (430)**	$ (335)	**$ 12,183**	$ 10,587
Average common equity	**$ 15,018**	$ 14,434	**$ 34,260**	$ 34,278	**$ 5,954**	$ 5,979	**$ 15,267**	$ 13,658	**$ 70,499**	$ 68,349
CET1 Capital risk-weighted assets[8]	**108,526**	99,693	**243,655**	227,671	**70,104**	62,428	**13,347**	45,958	**435,632**	435,750

1 The retailer program partners' share of revenues and credit losses is presented in the Corporate segment, with an offsetting amount (representing the partners' net share) recorded in Non-interest expenses, resulting in no impact to Corporate reported Net income (loss). The Net income (loss) included in the U.S. Retail segment includes only the portion of revenue and credit losses attributable to the Bank under the agreements.

2 Net interest income within Wholesale Banking is calculated on a TEB. The TEB adjustment reflected in Wholesale Banking is reversed in the Corporate segment.

3 Effective February 1, 2017, the total gains and losses as a result of changes in fair value of the credit default swap and interest rate swap contracts hedging the reclassified financial assets at FVOCI (available-for-sale securities under IAS 39) portfolio are recorded in Wholesale Banking. Previously, these derivatives were accounted for on an accrual basis in Wholesale Banking and the gains and losses related to the derivatives, in excess of the accrued costs were reported in Corporate segment. Refer to Note 8 of the 2018 Consolidated Financial Statements for additional details.

4 The impact from certain treasury and balance sheet management activities relating to the U.S. Retail segment is recorded in the Corporate segment.

5 PCL – impaired represents Stage 3 PCL under IFRS 9 and counterparty-specific and individually insignificant PCL under IAS 39 on financial assets.

6 PCL – performing represents Stage 1 and Stage 2 PCL under IFRS 9 and incurred but not identified PCL under IAS 39 on financial assets, loan commitments, and financial guarantees.

7 For explanations of items of note, refer to the "Non-GAAP Financial Measures - Reconciliation of Adjusted to Reported Net Income" table in the "Financial Results Overview" section of this document.

8 Each capital ratio has its own RWA measure due to 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 scalars were 72%, 77%, and 81%, respectively. As at October 31, 2017, RWA for all ratios were the same due to the regulatory floor which was based on Basel I risk weights. As at October 31, 2018, the regulatory floor is based on Basel II standardized risk weights and is no longer triggered resulting in a separate RWA for each ratio due to the CVA scalar.

Economic Summary and Outlook

Global economic growth is slowing and so far remains in line with expectations. After peaking in the first half of calendar 2018 at 3.9%, global growth is projected to average roughly 3.7% in both 2018 and 2019 calendar years. An important element of this deceleration is China's ongoing economic rebalancing, which is leaving a mark on trading partners via supply chain effects, as well as financial market volatility. For emerging markets, the challenges are enhanced by an elevated U.S. dollar and rising U.S. interest rates that have prompted investor capital outflows. In contrast, advanced economies continue to perform well, although the pace of growth in the euro area has moderated slightly. Nevertheless, the bias within these economies remains tilted towards reducing monetary stimulus. The U.S. has been leading the way, but as long as inflation continues to edge higher, other major central banks are expected to follow at a gradual pace.

The United States has benefited from strong economic momentum in calendar 2018, supported by tax cuts and increased government spending. Together these are estimated to have added 0.6 percentage points to growth. Real gross domestic product (GDP) advanced by 4.2% and 3.5% annualized in the second and third calendar quarters, respectively. Robust consumer spending, in the neighborhood of 4% annualized, was the main driver.

U.S. economic growth will likely remain above-trend in the coming quarters, but should steadily decelerate closer to the 2% mark by the latter half of calendar 2019, due to the impacts of fading fiscal stimulus and higher interest rates. Still, rising incomes generated by a tight labour market suggest that consumer spending should remain a key underpinning for growth. With the unemployment rate near a 50-year low and inflation hovering at the central bank's 2% target, the Federal Reserve is forecasted to increase its policy interest rate from its current range of 2.0% to 2.25%, to 3.0% to 3.25% by the end of the 2019 calendar year.

Canada's economy produced a robust 2.9% expansion in the second calendar quarter of 2018, but current indicators suggest a more sustainable pace of roughly 2.0% unfolded in the third calendar quarter. Both export and import volumes have pulled back, due in part to supply chain disruptions in the energy and automotive sectors. Fortunately, these disruptions appear mostly temporary and trade flows may also benefit from the United States-Mexico-Canada Agreement (USMCA) struck in early October. Although it remains to be ratified by all three national governments, we consider that the agreement marks an important and necessary step towards normalized trading arrangements in North America. On a less positive note, recent developments in oil markets have resulted in record price discounts for Western Canadian energy products. Income impacts and announced production cuts will weigh on near-term economic activity in the western provinces. Some of the negative price dynamics, notably refinery outages, should resolve over the first half of the 2019 calendar year, thereby narrowing the magnitude of the discount and bring shuttered production back online. However, other factors will persist, such as limited transportation capacity. These pressures are expected to maintain a wider-than-historical spread on Canadian producer prices.

Canadian housing markets continue to recover in the wake of changes to mortgage underwriting rules implemented at the beginning of calendar 2018. Activity in the Greater Toronto Area has stabilized, albeit at a slower pace than the past several years. In contrast, Vancouver activity remains modest, impacted by additional measures enacted in the February 2018 provincial budget. Outside of these areas, the housing data are mixed. Activity in oil-related provinces is still negatively impacted by excess housing supply, while other major urban centres like Montreal and Ottawa are proving resilient.

Housing demand should remain supported by the upswing in population growth alongside solid household income and job growth. However, rising borrowing costs are likely to temper the speed of adjustment. On October 24, 2018, the Bank of Canada raised its policy interest rate by 25 bps to 1.75%. This marked the fifth increase since July 2017, and central bank communication maintains a bias towards further rate increases. The Bank of Canada has indicated that it will remain mindful of the risks posed by highly-indebted households that can leave them more sensitive to rising interest rates. As such, the central bank is expected to maintain a gradual approach to rate increases. TD Economics anticipates only three more 25 bps increases in the overnight rate by the end of calendar year 2019. This implies a terminal rate of 2.50%, which is well below that of its U.S. counterpart. Yields in Canada should thus remain lower than those in the U.S., and the currency is forecasted to hold within a range of US78 cents to US79 cents in calendar year 2019.

Downside risks remain. Should recent price developments in Canadian heavy oil markets fail to improve as expected, further declines in output may occur, imparting larger negative impacts on Canadian incomes and spending. This outcome would moderate expectations for the Bank of Canada's policy interest rate path. Despite achieving an important milestone with the USMCA, it must still be ratified by all three countries, including new governments in both the U.S. and Mexico. Canada's central bank will also need to remain watchful of the possibility of a renewed slowdown in housing activity and a period of household deleveraging. In addition, trade tensions have intensified between U.S. and China in recent months, with the potential to disrupt globally integrated supply chains. Such an outcome presents a downside risk to the outlook for both the U.S. and Canada. Likewise, it is possible that inflationary pressures will unexpectedly heat-up in light of escalating global trade tensions coupled with greater labour scarcity within both countries. In addition, despite some progress in recent weeks, a number of issues remain unresolved with the United Kingdom's exit from the European Union. Lastly, other areas that continue to present a downside risk include ongoing tensions in the Middle East, and populist threats to established political and economic systems. These all keep global uncertainty elevated and may drive periods of financial market volatility.

BUSINESS SEGMENT ANALYSIS

Canadian Retail

Canadian Retail offers a full range of financial products and services to over 15 million customers in the Canadian personal and commercial banking, wealth, and insurance businesses.

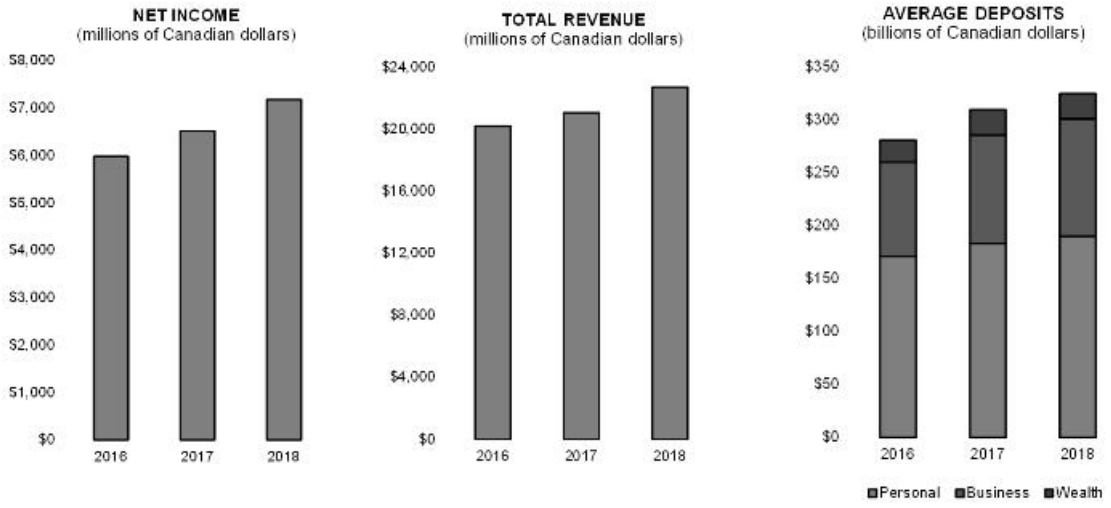


TABLE 15: REVENUE

(millions of Canadian dollars)	**2018**	2017	2016
Personal banking	**$ 11,463**	$ 10,706	$ 10,157
Business banking	**2,990**	2,702	2,454
Wealth	**4,185**	3,838	3,640
Insurance	**4,075**	3,816	3,958
Total	**$ 22,713**	$ 21,062	$ 20,209

BUSINESS HIGHLIGHTS

- **Continued to put our customers at the centre of everything we do by investing in our omni-channel experience, optimizing our branch network, and enhancing the value proposition of our products, including our mortgage concierge service which connects customers with mobile mortgage specialists who are nearby and available.**
- **Continued to shape the future of retail banking by introducing new digital capabilities, including onlinepre-approval in the real estate secured lending business, Easy Apply for chequing and savings accounts, auto quoters in our insurance business, and one-time password authentication making login faster and easier, and reducing fraud.**
- **Recognized as a leader in customer service, including being honored as an award winner among the Big 5 Canadian Retail Banks[3] for "Customer Service Excellence"[4], "Recommend to Friends & Family"[5], "Branch Service"[6], "ATM Banking"[7], and "Live Agent Telephone Banking"[8] by the 2018 Ipsos Customer Service Index (CSI) study[9].**
- **Acknowledged for our forward focus in digital banking by multiple independent providers of industry market data including:**
  - **#1 Canadian banking app according to Silicon Valley-based firm App Annie[10];**
  - **#1 in Canadian digital banking with the highest number of digital unique visitors and the most digital engagement according to comScore[11]; and**
  - **#1 digital reach of any bank in Canada, the United Kingdom, Spain, France, and the United States, according to comScore[11].**
- **Continued to win the trust of new and existing customers as evidenced by strong volume growth across key businesses:**
  - **Record originations in real estate secured lending and auto finance;**
  - **Personal chequing and savings deposit volume growth of 4%;**
  - **Strong growth in credit cards with 9% growth in TD proprietary cards and retail sales exceeding $100 billion;**
  - **Strong Business Banking loan volume growth of 10%; and**
  - **Record accumulation of assets across our wealth businesses including record assets under management in TD Asset Management (TDAM), record assets under administration in TD Direct Investing and Advice businesses, and record net asset acquisitions, trading volumes and accounts opened during the year in TD Direct Investing.**
- **Advanced our proven business model maintaining strong market share[12] positions across all businesses including:**
  - **#1 market share in personal deposit, credit card, and Direct Investing;**
  - **#2 market share in real estate secured lending, personal loan, mutual funds, and Business Banking deposits and loans;**
  - **Largest direct distribution insurer[13] and leader in the affinity market[13] in Canadian insurance; and**
  - **Largest money manager in Canada (with the acquisition of Greystone, which closed on November 1, 2018)[14]**

CHALLENGES IN 2018

- **Competitive pressures contributed to lower margins on lending products.**
- **Strong competition for new and existing customers from the major Canadian banks and non-bank competitors.**
- **Housing market was impacted by changes to federal and provincial policies and increases in interest rates.**
- **Heightened level of investment across all businesses to respond to evolving customer needs and intense competition.**

INDUSTRY PROFILE

The personal and business banking environment in Canada comprises large chartered banks with sizeable regional banks and a number of niche competitors providing strong competition in specific products and markets. Continued success depends upon delivering outstanding customer service and convenience, maintaining disciplined risk management practices, and prudent expense management. The Canadian wealth management industry includes banks, insurance companies, independent mutual fund companies, brokers, and independent asset management companies. Market share growth in the wealth management industry lies in the ability to differentiate by providing an integrated wealth solution and keeping pace with technological changes and the regulatory environment. This includes providing the right products, and legendary and consistent relationship-focused client experiences to serve their evolving needs and goals. The property and casualty industry in Canada is fragmented and competitive, consisting of personal and commercial lines writers, whereas the life and health insurance industry is made up of several large competitors. Success in the insurance business depends on offering a range of products that provide protection at competitive prices that properly reflect the level of risk assumed. These industries also include non-traditional competitors ranging from start-ups to established non-financial companies expanding into financial services.

OVERALL BUSINESS STRATEGY

The strategy for Canadian Retail is to:

- Provide trusted advice to help our customers feel confident about their financial future.
- Consistently deliver legendary personal connected customer experiences across all channels.
- Deepen customer relationships by delivering One TD and growing in underrepresented products and markets.
- Execute with speed and impact, taking only those risks we can understand and manage.

3 Big 5 Canadian Retail Banks consist of Bank of Montreal, Canadian Imperial Bank of Commerce, Royal Bank of Canada, Scotiabank, and The Toronto-Dominion Bank.
4 TD Canada Trust has shared in the award for Customer Service Excellence in the syndicated Ipsos 2018 Financial Services Excellence Study (2018 Ipsos Study).
5 TD Canada Trust has shared in the award for Recommend to Family & Friends in the 2018 Ipsos Study.
6 TD Canada Trust has shared in the award for the Branch Service Excellence in the 2018 Ipsos Study.
7 TD Canada Trust has shared in the ATM Banking Excellence award in the 2018 Ipsos Study.
8 TD Canada Trust has shared in the Live Agent Telephone Banking Excellence award in the 2018 Ipsos Study.
9 Ipsos 2018 Financial Service Excellence Awards are based on continuous fielding CSI survey results. Sample size for the total 2018 CSI program year ended with the September 2018 survey which yielded 75,334 financial institution ratings nationally. Leadership is defined as either a statistically significant lead over the other Big 5 Canadian Retail Banks (at a 95% confidence interval) or a statistically equal tie with one or more of the Big 5 Canadian Retail Banks.
10 TD ranked first according to 2018 App Annie report, which measured smartphone monthly active users, downloads, average sessions per user, open rate, average review score, and average time spent for August 2018 among top retail banking apps by time spent on Android phone.
11 Source: comScore MMX® Multi-Platform, Business/Finance – Banking, Total audience, 3 months average ending July 2018, Canada, United States, Great Britain, Spain, and France.
12 Market share ranking is based on most current data available from OSFI for personal deposits and loans as at August 2018, from The Nilson Report for credit cards as at December 2017, from the Canadian Bankers Association for Real Estate Secured Lending as at June 2018, from the Canadian Bankers Association for business deposits and loans as at March 2018, from Strategic Insight for Direct Investing asset, trades, and revenue metrics as at June 2018, and from Investment Funds Institute of Canada for mutual funds when compared to the Big 6 Banks as at August 2018. The Big 6 Banks consist of Bank of Montreal, Canadian Imperial Bank of Canada, National Bank of Canada, Royal Bank of Canada, Scotiabank, and The Toronto-Dominion Bank.
13 Based on Gross Written Premiums for Property and Casualty business. Ranks based on data available from OSFI, insurers, Insurance Bureau of Canada, and provincial regulators as at December 31, 2017.
14 Strategic Insight Managed Money Advisory Service – Canada (Spring 2018 report, AUM effective December 2017), Benefits Canada 2018 Top 40 Money Managers report (May 2018 report, AUM effective December 2017); Assets under management as of October 31, 2018 for Greystone.

- Innovate with purpose for our customers and colleagues, simplifying to make it easier to get things done.
- Be recognized as an extraordinary place to work where diversity and inclusiveness are valued.
- Contribute to the well-being of our communities.

TABLE 16: CANADIAN RETAIL

(millions of Canadian dollars, except as noted)	**2018**	2017	2016
Net interest income	**$ 11,576**	$ 10,611	$ 9,979
Non-interest income	**11,137**	10,451	10,230
Total revenue	**22,713**	21,062	20,209
Provision for credit losses – impaired [1]	**927**	986	1,011
Provision for credit losses – performing [2]	**71**	–	–
Total provision for credit losses [3]	**998**	986	1,011
Insurance claims and related expenses	**2,444**	2,246	2,462
Non-interest expenses	**9,473**	8,934	8,557
Provision for (recovery of) income taxes	**2,615**	2,371	2,191
Net income	**$ 7,183**	$ 6,525	$ 5,988
Selected volumes and ratios			
Return on common equity [4]	**47.8 %**	45.2 %	41.9 %
Net interest margin (including on securitized assets)	**2.91**	2.83	2.78
Efficiency ratio	**41.7**	42.4	42.3
Assets under administration (billions of Canadian dollars)	**$ 389**	$ 387	$ 379
Assets under management (billions of Canadian dollars)	**289**	283	271
Number of Canadian retail branches	**1,098**	1,128	1,156
Average number of full-time equivalent staff	**38,560**	38,880	38,575

1 PCL – impaired represents Stage 3 PCL under IFRS 9 and counterparty-specific and individually insignificant PCL under IAS 39 on financial assets.
2 PCL – performing represents Stage 1 and Stage 2 PCL under IFRS 9 and incurred but not identified PCL under IAS 39 on financial assets, loan commitments, and financial guarantees.
3 Effective November 1, 2017, the PCL related to the allowances for credit losses for all three stages are recorded within the respective segment. Under IAS 39 and prior to November 1, 2017, the PCL related to the incurred but not identified allowance for credit losses related to products in the Canadian Retail segment was recorded in the Corporate segment.
4 Capital allocated to the business segment was based on 9% CET1 Capital in fiscal 2018, 2017, and 2016.

REVIEW OF FINANCIAL PERFORMANCE

Canadian Retail net income for the year was $7,183 million, an increase of $658 million, or 10%, compared with last year. The increase in earnings reflects revenue growth, partially offset by higher non-interest expenses, insurance claims, and PCL. The ROE for the year was 47.8%, compared with 45.2% last year.

Canadian Retail revenue is derived from Canadian personal and commercial banking, wealth, and insurance businesses. Revenue for the year was $22,713 million, an increase of $1,651 million, or 8%, compared with last year.

Net interest income increased $965 million, or 9%, reflecting volume growth and higher margins. Average loan volumes increased $23 billion, or 6%, reflecting 5% growth in personal loans and 10% growth in business loans. Average deposit volumes increased $15 billion, or 5%, reflecting 4% growth in personal deposits and 8% growth in business deposits. Net interest margin was 2.91%, or an increase of 8 bps, reflecting rising interest rates, partially offset by competitive pricing in loans.

Non-interest income increased $686 million, or 7%, reflecting wealth asset growth, an increase in revenues from the insurance business, higher fee-based revenue in the personal banking business, and higher trading volumes in the direct investing business. An increase in the fair value of investments supporting claims liabilities, which resulted in a similar increase to insurance claims, increased non-interest income by $41 million.

Assets under administration (AUA) were $389 billion as at October 31, 2018, an increase of $2 billion, or 1%, compared with last year, reflecting new asset growth, partially offset by decreases in market value. Assets under management (AUM) were $289 billion as at October 31, 2018, an increase of $6 billion, or 2%, compared with last year, reflecting new asset growth.

PCL for the twelve months ended October 31, 2018 was $998 million, an increase of $12 million, or 1% compared with last year. PCL – impaired was $927 million, a decrease of $59 million, or 6%, reflecting strong credit performance across all business lines. PCL – performing (recorded in the Corporate segment last year as incurred but not identified credit losses under IAS 39) was $71 million primarily reflecting the adoption of IFRS 9 including where Stage 2 loans are measured on a lifetime ECL. Full year PCL as a percentage of credit volume was 0.25%, a decrease of 1 basis point. Net impaired loans were $664 million, an increase of $109 million, or 20%. Net impaired loans as a percentage of total loans were 0.16%, compared with 0.15%, as at October 31, 2017.

Insurance claims and related expenses for the year were $2,444 million, an increase of $198 million, or 9%, compared with last year, reflecting an increase in reinsurance liabilities assumed, more severe weather-related events, higher current year claims, and an increase in the fair value of investments supporting claims liabilities which resulted in a similar increase to non-interest income, partially offset by more favourable prior years' claims development, and the impact of changes to forward-looking actuarial assumptions.

Non-interest expenses for the year were $9,473 million, an increase of $539 million, or 6%, compared with last year, reflecting increased employee-related expenses including revenue-based variable compensation expenses in the wealth business, increased marketing and promotion costs, increased spend related to strategic initiatives, and restructuring costs across a number of businesses.

The efficiency ratio was 41.7%, compared with 42.4% last year.

KEY PRODUCT GROUPS

Personal Banking

- Personal Deposits – offers a comprehensive line-up of chequing, savings, and investment products to retail clients.
- Consumer Lending – offers a diverse range of unsecured financing products to suit the needs of retail clients.
- Real Estate Secured Lending – offers homeowners a wide range of lending products secured by residential properties.
- Credit Cards and Merchant Solutions – offers a variety of credit card products including proprietary,co-branded, and affinity credit card programs, as well as point-of-sale technology and payment solutions for large and small businesses.
- Auto Finance – offers retail automotive and recreational vehicle financing including promotional rate loans offered in cooperation with large automotive manufacturers.

Business Banking
- Commercial Banking – serves the borrowing, deposit and cash management needs of businesses across a wide range of industries including real estate, agriculture, automotive, and commercial mortgages.
- Small Business Banking – offers a wide range of financial products and services to small businesses.

Wealth
- Direct Investing – Canada's first and largest online brokerage for self-directed investors, Direct Investing empowers traders and investors with innovative trading tools, industry-leading market research, online education, and 24/7 telephone support.
- Advice-based business – offers investment advice, financial planning and private wealth services to help clients protect, grow, and transition their wealth. The advice-based wealth business has a strong partnership with the Canadian personal and commercial banking businesses.
- Asset Management – With the closing of the Greystone acquisition on November 1, 2018, TDAM is Canada's largest money manager[15] with deep retail and institutional capabilities. TD Mutual Funds is a leading mutual fund business, providing a broadly diversified range of mutual funds and professionally managed portfolios. All asset management units work in close partnership with other TD businesses.

Insurance
- Property and Casualty – TD is the largest direct distribution insurer[16] and the fourth largest personal insurer[16] in Canada. It is also the national leader in the affinity market[16] offering home and auto insurance to members of affinity groups such as professional associations, universities and employer groups, and other customers, through direct channels.
- Life and Health – offers credit protection through TD Canada Trust branches. Other simple life and health insurance products, credit card balance protection, and travel insurance products, are distributed through direct channels.

BUSINESS OUTLOOK AND FOCUS FOR 2019

The pace of economic expansion in Canada is expected to remain consistent with 2018. However, global uncertainties underlying the outcome of various international trade disputes and continued softness in Canadian oil prices could impact growth in 2019. While many factors affect margins and they will fluctuate from quarter-to-quarter, the environment is expected to support a positive trend for margins on a full year basis. We expect regulatory changes to continue, which combined with the high level of competition, including from market disruptors, will require continued investment in our products, channels, and infrastructure. We will maintain our disciplined approach to risk management, but credit losses may be impacted by volume growth and possible normalization of credit conditions. Overall, absent significant changes in the economic and operating environment, we expect to deliver strong results in 2019.

Our key priorities for 2019 are as follows:
- **Enhance end-to-end omni-channel capabilities to support key customer journeys, enabling a seamless, simple, intuitive and legendary customer experience.**
- **Grow our market share by providing best-in-class products and services, when and where our customers need them, with an emphasis on underrepresented products and markets.**
- **Expand our advisory capabilities by focusing on helping our customers understand their financial needs and feel confident about their financial future.**
- **Accelerate growth and distribution capabilities in the Wealth Advice channels, enrich the client offering in the Direct Investing business, and innovate for leadership in Asset Management.**
- **Continue to invest in our insurance products and services, ensuring that they are competitive, easy to understand, and provide the protection our clients need.**
- **Invest in our business and infrastructure to keep pace with evolving customer expectations, regulatory requirements, and cyber risks.**
- **Continue to evolve our brand as an employer of choice, where colleagues achieve their full potential and where diversity and inclusiveness are valued.**

15 Strategic Insight Managed Money Advisory Service – Canada (Spring 2018 report, AUM effective December 2017), Benefits Canada 2018 Top 40 Money Managers report (May 2018 report, AUM effective December 2017); Assets under management as of October 31, 2018 for Greystone.

16 Based on Gross Written Premiums for Property and Casualty business. Ranks based on data available from OSFI, insurers, Insurance Bureau of Canada, and provincial regulators as at December 31, 2017.

U.S. Retail

Operating under the brand name, TD Bank, America's Most Convenient Bank®, the U.S. Retail Bank offers a full range of financial products and services to over 9 million customers in the Bank's U.S. personal and business banking operations, including wealth management. U.S. Retail includes an equity investment in TD Ameritrade.

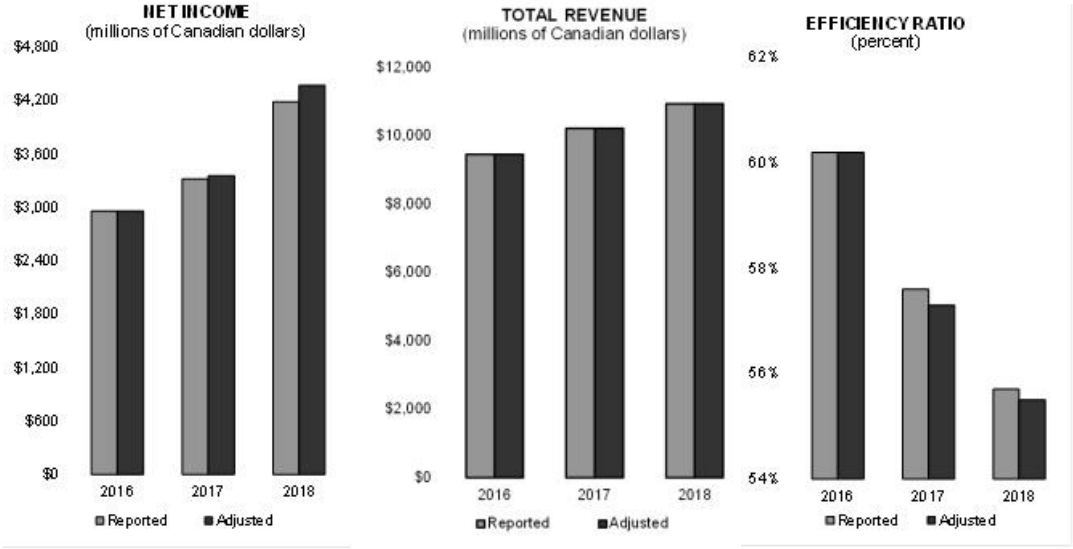


TABLE 17: REVENUE – Reported[1]

(millions of dollars)	Canadian dollars			U.S. dollars		
	2018	2017	2016	**2018**	2017	2016
Personal Banking	**$ 6,140**	$ 5,599	$ 5,153	**$ 4,769**	$ 4,283	$ 3,884
Business Banking	**3,527**	3,399	3,173	**2,740**	2,600	2,391
Wealth	**511**	504	455	**397**	386	343
Other[2]	**766**	719	678	**595**	549	512
Total	**$ 10,944**	$ 10,221	$ 9,459	**$ 8,501**	$ 7,818	$ 7,130

1 Excludes equity in net income of an investment in TD Ameritrade.
2 Other revenue consists primarily of revenue from investing activities and an insured deposit account (IDA) agreement with TD Ameritrade.

BUSINESS HIGHLIGHTS

- **Record performance in:**
  - **Reported earnings of US$3,253 million, an increase of 28%, compared with last year;**
  - **Reported return on equity of 12.2%, an increase of 250 bps, compared with last year; and**
  - **Reported efficiency ratio of 55.7%, an improvement of 190 bps, compared with last year.**
- **Continued to provide legendary customer service and convenience:**
  - **"Ranked Highest in Dealer Satisfaction with Floor Planning by J.D. Power"[17].**
- **Recognized as an extraordinary and inclusive place to work:**
  - **Named to DiversityInc.'s Top 50 Companies in the U.S. for diversity for the sixth year in a row; and**
  - **Recognized by American Banker – Most Powerful Women in Banking, where two members of the TD team were named to the Women to Watch list, and in addition, several of our TD Bank leaders were recognized as a Top Team in Banking this year for the first time.**
- **Led our peers in loan and deposit growth, as well as household acquisition.**
- **Deepened relationships with new and existing customers.**
- **Continued focus on enhancements to our core capabilities and infrastructure, as well as building out digital capabilities.**
- **TD Ameritrade had strong organic growth and successfully completed the integration of Scottrade.**

CHALLENGES IN 2018

- **Moderating corporate loan growth.**
- **Moderating residential real estate loan originations in the rising rate environment.**
- **Slower deposit growth as a result of competitive environment and higher yielding alternatives.**
- **Ongoing industry trend of assets under management moving from active to passive investment strategies.**
- **Competition from U.S. banks and non-bank competitors (such as Fintech).**

17 TD Auto Finance received the highest score in the floor planning segment in the J.D. Power 2018 Dealer Financing Satisfaction Study of dealers' satisfaction with automotive finance providers. Visit jdpower.com/awards.

INDUSTRY PROFILE

The U.S. personal and business banking industry is highly competitive and includes several very large financial institutions as well as regional banks, small community and savings banks, finance companies, credit unions, and other providers of financial services. The wealth management industry includes national and regional banks, insurance companies, independent mutual fund companies, brokers, and independent asset management companies. The personal and business banking and wealth management industries also include non-traditional competitors ranging from start-ups to established non-financial companies expanding into financial services.

These industries serve individuals, businesses, and governments. Products include deposit, lending, cash management, financial advice, and asset management. These products may be distributed through a single channel or an array of distribution channels such as physical locations, digital, and ATMs. Certain businesses also serve customers through indirect channels.

Traditional competitors are embracing new technologies and strengthening their focus on the customer experience. Non-traditional competitors (such as Fintech) have continued to gain momentum and are increasingly collaborating with banks to evolve customer products and experience. The keys to profitability continue to be attracting and retaining customer relationships with legendary service and convenience, offering products and services through an array of distribution channels that meet customers' evolving needs, making strategic investments while maintaining disciplined expense management over operating costs, and prudent risk management.

OVERALL BUSINESS STRATEGY

The strategy for U.S. Retail is to:

- Deliver legendary omni-channel service and convenience.
- Grow and deepen customer relationships.
- Leverage our differentiated brand as the "human" bank.
- Innovate with purpose to simplify processes and execute with speed and excellence.
- Be a premier destination for top talent.
- Maintain prudent risk management.
- Actively support the communities where we operate.

TABLE 18: U.S. RETAIL

(millions of dollars, except as noted)

Canadian Dollars	**2018**	2017	2016
Net interest income	**$ 8,176**	$ 7,486	$ 7,093
Non-interest income[1]	**2,768**	2,735	2,366
Total revenue – reported[2]	**10,944**	10,221	9,459
Provisions for credit losses – impaired[3]	**776**	648	534
Provisions for credit losses – performing[4]	**141**	144	210
Total provisions for credit losses	**917**	792	744
Non-interest expenses – reported	**6,100**	5,878	5,693
Non-interest expenses – adjusted[5]	**6,079**	5,852	5,693
Provisions for (recovery of) income taxes – reported[1]	**432**	671	498
Provisions for (recovery of) income taxes – adjusted[1]	**437**	681	498
U.S. Retail Bank net income – reported	**3,495**	2,880	2,524
U.S. Retail Bank net income – adjusted[5]	**3,511**	2,896	2,524
Equity in net income of an investment in TD Ameritrade – reported[1]	**693**	442	435
Equity in net income of an investment in TD Ameritrade – adjusted[1,6]	**865**	462	435
Net income – reported	**4,188**	3,322	2,959
Net income – adjusted	**$ 4,376**	$ 3,358	$ 2,959
U.S. Dollars			
Net interest income	**$ 6,350**	$ 5,727	$ 5,346
Non-interest income[1]	**2,151**	2,091	1,784
Total revenue – reported[2]	**8,501**	7,818	7,130
Provision for credit losses – impaired[3]	**605**	498	402
Provision for credit losses – performing[4]	**108**	109	157
Total provision for credit losses	**713**	607	559
Non-interest expenses – reported	**4,739**	4,500	4,289
Non-interest expenses – adjusted[5]	**4,722**	4,479	4,289
Provisions for (recovery of) income taxes – reported[1]	**334**	511	376
Provisions for (recovery of) income taxes – adjusted[1]	**338**	519	376
U.S. Retail Bank net income – reported	**2,715**	2,200	1,906
U.S. Retail Bank net income – adjusted[5]	**2,728**	2,213	1,906
Equity in net income of an investment in TD Ameritrade – reported[1]	**538**	336	328
Equity in net income of an investment in TD Ameritrade – adjusted[1,6]	**673**	352	328
Net income – reported	**3,253**	2,536	2,234
Net income – adjusted	**$ 3,401**	$ 2,565	$ 2,234
Selected volumes and ratios			
Return on common equity – reported[7]	**12.2 %**	9.7 %	8.8 %
Return on common equity – adjusted[7]	**12.8**	9.8	8.8
Net interest margin[1,2,8]	**3.29**	3.11	3.12
Efficiency ratio – reported	**55.7**	57.6	60.2
Efficiency ratio – adjusted	**55.5**	57.3	60.2
Assets under administration (billions of U.S. dollars)	**$ 19**	$ 18	$ 17
Assets under management (billions of U.S. dollars)	**52**	63	66
Number of U.S. retail stores	**1,257**	1,270	1,278
Average number of full-time equivalent staff	**26,594**	25,923	25,732

1 The reduction of the U.S. federal corporate tax rate enacted by the U.S. Tax Act resulted in an adjustment during 2018 to the Bank's U.S. deferred tax assets and liabilities to the lower base rate of 21% as well as an adjustment to the Bank's carrying balances of certain tax credit-related investments and its investment in TD Ameritrade. This earnings impact was reported in the Corporate segment. For additional details, refer to the "Non-GAAP Financial Measures – Reconciliation of Adjusted to Reported Net Income" table in the "Financial Results Overview" section of this document.

2 Effective the first quarter of 2017, the impact from certain treasury and balance sheet management activities relating to the U.S. Retail segment is recorded in the Corporate segment.

3 PCL – impaired represents Stage 3 PCL under IFRS 9 and counterparty-specific and individually insignificant PCL under IAS 39 on financial assets.

4 PCL – performing represents Stage 1 and Stage 2 PCL under IFRS 9 and incurred but not identified PCL under IAS 39 on financial assets, loan commitments, and financial guarantees.

5 Adjusted non-interest expense excludes the following items of note: Charges associated with the Bank's acquisition of Scottrade Bank in 2018 – $21 million ($16 million after tax) or US$17 million ($13 million after tax), 2017 – $26 million ($16 million after tax) or US$21 million (US$13 million after tax). For explanations of items of note, refer to the "Non-GAAP Financial Measures – Reconciliation of Adjusted to Reported Net Income" table in the "Financial Results Overview" section of this document.

6 Adjusted equity in net income of an investment in TD Ameritrade excludes the following item of note: The Bank's share of charges associated with TD Ameritrade's acquisition of Scottrade in 2018 – $172 million or US$135 million after tax, 2017 – $20 million or US$16 million after tax. For explanations of items of note, refer to the "Non-GAAP Financial Measures – Reconciliation of Adjusted to Reported Net Income" table in the "Financial Results Overview" section of this document.

7 Capital allocated to the business segments was based on 9% CET1 Capital in fiscal 2018, 2017, and 2016.

8 Net interest margin excludes the impact related to the TD Ameritrade IDA and the impact of intercompany deposits and cash collateral. In addition, the value of tax-exempt interest income is adjusted to its equivalent before-tax value.

REVIEW OF FINANCIAL PERFORMANCE

U.S. Retail reported net income for the year was $4,188 million (US$3,253 million), an increase of $866 million (US$717 million), or 26% (28% in U.S. dollars), compared with last year. On an adjusted basis, net income for the year was $4,376 million (US$3,401 million), an increase of $1,018 million (US$836 million), or 30% (33% in U.S. dollars). The reported and adjusted ROE for the year was 12.2% and 12.8%, respectively, compared with 9.7%, and 9.8%, respectively, in the prior year.

U.S. Retail net income includes contributions from the U.S. Retail Bank and the Bank's investment in TD Ameritrade. Reported net income for the year from the U.S. Retail Bank and the Bank's investment in TD Ameritrade were $3,495 million (US$2,715 million) and $693 million (US$538 million), respectively. On an adjusted basis for the year, the U.S. Retail Bank and the Bank's investment in TD Ameritrade contributed net income of $3,511 million (US$2,728 million) and $865 million (US$673 million), respectively.

The reported contribution from TD Ameritrade of US$538 million increased US$202 million, or 60%, compared with last year, primarily due to the benefit of the Scottrade transaction, higher interest rates, increased trading volumes, and a lower corporate tax rate, partially offset by higher operating expenses and charges associated with the Scottrade transaction. On an adjusted basis, the contribution from TD Ameritrade increased US$321 million, or 91%.

U.S. Retail Bank reported net income for the year was US$2,715 million, an increase of US$515 million, or 23%, compared with last year, primarily due to higher loan and deposit volumes, higher deposit margins, fee income growth, the benefit of the Scottrade transaction, and a lower corporate tax rate, partially offset by higher expenses and PCL. U.S. Retail Bank adjusted net income increased US$515, or 23%.

U.S. Retail Bank revenue is derived from personal and business banking, and wealth management. Revenue for the year was US$8,501 million, an increase of US$683 million, or 9%, compared with last year. Net interest income increased US$623 million, or 11%, primarily due to a more favourable interest rate environment, growth in loan and deposit volumes, and the benefit of the Scottrade transaction. Net interest margin was 3.29%, an 18 bps increase primarily due to higher deposit margins and balance sheet mix. Non-interest income increased US$60 million, or 3%, reflecting fee income growth in personal and commercial banking, partially offset by losses on certain tax credit-related investments.

Average loan volumes increased US$6 billion, or 4%, compared with last year, due to growth in personal and business loans of 6% and 3%, respectively. Average deposit volumes increased US$19 billion, or 8%, reflecting 1% growth in business deposit volumes, 4% growth in personal deposit volumes and a 15% increase in sweep deposit volume primarily due to the Scottrade transaction.

AUA were US$19 billion as at October 31, 2018, relatively flat compared with the prior year. AUM were US$52 billion as at October 31, 2018, a decrease of 17%, reflecting net fund outflows.

PCL was US$713 million, an increase of US$106 million, or 17%, compared with last year. PCL – impaired was US$605 million, an increase of US$107 million, or 21%, primarily reflecting volume growth, seasoning, and mix in the credit card and auto portfolios. PCL – performing was US$108 million, relatively flat compared to last year, primarily reflecting lower provisions for the commercial portfolios, offset by the impact of methodology changes related to the adoption of IFRS 9 where Stage 2 loans are now measured based on a lifetime ECL. U.S. Retail PCL including only the Bank's contractual portion of credit losses in the U.S. strategic cards portfolio, as an annualized percentage of credit volume was 0.48%, or an increase of 6 bps. Net impaired loans, excluding ACI loans, were US$1.4 billion, a decrease of US$45 million, or 3%. Excluding ACI loans, net impaired loans as a percentage of total loans were 1% as at October 31, 2018.

Reported non-interest expenses for the year were US$4,739 million, an increase of US$239 million, or 5%, compared with last year, reflecting higher investments in business initiatives, business and volume growth, and employee-related costs, partially offset by productivity savings. On an adjusted basis, non-interest expenses for the year were US$4,722 million, an increase of US$243 million, or 5%.

The reported and adjusted efficiency ratios for the year were 55.7% and 55.5%, respectively, compared with 57.6% and 57.3%, respectively, last year.

KEY PRODUCT GROUPS

Personal Banking

- Personal Deposits – offers a full suite of chequing and savings products to retail customers through multiple delivery channels.
- Consumer Lending – offers a diverse range of financing products to suit the needs of retail customers.
- Credit Cards Services – offers TD-branded credit cards for retail and small business franchise customers. TD also offers private label and co-brand credit cards through nationwide, retail partnerships to provide credit card products to their U.S. customers.
- Auto Finance – offers indirect retail financing through a network of auto dealers, along with floorplan financing to automotive dealerships throughout the U.S.

Business Banking

- Small Business Banking – offers a range of financial products and services to small businesses.
- Commercial Banking – serves the needs of U.S. businesses and governments across a wide range of industries.

Wealth

- Advice-based Business – provides private banking, investment advisory, and trust services to retail and institutional clients. The advice-based business is integrated with the U.S. personal and commercial banking businesses.
- Asset Management – the U.S. asset management business is comprised of Epoch Investment Partners Inc. and the U.S. arm of TDAM's investment business.

BUSINESS OUTLOOK AND FOCUS FOR 2019

We anticipate the operating environment to remain stable in 2019, characterized by solid economic growth, continued rising interest rates, and fierce competition. This should support continuing loan and deposit growth and improving net interest margins on a full year basis. Volume growth and continued normalizing of credit conditions may lead to an increase in credit losses in 2019. Uncertainties over trade and tariffs could slow down growth and increase credit losses at the same time. We expect to maintain a disciplined expense management approach, while continuing to make strategic business investments. We expect expense growth to be similar to 2018 while generating positive operating leverage for the year as well as see further improvements in the efficiency ratio.

Our key priorities for 2019 are as follows:

- **Deliver consistency and excellence in sales and service to drive more meaningful interactions and better serve the needs of our customers.**
- **Deepen customer engagement through delivering a personalized and connected experience across all channels.**
- **Leverage our infrastructure and capabilities to simplify and enhance the customer and employee experience.**
- **Grow our market share by deepening customer relationships, growing underrepresented products, and expanding into attractive markets.**
- **Continue to prudently manage risk and meet heightened regulatory expectations.**
- **Continue to make progress on our talent strategy with a continuing focus on diversity and inclusion.**

TD AMERITRADE HOLDING CORPORATION

Refer to Note 12 of the 2018 Consolidated Financial Statements for further information on TD Ameritrade.

Wholesale Banking

Operating under the brand name TD Securities, Wholesale Banking offers a wide range of capital markets and corporate and investment banking services to corporate, government, and institutional clients in key global financial centres.

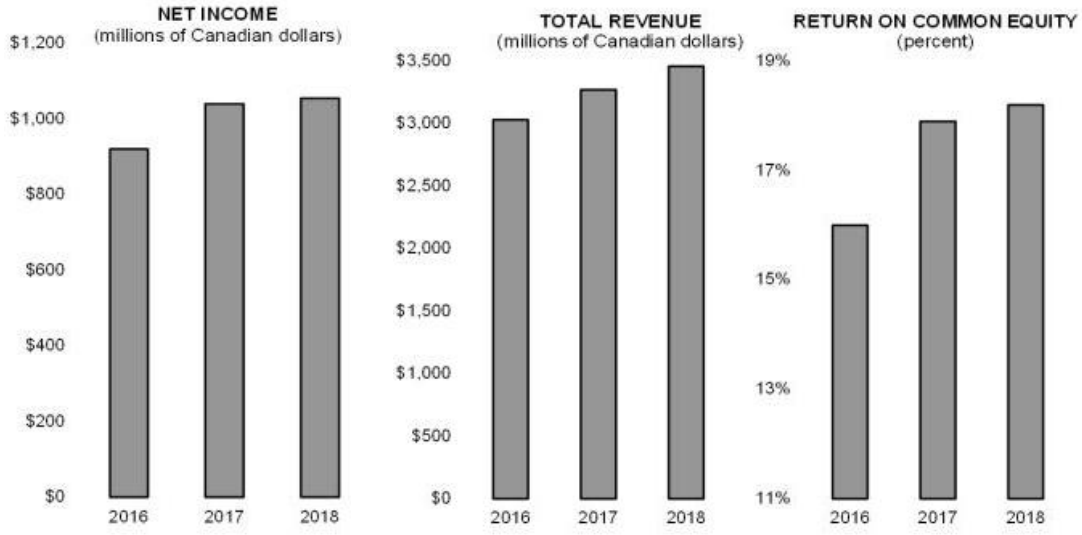


TABLE 19: REVENUE

(millions of Canadian dollars)	2018	2017	2016
Global markets	**$ 2,387**	$ 2,348	$ 2,239
Corporate and investment banking	**996**	860	767
Other	**76**	63	24
Total	**$ 3,459**	$ 3,271	$ 3,030

BUSINESS HIGHLIGHTS

- **Earnings of $1,054 million and a ROE of 17.7%.**
- **Higher revenue, reflecting the strength in our business in Canada and the continued growth in the U.S.**
- **Notable deals in the year:**
  - **Advised Thomson Reuters on the sale of a 55% interest in its Financial & Risk business to private equity funds managed by Blackstone and the creation of a strategic partnership for the business (now known as Refinitiv). This deal represented the largest corporate carve-out and leveraged buyout in Canadian history. The transaction demonstrates our leadership in the communications, media, and technology sector, and is important in building our Mergers and Acquisitions (M&A) franchise;**
  - **Demonstrated our leadership in the new Secured Overnight Financing Rate (SOFR) Index market, having been one of three managers on Fannie Mae's US$6 billion floating rate note issuance using the SOFR Index, the first major test of this alternative to U.S. dollar London Interbank Offered Rate (LIBOR). Subsequently, TD Securities continued to play a leading role in this market's growth, having been involved in over US$13 billion, or 79%, of the market's SOFR-linked issuances; and**
  - **Continued to gain traction on our U.S. dollar strategy, delivering on some key mandates for both domestic and U.S. clients demonstrating our capabilities and expertise in U.S. markets. We were a joint book-runner on US$750 million issuance of 30-year notes for each of Bell Canada and Telus. We also delivered back-to-back mandates for Ford Motor Company, first on its US$1.8 billion loan asset backed securities (ABS) and second on its US$2 billion multi-tranche seven-year offering.**
- **Continued to make investments to build our U.S. dollar business, strategically hiring people in our investment banking, underwriting, and trading teams, and enhancing our product offerings.**
- **Continued to onboard clients to our TD Prime Services platform, our prime brokerage business based in New York that was acquired in 2017.**
- **Top-two dealer status in Canada (for the ten-month period ended October 31, 2018)[18]:**
  - **#1 in equity options block trading;**
  - **#1 in syndicated loans (on a rolling twelve-month basis);**
  - **#1 in M&A announced (on a rolling twelve-month basis);**

18 Rankings reflect TD Securities' position among Canadian peers in Canadian product markets. Equity options block trading: block trades by number of contracts on the Montreal Stock Exchange, Source: Montreal Exchange. Syndicated loans: deal volume awarded equally between the book-runners, Source: Bloomberg. M&A announced: Canadian targets, Source: Thomson Reuters. Equity underwriting, Source: Bloomberg. Equity block trading: block trades by value on all Canadian exchanges, Source: IRESS. Government and corporate debt underwriting: excludes self-led domestic bank deals and credit card deals, bonus credit to lead, Source: Bloomberg.

  - **#1 in equity underwriting;**
  - **#2 in equity block trading; and**
  - **#2 in government debt and corporate debt underwriting.**
- **TD Securities was recognized with awards, demonstrating our expertise and execution capabilities within Capital Markets:**
  - **For the first time, TD Securities tied for #1 as 2018 Greenwich Share Leaders for Overall Canadian Fixed Income Market Share and ranks #1 as the 2018 Greenwich Quality Leader for Canadian Fixed Income Sales;**
  - **TD Securities Equity Research was awarded the most Thomson Reuters Analyst Awards of any Canadian Broker, the fourth time within the last six years. These awards celebrate the world's top individual sell-side analysts and sell-side firms; and**
  - **Recognized as the 2018 GlobalCapital Award winner for "Coming Force in FIG Bonds" and "Canada Derivatives House of the Year".**

CHALLENGES IN 2018
- **Rising interest rate environment contributing to challenges in fixed income trading and equities markets.**
- **Significantly reduced capital markets activity in the Canadian energy sector. Lower oil and gas pricing, and transportation issues caused a meaningful slowdown in industry investment and M&A activity.**
- **NAFTA and general tariff uncertainty resulted in reduced global investor interest in Canada.**
- **Slow overall global industry growth pressuring margins.**
- **Investments and capital required to meet continued regulatory changes.**

INDUSTRY PROFILE

The wholesale banking sector is a mature, highly competitive market with competition arising from banks, large global investment firms, and independent niche dealers. Wholesale Banking provides services to corporate, government, and institutional clients. Products include capital markets and corporate and investment banking services. Regulatory requirements for wholesale banking businesses have continued to evolve, impacting strategy and returns for the sector. Overall, wholesale banks have continued to shift their focus to client-driven trading revenue and fee income to reduce risk and to preserve capital. Competition is expected to remain intense for transactions with high quality counterparties, as securities firms focus on prudent risk and capital management. Longer term, wholesale banks that have a diversified client-focused business model, offer a wide range of products and services, and exhibit effective cost and capital management will be well-positioned to achieve attractive returns for shareholders.

OVERALL BUSINESS STRATEGY
- Solidify our leadership in Canada and be the top-ranked investment dealer with global execution capabilities.
- Build our U.S. dollar capabilities by growing valued, trusted relationships with our banking and markets clients in sectors where we are well positioned and competitive.
- Expand the client franchise organically by deepening client relationships, adding people, and investing in our products and services.
- Leverage TD's franchise, working to support our banking partners.
- Foster our strong risk culture to enable growth while remaining within risk appetite.
- Adapt our infrastructure to enable the investment dealer for tomorrow, focused on operational excellence to meet client and stakeholder needs.
- Be an extraordinary and inclusive place to work by attracting, developing, and retaining the best talent.

TABLE 20: WHOLESALE BANKING

(millions of Canadian dollars, except as noted)	2018	2017	2016
Net interest income (TEB)	**$ 1,150**	$ 1,804	$ 1,685
Non-interest income[1,2]	**2,309**	1,467	1,345
Total revenue	**3,459**	3,271	3,030
Provision for (recovery of) credit losses – impaired[2,3]	**(8)**	(28)	74
Provision for (recovery of) credit losses – performing[4]	**11**	–	–
Total provision for (recovery of) credit losses[5]	**3**	(28)	74
Non-interest expenses	**2,067**	1,929	1,739
Provision for (recovery of) income taxes (TEB)[6]	**335**	331	297
Net income	**$ 1,054**	$ 1,039	$ 920
Selected volumes and ratios			
Trading-related revenue (TEB)	**$ 1,749**	$ 1,714	$ 1,636
Gross drawn (billions of Canadian dollars)[7]	**23.9**	20.3	20.7
Return on common equity[8]	**17.7 %**	17.4 %	15.5 %
Efficiency ratio	**59.8**	59.0	57.4
Average number of full-time equivalent staff	**4,187**	3,989	3,766

1 Effective February 1, 2017, the total gains and losses on derivatives hedging the reclassified securities portfolio (classified as FVOCI under IFRS 9 and AFS portfolio under IAS 39) are recorded in Wholesale Banking, previously reported in the Corporate segment and treated as an item of note. Refer to the "Non-GAAP Financial Measures – Reconciliation of Adjusted to Reported Net Income" table in the "Financial Results Overview" section of this document.

2 Effective November 1, 2017, the accrual costs related to CDS used to manage Wholesale Banking's corporate lending exposure are recorded in non-interest income, previously reported as a component of PCL. The change in market value of the CDS, in excess of the accrual cost, continues to be reported in the Corporate segment.

3 PCL – impaired represents Stage 3 PCL under IFRS 9 and counterparty-specific and individually insignificant PCL under IAS 39 on financial assets.

4 PCL – performing represents Stage 1 and Stage 2 PCL under IFRS 9 and incurred but not identified PCL under IAS 39 on financial assets, loan commitments, and financial guarantees.

5 Effective November 1, 2017, the PCL related to the allowances for credit losses for all three stages are recorded within the respective segment. Under IAS 39 and prior to November 1, 2017, the PCL related to the incurred but not identified allowance for credit losses related to products in Wholesale Banking was recorded in the Corporate segment.

6 The reduction of the U.S. federal corporate tax rate enacted by the U.S. Tax Act resulted in a one-time adjustment during 2018 to Wholesale Banking's U.S. deferred tax assets and liabilities to the lower base rate of 21%. The earnings impact was reported in the Corporate segment. For additional details, refer to the "Non-GAAP Financial Measures – Reconciliation of Adjusted to Reported Net Income" table in the "Financial Results Overview" section of this document.

7 Includes gross loans and bankers' acceptances, excluding letters of credit, cash collateral, credit default swaps, and reserves for the corporate lending business.

8 Capital allocated to the business segments was based on 9% CET1 Capital in fiscal 2018, 2017, and 2016.

REVIEW OF FINANCIAL PERFORMANCE

Wholesale Banking net income for the year was $1,054 million, an increase of $15 million, or 1%, compared with the prior year reflecting higher revenue, partially offset by higher non-interest expenses and PCL for the year compared to a net recovery of PCL in the prior year. The ROE for the year was 17.7%, compared with 17.4% in the prior year.

Revenue for the year was $3,459 million, an increase of $188 million, or 6%, compared with the prior year reflecting increased corporate lending, advisory fees, and trading-related revenue.

PCL for the year was $3 million, compared with a net recovery of $28 million in the prior year. PCL – impaired was a net recovery of $8 million, compared with a net recovery of $28 million in the prior year, reflecting a lower recovery of provisions in the oil and gas sector. PCL – performing (recorded in the Corporate segment last year as incurred but not identified credit losses under IAS 39) for the year was $11 million primarily reflecting the adoption of IFRS 9 including where Stage 2 loans are measured on a lifetime ECL.

Non-interest expenses were $2,067 million, an increase of $138 million, or 7%, compared with the prior year reflecting continued investments in employees supporting the global expansion of Wholesale Banking's U.S. dollar strategy, higher initiative spend to enhance new product capabilities and higher variable compensation commensurate with increased revenue, partially offset by the revaluation of certain liabilities for post-retirement benefits.

LINES OF BUSINESS

- ***Global Markets*** includes sales, trading and research, debt and equity underwriting, client securitization, trade finance, cash management, prime brokerage, and trade execution services[19].
- ***Corporate and Investment Banking*** includes corporate lending and syndications, debt and equity underwriting, and advisory services[19].
- ***Other*** includes the investment portfolio and other accounting adjustments.

BUSINESS OUTLOOK AND FOCUS FOR 2019

We are cautiously optimistic that capital markets revenues may improve in 2019, as we continue to build our U.S. dollar businesses. However, we remain watchful of market sentiment as a combination of global geo-political and trade uncertainties, recent market volatility, increased competition, and evolving capital and regulatory requirements, may continue to impact our business. While these factors may affect corporate and investor sentiment in the near term, we expect that our diversified, integrated, and client-focused business model will continue to deliver solid results and allow for growth in our business.

Our key priorities for 2019 are as follows:

- **Continue to be a top-ranked investment dealer in Canada by deepening client relationships.**
- **Grow our U.S. dollar business, focusing on opportunities in areas such as TD Prime Services, Debt Capital Markets (DCM), ABS, and Corporate and Investment Banking.**
- **Focus on productivity and seamless execution in our end-to-end delivery of products and services.**
- **Invest in an efficient and agile infrastructure to support growth and adapt to industry and regulatory changes.**
- **Maintain our focus on managing risk, capital, balance sheet, and liquidity.**
- **Continue to be an extraordinary place to work with a focus on inclusion and diversity.**

[19] Revenue is shared between Global Markets and Corporate and Investment Banking lines of business in accordance with an established agreement.

Corporate

Corporate segment is comprised of a number of service and control groups. Certain costs relating to these functions are allocated to operating business segments. The basis of allocation and methodologies are reviewed periodically to align with management's evaluation of the Bank's business segments.

TABLE 21: CORPORATE

(millions of Canadian dollars)	2018	2017	2016
Net income (loss) – reported[1,2,3,4]	**$ (1,091)**	$ (369)	$ (931)
Pre-tax adjustments for items of note[5]			
Amortization of intangibles	**324**	310	335
Impact from U.S. tax reform[4]	**48**	–	–
Dilution gain on the Scottrade transaction	**–**	(204)	–
Loss on sale of the Direct Investing business in Europe	**–**	42	–
Fair value of derivatives hedging the reclassified available-for-sale securities portfolio[1]	**–**	(41)	(7)
Impairment of goodwill, non-financial assets, and other charges	**–**	–	111
Total pre-tax adjustments for items of note	**372**	107	439
Provision for (recovery of) income taxes for items of note[4]	**(289)**	73	83
Net income (loss) – adjusted	**$ (430)**	$ (335)	$ (575)
Decomposition of items included in net income (loss) – adjusted			
Net corporate expenses	**$ (822)**	$ (767)	$ (836)
Other	**320**	311	146
Non-controlling interests	**72**	121	115
Net income (loss) – adjusted	**$ (430)**	$ (335)	$ (575)
Selected volumes			
Average number of full-time equivalent staff	**15,042**	14,368	13,160

1 Effective February 1, 2017, the total gains and losses on derivatives hedging the reclassified available-for-sale securities portfolio (classified as FVOCI under IFRS 9 and AFS under IAS 39) are recorded in Wholesale Banking, previously reported in the Corporate segment and treated as an item of note. Refer to the "Non-GAAP Financial Measures – Reconciliation of Adjusted to Reported Net Income" table in the "How We Performed" section of this document.

2 Effective the first quarter of 2017, the impact from certain treasury and balance sheet management activities relating to the U.S. Retail segment is recorded in the Corporate segment.

3 Effective November 1, 2017, the PCL related to the allowances for credit losses for all three stages are recorded within the respective segment. Under IAS 39 and prior to November 1, 2017, the PCL related to the incurred but not identified allowance for credit losses related to products in the Canadian Retail and Wholesale Banking segments were recorded in the Corporate segment.

4 The reduction of the U.S. federal corporate tax rate enacted by the U.S. Tax Act resulted in a net charge to earnings during 2018 of $392 million, comprising a net $48 million pre-tax charge related to the write-down of certain tax credit-related investments, partially offset by the favourable impact of the Bank's share of TD Ameritrade's remeasurement of its deferred income tax balances and a net $344 million income tax expense resulting from the remeasurement of the Bank's deferred tax assets and liabilities to the lower base rate of 21% and other related tax adjustments.

5 For explanations of items of note, refer to the "Non-GAAP Financial Measures – Reconciliation of Adjusted to Reported Net Income" table in the "Financial Results Overview" section of this document.

Corporate segment results include unallocated revenue and expenses, the impact of treasury and balance sheet management activities, tax items at an enterprise level, and intercompany adjustments such as elimination of taxable equivalent basis and the retailer program partners' share relating to the U.S. strategic cards portfolio.

The Corporate segment reported net loss for the year was $1,091 million, compared with a reported net loss of $369 million last year. The year-over-year increase in reported net loss was attributable to the impact from U.S. tax reform this year, the dilution gain on the Scottrade transaction last year, increased net corporate expenses and decreased non-controlling interests this year and the gain on fair value of derivatives hedging the reclassifiedavailable-for-sale securities portfolio last year. Net corporate expenses increased primarily due to the positive impact of tax adjustments last year, the impact of the reduction of the U.S. corporate tax rate on current year expenses and investments in advanced analytic and artificial intelligence capabilities in the current year. The adjusted net loss for the year was $430 million, compared with an adjusted net loss of $335 million last year.

FOCUS FOR 2019

In 2019, service and control groups within the Corporate segment will continue supporting our Business segments as well as executing enterprise and regulatory initiatives and managing the Bank's balance sheet and funding activities. We will continue to proactively address the complexities and challenges from changing demands and expectations of our customers, communities, colleagues, governments and regulators. We will maintain focus on the design, development, and implementation of processes, systems, technologies, enterprise and regulatory controls and initiatives to enable the Bank's key businesses to operate efficiently, effectively, and to be in compliance with all applicable regulatory requirements.

Summary of 2017 Performance

TABLE 22: REVIEW OF 2017 FINANCIAL PERFORMANCE[1]

(millions of Canadian dollars)	Canadian Retail	U.S. Retail	Wholesale Banking	Corporate	Total
Net interest income	$ 10,611	$ 7,486	$ 1,804	$ 946	$ 20,847
Non-interest income	10,451	2,735	1,467	649	15,302
Total revenue	21,062	10,221	3,271	1,595	36,149
Provision for (recovery of) credit losses – impaired[2]	986	648	(28)	384	1,990
Provision for (recovery of) credit losses – performing[3]	–	144	–	82	226
Total provision for (recovery of) credit losses	986	792	(28)	466	2,216
Insurance claims and related expenses	2,246	–	–	–	2,246
Non-interest expenses	8,934	5,878	1,929	2,625	19,366
Net income (loss) before provision for income taxes	8,896	3,551	1,370	(1,496)	12,321
Provision for (recovery of) income taxes	2,371	671	331	(1,120)	2,253
Equity in net income of an investment in TD Ameritrade	–	442	–	7	449
Net income (loss) – reported	6,525	3,322	1,039	(369)	10,517
Adjustments for items of note, net of income taxes	–	36	–	34	70
Net income (loss) – adjusted	$ 6,525	$ 3,358	$ 1,039	$ (335)	$ 10,587

1 Certain comparative amounts have been recast to conform with presentation adopted in the current period. For further details, refer to the "Business Focus" section of this document.
2 PCL – impaired represents Stage 3 PCL under IFRS 9 and counterparty-specific and individually insignificant PCL under IAS 39 on financial assets.
3 PCL – performing represents Stage 1 and Stage 2 PCL under IFRS 9 and incurred but not identified PCL under IAS 39 on financial assets, loan commitments, and financial guarantees.

NET INCOME
Reported net income for the year was $10,517 million, an increase of $1,581 million, or 18%, compared with the prior year. The increase reflects revenue growth, lower insurance claims, and PCL, partially offset by higher non-interest expenses. Reported diluted EPS for the year was $5.50, an increase of 18%, compared with $4.67 in the prior year. Adjusted diluted EPS for the year was $5.54, a 14% increase, compared with $4.87 in the prior year.

Reported revenue was $36,149 million, an increase of $1,834 million, or 5%, compared with the prior year. Adjusted revenue was $35,946 million, an increase of $1,638 million, or 5%, compared with the prior year.

NET INTEREST INCOME
Net interest income for the year was $20,847 million, an increase of $924 million, or 5%, compared with the prior year. The increase reflects loan and deposit volume growth in the Canadian and U.S. Retail segments, and a more favourable interest rate environment. The increase was partially offset by a favourable accounting impact from balance sheet management activities in the prior year, which was largely offset in non-interest income.

By segment, the increase in reported net interest income was due to an increase in Canadian Retail of $632 million, or 6%, an increase in U.S. Retail of $393 million, or 6%, and an increase in Wholesale Banking of $119 million, or 7%, partially offset by a decrease in the Corporate segment of $220 million, or 19%.

NON-INTEREST INCOME
Reported non-interest income for the year was $15,302 million, an increase of $910 million, or 6%, compared with the prior year. The increase reflects fee growth in the Canadian and U.S. Retail segments, a dilution gain on the Scottrade transaction, an unfavourable accounting impact from balance sheet management activities in the prior year, which was largely offset in net interest income, and increased corporate lending fees in Wholesale Banking, partially offset by changes in the fair value of investments supporting claims liabilities which resulted in a similar decrease to insurance claims. Adjusted non-interest income for the year was $15,099 million, an increase of $714 million, or 5%, compared with the prior year.

By segment, the increase in reported non-interest income was due to an increase in U.S. Retail of $369 million, or 16%, an increase in Canadian Retail of $221 million, or 2%, an increase in the Corporate segment of $198 million, or 44%, and an increase in Wholesale Banking of $122 million, or 9%.

PROVISION FOR CREDIT LOSSES
PCL for the year was $2,216 million, a decrease of $114 million, or 5%, compared with the prior year. The decrease primarily reflects higher provisions for incurred but not identified credit losses recognized in the prior year, the recovery of specific provisions in the oil and gas sector, and lower provisions in the Canadian Retail segment. The decrease is partially offset by higher provisions in the U.S. Retail segment due to volume growth, mix change in auto loans and credit cards, and seasoning in credit cards. By segment, the decrease in PCL was due to a decrease in Wholesale Banking of $102 million, a decrease in the Corporate segment of $35 million, or 7%, and a decrease in Canadian Retail of $25 million, or 2%, partially offset by an increase in U.S. Retail of $48 million, or 6%.

INSURANCE CLAIMS AND RELATED EXPENSES
Insurance claims and related expenses were $2,246 million, a decrease of $216 million, or 9%, compared with the prior year, reflecting changes in the fair value of investments supporting claims liabilities which resulted in a similar decrease in non-interest income, less weather related events, and more favourable prior years' claims development, partially offset by higher current year claims.

NON-INTEREST EXPENSES
Reported non-interest expenses for the year were $19,366 million, an increase of $489 million, or 3%, compared with the prior year. The increase was primarily due to higher employee-related expenses including variable compensation, and investments in technology modernization and customer-focused initiatives. These increases were partially offset by productivity savings and the positive impact of tax adjustments in the current year. By segment, the increase in reported non-interest expenses was due to an increase in Canadian Retail of $377 million, or 4%, an increase in Wholesale Banking of $190 million, or 11%, and an increase in U.S. Retail of $185 million, or 3%, partially offset by a decrease in the Corporate segment of $263 million, or 9%. Adjusted non-interest expenses were $19,092 million, an increase of $596 million, or 3%, compared with the prior year.

PROVISION FOR INCOME TAXES

Reported total income and other taxes increased $92 million, or 3%, compared with the prior year, reflecting an increase in income tax expense of $110 million, or 5%, and a decrease in other taxes of $18 million, or 1%. Adjusted total income and other taxes were up $92 million from the prior year, reflecting an increase in income tax expense of $110 million, or 5%.

The Bank's reported effective tax rate was 18.3% for 2017, compared with 20.1% in the prior year. The year-over-year decrease was largely due to higher tax-exempt dividend income, and a non-taxable dilution gain on the Scottrade transaction. For a reconciliation of the Bank's effective income tax rate with the Canadian statutory income tax rate, refer to Note 25 of the 2017 Consolidated Financial Statements.

The Bank's adjusted effective income tax rate for 2017 was 18.9%, compared with 20.2% in the prior year. The year-over-year decrease was largely due to higher tax-exempt dividend income.

The Bank reports its investment in TD Ameritrade using the equity method of accounting. TD Ameritrade's tax expense of $268 million in 2017, compared with $214 million in the prior year, was not part of the Bank's effective tax rate.

BALANCE SHEET

Total assets were $1,279 billion as at October 31, 2017, an increase of $102 billion, or 9%, from October 31, 2016. The increase was primarily in securities purchased under reverse repurchase agreements of $48 billion, available-for-sale securities of $39 billion, loans net of allowances for loan losses of $27 billion, other amounts received from brokers, dealers, and clients of $13 billion, trading loans, securities, and other of $5 billion, partially offset by a decrease in derivatives of $16 billion and held-to-maturity securities of $13 billion. The foreign currency translation impact on total assets as at October 31, 2017, primarily in the U.S. Retail segment, was a decrease of approximately $20 billion, or 2%.

Total liabilities were $1,204 billion as at October 31, 2017, an increase of $101 billion, or 9%, from October 31, 2016. The increase was primarily due to an increase in deposits of $59 billion, obligations related to securities sold under repurchase agreements of $40 billion, amounts payable to brokers, dealers, and clients of $15 billion, partially offset by a decrease in derivatives of $14 billion. The foreign currency translation impact on total liabilities as at October 31, 2017, primarily in the U.S. Retail segment, was a decrease of approximately $20 billion, or 2%.

Equity was $75 billion as at October 31, 2017, an increase of $1 billion, or 1%, from October 31, 2016. The increase was primarily due to higher retained earnings, partially offset by a decrease in other comprehensive income due to losses on cash flow hedges and foreign exchange translation.

2017 FINANCIAL RESULTS OVERVIEW

2017 Financial Performance by Business Line

Canadian Retail net income for the year was $6,525 million, an increase of $537 million, or 9%, compared with last year. The increase in earnings reflected revenue growth, lower insurance claims and PCL, partially offset by higher non-interest expenses. The ROE for the year was 45.2%, compared with 41.9% last year.

Canadian Retail revenue is derived from the Canadian personal and commercial banking, wealth, and insurance businesses. Revenue for the year was $21,062 million, an increase of $853 million, or 4%, compared with last year.

Net interest income increased $632 million, or 6%, reflecting deposit and loan volume growth. Average loan volumes increased $16 billion, or 5%, compared with last year, comprised of 4% growth in personal loan volumes and 9% growth in business loan volumes. Average deposit volumes increased $29 billion, or 10%, compared with last year, comprised of 7% growth in personal deposit volumes, 15% growth in business deposit volumes and 15% growth in wealth deposit volumes. Margin on average earning assets was 2.83%, a 5 bps increase, primarily due to rising interest rates and favourable balance sheet mix.

Non-interest income increased $221 million, or 2%, reflecting higher fee-based revenue in the banking businesses and wealth asset growth, partially offset by a decrease in the fair value of investments supporting claims liabilities which resulted in a similar decrease in insurance claims and higher liabilities associated with increased customer engagement in credit card loyalty programs.

AUA were $387 billion as at October 31, 2017, an increase of $8 billion, or 2%, and AUM were $283 billion as at October 31, 2017, an increase of $12 billion, or 4%, compared with last year, both reflecting new asset growth and increases in market value.

PCL for the year was $986 million, a decrease of $25 million, or 2% compared with last year. Personal banking PCL was $952 million, a decrease of $18 million, or 2%. Business banking PCL was $34 million, a decrease of $7 million. Annualized PCL as a percentage of credit volume was 0.26%, or a decrease of 2 bps, compared with last year. Net impaired loans were $555 million, a decrease of $150 million, or 21%, compared with last year.

Insurance claims and related expenses for the year were $2,246 million, a decrease of $216 million, or 9%, compared with last year, reflecting a decrease in the fair value of investments supporting claims liabilities which resulted in a similar decrease in non-interest income, less weather related events, and more favourable prior years' claims development, partially offset by higher current year claims.

Non-interest expenses for the year were $8,934 million, an increase of $377 million, or 4%, compared with last year. The increase reflected higher employee-related expenses including revenue-based variable expenses in the wealth business, and higher investment in technology initiatives, partially offset by productivity savings and the sale of the Direct Investing business in Europe.

The efficiency ratio was 42.4%, compared with 42.3% last year.

U.S. Retail reported net income for the year was $3,322 million (US$2,536 million), an increase of $363 million (US$302 million), or 12% (14% in U.S. dollars), compared with the prior year. On an adjusted basis, net income for the year was $3,358 million (US$2,565 million), an increase of $399 million (US$331 million), or 13% (15% in U.S. dollars). The reported and adjusted ROE for the year was 9.7% and 9.8%, respectively, compared with 8.8% in the prior year.

U.S. Retail net income includes contributions from the U.S. Retail Bank and the Bank's investment in TD Ameritrade. Reported net income for the year from the U.S. Retail Bank and the Bank's investment in TD Ameritrade were $2,880 million (US$2,200 million) and $442 million (US$336 million), respectively. On an adjusted basis for the year, the U.S. Retail Bank and the Bank's investment in TD Ameritrade contributed net income of $2,896 million (US$2,213 million) and $462 million (US$352 million), respectively.

The reported contribution from TD Ameritrade of US$336 million increased US$8 million, or 2%, compared with the prior year, primarily due to higher asset-based revenue, partially offset by higher operating expenses and charges associated with the Scottrade transaction. On an adjusted basis, the contribution from TD Ameritrade increased US$24 million, or 7%.

U.S. Retail Bank reported net income for the year was US$2,200 million, an increase of US$294 million, or 15%, compared with the prior year, primarily due to a more favourable interest rate environment, higher loan and deposit volumes, and fee income growth, partially offset by higher expenses. U.S. Retail Bank adjusted net income increased US$307 million, or 16%.

U.S. Retail Bank revenue is derived from personal and business banking, and wealth management. Revenue for the year was US$7,818 million, an increase of US$688 million, or 10%, compared with the prior year. Net interest income increased US$381 million, or 7%, primarily due to a more favourable interest rate environment and growth in loan and deposit volumes, partially offset by the prior year accounting impact from balance sheet management activities, which was largely offset in non-interest income. Margin on average earning assets was 3.11%, a 1 basis point decrease due to the same prior year accounting impact. Excluding this impact, margin increased 8 bps, primarily due to higher interest rates. Non-interest income increased US$307 million, or 17%, reflecting fee income growth in personal banking and wealth management, and the prior year accounting impact from balance sheet management activities.

Average loan volumes increased US$8 billion, or 6%, compared with the prior year, due to growth in personal and business loans of 5% and 7%, respectively. Average deposit volumes increased US$19 billion, or 9%, reflecting 5% growth in business deposit volumes, 8% growth in personal deposit volumes and a 12% increase in sweep deposit volume from TD Ameritrade.

AUA were US$18 billion as at October 31, 2017, an increase of 5%, compared with the prior year, primarily due to higher private banking balances. AUM were US$63 billion as at October 31, 2017, a decrease of 5%, primarily due to the previously disclosed outflow from an institutional account, partially offset by positive market returns.

PCL was US$607 million, an increase of US$48 million, or 9%, compared with the prior year. Personal banking PCL was US$536 million, an increase of US$146 million, or 37%, primarily due to volume growth, mix change in auto loans and credit cards, and seasoning in credit cards, coupled with the prior year benefit related to the release of special reserves held for South Carolina flood (the "South Carolina flood release"). Business banking PCL was US$81 million, a decrease of US$84 million, primarily due to slower growth in business loans, and an allowance increase in the prior year, partially offset by the prior year benefit related to the South Carolina flood release. PCL associated with debt securities classified as loans was a benefit of US$10 million, a decrease of US$14 million, due to a recovery in the second quarter and improvement in cash flows associated with underlying mortgage assets. Annualized PCL as a percentage of credit volume for loans, excluding debt securities classified as loans, was relatively flat at 0.41%. Net impaired loans, excluding ACI loans and debt securities classified as loans, were US$1.4 billion, a decrease of US$54 million, or 4%. Excluding ACI loans and debt securities classified as loans, net impaired loans as a percentage of total loans were 0.9% as at October 31, 2017, a decrease of 0.1% compared with the prior year.

Reported non-interest expenses for the year were US$4,500 million, an increase of US$211 million, or 5%, compared with the prior year, reflecting higher employee costs, volume growth, and investments in technology modernization and customer-focused initiatives, partially offset by productivity savings. On an adjusted basis, non-interest expenses for the year were US$4,479 million, an increase of US$190 million, or 4%.

The reported and adjusted efficiency ratios for the year were 57.6% and 57.3%, respectively, compared with 60.2%, in the prior year.

Wholesale Banking net income for the year was $1,039 million, an increase of $119 million, or 13%, compared with the prior year. The increase in earnings was due to higher revenue and a net recovery of credit losses, partially offset by higher non-interest expenses. The ROE for the year was 17.4%, compared with 15.5% in the prior year.

Revenue for the year was $3,271 million, an increase of $241 million, or 8%, compared with the prior year reflecting increased client activity in equity trading, corporate lending fees, and underwriting.

PCL is comprised of specific provisions for credit losses and accrual costs for credit protection. PCL for the year was a net recovery of $28 million as compared with a charge of $74 million in the prior year, reflecting the recovery of specific provisions in the oil and gas sector.

Non-interest expenses for the year were $1,929 million, an increase of $190 million, or 11%, compared with the prior year reflecting higher variable compensation and higher technology costs as well as focused investments made in our U.S. businesses, including in client facing employees, enhanced product offerings, e-trading capabilities, and TD Prime Services.

Corporate segment reported net loss for the year was $369 million, compared with a reported net loss of $931 million in the prior year. The year-over-year decrease in reported net loss was attributable to the dilution gain on the Scottrade transaction this year, impairment of goodwill, non-financial assets, and other charges in the prior year net of the loss on sale of the Direct Investing business in Europe this year, gain on fair value of derivatives hedging the reclassified available-for-sale securities portfolio this year, higher contribution from other items and lower net corporate expenses. Higher contribution from Other items was primarily due to provisions for incurred but not identified credit losses recognized in the prior year and higher revenue from treasury and balance sheet management activities this year. Net corporate expenses decreased primarily reflecting the positive impact of tax adjustments this year. The adjusted net loss for the year was $335 million, compared with an adjusted net loss of $575 million in the prior year.

Balance Sheet Review

AT A GLANCE OVERVIEW

Total assets were $1,335 billion as at October 31, 2018, an increase of $56 billion, or 4%, compared with November 1, 2017.

TABLE 23: CONDENSED CONSOLIDATED BALANCE SHEET ITEMS[1]

(millions of Canadian dollars)	As at		
	October 31, 2018	November 1, 2017	October 31, 2017
Assets			
Cash and Interest-bearing deposits with banks	**$ 35,455**	$ 55,156	$ 55,156
Trading loans, securities, and other	**127,897**	103,832	103,918
Non-trading financial assets at fair value through profit or loss	**4,015**	9,272	n/a[2]
Derivatives	**56,996**	56,195	56,195
Financial assets designated at fair value through profit or loss	**3,618**	3,150	4,032
Financial assets at fair value through other comprehensive income	**130,600**	143,107	n/a
Available-for-sale securities	**n/a**	n/a	146,411
Debt securities at amortized cost, net of allowance for credit losses	**107,171**	76,157	n/a
Held-to-maturity securities	**n/a**	n/a	71,363
Securities purchased under reverse repurchase agreements	**127,379**	134,429	134,429
Loans, net of allowance for loan losses	**646,393**	603,041	612,591
Other	**95,379**	94,882	94,900
Total assets	**$ 1,334,903**	$ 1,279,221	$ 1,278,995
Liabilities			
Trading deposits	**$ 114,704**	$ 79,940	$ 79,940
Derivatives	**48,270**	51,214	51,214
Deposits	**851,439**	832,824	832,824
Obligations related to securities sold under repurchase agreements	**93,389**	88,591	88,591
Subordinated notes and debentures	**8,740**	9,528	9,528
Other	**138,321**	141,958	141,708
Total liabilities	**1,254,863**	1,204,055	1,203,805
Total equity	**80,040**	75,166	75,190
Total liabilities and equity	**$ 1,334,903**	$ 1,279,221	$ 1,278,995

1 Refer to Note 4 "Summary of impact upon adoption of IFRS 9" of the 2018 Consolidated Financial Statements for an explanation of changes to the balance sheet between October 31, 2017 and November 1, 2017.
2 Not applicable.

Total assets were $1,335 billion as at October 31, 2018, an increase of $56 billion, or 4%, from November 1, 2017. The increase was primarily due to loans, net of allowance for loan losses of $43 billion, debt securities at amortized cost, net of allowance for credit losses of $31 billion, trading loans, securities, and other of $24 billion, and derivatives of $1 billion. The increase was partially offset by decreases in cash and interest-bearing deposits with banks of $20 billion, financial assets at FVOCI of $13 billion, securities purchased under reverse repurchase agreements of $7 billion, and non-trading financial assets at fair value through profit and loss of $5 billion. The foreign currency translation impact on total assets, primarily in the U.S. Retail segment, was an increase of approximately $10 billion , or 1%.

Cash and interest-bearing deposits with banks decreased $20 billion primarily due to lower volumes.

Trading loans, securities, and other increased by $24 billion primarily due to an increase in trading volume and higher securities positions.

Non-trading financial assets at fair value through profit or loss decreased $5 billion primarily due to maturities and sale of investments.

Derivatives increased $1 billion primarily due to the current interest rate environment, partially offset by netting of positions.

Financial assets at fair value through other comprehensive income decreased $13 billion primarily due to sales and maturities, partially offset by new investments.

Debt securities at amortized cost (net of allowance for credit losses) increased $31 billion primarily due to new investments, partially offset by sales and maturities.

Securities purchased under reverse repurchase agreements decreased $7 billion primarily due to a decrease in trading volume.

Loans (net of allowance for loan losses) increased $43 billion primarily due to growth in business and government loans across all segments, and consumer instalment and other personal loans in Canadian Retail.

Total liabilities were $1,255 billion as at October 31, 2018, an increase of $51 billion, or 4%, from November 1, 2017. The increase was primarily due to trading deposits of $35 billion, deposits of $19 billion, and obligations related to securities sold under repurchase agreements of $5 billion. The increase was partially offset by decreases in derivatives of $3 billion, subordinated notes and debentures of $1 billion, and other liabilities of $4 billion. The foreign currency translation impact on total liabilities, primarily in the U.S. Retail segment, was an increase of approximately $10 billion, or 1%.

Trading deposits increased $35 billion primarily due to an increase in issuance of commercial paper.

Derivatives decreased $3 billion primarily due to netting of positions, partially offset by the current interest rate environment.

Deposits increased $19 billion primarily due to an increase in business and government deposits reflecting the issuance of senior debt and covered bonds, and an increase in personal deposits primarily in the Canadian and U.S. Retail segments, partially offset by a decrease in deposits with banks.

Obligations related to securities sold under repurchase agreements increased $5 billion primarily due to an increase in trading volume.

Subordinated notes and debentures decreased $1 billion primarily due to the Bank's redemption of $0.65 billion of 5.828% subordinated debentures, and all of its outstanding $1.8 billion 5.763% subordinated debentures, partially offset by an issuance of $1.75 billion of medium term notes.

Other liabilities decreased $4 billion primarily due to amounts payable to brokers, dealers, and clientsdue to unsettled and pending trades.

Equity was $80 billion as at October 31, 2018, an increase of $5 billion, or 6%, from November 1, 2017. The increase was primarily due to higher retained earnings, partially offset by a decrease in other comprehensive income due to losses on cash flow hedges.

GROUP FINANCIAL CONDITION

Credit Portfolio Quality

AT A GLANCE OVERVIEW

- **Loans and acceptances net of allowance for loan losses were $666 billion, an increase of $37 billion compared with last year.**
- **Impaired loans net of Stage 3 allowances (counterparty-specific and individually insignificant allowances under IAS 39) were $2,468 million, an increase of $70 million compared with last year.**
- **Provision for credit losses was $2,480 million, compared with $2,216 million last year.**
- **Total allowance for loan losses decreased by $234 million to $3,549 million.**

Effective November 1, 2017, the Bank adopted IFRS 9, which replaces the guidance in IAS 39. The Bank periodically reviews the methodology for assessing significant increase in credit risk and ECLs. Forward-looking information is incorporated as appropriate where macroeconomic forecasts and associated probability weights are updated quarterly and incorporated to determine the probability-weighted ECLs. Refer to Notes 2, 3, and 4 of the Consolidated Financial Statements for a summary of the Bank's accounting policies and significant accounting judgments, estimates, and assumptions as it relates to IFRS 9. As part of periodic review and updates, certain revisions may be made to reflect updates in statistically derived loss estimates for the Bank's recent loss experience of its credit portfolios and forward-looking views, which may cause a change to the allowance for ECLs. Since the Bank's adoption of IFRS 9, certain refinements were made to the methodology, the cumulative effect of which was not material and was included in the change during 2018. Allowance for credit losses are further described in Note 8 of the Consolidated Financial Statements.

LOAN PORTFOLIO

The Bank increased its credit portfolio by $37 billion, or 6%, from the prior year, largely due to volume growth in the business and government, consumer instalment and other personal, and residential mortgages portfolios in the Canadian Retail segment. The Bank's credit quality remained strong.

While the majority of the credit risk exposure is related to loans and acceptances, the Bank also engaged in activities that haveoff-balance sheet credit risk. These include credit instruments and derivative financial instruments, as explained in Note 31 of the 2018 Consolidated Financial Statements.

CONCENTRATION OF CREDIT RISK

The Bank's loan portfolio continued to be concentrated in Canadian and U.S. residential mortgages, consumer instalment and other personal loans, and credit card loans, representing 64% of total loans net of Stage 3 allowances (counterparty-specific and individually insignificant allowances under IAS 39), down by 1% from 2017. During the year, these portfolios increased by $20 billion, or 5%, and totalled $431 billion at year end. Residential mortgages represented 34% of the total loans net of Stage 3 allowances (counterparty-specific and individually insignificant allowances under IAS 39) in 2018, down 1% from 2017. Consumer instalment and other personal loans, and credit card loans were 31% of total loans net of Stage 3 allowances (counterparty-specific and individually insignificant allowances under IAS 39) in 2018, up 1% from 2017.

The Bank's business and government credit exposure was 35% of total loans net of Stage 3 allowances (counterparty-specific and individually insignificant allowances under IAS 39), up 1% from 2017. The largest business and government sector concentrations in Canada were the Real estate and Financial sectors, which comprised 5% and 3%, respectively. Real estate, the Government, public sector entities and education, and the Health and social services sectors were the leading U.S. sectors of concentration in 2018 representing 5%, 2%, and 2% of net loans, respectively.

Geographically, the credit portfolio remained concentrated in Canada. In 2018, the percentage of loans net of Stage 3 allowances held in Canada was 67%, up 1% from 2017. The largest Canadian regional exposure was in Ontario, which represented 41% of total loans net of Stage 3 allowances (counterparty-specific and individually insignificant allowance for loan losses under IAS 39) for 2018, consistent with 2017.

The balance of the credit portfolio was predominantly in the U.S., which represented 32% of loans net of Stage 3 allowances, down 1% from 2017. Exposures to ACI loans, and other geographic regions were relatively small. The largest U.S. regional exposures were in New England, New York, and New Jersey which represented 6%, 5%, and 5% of total loans net of Stage 3 allowances (counterparty-specific and individually insignificant allowances under IAS 39), respectively, compared with 6%, 6% and 5%, respectively, in the prior year.

Under IFRS 9, the Bank now calculates allowances for expected credit losses on debt securities measured at amortized cost and FVOCI. The Bank has $232.9 billion in such debt securities of which $232.7 billion are performing securities (Stage 1 and 2) and $234 million are impaired (Stage 3). The allowance for credit losses on debt securities at amortized cost and debt securities at FVOCI was $75 million and $5 million, respectively.

TABLE 24: LOANS AND ACCEPTANCES, NET OF STAGE 3 ALLOWANCE FOR LOAN LOSSES (NET OF COUNTERPARTY-SPECIFIC AND INDIVIDUALLY INSIGNIFICANT ALLOWANCES UNDER IAS 39) BY INDUSTRY SECTOR[1,2,3]

(millions of Canadian dollars, except as noted)

				As at			*Percentage of total*	
			October 31 2018	October 31 2017	October 31 2016	**October 31 2018**	October 31 2017	October 31 2016
	Gross loans	**Stage 3 allowances for loan losses impaired**	**Net loans**	Net loans	Net loans			
Canada								
Residential mortgages	**$ 193,829**	**$ 18**	**$ 193,811**	$ 190,308	$ 189,284	**28.9 %**	30.1 %	31.3 %
Consumer instalment and other personal								
HELOC[4]	**86,159**	**12**	**86,147**	74,931	65,059	**12.8**	11.8	10.8
Indirect Auto	**24,216**	**46**	**24,170**	22,245	20,537	**3.6**	3.5	3.4
Other	**18,574**	**34**	**18,540**	17,326	16,424	**2.8**	2.8	2.7
Credit card	**18,046**	**77**	**17,969**	17,935	18,120	**2.7**	2.8	3.0
Total personal	**340,824**	**187**	**340,637**	322,745	309,424	**50.8**	51.0	51.2
Real estate								
Residential	**18,364**	**6**	**18,358**	17,974	15,994	**2.7**	2.8	2.7
Non-residential	**13,635**	**2**	**13,633**	12,830	12,778	**2.0**	2.0	2.1
Total real estate	**31,999**	**8**	**31,991**	30,804	28,772	**4.7**	4.8	4.8
Agriculture	**7,461**	**2**	**7,459**	6,674	6,015	**1.1**	1.1	1.0
Automotive	**6,918**	**–**	**6,918**	6,657	5,481	**1.0**	1.1	0.9
Financial	**19,313**	**–**	**19,313**	13,102	10,198	**2.9**	2.1	1.7
Food, beverage, and tobacco	**2,331**	**1**	**2,330**	1,968	2,076	**0.3**	0.3	0.3
Forestry	**544**	**–**	**544**	500	523	**0.1**	0.1	0.1
Government, public sector entities, and education	**4,177**	**–**	**4,177**	4,251	6,589	**0.6**	0.7	1.1
Health and social services	**6,670**	**6**	**6,664**	5,837	5,476	**1.0**	0.9	0.9
Industrial construction and trade contractors	**3,173**	**3**	**3,170**	2,931	2,464	**0.5**	0.5	0.4
Metals and mining	**1,750**	**10**	**1,740**	1,400	1,378	**0.3**	0.2	0.2
Pipelines, oil, and gas	**3,915**	**14**	**3,901**	3,975	3,835	**0.6**	0.6	0.6
Power and utilities	**2,897**	**–**	**2,897**	2,010	1,792	**0.4**	0.3	0.3
Professional and other services	**4,479**	**5**	**4,474**	3,865	4,057	**0.7**	0.6	0.7
Retail sector	**3,207**	**7**	**3,200**	2,782	2,506	**0.5**	0.4	0.4
Sundry manufacturing and wholesale	**2,938**	**13**	**2,925**	2,742	2,289	**0.4**	0.4	0.4
Telecommunications, cable, and media	**3,136**	**2**	**3,134**	1,966	2,083	**0.5**	0.3	0.4
Transportation	**1,862**	**2**	**1,860**	1,671	1,632	**0.3**	0.3	0.3
Other	**4,375**	**4**	**4,371**	3,805	3,773	**0.7**	0.6	0.6
Total business and government	**111,145**	**77**	**111,068**	96,940	90,939	**16.6**	15.3	15.1
Total Canada	**451,969**	**264**	**451,705**	419,685	400,363	**67.4**	66.3	66.3
United States								
Residential mortgages	**31,128**	**29**	**31,099**	31,435	27,628	**4.6**	5.0	4.6
Consumer instalment and other personal								
HELOC	**12,334**	**59**	**12,275**	12,382	13,132	**1.8**	2.0	2.2
Indirect Auto	**29,870**	**25**	**29,845**	29,162	28,364	**4.5**	4.6	4.7
Other	**874**	**2**	**872**	843	742	**0.1**	0.1	0.1
Credit card	**16,964**	**264**	**16,700**	14,730	13,496	**2.5**	2.3	2.2
Total personal	**91,170**	**379**	**90,791**	88,552	83,362	**13.5**	14.0	13.8
Real estate								
Residential	**8,050**	**5**	**8,045**	7,309	6,845	**1.2**	1.2	1.1
Non-residential	**22,426**	**7**	**22,419**	22,153	21,663	**3.3**	3.5	3.6
Total real estate	**30,476**	**12**	**30,464**	29,462	28,508	**4.5**	4.7	4.7
Agriculture	**705**	**–**	**705**	710	570	**0.1**	0.1	0.1
Automotive	**5,752**	**2**	**5,750**	7,332	5,756	**0.9**	1.2	1.0
Financial	**7,699**	**1**	**7,698**	7,130	4,716	**1.2**	1.1	0.8
Food, beverage, and tobacco	**3,417**	**2**	**3,415**	3,189	3,739	**0.5**	0.5	0.6
Forestry	**637**	**–**	**637**	567	587	**0.1**	0.1	0.1
Government, public sector entities, and education	**12,452**	**1**	**12,451**	12,428	11,387	**1.9**	2.0	1.9
Health and social services	**12,423**	**1**	**12,422**	11,408	10,787	**1.9**	1.8	1.8
Industrial construction and trade contractors	**2,060**	**2**	**2,058**	1,846	1,830	**0.3**	0.3	0.3
Metals and mining	**1,923**	**1**	**1,922**	1,674	1,486	**0.3**	0.3	0.2
Pipelines, oil, and gas	**2,664**	**1**	**2,663**	2,070	2,981	**0.4**	0.3	0.5
Power and utilities	**2,833**	**–**	**2,833**	3,221	2,642	**0.4**	0.5	0.4
Professional and other services	**10,923**	**3**	**10,920**	10,384	11,207	**1.6**	1.6	1.9
Retail sector	**5,376**	**2**	**5,374**	4,909	4,545	**0.8**	0.8	0.8
Sundry manufacturing and wholesale	**7,717**	**4**	**7,713**	7,019	7,389	**1.2**	1.1	1.2
Telecommunications, cable, and media	**4,896**	**–**	**4,896**	3,799	4,818	**0.7**	0.6	0.8
Transportation	**9,977**	**1**	**9,976**	9,995	11,647	**1.5**	1.6	1.9
Other	**2,160**	**10**	**2,150**	2,137	2,014	**0.3**	0.3	0.3
Total business and government	**124,090**	**43**	**124,047**	119,280	116,609	**18.6**	18.9	19.3
Total United States	**215,260**	**422**	**214,838**	207,832	199,971	**32.1**	32.9	33.1
International								
Personal	**14**	**–**	**14**	14	16	**–**	–	–
Business and government	**2,258**	**–**	**2,258**	1,579	1,513	**0.4**	0.2	0.2
Total international	**2,272**	**–**	**2,272**	1,593	1,529	**0.4**	0.2	0.2
Total excluding other loans	**669,501**	**686**	**668,815**	629,110	601,863	**99.9**	99.4	99.6
Other loans								
Debt securities classified as loans	**n/a**	**n/a**	**n/a**	3,083	1,468	**–**	0.5	0.2
Acquired credit-impaired loans[5]	**453**	**18**	**435**	630	912	**0.1**	0.1	0.2
Total other loans	**453**	**18**	**435**	3,713	2,380	**0.1**	0.6	0.4
Total	**$ 669,954**	**$ 704**	**$ 669,250**	$ 632,823	$ 604,243	**100.0 %**	100.0 %	100.0 %
Stage 1 and Stage 2 allowance for loan losses – performing (incurred but not identified allowance under IAS 39)								
Personal, business and government			**2,845**	2,915	2,826			
Debt securities classified as loans			**n/a**	20	55			
Total Stage 1 and Stage 2 allowance for loan losses – performing (incurred but not identified allowance under IAS 39)			**2,845**	2,935	2,881			
Total, net of allowance			**$ 666,405**	$ 629,888	$ 601,362			
Percentage change over previous year – loans and acceptances, net of Stage 3 allowance for loan losses (impaired) (counterparty - specific and individually insignificant under IAS 39)			**5.8 %**	4.7 %	7.2 %			
Percentage change over previous year – loans and acceptances, net of allowance			**5.8**	4.7	7.2			

1 Certain comparative amounts have been restated to conform with the presentation adopted in the current period.
2 Primarily based on the geographic location of the customer's address.
3 Includes loans that are measured at fair value through other comprehensive income.
4 Home Equity Line of Credit.
5 Includes all Federal Deposit Insurance Corporation (FDIC) covered loans and other ACI loans.

TABLE 25: LOANS AND ACCEPTANCES, NET OF STAGE 3 ALLOWANCE FOR LOAN LOSSES (NET OF COUNTERPARTY-SPECIFIC AND INDIVIDUALLY INSIGNIFICANT ALLOWANCES UNDER IAS 39) BY GEOGRAPHY[1,2]

(millions of Canadian dollars, except as noted)

				As at			Percentage of total	
			October 31 2018	October 31 2017	October 31 2016	**October 31 2018**	October 31 2017	October 31 2016
	Gross loans	**Stage 3 allowances for loan losses impaired**	**Net loans**	Net loans	Net loans			
Canada								
Atlantic provinces	**$ 11,754**	**$ 13**	**$ 11,741**	$ 11,378	$ 10,895	**1.8 %**	1.8 %	1.8 %
British Columbia[3]	**63,372**	**27**	**63,345**	57,924	54,169	**9.5**	9.2	9.0
Ontario[3]	**272,836**	**142**	**272,694**	249,508	236,508	**40.6**	39.4	39.1
Prairies[3]	**70,316**	**58**	**70,258**	68,879	67,498	**10.5**	10.9	11.2
Québec	**33,691**	**24**	**33,667**	31,996	31,293	**5.0**	5.0	5.2
Total Canada	**451,969**	**264**	**451,705**	419,685	400,363	**67.4**	66.3	66.3
United States								
Carolinas (North and South)	**11,528**	**17**	**11,511**	10,813	9,788	**1.7**	1.7	1.6
Florida	**17,582**	**30**	**17,552**	15,806	13,870	**2.6**	2.5	2.3
New England[4]	**41,533**	**62**	**41,471**	38,564	38,744	**6.2**	6.1	6.4
New Jersey	**33,374**	**44**	**33,330**	34,024	33,910	**5.0**	5.4	5.6
New York	**36,389**	**49**	**36,340**	35,118	31,323	**5.4**	5.6	5.2
Pennsylvania	**11,905**	**21**	**11,884**	11,594	13,144	**1.8**	1.8	2.2
Other	**62,949**	**199**	**62,750**	61,913	59,192	**9.4**	9.8	9.8
Total United States	**215,260**	**422**	**214,838**	207,832	199,971	**32.1**	32.9	33.1
International								
Europe	**1,059**	**–**	**1,059**	678	500	**0.2**	0.1	–
Other	**1,213**	**–**	**1,213**	915	1,029	**0.2**	0.1	0.2
Total international	**2,272**	**–**	**2,272**	1,593	1,529	**0.4**	0.2	0.2
Total excluding other loans	**669,501**	**686**	**668,815**	629,110	601,863	**99.9**	99.4	99.6
Other loans	**453**	**18**	**435**	3,713	2,380	**0.1**	0.6	0.4
Total	**$ 669,954**	**$ 704**	**$ 669,250**	$ 632,823	$ 604,243	**100.0 %**	100.0 %	100.0 %
Stage 1 and Stage 2 allowances (incurred but not identified allowance under IAS 39)			**2,845**	2,935	2,881			
Total, net of allowance			**$ 666,405**	$ 629,888	$ 601,362			

Percentage change over previous year – loans and acceptances, net of Stage 3 allowances for loan losses (impaired) (counterparty-specific and individually insignificant under IAS 39)			
	2018	2017	2016
Canada	**7.6 %**	4.8 %	4.5 %
United States	**3.4**	3.9	14.3
International	**42.6**	4.2	(22.9)
Other loans	**(88.3)**	56.0	(28.1)
Total	**5.8 %**	4.7 %	7.2 %

1 Primarily based on the geographic location of the customer's address.
2 Includes loans that are measured at fair value through other comprehensive income.
3 The territories are included as follows: Yukon is included in British Columbia; Nunavut is included in Ontario; and Northwest Territories is included in the Prairies region.
4 The states included in New England are as follows: Connecticut, Maine, Massachusetts, New Hampshire, and Vermont.

REAL ESTATE SECURED LENDING

Retail real estate secured lending includes mortgages and lines of credit to North American consumers to satisfy financing needs including home purchases and refinancing. While the Bank retains first lien on the majority of properties held as security, there is a small portion of loans with second liens, which are largely behind a TD mortgage that is in first position. In Canada, credit policies are designed to ensure that the combined exposure of all uninsured facilities on one property does not exceed 80% of the collateral value at origination. Lending at a higher loan-to-value ratio is permitted by legislation but requires default insurance. This insurance is contractual coverage for the life of eligible facilities and protects the Bank's real estate secured lending portfolio against potential losses caused by borrower default. The Bank also purchases default insurance on lower loan-to-value ratio loans. The insurance is provided by either government-backed entities or approved private mortgage insurers. In the U.S., for residential mortgage originations, mortgage insurance is usually obtained from either government-backed entities or approved private mortgage insurers when the loan-to-value exceeds 80% of the collateral value at origination.

The Bank regularly performs stress tests on its real estate lending portfolio as part of its overall stress testing program. This is done with a view to determine the extent to which the portfolio would be vulnerable to a severe downturn in economic conditions. The effect of severe changes in house prices, interest rates, and unemployment levels are among the factors considered when assessing the impact on credit losses and the Bank's overall profitability. A variety of portfolio segments, including dwelling type and geographical regions, are examined during the exercise to determine whether specific vulnerabilities exist. Based on the Bank's most recent reviews, potential losses on all real estate secured lending exposures are considered manageable.

TABLE 26: CANADIAN REAL ESTATE SECURED LENDING[1]

(millions of Canadian dollars)

As at

	Amortizing			Non-amortizing	Total real estate secured lending
	Residential Mortgages	Home equity lines of credit	Total amortizing real estate secured lending	Home equity lines of credit	
					October 31, 2018
Total	**$ 193,829**	**$ 50,554**	**$ 244,383**	**$ 35,605**	**$ 279,988**
					October 31, 2017
Total	$ 190,325	$ 38,792	$ 229,117	$ 36,145	$ 265,262

1 Excludes loans classified as trading as the Bank intends to sell the loans immediately or in the near term, and loans designated at fair value through profit or loss for which no allowance is recorded.

TABLE 27: REAL ESTATE SECURED LENDING[1,2]

(millions of Canadian dollars, except as noted)

As at

	Residential mortgages				Home equity lines of credit				Total	
	Insured[3]		Uninsured		Insured[3]		Uninsured		Insured[3]	Uninsured
										October 31, 2018
Canada										
Atlantic provinces	**$ 3,492**	**1.8 %**	**$ 2,544**	**1.3 %**	**$ 424**	**0.5 %**	**$ 1,312**	**1.5 %**	**$ 3,916**	**1.4 %**	**$ 3,856**	**1.4 %**
British Columbia[4]	**12,389**	**6.4**	**23,460**	**12.1**	**1,981**	**2.3**	**14,221**	**16.5**	**14,370**	**5.1**	**37,681**	**13.5**
Ontario[4]	**35,355**	**18.2**	**60,308**	**31.1**	**7,052**	**8.2**	**40,163**	**46.6**	**42,407**	**15.1**	**100,471**	**35.9**
Prairies[4]	**23,561**	**12.2**	**14,998**	**7.7**	**3,408**	**4.0**	**10,963**	**12.7**	**26,969**	**9.6**	**25,961**	**9.3**
Québec	**9,350**	**4.8**	**8,372**	**4.3**	**1,105**	**1.3**	**5,530**	**6.4**	**10,455**	**3.7**	**13,902**	**5.0**
Total Canada	**84,147**	**43.4 %**	**109,682**	**56.6 %**	**13,970**	**16.3 %**	**72,189**	**83.7 %**	**98,117**	**34.9 %**	**181,871**	**65.1 %**
United States	**900**		**30,462**		**1**		**12,367**		**901**		**42,829**	
Total	**$ 85,047**		**$ 140,144**		**$ 13,971**		**$ 84,556**		**$ 99,018**		**$ 224,700**	
												October 31, 2017
Canada												
Atlantic provinces	$ 3,749	2.0 %	$ 2,225	1.2 %	$ 487	0.6 %	$ 1,187	1.6 %	$ 4,236	1.6 %	$ 3,412	1.3 %
British Columbia[4]	14,561	7.7	19,774	10.4	2,329	3.1	11,386	15.2	16,890	6.4	31,160	11.7
Ontario[4]	41,319	21.7	50,882	26.5	8,052	10.7	32,474	43.3	49,371	18.6	83,356	31.5
Prairies[4]	25,421	13.4	14,080	7.4	3,861	5.2	9,640	12.9	29,282	11.0	23,720	8.9
Québec	10,576	5.6	7,738	4.1	1,286	1.7	4,235	5.7	11,862	4.5	11,973	4.5
Total Canada	95,626	50.4 %	94,699	49.6 %	16,015	21.3 %	58,922	78.7 %	111,641	42.1 %	153,621	57.9 %
United States	859		30,895		10		12,472		869		43,367	
Total	$ 96,485		$ 125,594		$ 16,025		$ 71,394		$ 112,510		$ 196,988	

1 Geographic location is based on the address of the property mortgaged.
2 Excludes loans classified as trading as the Bank intends to sell the loans immediately or in the near term, and loans designated at fair value through profit or loss for which no allowance is recorded.
3 Default insurance is contractual coverage for the life of eligible facilities whereby the Bank's exposure to real estate secured lending, all or in part, is protected against potential losses caused by borrower default. It is provided by either government-backed entities or other approved private mortgage insurers.
4 The territories are included as follows: Yukon is included in British Columbia; Nunavut is included in Ontario; and the Northwest Territories is included in the Prairies region.

The following table provides a summary of the Bank's residential mortgages by remaining amortization period. All figures are calculated based on current customer payment behaviour in order to properly reflect the propensity to prepay by borrowers. The current customer payment basis accounts for any accelerated payments made to-date and projects remaining amortization based on existing balance outstanding and current payment terms.

TABLE 28: RESIDENTIAL MORTGAGES BY REMAINING AMORTIZATION[1,2]

As at

	<5 years	5– <10 years	10– <15 years	15– <20 years	20– <25 years	25– <30 years	30– <35 years	>=35 years	Total
									October 31, 2018
Canada	**1.0 %**	**3.8 %**	**6.7 %**	**15.1 %**	**42.7 %**	**30.1 %**	**0.6 %**	**– %**	**100.0 %**
United States	**4.8**	**8.2**	**4.8**	**5.2**	**29.4**	**46.3**	**1.0**	**0.3**	**100.0**
Total	**1.6 %**	**4.4 %**	**6.5 %**	**13.7 %**	**40.8 %**	**32.4 %**	**0.6 %**	**– %**	**100.0 %**
									October 31, 2017
Canada	1.1 %	4.0 %	7.3 %	14.3 %	41.8 %	30.4 %	1.1 %	– %	100.0 %
United States	4.3	7.3	7.6	5.2	20.7	53.8	0.8	0.3	100.0
Total	1.6 %	4.5 %	7.3 %	13.0 %	38.9 %	33.7 %	1.0 %	– %	100.0 %

1 Excludes loans classified as trading as the Bank intends to sell the loans immediately or in the near term, and loans designated at fair value through profit or loss for which no allowance is recorded.
2 Percentage based on outstanding balance.

TABLE 29: UNINSURED AVERAGE LOAN-TO-VALUE – Newly Originated and Newly Acquired[1,2,3]

	For the 12 months ended October 31, 2018			For the 12 months ended October 31, 2017		
	Residential mortgages	**Home equity lines of credit[4,5]**	**Total**	Residential mortgages	Home equity lines of credit[4,5]	Total
Canada						
Atlantic provinces	**74 %**	**70 %**	**73 %**	73 %	70 %	72 %
British Columbia[6]	**66**	**62**	**64**	67	62	65
Ontario[6]	**67**	**65**	**67**	68	65	66
Prairies[6]	**73**	**71**	**72**	73	71	72
Québec	**73**	**73**	**73**	72	73	73
Total Canada	**68**	**66**	**67**	69	66	67
United States	**69**	**61**	**65**	67	62	64
Total	**68 %**	**65 %**	**67 %**	68 %	65 %	67 %

1 Geographic location is based on the address of the property mortgaged.
2 Excludes loans classified as trading as the Bank intends to sell the loans immediately or in the near term, and loans designated at fair value through profit or loss for which no allowance is recorded.
3 Based on house price at origination.
4 HELOC loan-to-value includes first position collateral mortgage, if applicable.
5 Home equity lines of credit fixed rate advantage option is included in loan-to-value calculation.
6 The territories are included as follows: Yukon is included in British Columbia; Nunavut is included in Ontario; and the Northwest Territories is included in the Prairies region.

IMPAIRED LOANS

A loan is considered impaired and migrates to Stage 3 when it is 90 days or more past due for retail exposures, rated BRR 9 for non-retail exposures, or when there is objective evidence that there has been a deterioration of credit quality to the extent that the Bank no longer has reasonable assurance as to the timely collection of the full amount of principal and interest. Gross impaired loans excluding FDIC covered loans and other ACI loans increased $69 million, or 2%, compared with the prior year.

In Canada, impaired loans net of Stage 3 allowances (counterparty-specific and individually insignificant allowances under IAS 39) increased by $98 million, or 18% in 2018. Residential mortgages, consumer instalment and other personal loans, and credit cards, had net impaired loans of $454 million, a decrease of $8 million, or 2%, compared with the prior year. Business and government loans net of Stage 3 allowances (counterparty-specific and individually insignificant allowances under IAS 39) were $198 million, an increase of $106 million, or 115%, compared with the prior year, largely due to new formations in the Canadian Commercial portfolio.

In the U.S., net impaired loans decreased by $28 million, or 2% in 2018. Residential mortgages, consumer instalment and other personal loans, and credit cards, had net impaired loans of $1,474 million, a decrease of $26 million, or 2%, compared with the prior year. Business and government net impaired loans were $342 million, a decrease of $2 million, or 1%, compared with the prior year.

Geographically, 26% of total net impaired loans were located in Canada and 74% in the U.S. The largest regional concentration of net impaired loans in Canada was in Ontario, increasing to 13% of total net impaired loans, compared with 8% in the prior year primarily reflecting new formations in the Canadian Commercial portfolio. The largest regional concentration of net impaired loans in the U.S. was in New England representing 18% of total net impaired loans, stable from the prior year.

TABLE 30: CHANGES IN GROSS IMPAIRED LOANS AND ACCEPTANCES[1,2,3]

(millions of Canadian dollars)	**2018**	2017	2016
Personal, Business and Government Loans			
Impaired loans as at beginning of period	**$ 3,085**	$ 3,509	$ 3,244
Classified as impaired during the period [4]	**5,012**	4,724	5,621
Transferred to not impaired during the period	**(864)**	(966)	(1,521)
Net repayments	**(1,360)**	(1,556)	(1,523)
Disposals of loans	**(21)**	–	(4)
Amounts written off	**(2,748)**	(2,538)	(2,350)
Recoveries of loans and advances previously written off	**–**	–	–
Exchange and other movements	**50**	(88)	42
Impaired loans as at end of year	**$ 3,154**	$ 3,085	$ 3,509

1 Includes customers' liability under acceptances.
2 Excludes ACI loans, DSCL under IAS 39, and DSAC and DSOCI under IFRS 9.
3 Includes loans that are measured at FVOCI.
4 Under IFRS 9, loans are considered impaired and migrate to Stage 3 when they are 90 days or more past due for retail exposures (including Canadian government-insured real estate personal loans), rated BRR 9 for non-retail exposures, or when there is objective evidence that there has been a deterioration of credit quality to the extent the Bank no longer has reasonable assurance as to the timely collection of the full amount of principal and interest.

TABLE 31: IMPAIRED LOANS NET OF STAGE 3 ALLOWANCE FOR LOAN LOSSES (NET OF COUNTERPARTY-SPECIFIC AND INDIVIDUALLY INSIGNIFICANT ALLOWANCES UNDER IAS 39) BY INDUSTRY SECTOR[1,2,3,4]

(millions of Canadian dollars, except as noted)

				As at								*Percentage of total*	
			Oct. 31 2018	Oct. 31 2017	Oct. 31 2016	Oct. 31 2015	Oct. 31 2014	**Oct. 31 2018**	Oct. 31 2017	Oct. 31 2016	Oct. 31 2015	Oct. 31 2014
	Gross impaired loans	**Stage 3 allowances for loan losses impaired**	**Net impaired loans**	Net impaired loans	Net impaired loans	Net impaired loans	Net impaired loans					
Canada												
Residential mortgages	**$ 264**	**$ 18**	**$ 246**	$ 279	$ 385	$ 378	$ 427	**10.0 %**	11.6 %	13.9 %	14.2 %	19.0 %
Consumer instalment and other personal												
HELOC	**130**	**12**	**118**	102	140	166	249	**4.8**	4.3	5.0	6.2	11.1
Indirect Auto	**69**	**46**	**23**	11	9	17	17	**0.9**	0.5	0.3	0.7	0.8
Other	**46**	**34**	**12**	19	20	19	20	**0.5**	0.8	0.7	0.7	0.9
Credit card[5]	**132**	**77**	**55**	51	46	45	66	**2.2**	2.1	1.7	1.7	2.9
Total personal	**641**	**187**	**454**	462	600	625	779	**18.4**	19.3	21.6	23.5	34.7
Real estate												
Residential	**9**	**6**	**3**	3	3	6	10	0.1	0.1	0.1	0.2	0.4
Non-residential	**4**	**2**	**2**	3	7	7	4	0.1	0.1	0.3	0.3	0.2
Total real estate	**13**	**8**	**5**	6	10	13	14	**0.2**	0.2	0.4	0.5	0.6
Agriculture	**6**	**2**	**4**	5	9	3	5	**0.2**	0.2	0.3	0.1	0.3
Automotive	**9**	**–**	**9**	2	1	1	1	**0.4**	0.1	–	–	–
Financial	**2**	**–**	**2**	–	2	1	1	**0.1**	–	0.1	–	–
Food, beverage, and tobacco	**2**	**1**	**1**	1	2	1	–	**–**	–	0.1	–	–
Forestry	**1**	**–**	**1**	–	–	–	2	**–**	–	–	–	0.1
Government, public sector entities, and education	**–**	**–**	**–**	–	–	1	3	**–**	–	–	–	0.1
Health and social services	**10**	**6**	**4**	11	11	3	5	**0.2**	0.5	0.4	0.1	0.3
Industrial construction and trade contractors	**139**	**3**	**136**	2	11	2	1	**5.5**	0.1	0.4	0.1	–
Metals and mining	**17**	**10**	**7**	15	18	6	1	**0.3**	0.7	0.7	0.2	–
Pipelines, oil, and gas	**23**	**14**	**9**	22	51	68	1	**0.4**	0.9	1.8	2.6	–
Power and utilities	**–**	**–**	**–**	–	–	–	–	**–**	–	–	–	–
Professional and other services	**10**	**5**	**5**	6	4	4	4	**0.2**	0.2	0.1	0.2	0.2
Retail sector	**12**	**7**	**5**	8	11	9	7	**0.2**	0.3	0.4	0.3	0.4
Sundry manufacturing and wholesale	**19**	**13**	**6**	7	3	2	2	**0.2**	0.3	0.1	0.1	0.1
Telecommunications, cable, and media	**3**	**2**	**1**	–	–	2	1	**–**	–	–	0.1	–
Transportation	**4**	**2**	**2**	5	–	2	1	**0.1**	0.2	–	0.1	–
Other	**5**	**4**	**1**	2	4	3	5	**–**	0.1	0.1	0.1	0.3
Total business and government	**275**	**77**	**198**	92	137	121	54	**8.0**	3.8	4.9	4.5	2.4
Total Canada	**916**	**264**	**652**	554	737	746	833	**26.4**	23.1	26.5	28.0	37.1
United States												
Residential mortgages	**445**	**29**	**416**	429	418	361	303	**16.9**	17.9	15.0	13.6	13.5
Consumer instalment and other personal												
HELOC	**855**	**59**	**796**	795	863	780	325	**32.3**	33.1	31.0	29.3	14.5
Indirect Auto	**223**	**25**	**198**	234	190	155	128	**8.0**	9.8	6.8	5.8	5.7
Other	**8**	**2**	**6**	4	4	5	4	**0.2**	0.2	0.1	0.2	0.2
Credit card	**322**	**264**	**58**	38	38	44	29	**2.4**	1.6	1.4	1.7	1.3
Total personal	**1,853**	**379**	**1,474**	1,500	1,513	1,345	789	**59.8**	62.6	54.3	50.6	35.2
Real estate												
Residential	**29**	**5**	**24**	27	54	68	79	**1.0**	1.1	1.9	2.6	3.5
Non-residential	**104**	**7**	**97**	73	87	133	154	**3.9**	3.1	3.1	5.0	6.9
Total real estate	**133**	**12**	**121**	100	141	201	233	**4.9**	4.2	5.0	7.6	10.4
Agriculture	**2**	**–**	**2**	2	1	1	1	**0.1**	0.1	–	–	–
Automotive	**10**	**2**	**8**	12	14	11	14	**0.3**	0.5	0.5	0.4	0.6
Financial	**29**	**1**	**28**	39	24	26	25	**1.1**	1.6	0.9	1.0	1.1
Food, beverage, and tobacco	**12**	**2**	**10**	9	4	7	9	**0.4**	0.4	0.1	0.3	0.4
Forestry	**1**	**–**	**1**	1	12	–	1	**–**	–	0.4	–	–
Government, public sector entities, and education	**8**	**1**	**7**	9	8	8	16	**0.3**	0.4	0.3	0.3	0.7
Health and social services	**12**	**1**	**11**	11	29	38	49	**0.5**	0.5	1.1	1.4	2.2
Industrial construction and trade contractors	**21**	**2**	**19**	20	22	30	26	**0.8**	0.8	0.8	1.1	1.2
Metals and mining	**4**	**1**	**3**	4	4	13	9	**0.1**	0.2	0.1	0.5	0.4
Pipelines, oil, and gas	**12**	**1**	**11**	17	77	6	–	**0.5**	0.7	2.8	0.2	–
Power and utilities	**1**	**–**	**1**	1	–	–	–	**–**	–	–	–	–
Professional and other services	**47**	**3**	**44**	46	75	74	84	**1.8**	1.9	2.7	2.8	3.7
Retail sector	**39**	**2**	**37**	37	43	65	80	**1.5**	1.6	1.6	2.4	3.6
Sundry manufacturing and wholesale	**19**	**4**	**15**	26	41	40	39	**0.6**	1.1	1.5	1.5	1.7
Telecommunications, cable, and media	**3**	**–**	**3**	1	9	13	16	**0.1**	–	0.3	0.5	0.7
Transportation	**16**	**1**	**15**	6	25	31	15	**0.6**	0.2	0.9	1.2	0.7
Other	**16**	**10**	**6**	3	6	5	5	**0.2**	0.1	0.2	0.2	0.3
Total business and government	**385**	**43**	**342**	344	535	569	622	**13.8**	14.3	19.2	21.4	27.7
Total United States	**2,238**	**422**	**1,816**	1,844	2,048	1,914	1,411	**73.6**	76.9	73.5	72.0	62.9
International												
Business and government	**–**	**–**	**–**	–	–	–	–	**–**	–	–	–	–
Total international	**–**	**–**	**–**	–	–	–	–	**–**	–	–	–	–
Total	**$ 3,154**	**$ 686**	**$ 2,468**	$ 2,398	$ 2,785	$ 2,660	$ 2,244	**100.0 %**	100.0 %	100.0 %	100.0 %	100.0 %
Net impaired loans as a % of common equity			**3.33 %**	3.45 %	4.09 %	4.24 %	4.28 %					

1 Includes customers' liability under acceptances.
2 Primarily based on the geographic location of the customer's address.
3 Includes loans that are measured at FVOCI.
4 Excludes ACI loans, DSCL under IAS 39, and DSAC and DSOCI under IFRS 9.
5 Credit cards are considered impaired when they are 90 days past due and written off at 180 days past due.

TABLE 32: IMPAIRED LOANS NET OF STAGE 3 ALLOWANCE FOR LOAN LOSSES (NET OF COUNTERPARTY-SPECIFIC AND INDIVIDUALLY INSIGNIFICANT ALLOWANCES UNDER IAS 39) BY GEOGRAPHY[1,2,3,4,5]

(millions of Canadian dollars, except as noted)

			As at			*Percentage of total*		
			October 31 2018	October 31 2017	October 31 2016	**October 31 2018**	October 31 2017	October 31 2016
	Gross impaired loans	**Stage 3 allowances for loan losses impaired**	**Net impaired loans**	Net impaired loans	Net impaired loans			
Canada								
Atlantic provinces	**$ 43**	**$ 13**	**$ 30**	$ 29	$ 32	**1.2 %**	1.2 %	1.2 %
British Columbia[6]	**79**	**27**	**52**	57	85	**2.1**	2.4	3.1
Ontario[6]	**457**	**142**	**315**	196	277	**12.8**	8.2	9.9
Prairies[6]	**235**	**58**	**177**	191	231	**7.2**	7.9	8.3
Québec	**102**	**24**	**78**	81	112	**3.1**	3.4	4.0
Total Canada	**916**	**264**	**652**	554	737	**26.4**	23.1	26.5
United States								
Carolinas (North and South)	**125**	**17**	**108**	97	98	**4.4**	4.0	3.5
Florida	**186**	**30**	**156**	148	154	**6.3**	6.2	5.5
New England[7]	**504**	**62**	**442**	441	564	**17.9**	18.4	20.2
New Jersey	**377**	**44**	**333**	336	396	**13.5**	14.0	14.2
New York	**403**	**49**	**354**	366	328	**14.3**	15.3	11.8
Pennsylvania	**134**	**21**	**113**	126	161	**4.6**	5.2	5.8
Other	**509**	**199**	**310**	330	347	**12.6**	13.8	12.5
Total United States	**2,238**	**422**	**1,816**	1,844	2,048	**73.6**	76.9	73.5
Total	**$ 3,154**	**$ 686**	**$ 2,468**	$ 2,398	$ 2,785	**100.0 %**	100.0 %	100.0 %
Net impaired loans as a % of net loans			**0.37 %**	0.38 %	0.46 %			

1 Includes customers' liability under acceptances.
2 Primarily based on the geographic location of the customer's address.
3 Includes loans that are measured at FVOCI.
4 Excludes ACI loans, DSCL under IAS 39, and DSAC and DSOCI under IFRS 9.
5 Credit cards are considered impaired when they are 90 days past due and written of at 180 days past due.
6 The territories are included as follows: Yukon is included in British Columbia; Nunavut is included in Ontario; and the Northwest Territories is included in the Prairies region.
7 The states included in New England are as follows: Connecticut, Maine, Massachusetts, New Hampshire, and Vermont.

ALLOWANCE FOR CREDIT LOSSES

The allowance for loan losses including off-balance sheet positions of $4,578 million as at October 31, 2018, was comprised of Stage 3 allowance for impaired loans of $704 million, Stage 2 allowance of $1,696 million, and Stage 1 allowance of $2,178 million collectively for performing loans and off-balance sheet positions.

Stage 3 allowances (impaired)

The Stage 3 allowance for loan losses decreased $144 million, or 17%, compared with the counterparty-specific and individually insignificant allowances under IAS 39 last year primarily reflecting certain debt securities classified as loans under IAS 39 now classified as debt securities at amortized cost as a result of the adoption of IFRS 9.

Stage 1 and Stage 2 allowances (performing)

As at October 31, 2018, the Stage 1 and 2 allowances (allowance for incurred but not identified credit losses under IAS 39) was $3,874 million, up from $3,502 million as at October 31, 2017. The increase was primarily due to the impact of methodology changes related to the adoption of IFRS 9 including where Stage 2 loans are measured on a lifetime ECL methodology, and the impact of foreign exchange.

PROVISION FOR CREDIT LOSSES

The PCL is the amount charged to income to bring the total allowance for credit losses, including both Stage 1 and 2 allowances (performing) and Stage 3 allowance (impaired), to a level that management considers adequate to absorb expected and incurred credit-related losses in the Bank's loan portfolio. Provisions are reduced by any recoveries in the year.

In Canada PCL – impaired relating to residential mortgages, consumer instalment and other personal loans, and credit card loans was $880 million, a decrease of $51 million, or 5%, compared to 2017 reflecting continued strong credit performance. PCL – impaired related to business and government loans was $45 million, an increase of $10 million, or 29%, primarily reflecting a lower recovery of provisions in the oil and gas sector compared with prior year.

In the U.S. PCL – impaired related to residential mortgages, consumer instalment and other personal loans, and credit card loans was $1,260 million, an increase of $201 million, or 19%, compared to 2017, primarily reflecting volume growth, seasoning, and mix in the credit card and auto portfolios and the impact of foreign exchange. PCL – impaired related to business and government loans was $7 million, an increase of $2 million compared to 2017.

Geographically, 43% of PCL – impaired were attributed to Canada and 58% to the U.S. including recoveries in the acquired credit-impaired loan portfolios. The largest regional concentration of PCL – impaired in Canada was in Ontario, which represented 17% of total PCL – impaired, down from 19% in 2017. The largest regional concentration of PCL – impaired in the U.S. was in New England, representing 7% of total PCL – impaired, remaining stable from the prior year.

The following table provides a summary of provisions charged to the Consolidated Statement of Income.

TABLE 33: PROVISION FOR CREDIT LOSSES UNDER IFRS 9

(millions of Canadian dollars)	2018
Provision for credit losses – Stage 3 (impaired)	
Canadian Retail	**$ 927**
U.S. Retail	**776**
Wholesale Banking	**(8)**
Corporate[1]	**471**
Total provision for credit losses – Stage 3	**2,166**
Provision for credit losses – Stage 1 and Stage 2 (performing) [2]	
Canadian Retail	**71**
U.S. Retail	**141**
Wholesale Banking	**11**
Corporate[1]	**91**
Total provision for credit losses – Stage 1 and 2	**314**
Provision for credit losses	**$ 2,480**

1 Includes PCL on the retailer program partners' share of the U.S. strategic cards portfolio.
2 Includes financial asset, loan commitments, and financial guarantees.

TABLE 34: PROVISION FOR CREDIT LOSSES UNDER IAS 39

(millions of Canadian dollars)	2017	2016
Provision for credit losses – counterparty-specific and individually insignificant		
Counterparty-specific	$ 40	$ 139
Individually insignificant	2,575	2,334
Recoveries	(625)	(602)
Total provision for credit losses for counterparty-specific and individually insignificant	1,990	1,871
Provision for credit losses – incurred but not identified		
Canadian Retail and Wholesale Banking[1]	–	165
U.S. Retail	144	210
Corporate[2]	82	84
Total provision for credit losses – incurred but not identified	226	459
Provision for credit losses	$ 2,216	$ 2,330

1 The incurred but not identified PCL is included in the Corporate segment results for management reporting.
2 The retailer program partners' share of the U.S. strategic cards portfolio.

TABLE 35: PROVISION FOR LOAN LOSSES BY INDUSTRY SECTOR[1,2]

(millions of Canadian dollars, except as noted)	For the years ended			Percentage of total		
	October 31 2018	October 31 2017	October 31 2016	**October 31 2018**	October 31 2017	October 31 2016
Stage 3 provision for loan losses (impaired) (Counterparty-specific and individually insignificant provision under IAS 39)						
Canada						
Residential mortgages	**$ 15**	$ 22	$ 15	**0.7 %**	1.1 %	0.8 %
Consumer instalment and other personal						
HELOC	**11**	7	5	**0.5**	0.4	0.3
Indirect auto	**205**	245	253	**9.5**	12.3	13.5
Other	**178**	172	169	**8.2**	8.6	9.0
Credit card	**471**	485	503	**21.7**	24.4	26.9
Total personal	**880**	931	945	**40.6**	46.8	50.5
Real estate						
Residential	**(2)**	–	–	**(0.1)**	–	–
Non-residential	**3**	1	–	**0.1**	0.1	–
Total real estate	**1**	1	–	**–**	0.1	–
Agriculture	**1**	–	–	**–**	–	–
Automotive	**3**	–	1	**0.1**	–	0.1
Financial	**–**	–	–	**–**	–	–
Food, beverage, and tobacco	**–**	–	(3)	**–**	–	(0.2)
Forestry	**–**	1	–	**–**	0.1	–
Government, public sector entities, and education	**–**	–	(1)	**–**	–	(0.1)
Health and social services	**3**	4	4	**0.1**	0.2	0.2
Industrial construction and trade contractors	**2**	9	11	**0.1**	0.4	0.6
Metals and mining	**4**	5	1	**0.2**	0.2	0.1
Pipelines, oil, and gas	**(2)**	(11)	43	**(0.1)**	(0.5)	2.3
Power and utilities	**–**	–	–	**–**	–	–
Professional and other services	**4**	6	9	**0.2**	0.3	0.5
Retail sector	**14**	11	12	**0.7**	0.5	0.6
Sundry manufacturing and wholesale	**(2)**	1	14	**(0.1)**	0.1	0.7
Telecommunications, cable, and media	**2**	1	1	**0.1**	0.1	0.1
Transportation	**2**	2	4	**0.1**	0.1	0.2
Other	**13**	5	7	**0.7**	0.2	0.4
Total business and government	**45**	35	103	**2.1**	1.8	5.5
Total Canada	**925**	966	1,048	**42.7**	48.6	56.0
United States						
Residential mortgages	**13**	7	16	**0.7**	0.4	0.9
Consumer instalment and other personal						
HELOC	**15**	7	58	**0.7**	0.4	3.1
Indirect auto	**272**	229	146	**12.5**	11.5	7.8
Other	**155**	128	96	**7.2**	6.4	5.1
Credit card	**805**	688	491	**37.1**	34.5	26.2
Total personal	**1,260**	1,059	807	**58.2**	53.2	43.1
Real estate						
Residential	**(2)**	1	(5)	**(0.1)**	0.1	(0.3)
Non-residential	**(4)**	(3)	6	**(0.2)**	(0.2)	0.4
Total real estate	**(6)**	(2)	1	**(0.3)**	(0.1)	0.1
Agriculture	**–**	–	–	**–**	–	–
Automotive	**1**	(1)	1	**–**	(0.1)	0.1
Financial	**7**	19	(3)	**0.3**	1.0	(0.2)
Food, beverage, and tobacco	**(1)**	1	1	**–**	0.1	0.1
Forestry	**–**	(7)	7	**–**	(0.4)	0.4
Government, public sector entities, and education	**–**	(2)	(6)	**–**	(0.1)	(0.4)
Health and social services	**–**	(6)	2	**–**	(0.3)	0.1
Industrial construction and trade contractors	**1**	7	(1)	**–**	0.4	(0.1)
Metals and mining	**2**	(1)	3	**0.1**	(0.1)	0.2
Pipelines, oil, and gas	**(7)**	(15)	25	**(0.3)**	(0.8)	1.2
Power and utilities	**–**	(1)	1	**–**	(0.1)	0.1
Professional and other services	**(1)**	3	(2)	**–**	0.2	(0.1)
Retail sector	**–**	–	(4)	**–**	–	(0.2)
Sundry manufacturing and wholesale	**1**	(6)	(4)	**–**	(0.3)	(0.2)
Telecommunications, cable, and media	**1**	(1)	3	**–**	(0.1)	0.2
Transportation	**(4)**	1	1	**(0.2)**	0.1	0.1
Other	**13**	16	14	**0.7**	0.8	0.7
Total business and government	**7**	5	39	**0.3**	0.2	2.1
Total United States	**1,267**	1,064	846	**58.5**	53.4	45.2
Total excluding other loans	**2,192**	2,030	1,894	**101.2**	102.0	101.2
Other loans						
Debt securities classified as loans	**–**	(2)	8	**–**	(0.1)	0.4
Acquired credit-impaired loans[3]	**(26)**	(38)	(31)	**(1.2)**	(1.9)	(1.6)
Total other loans	**(26)**	(40)	(23)	**(1.2)**	(2.0)	(1.2)
Total Stage 3 provision for loan losses (impaired) (Counterparty-specific and individually insignificant provision under IAS 39)	**$ 2,166**	$ 1,990	$ 1,871	**100.0 %**	100.0 %	100.0 %
Stage 1 and 2 provision for loan losses (Incurred but not identified provision under IAS 39)						
Personal, business, and government	**$ 306**	$ 237	$ 463			
Debt securities classified as loans	**–**	(11)	(4)			
Total Stage 1 and 2 provision for loan losses (Incurred but not identified provision under IAS 39)	**306**	226	459			
Total provision for loan losses	**$ 2,472**	$ 2,216	$ 2,330			

1 Primarily based on the geographic location of the customer's address.
2 Includes loans that are measured at fair value through other comprehensive income.
3 Includes all FDIC covered loans and other ACI loans.

TABLE 36: PROVISION FOR LOAN LOSSES BY GEOGRAPHY[1,2,3]

(millions of Canadian dollars, except as noted)	For the years ended			Percentage of total		
	October 31 2018	October 31 2017	October 31 2016	**October 31 2018**	October 31 2017	October 31 2016
Canada						
Atlantic provinces	**$ 74**	$ 75	$ 69	**3.0 %**	3.4 %	3.0 %
British Columbia[4]	**106**	109	120	**4.3**	4.9	5.1
Ontario[4]	**361**	374	400	**14.6**	16.9	17.2
Prairies[4]	**262**	258	310	**10.6**	11.6	13.3
Québec	**122**	150	149	**4.9**	6.8	6.4
Total Canada	**925**	966	1,048	**37.4**	43.6	45.0
United States						
Carolinas (North and South)	**54**	42	33	**2.2**	1.9	1.4
Florida	**93**	77	53	**3.8**	3.5	2.3
New England[5]	**148**	112	112	**6.0**	5.1	4.8
New Jersey	**107**	95	81	**4.3**	4.3	3.4
New York	**142**	143	98	**5.7**	6.4	4.2
Pennsylvania	**51**	52	41	**2.1**	2.3	1.8
Other[6]	**672**	543	428	**27.2**	24.5	18.4
Total United States	**1,267**	1,064	846	**51.3**	48.0	36.3
Total excluding other loans	**2,192**	2,030	1,894	**88.7**	91.6	81.3
Other loans	**(26)**	(40)	(23)	**(1.1)**	(1.8)	(1.0)
Total Stage 3 provision for loan losses (impaired) (Counterparty- specific and individually insignificant provision under IAS 39)	**2,166**	1,990	1,871	**87.6**	89.8	80.3
Stage 1 and 2 provision for loan losses (incurred but not identified provision under IAS 39)	**306**	226	459	**12.4**	10.2	19.7
Total provision for loan losses	**$ 2,472**	$ 2,216	$ 2,330	**100.0 %**	100.0 %	100.0 %

Provision for loan losses as a % of average net loans and acceptances [6]	**October 31 2018**	October 31 2017	October 31 2016
Canada			
Residential mortgages	**0.01 %**	0.01 %	0.01 %
Credit card, consumer instalment and other personal	**0.63**	0.73	0.81
Business and government	**0.04**	0.04	0.12
Total Canada	**0.21**	0.24	0.27
United States			
Residential mortgages	**0.04**	0.03	0.06
Credit card, consumer instalment and other personal	**2.18**	1.92	1.50
Business and government	**0.01**	–	0.04
Total United States	**0.63**	0.55	0.46
International	**–**	–	–
Total excluding other loans	**0.34**	0.34	0.33
Other loans	**(4.97)**	(1.47)	(0.84)
Total Stage 3 provision for loan losses (impaired) counterparty- specific and individually insignificant provision (under IAS 39)	**0.34**	0.33	0.32
Stage 1 and 2 provision for loan losses (Incurred but not identified provision under IAS 39)	**0.05**	0.04	0.08
Total provision for loan losses as a % of average net loans and acceptances	**0.39 %**	0.36 %	0.40 %

1 Primarily based on the geographic location of the customer's address.
2 Includes loans that are measured at fair value through other comprehensive income.
3 Includes customers' liability under acceptances.
4 The territories are included as follows: Yukon is included in British Columbia; Nunavut is included in Ontario; and Northwest Territories is included in the Prairies region.
5 The states included in New England are as follows: Connecticut, Maine, Massachusetts, New Hampshire, and Vermont.
6 Other includes PCL attributable to other states/regions including those outside TD's core U.S. geographic footprint.

NON-PRIME LOANS

As at October 31, 2018, the Bank had approximately $2.8 billion (October 31, 2017 – $2.5 billion), gross exposure tonon-prime loans, which primarily consist of automotive loans originated in Canada. The credit loss rate, an indicator of credit quality, and defined as annual PCL divided by the average month-end loan balance was approximately 3.77% on an annual basis (October 31, 2017 – 5.25%), remaining at cyclically low levels. These loans are recorded at amortized cost.

SOVEREIGN RISK

The following table provides a summary of the Bank's credit exposure to certain European countries, including Greece, Italy, Ireland, Portugal, and Spain (GIIPS).

TABLE 37: EXPOSURE TO EUROPE – Total Net Exposure by Country and Counterparty[1]

(millions of Canadian dollars) *As at*

	Loans and commitments[2]				Derivatives, repos, and securities lending[3]				Trading and investment portfolio[4,5]				Total
	Corporate	Sovereign	Financial	Total	Corporate	Sovereign	Financial	Total	Corporate	Sovereign	Financial	Total	Exposure[6]
Country													**October 31, 2018**
GIIPS													
Greece	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Italy	–	178	1	179	–	–	3	3	26	22	5	53	235
Ireland	–	–	197	197	17	–	268	285	–	–	–	–	482
Portugal	–	–	–	–	–	139	56	195	1	–	–	1	196
Spain	–	30	56	86	–	–	61	61	23	522	–	545	692
Total GIIPS	–	208	254	462	17	139	388	544	50	544	5	599	1,605
Rest of Europe													
Austria	–	–	7	7	9	46	12	67	–	1,008	–	1,008	1,082
Belgium	263	–	225	488	140	34	486	660	40	94	2	136	1,284
Finland	–	141	–	141	–	36	110	146	–	1,071	–	1,071	1,358
France	579	514	133	1,226	77	621	1,822	2,520	122	5,613	176	5,911	9,657
Germany	1,106	354	210	1,670	443	805	933	2,181	240	7,779	63	8,082	11,933
Luxembourg	–	–	99	99	28	–	396	424	3	–	–	3	526
Netherlands	509	706	194	1,409	273	506	362	1,141	44	3,717	265	4,026	6,576
Norway	121	33	5	159	20	288	54	362	24	426	630	1,080	1,601
Sweden	–	67	95	162	–	287	235	522	15	1,548	644	2,207	2,891
Switzerland	997	58	89	1,144	37	–	2,127	2,164	39	–	25	64	3,372
United Kingdom	2,872	1,082	19	3,973	1,558	559	9,262	11,379	336	857	2,429	3,622	18,974
Other[7]	–	5	–	5	2	164	365	531	–	395	66	461	997
Total Rest of Europe	6,447	2,960	1,076	10,483	2,587	3,346	16,164	22,097	863	22,508	4,300	27,671	60,251
Total Europe	$ 6,447	$ 3,168	$ 1,330	$ 10,945	$ 2,604	$ 3,485	$ 16,552	$ 22,641	$ 913	$ 23,052	$ 4,305	$ 28,270	$ 61,856
Country													October 31, 2017
GIIPS													
Greece	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Italy	–	168	3	171	–	–	3	3	29	35	2	66	240
Ireland	–	–	194	194	11	–	274	285	–	–	–	–	479
Portugal	–	–	–	–	–	–	16	16	7	–	–	7	23
Spain	–	99	47	146	–	–	35	35	9	1,277	3	1,289	1,470
Total GIIPS	–	267	244	511	11	–	328	339	45	1,312	5	1,362	2,212
Rest of Europe													
Austria	–	–	–	–	12	11	1	24	–	1,073	51	1,124	1,148
Belgium	258	–	–	258	188	23	9	220	42	90	–	132	610
Finland	6	134	1	141	–	40	1	41	–	1,066	–	1,066	1,248
France	602	636	117	1,355	66	604	2,532	3,202	78	5,337	275	5,690	10,247
Germany	1,259	522	28	1,809	419	901	873	2,193	233	7,568	45	7,846	11,848
Luxembourg	–	–	–	–	35	–	1,138	1,173	6	–	–	6	1,179
Netherlands	548	339	161	1,048	320	727	323	1,370	72	4,109	313	4,494	6,912
Norway	–	67	4	71	22	311	22	355	1	327	457	785	1,211
Sweden	–	105	122	227	–	361	245	606	5	1,189	788	1,982	2,815
Switzerland	975	58	42	1,075	34	–	601	635	55	–	59	114	1,824
United Kingdom	2,511	2,784	20	5,315	836	580	9,086	10,502	269	2,082	1,744	4,095	19,912
Other[7]	–	5	–	5	5	130	178	313	–	282	11	293	611
Total Rest of Europe	6,159	4,650	495	11,304	1,937	3,688	15,009	20,634	761	23,123	3,743	27,627	59,565
Total Europe	$ 6,159	$ 4,917	$ 739	$ 11,815	$ 1,948	$ 3,688	$ 15,337	$ 20,973	$ 806	$ 24,435	$ 3,748	$ 28,989	$ 61,777

1 Certain comparative amounts have been recast to conform with the presentation adopted in the current period.

2 Exposures include interest-bearing deposits with banks and are presented net of impairment charges where applicable. There were no impairment charges for European exposures as of October 31, 2017 and October 31, 2018.

3 Exposures are calculated on a fair value basis and are net of collateral. Total market value of pledged collateral is $0.4 billion (October 31, 2017 – $1.5 billion) for GIIPS and $66 billion (October 31, 2017 – $67.4 billion) for the rest of Europe. Derivatives are presented as net exposures where there is an International Swaps and Derivatives Association (ISDA) master netting agreement.

4 Trading and Investment portfolio includes deposits and trading exposures are net of eligible short positions.

5 The fair values of the GIIPS exposures in Level 3 in the trading and investment portfolio were not significant as at October 31, 2018, and October 31, 2017.

6 The reported exposures do not include $0.2 billion of protection the Bank purchased through credit default swaps (October 31, 2017 – $0.2 billion).

7 Other European exposure is distributed across 9 countries (October 31, 2017 – 8 countries), each of which has a net exposure including loans and commitments, derivatives, repos and securities lending, and trading and investment portfolio below $1 billion as at October 31, 2018.

Of the Bank's European exposure, approximately 96% (October 31, 2017 – 96%) is to counterparties in countries rated AA or better by either Moody's Investor Services (Moody's) or Aa3 or better by Standard & Poor's (S&P), with the majority of this exposure to the sovereigns themselves and to well rated, systemically important banks in these countries. Derivatives and securities repurchase transactions are completed on a collateralized basis. The vast majority of derivatives exposure is offset by cash collateral while the repurchase transactions are backed largely by government securities rated AA or better, and cash. The Bank also takes a limited amount of exposure to well rated corporate issuers in Europe where the Bank also does business with their related entities in North America.

In addition to the European exposure identified above, the Bank also has $11.2 billion (October 31, 2017 – $9.5 billion) of exposure to supranational entities with European sponsorship and $1.0 billion (October 31, 2017 – $2.3 billion) of indirect exposure to European collateral from non-European counterparties related to repurchase and securities lending transactions that are margined daily.

As part of the Bank's usual credit risk and exposure monitoring processes, all exposures are reviewed on a regular basis. European exposures are reviewed monthly or more frequently as circumstances dictate and are periodically stress tested to identify and understand any potential vulnerabilities. Based on the most recent reviews, all European exposures are considered manageable.

Capital Position

TABLE 38: CAPITAL STRUCTURE AND RATIOS – Basel III[1]

(millions of Canadian dollars, except as noted)	2018	2017
Common Equity Tier 1 Capital		
Common shares plus related contributed surplus	**$ 21,267**	$ 20,967
Retained earnings	**46,145**	40,489
Accumulated other comprehensive income	**6,639**	8,006
Common Equity Tier 1 Capital before regulatory adjustments	**74,051**	69,462
Common Equity Tier 1 Capital regulatory adjustments		
Goodwill (net of related tax liability)	**(19,285)**	(18,820)
Intangibles (net of related tax liability)	**(2,236)**	(2,310)
Deferred tax assets excluding those arising from temporary differences	**(317)**	(113)
Cash flow hedge reserve	**2,568**	506
Shortfall of provisions to expected losses	**(953)**	(805)
Gains and losses due to changes in own credit risk on fair valued liabilities	**(115)**	(73)
Defined benefit pension fund net assets (net of related tax liability)	**(113)**	(13)
Investment in own shares	**(123)**	–
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)	**(1,088)**	(1,206)
Total regulatory adjustments to Common Equity Tier 1 Capital	**(21,662)**	(22,834)
Common Equity Tier 1 Capital	**52,389**	46,628
Additional Tier 1 Capital instruments		
Directly issued qualifying Additional Tier 1 instruments plus stock surplus	**4,996**	4,247
Directly issued capital instruments subject to phase out from Additional Tier 1	**2,455**	3,229
Additional Tier 1 instruments issued by subsidiaries and held by third parties subject to phase out	**245**	–
Additional Tier 1 Capital instruments before regulatory adjustments	**7,696**	7,476
Additional Tier 1 Capital instruments regulatory adjustments		
Investment in own Additional Tier 1 instruments	**–**	(1)
Significant investments in the capital of banking, financial, and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	**(350)**	(352)
Total regulatory adjustments to Additional Tier 1 Capital	**(350)**	(353)
Additional Tier 1 Capital	**7,346**	7,123
Tier 1 Capital	**59,735**	53,751
Tier 2 Capital instruments and provisions		
Directly issued qualifying Tier 2 instruments plus related stock surplus	**8,927**	7,156
Directly issued capital instruments subject to phase out from Tier 2	**198**	2,648
Tier 2 instruments issued by subsidiaries and held by third parties subject to phase out	**–**	–
Collective allowances	**1,734**	1,668
Tier 2 Capital before regulatory adjustments	**10,859**	11,472
Tier 2 regulatory adjustments		
Investments in own Tier 2 instruments	**–**	(25)
Significant investments in the capital of banking, financial, and insurance entities that are outside consolidation, net of eligible short positions	**(160)**	(160)
Total regulatory adjustments to Tier 2 Capital	**(160)**	(185)
Tier 2 Capital	**10,699**	11,287
Total Capital	**$ 70,434**	$ 65,038
Risk-weighted assets[2,3]		
Common Equity Tier 1 Capital	**$ 435,632**	$ 435,750
Tier 1 Capital	**435,780**	435,750
Total Capital	**435,927**	435,750
Capital Ratios and Multiples		
Common Equity Tier 1 Capital (as percentage of CET1 Capital risk-weighted assets)	**12.0 %**	10.7 %
Tier 1 Capital (as percentage of Tier 1 Capital risk-weighted assets)	**13.7**	12.3
Total Capital (as percentage of Total Capital risk-weighted assets)	**16.2**	14.9
Leverage ratio[4]	**4.2**	3.9

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

2 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.

3 As at October 31, 2017, RWA for all ratios were the same due to the regulatory floor which was based on Basel I risk weights. As at October 31, 2018, the regulatory floor is based on Basel II standardized risk weights and is no longer triggered resulting in a separate RWA for each ratio due to the CVA scalar.

4 The leverage ratio is calculated as Tier 1 Capital divided by leverage exposure, as defined.

THE BANK'S CAPITAL MANAGEMENT OBJECTIVES

The Bank's capital management objectives are:

- To be an appropriately capitalized financial institution as determined by:
  - the Bank's Risk Appetite Statement (RAS);
  - capital requirements defined by relevant regulatory authorities; and
  - the Bank's internal assessment of capital requirements consistent with the Bank's risk profile and risk tolerance levels.
- To have the most economically achievable weighted-average cost of capital, consistent with preserving the appropriate mix of capital elements to meet targeted capitalization levels.
- To ensure ready access to sources of appropriate capital, at reasonable cost, in order to:
  - insulate the Bank from unexpected events; and
  - support and facilitate business growth and/or acquisitions consistent with the Bank's strategy and risk appetite.
- To support strong external debt ratings, in order to manage the Bank's overall cost of funds and to maintain accessibility to required funding.

These objectives are applied in a manner consistent with the Bank's overall objective of providing a satisfactory return on shareholders' equity.

CAPITAL SOURCES

The Bank's capital is primarily derived from common shareholders and retained earnings. Other sources of capital include the Bank's preferred shareholders and holders of the Bank's subordinated debt.

CAPITAL MANAGEMENT

The Treasury and Balance Sheet Management (TBSM) group manages capital for the Bank and is responsible for forecasting and monitoring compliance with capital targets. The Board of Directors (the "Board") oversees capital adequacy risk management.

The Bank continues to hold sufficient capital levels to ensure that flexibility is maintained to grow operations, both organically and through strategic acquisitions. The strong capital ratios are the result of the Bank's internal capital generation, management of the balance sheet, and periodic issuance of capital securities.

ECONOMIC CAPITAL

Economic capital is the Bank's internal measure of capital requirements and is one of the key components in the Bank's assessment of internal capital adequacy. Economic capital is comprised of both risk-based capital required to fund losses that could occur under extremely adverse economic or operational conditions and investment capital utilized to fund acquisitions or investments to support future earnings growth.

The Bank uses internal models to determine the amount of risk-based capital required to support the risks resulting from the Bank's business operations. Characteristics of these models are described in the "Managing Risk" section of this document. The objective of the Bank's economic capital framework is to hold risk-based capital to cover unexpected losses in a manner consistent with the Bank's capital management objectives.

The Bank operates its capital regime under the Basel Capital Framework. Consequently, in addition to addressing Pillar 1 risks covering credit risk, market risk, and operational risk, the Bank's economic capital framework captures other material Pillar 2 risks including non-trading market risk for the retail portfolio (interest rate risk in the banking book), additional credit risk due to concentration (commercial and wholesale portfolios) and risks classified as "Other", namely business risk, insurance risk, and risks associated with the Bank's significant investments. The framework also captures diversification benefits across risk types and business segments.

Please refer to the "Economic Capital and Risk-Weighted Assets by Segment" section for a business segment breakdown of the Bank's economic capital.

REGULATORY CAPITAL

Capital requirements of the Basel Committee on Banking Supervision (BCBS) are commonly referred to as Basel III. Under Basel III, Total Capital consists of three components, namely CET1, Additional Tier 1, and Tier 2 Capital. Risk sensitive regulatory capital ratios are calculated by dividing CET1, Tier 1, and Total Capital by their respective RWA, inclusive of any minimum requirements outlined under the regulatory floor. In 2015, Basel III implemented a non-risk sensitive leverage ratio to act as a supplementary measure to the risk-sensitive capital requirements. The objective of the leverage ratio is to constrain the build-up of excess leverage in the banking sector. The leverage ratio is calculated by dividing Tier 1 Capital by leverage exposure which is primarily comprised of on-balance sheet assets with adjustments made to derivative and securities financing transaction exposures, and credit equivalent amounts of off-balance sheet exposures.

OSFI's Capital Requirements under Basel III

OSFI's Capital Adequacy Requirements (CAR) guideline details how the Basel III capital rules apply to Canadian banks.

Effective January 1, 2014, the CVA capital charge is to be phased in over a five year period based on a scalar approach. For fiscal 2018, the scalars for inclusion of the CVA for CET1, Tier 1, and Total Capital RWA are 80%, 83%, and 86%, respectively. All of the above scalars will increase to 100% in 2019 for the CET1, Tier 1 and Total Capital ratio calculations.

Effective January 1, 2013, all newly issued non-common Tier 1 and Tier 2 Capital instruments must include non-viability contingent capital (NVCC) provisions to qualify as regulatory capital. NVCC provisions require the conversion of non-common capital instruments into a variable number of common shares of the Bank upon the occurrence of a trigger event as defined in the guidance. Existing non-common Tier 1 and Tier 2 capital instruments which do not include NVCC provisions are non-qualifying capital instruments and are subject to a phase-out period which began in 2013 and ends in 2022.

The CAR guideline contains two methodologies for capital ratio calculation: (1) the "transitional" method; and (2) the "all-in" method. The minimum CET1, Tier 1, and Total Capital ratios, based on the "all-in" method, are 4.5%, 6.0%, and 8.0%, respectively. OSFI expects Canadian banks to include an additional capital conservation buffer of 2.5%, effectively raising the CET1, Tier 1 Capital, and Total Capital ratio minimum requirements to 7.0%, 8.5%, and 10.5%, respectively.

In March 2013, OSFI designated the six major Canadian banks as domestic systemically important banks (D-SIBs), for which a 1% common equity capital surcharge is in effect from January 1, 2016. As a result, the six Canadian banks designated as D-SIBs, including TD, are required to meet an "all-in" Pillar 1 target CET1, Tier 1, and Total Capital ratios of 8.0%, 9.5%, and 11.5%, respectively.

At the discretion of OSFI, a common equity countercyclical capital buffer (CCB) within a range of 0% to 2.5% may be imposed. The primary objective of the CCB is to protect the banking sector against future potential losses resulting from periods of excess aggregate credit growth that have often been associated with the build-up of system-wide risk. The CCB is an extension of the capital conservation buffer and must be met with CET1 capital. The CCB is calculated using the weighted-average of the buffers deployed in Canada and across BCBS member jurisdictions and selected non-member jurisdictions to which the bank has private sector credit exposures.

Effective November 1, 2017, OSFI required D-SIBs and foreign bank subsidiaries in Canada to comply with the CCB regime, phased-in according to the transitional arrangements. As a result, the maximum countercyclical buffer relating to foreign private sector credit exposures was capped at 1.25% of total RWA in the first quarter of 2017 and increases each subsequent year by an additional 0.625%, to reach its final maximum of 2.5% of total RWA in the first quarter of 2019. As at October 31, 2018, the CCB is only applicable to private sector credit exposures located in Hong Kong, Sweden, Norway, and the United Kingdom. Based on the allocation of exposures and buffers currently in place in Hong Kong, Sweden, Norway, and the United Kingdom, the Bank's countercyclical buffer requirement is 0% as at October 31, 2018.

On June 25, 2018, OSFI provided greater transparency related to previously undisclosed Pillar 2 CET1 capital buffer through the introduction of the public Domestic Stability Buffer (DSB). The DSB is held by D-SIBs against Pillar 2 risks associated with systemic vulnerabilities including, but not limited to: i) Canadian consumer indebtedness; ii) asset imbalances in the Canadian market; and iii) Canadian institutional indebtedness. The level of the buffer ranges between 0% and 2.5% of total RWA and must be met with CET1 Capital. The current buffer is set at 1.5%, effectively raising the CET1 target to 9.5%. At a minimum, OSFI will review the buffer semi-annually and any changes will be made public. A breach of the buffer will not automatically constrain capital distributions; however, OSFI will require a remediation plan.

Effective in the second quarter of 2018, OSFI implemented a revised methodology for calculating the regulatory capital floor. The revised floor is based on the standardized approach (TSA), with the floor factor transitioned in over three quarters. The factor increased from 70% in the second quarter of 2018, to 72.5% in the third quarter, and 75% in the current quarter. The Bank is not constrained by the capital floor.

The leverage ratio is calculated as per OSFI's Leverage Requirements guideline and has a regulatory minimum requirement of 3.0%.

Capital Position and Capital Ratios

The Basel framework allows qualifying banks to determine capital levels consistent with the way they measure, manage, and mitigate risks. It specifies methodologies for the measurement of credit, market, and operational risks. The Bank uses the advanced approaches for the majority of its portfolios. Effective the third quarter of 2016, OSFI approved the Bank to calculate the majority of the retail portfolio credit RWA in the U.S. Retail segment using the Advanced Internal Ratings Based (AIRB) approach. The remaining assets in the U.S. Retail segment continue to use TSA for credit risk.

For accounting purposes, IFRS is followed for consolidation of subsidiaries and joint ventures. For regulatory capital purposes, insurance subsidiaries are deconsolidated and reported as a deduction from capital. Insurance subsidiaries are subject to their own capital adequacy reporting, such as OSFI's Minimum Continuing Capital Surplus Requirements and Minimum Capital Test. Currently, for regulatory capital purposes, all the entities of the Bank are either consolidated or deducted from capital and there are no entities from which surplus capital is recognized.

Some of the Bank's subsidiaries are individually regulated by either OSFI or other regulators. Many of these entities have minimum capital requirements which they must maintain and which may limit the Bank's ability to extract capital or funds for other uses.

As at October 31, 2018, the Bank's CET1, Tier 1, and Total Capital ratios were 12.0%, 13.7%, and 16.2%, respectively. Compared with the Bank's CET1 Capital ratio of 10.7% at October 31, 2017, the CET1 Capital ratio, as at October 31, 2018, increased due to organic capital growth, implementation of the revised regulatory capital floor in the second quarter of 2018, actuarial gains on employee benefit plans primarily due to an increase in discount rates, partially offset by RWA growth across all segments, common shares repurchased, and the impact of the U.S. tax reform.

As at October 31, 2018, the Bank's leverage ratio was 4.2%. Compared with the Bank's leverage ratio of 3.9% at October 31, 2017, the leverage ratio, as at October 31, 2018, increased as capital generation and preferred share issuances were partially offset by business growth in all segments.

Common Equity Tier 1 Capital

CET1 Capital was $52.4 billion as at October 31, 2018. Strong earnings growth contributed the majority of CET1 Capital growth in the year. Capital management funding activities during the year included the common share issuance of $518 million under the dividend reinvestment plan and from stock option exercises.

Tier 1 and Tier 2 Capital

Tier 1 Capital was $60 billion as at October 31, 2018, consisting of CET1 Capital and Additional Tier 1 Capital of $52 billion and $8 billion, respectively. Tier 1 Capital management activities during the year consisted of the issuance of $350 million non-cumulative Rate Reset Preferred Shares, Series 18 and $400 million non-cumulative Rate Reset Preferred Shares, Series 20, both of which included NVCC Provisions to ensure loss absorbency at the point of non-viability; and the redemption of Class A Preferred Shares Series S, Series T, Series Y, and Series Z, totalling $500 million. On November 26, 2018, TD Capital Trust III (Trust III) announced its intention to redeem all of the outstanding TD Capital Trust III Securities – Series 2008 (TD CaTS III) on December 31, 2018.

Tier 2 Capital was $10 billion as at October 31, 2018. Tier 2 Capital management activities during the year consisted of the issuance of $1.75 billion 3.589% subordinated debentures due September 14, 2028, which included NVCC Provisions to ensure loss absorbency at the point of non-viability, the redemption of $650 million 5.828% subordinated debentures due July 9, 2023, and the redemption of $1.8 billion 5.763% subordinated debentures due December 18, 2106.

INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS

The Bank's Internal Capital Adequacy Assessment Process (ICAAP) is an integrated enterprise-wide process that encompasses the governance, management, and control of risk and capital functions within the Bank. It provides a framework for relating risks to capital requirements through the Bank's capital modeling and stress testing practices which help inform the Bank's overall CAR.

The ICAAP is led by TBSM and is supported by numerous functional areas who together help assess the Bank's internal capital adequacy. This assessment ultimately represents the capacity to bear risk in congruence with the Bank's risk profile and RAS. TBSM assesses and monitors the overall adequacy of the Bank's available capital in relation to both internal and regulatory capital requirements under normal and stressed conditions.

DIVIDENDS

At October 31, 2018, the quarterly dividend was $0.67 per share, consistent with the Bank's current target payout range of 40% to 50% of adjusted earnings. Cash dividends declared and paid during the year totalled $2.61 per share (2017 – $2.35). For cash dividends payable on the Bank's preferred shares, refer to Note 21 of the 2018 Consolidated Financial Statements. As at October 31, 2018, 1,828 million common shares were outstanding (2017 – 1,840 million). The Bank's ability to pay dividends is subject to the requirements of the *Bank Act* and OSFI. Refer to Note 21 of the 2018 Consolidated Financial Statements for further information on dividend restrictions.

NORMAL COURSE ISSUER BID

As approved by the Board on November 28, 2018, the Bank announced its intention to amend its normal course issuer bid (NCIB) for up to an additional 20 million of its common shares, subject to the approval of OSFI and the Toronto Stock Exchange (TSX). The timing and amount of any purchases under the program are subject to regulatory approvals and to management discretion based on factors such as market conditions and capital adequacy.

On April 19, 2018, the Bank announced that the TSX and OSFI approved the Bank's previously announced NCIB to repurchase for cancellation up to 20 million of the Bank's common shares. During the year ended October 31, 2018, the Bank repurchased 20 million common shares under its NCIB at an average price of $75.07 per share for a total amount of $1.5 billion.

The Bank had repurchased 22.98 million common shares under its previous NCIB announced in March 2017, as amended in September 2017, at an average price of $60.78 per share for a total amount of $1.4 billion.

RISK-WEIGHTED ASSETS

Based on Basel III, RWA are calculated for each of credit risk, market risk, and operational risk. Details of the Bank's RWA are included in the following table.

TABLE 39: COMMON EQUITY TIER 1 CAPITAL RISK-WEIGHTED ASSETS[1,2]

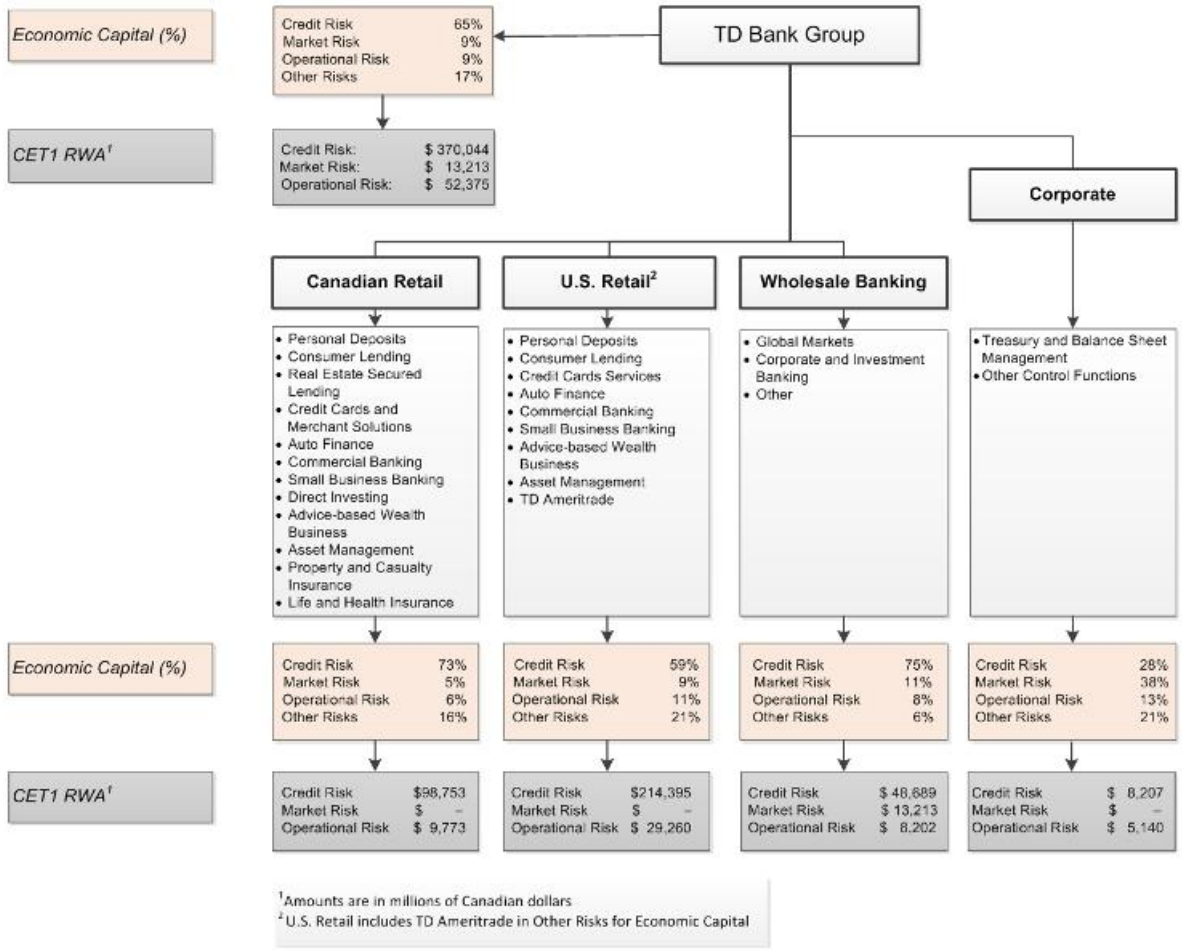
(millions of Canadian dollars)	*As at*	
	October 31, 2018	October 31, 2017
Credit risk		
Retail		
Residential secured	**$ 31,280**	$ 30,500
Qualifying revolving retail	**29,276**	19,432
Other retail	**44,564**	45,300
Non-retail		
Corporate	**182,685**	168,119
Sovereign	**8,370**	7,618
Bank	**9,001**	8,275
Securitization exposures	**13,142**	14,442
Equity exposures	**1,173**	805
Exposures subject to standardized or Internal Ratings Based (IRB) approaches	**319,491**	294,491
Adjustment to IRB RWA for scaling factor	**10,189**	8,615
Other assets not included in standardized or IRB approaches	**40,364**	36,687
Total credit risk	**370,044**	339,793
Market risk	**13,213**	14,020
Operational risk	**52,375**	48,392
Regulatory floor	**–**	33,545
Total	**$ 435,632**	$ 435,750

1 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 scalars were 72%, 77%, and 81%, respectively.

2 As at October 31, 2017, RWA for all ratios were the same due to the regulatory floor which was based on Basel I risk weights. As at October 31, 2018, the regulatory floor is based on Basel II standardized risk weights and is no longer triggered resulting in a separate RWA for each ratio due to the CVA.

ECONOMIC CAPITAL AND RISK-WEIGHTED ASSETS BY SEGMENT

The following chart provides a breakdown of the Bank's RWA and economic capital as at October 31, 2018. RWA reflects capital requirements assessed based on regulatory prescribed rules for credit risk, trading market risk, and operational risk. Economic capital reflects the Bank's internal view of capital requirements for these risks as well as risks not captured within the assessment of RWA as described in the "Economic Capital" section of this document. The results shown in the chart do not reflect attribution of goodwill and intangibles. For additional information on the risks highlighted below, refer to the "Managing Risk" section of this document.



[1]Amounts are in millions of Canadian dollars
[2]U.S. Retail includes TD Ameritrade in Other Risks for Economic Capital

TABLE 40: EQUITY AND OTHER SECURITIES[1]

(millions of shares/units, except as noted)

	As at October 31, 2018 Number of shares/units	As at October 31, 2017 Number of shares/units
Common shares outstanding	**1,830.4**	1,842.5
Treasury shares – common	**(2.1)**	(2.9)
Total common shares	**1,828.3**	1,839.6
Stock options		
Vested	**4.7**	5.4
Non-vested	**8.4**	8.9
Preferred shares – Class A		
Series S[2]	**–**	5.4
Series T[3]	**–**	4.6
Series Y[4]	**–**	5.5
Series Z[5]	**–**	4.5
Series 1	**20.0**	20.0
Series 3	**20.0**	20.0
Series 5	**20.0**	20.0
Series 7	**14.0**	14.0
Series 9	**8.0**	8.0
Series 11	**6.0**	6.0
Series 12	**28.0**	28.0
Series 14	**40.0**	40.0
Series 16	**14.0**	14.0
Series 18[6]	**14.0**	–
Series 20[7]	**16.0**	–
Total preferred shares – equity	**200.0**	190.0
Treasury shares – preferred	**(0.3)**	(0.3)
Total preferred shares	**199.7**	189.7
Capital Trust Securities (thousands of shares)		
Trust units issued by TD Capital Trust III:		
TD Capital Trust III Securities – Series 2008 [8]	**1,000.0**	1,000.0
Debt issued by TD Capital Trust IV:		
TD Capital Trust IV Notes – Series 1	**550.0**	550.0
TD Capital Trust IV Notes – Series 2	**450.0**	450.0
TD Capital Trust IV Notes – Series 3	**750.0**	750.0

1 For further details, including the principal amount, conversion and exchange features, and distributions, refer to Note 21 of the 2018 Consolidated Financial Statements.

2 On July 31, 2018, the Bank redeemed all of its 5.4 million outstanding Class A First Preferred Shares, Series S ("Series S Shares"), at the redemption price of $25.00 per Series S Share, for total redemption costs of approximately $135 million.

3 On July 31, 2018, the Bank redeemed all of its 4.6 million outstanding Class A First Preferred Shares, Series T ("Series T Shares"), at the redemption price of $25.00 per Series T Share, for total redemption costs of approximately $115 million.

4 On October 31, 2018, the Bank redeemed all of its 5.5 million outstanding Class A First Preferred Shares, Series Y ("Series Y Shares"), at a redemption price of $25.00 per Series Y Share, for total redemption costs of approximately $137 million.

5 On October 31, 2018, the Bank redeemed all of its 4.5 million outstanding Class A First Preferred Shares, Series Z ("Series Z Shares"), at a redemption price of $25.00 per Series Z Share, for total redemption costs of approximately $113 million.

6 Non-Cumulative 5-Year Rate Reset Preferred Shares (NVCC), Series 18 (the "Series 18 Shares") issued by the Bank on March 14, 2018, at a price of $25 per share, with quarterly non-cumulative cash dividends on these shares, if declared, payable at a per annum rate of 4.7% for the initial period ending April 30, 2023. Thereafter, the dividend rate will reset every five years equal to the then five-year Government of Canada bond yield plus 2.7%. Holders of these shares will have the right to convert their shares into non-cumulative NVCC Floating Rate Preferred Shares, Series 19, subject to certain conditions, on April 30, 2023, and on April 30 every five years thereafter. Holders of the Series 19 Shares will be entitled to receive quarterly floating rate dividends, if declared, at a rate equal to the three-month Government of Canada Treasury Bill yield plus 2.7%. The Series 18 Shares are redeemable by the Bank, subject to regulatory consent, at $25 per share on April 30, 2023, and on April 30 every five years thereafter.

7 Non-Cumulative 5-Year Rate Reset Preferred Shares (NVCC), Series 20 (the "Series 20 Shares") issued by the Bank on September 13, 2018, at a price of $25 per share, with quarterly non-cumulative cash dividends on these shares, if declared, payable at a per annum rate of 4.75% for the initial period ending October 31, 2023. Thereafter, the dividend rate will reset every five years equal to the then five-year Government of Canada bond yield plus 2.59%. Holders of these shares will have the right to convert their shares into non-cumulative NVCC Floating Rate Preferred Shares, Series 21, subject to certain conditions, on October 31, 2023, and on October 31 every five years thereafter. Holders of the Series 21 Shares will be entitled to receive quarterly floating rate dividends, if declared, at a rate equal to the three-month Government of Canada Treasury Bill yield plus 2.59%. The Series 20 Shares are redeemable by the Bank, subject to regulatory consent, at $25 per share on October 31, 2023, and on October 31 every five years thereafter.

8 On November 26, 2018, Trust III announced its intention to redeem all of the outstanding TD CaTS III on December 31, 2018.

Preferred shares Series 1, 3, 5, 7, 9, 11, 12, 14, 16, 18, and 20 include NVCC provisions. If a NVCC trigger event were to occur, the maximum number of common shares that could be issued, assuming there are no declared and unpaid dividends on the respective series of preferred shares at the time of conversion, would be 1.0 billion in aggregate.

For NVCC subordinated notes and debentures, if a NVCC trigger event were to occur, the maximum number of common shares that could be issued, assuming there is no accrued and unpaid interest on the respective subordinated notes and debentures, would be 2,550 million in aggregate. The following subordinated debentures contain NVCC provisions: the 2.692% subordinated debentures due June 24, 2025, 2.982% subordinated debentures due September 30, 2025, 3.589% subordinated debentures due September 14, 2028, 3.224% subordinated debentures due July 25, 2029, 4.859% subordinated debentures due March 4, 2031, and the 3.625% subordinated debentures due September 15, 2031. Refer to Note 19 of the Bank's 2018 Consolidated Financial Statements for additional details.

Future Regulatory Capital Developments

In October 2018, OSFI released the final revised CAR guideline for implementation in the first quarter of 2019. The main revisions relate to the domestic implementation of TSA to counterparty credit risk (SA-CCR), capital requirements for bank exposures to central counterparties, as well as revisions to the securitization framework. SA-CCR includes a comprehensive, non-modelled approach for measuring counterparty credit risk of derivatives and long settlement transactions. The guideline allows a scalar of 0.7 to be applied to SA-CCR exposures that impact the CVA risk capital charge from the first quarter of 2019 to the fourth quarter of 2021. The revised securitization framework includes a revised hierarchy to determine capital treatment, and preferential capital treatment for transactions that meet the simple, transparent, and comparable criteria. Upon implementation, the securitization framework allows grandfathering of the current capital treatment, for one year, through an adjustment to risk-weighted assets that effectively eliminates the initial impact of implementation of the revisions.

In October 2018, OSFI released the final Leverage Requirements guideline, and in November 2019, OSFI issued the final Leverage Ratio Disclosure Requirements. The revisions align the leverage requirements and disclosures to changes made to the CAR guideline, and are effective in the first quarter of 2019.

In October 2018, BCBS issued a consultative document seeking views on whether a targeted and limited revision to the treatment of client cleared derivatives in the calculation of the leverage ratio exposure measure may be warranted. The BCBS is also seeking views on the merits of introducing a requirement for initial margin, that is eligible for offsetting client cleared derivative exposure, be subject to segregation criteria.

In August 2018, OSFI provided notification to the Bank setting a supervisory target Total Loss Absorbing Capacity (TLAC) ratio at 23.0% of RWA, inclusive of the DSB, and the minimum TLAC leverage ratio at 6.75%. This is pursuant to the final guideline on TLAC issued by OSFI in April 2018. Beginning the first quarter of 2022, D-SIBs will be expected to meet the supervisory target TLAC requirements. Investments in TLAC issued by global systemically important banks (G-SIBs) or Canadian D-SIBs may be required to be deducted from capital.

In July 2018, OSFI released a discussion paper on the proposed implementation of the Basel III reforms for public consultation. The discussion paper sets out OSFI's proposed policy direction and timelines for domestic implementation. The BCBS issued the finalized Basel III reforms in December 2017. The reforms include: i) a revised internal ratings-based approach for credit risk where the use of the internal models are constrained by placing limits on certain inputs and the option to use AIRB for certain asset classes has been removed; ii) a revised standardized approach for credit risk that is more granular and risk-sensitive; iii) replacement of the CVA framework with new standardized and basic approaches; iv) stream-lining the existing operational risk framework to a risk-sensitive standardized approach which will replace existing methodologies; v) revisions to the measurement of the leverage ratio and introduction of a leverage ratio buffer for G-SIBs; vi) the implementation of the adoption of the minimum capital requirements for market risk (Fundamental Review of the Trading Book); and vii) an aggregate output floor based on the revised Basel III standardized approaches. The reforms are effective the first quarter of 2022, with the standardized output floor having an added five-year phased implementation period until 2027.

In May 2018 OSFI issued final guidelines on TLAC Disclosure Requirements and Capital Disclosure Requirements. Together, these guidelines set out the TLAC disclosure requirements for Canadian D-SIBs. The disclosure requirements are effective in the first quarter of 2019.

In March 2018, BCBS issued a consultative document on revisions to the minimum capital requirements for market risk. The key aspects of the proposal include changes to the measurement of TSA, and recalibration of standardized approach risk weights for general interest rate risk, equity risk, and foreign exchange risk. The proposal also includes revisions to the assessment process to determine whether internal risk management models appropriately reflect the risks of trading desks.

In February 2018, BCBS issued a consultative document "Pillar 3 disclosure requirements – updated framework". Proposed disclosure changes arising from the finalization of the Basel III reforms include credit risk, operational risk, the leverage ratio, key metrics, and benchmarking RWA internal model outcomes. The proposal also contains new disclosure requirements on asset encumbrance and capital distribution constraints. The proposal seeks views on the scope of application of the disclosure requirement on the composition of regulatory capital that was introduced in the final standard on Phase 2 of the Pillar 3 Disclosure Requirements. Together with the first phase and second phase of the revised Pillar 3 disclosure requirements, the proposed disclosure requirements would comprise the single Pillar 3 framework.

In December 2017, BCBS issued a discussion paper on the regulatory treatment of sovereign exposures. The purpose of the discussion paper is to seek views of stakeholders to inform the BCBS analysis on the treatment of sovereign exposures. The discussion paper clarifies the definitions of different sovereign entities, addresses inherent sovereign risk, and presents various ideas related to the treatment of sovereign exposures. The BCBS has not reached a consensus on the changes to the treatment of sovereign exposures and has therefore not issued a consultative document at this time.

In October 2017, BCBS issued final guidelines on identification and management of step-in risk. Step-in risk is the risk that the bank decides to provide financial support to an unconsolidated entity that is facing stress, in the absence of, or in excess of, any contractual obligations. The guideline requires banks to define the scope of entities to be evaluated, self-assess step-in risk within the scope, and report to supervisor. For step-in risk identified, banks need to estimate the potential impact on liquidity and capital positions and determine the appropriate internal risk management actions. The framework entails no automatic Pillar 1 capital or liquidity charge additional to the existing Basel standards. The guidelines are expected to be implemented by 2020.

In March 2017, BCBS issued the final standard on Phase 2 of the Pillar 3 Disclosure Requirements. The final standard consolidates all existing and prospective BCBS disclosure requirements into the Pillar 3 framework, prescribes enhanced disclosure of key prudential metrics, and for banks which record prudent valuation adjustments, a new disclosure requirement for a granular breakdown of how the adjustments are calculated. The standard also includes new disclosure requirements for the total loss-absorbing capital regime for G-SIBs and revised disclosure requirements for market risk. The implementation date for these disclosure requirements will be determined when OSFI issues Phase 2 of the Pillar 3 Disclosure Requirements. The BCBS has commenced Phase 3, the final phase of the Pillar 3 review. The objectives of Phase 3 is to develop disclosure requirements for standardized RWA to benchmark internally modelled capital requirements, asset encumbrances, operational risk, and ongoing policy reforms.

Global Systemically Important Banks Disclosures

In July 2013, the BCBS issued an update to the final rules on G-SIBs and outlined the G-SIB assessment methodology which is based on the submissions of the largest global banks. Twelve indicators are used in the G-SIB assessment methodology to determine systemic importance. The score for a particular indicator is calculated by dividing the individual bank value by the aggregate amount for the indicator summed across all banks included in the assessment. Accordingly, an individual bank's ranking is reliant on the results and submissions of other global banks. The update also provided clarity on the public disclosure requirements of the twelve indicators used in the assessment methodology. As per OSFI's revised Advisory issued September 2015, the Canadian banks that have been designated as D-SIBs are also required by OSFI to publish, at a minimum, the twelve indicators used in the G-SIB indicator-based assessment framework. Public disclosure of financial year-end data is required annually, no later than the date of a bank's first quarter public disclosure of shareholder financial data in the following year.

In July 2018, BCBS issued a revised G-SIB framework; G-SIBs: revised assessment methodology and the higher loss absorbency requirement. The new assessment methodology introduces a trading volume indicator and modifies the weights in the substitutability category, amends the definition of cross-jurisdictional indicators, extends the scope of consolidation to insurance subsidiaries, and provides further guidance on bucket migration and associated loss absorbency surcharges. The revised methodology is expected to be implemented in 2021.

Based on 2017 fiscal year indicators, the Bank was not designated a G-SIB in November 2018. TD's 2018 fiscal year indicators will be included in the Bank's first quarter of 2019 Report to Shareholders.

GROUP FINANCIAL CONDITION

Securitization and Off-Balance Sheet Arrangements

In the normal course of operations, the Bank engages in a variety of financial transactions that, under IFRS, are either not recorded on the Bank's Consolidated Balance Sheet or are recorded in amounts that differ from the full contract or notional amounts. These off-balance sheet arrangements involve, among other risks, varying elements of market, credit, and liquidity risks which are discussed in the "Managing Risk" section of this document. Off-balance sheet arrangements are generally undertaken for risk management, capital management, and funding management purposes and include securitizations, contractual obligations, and certain commitments and guarantees.

STRUCTURED ENTITIES

TD carries out certain business activities through arrangements with structured entities, including special purpose entities (SPEs). The Bank uses SPEs to raise capital, obtain sources of liquidity by securitizing certain of the Bank's financial assets, to assist TD's clients in securitizing their financial assets, and to create investment products for the Bank's clients. Securitizations are an important part of the financial markets, providing liquidity by facilitating investor access to specific portfolios of assets and risks. Refer to Note 2 and Note 10 of the 2018 Consolidated Financial Statements for further information regarding the Bank's involvement with SPEs.

Securitization of Bank-Originated Assets

The Bank securitizes residential mortgages, business and government loans, credit card loans, and personal loans to enhance its liquidity position, to diversify sources of funding, and to optimize the management of the balance sheet.

The Bank securitizes residential mortgages under the National Housing Act Mortgage-Backed Securities (NHA MBS) program sponsored by the Canada Mortgage and Housing Corporation (CMHC). The securitization of the residential mortgages with the CMHC does not qualify for derecognition and the mortgages remain on the Bank's Consolidated Balance Sheet. Additionally, the Bank securitizes credit card and personal loans by selling them to Bank-sponsored SPEs that are consolidated by the Bank. The Bank also securitizes U.S. residential mortgages with U.S. government-sponsored entities which qualify for derecognition and are removed from the Bank's Consolidated Balance Sheet. Refer to Notes 9 and 10 of the 2018 Consolidated Financial Statements for further information.

TABLE 41: EXPOSURES SECURITIZED BY THE BANK AS ORIGINATOR[1]

(millions of Canadian dollars)

As at

	Significant unconsolidated SPEs		Significant consolidated SPEs	Non-SPE third-parties	
	Securitized assets	Carrying value of retained interests	Securitized assets	Securitized assets	Carrying value of retained interests
					October 31, 2018
Residential mortgage loans	**$ 22,516**	**$ –**	**$ –**	**$ 818**	**$ –**
Consumer instalment and other personal loans[2]	**–**	**–**	**1,749**	**–**	**–**
Credit card loans	**–**	**–**	**3,884**	**–**	**–**
Business and government loans	**–**	**–**	**–**	**1,206**	**25**
Total exposure	**$ 22,516**	**$ –**	**$ 5,633**	**$ 2,024**	**$ 25**
					October 31, 2017
Residential mortgage loans	$ 22,733	$ –	$ –	$ 2,252	$ –
Consumer instalment and other personal loans[2]	–	–	2,481	–	–
Credit card loans	–	–	3,354	–	–
Business and government loans	–	–	–	1,428	32
Total exposure	$ 22,733	$ –	$ 5,835	$ 3,680	$ 32

1 Includes all assets securitized by the Bank, irrespective of whether they are on-balance or off-balance sheet for accounting purposes, except for securitizations through U.S. government-sponsored entities.

2 In securitization transactions that the Bank has undertaken for its own assets it has acted as an originating bank and retained securitization exposure from a capital perspective.

Residential Mortgage Loans

The Bank securitizes residential mortgage loans through significant unconsolidated SPEs and Canadian non-SPE third-parties. Residential mortgage loans securitized by the Bank may give rise to full derecognition of the financial assets depending on the individual arrangement of each transaction. In instances where the Bank fully derecognizes residential mortgage loans, the Bank may be exposed to the risks of transferred loans through retained interests.

Consumer Instalment and Other Personal Loans

The Bank securitizes consumer instalment and other personal loans through consolidated SPE. The Bank consolidates the SPE as it serves as a financing vehicle for the Bank's assets, the Bank has power over the key economic decisions of the SPE, and the Bank is exposed to the majority of the residual risks of the SPE. As at October 31, 2018, the SPE had $2 billion of issued notes outstanding (October 31, 2017 – $2 billion). As at October 31, 2018, the Bank's maximum potential exposure to loss for these conduits was $2 billion (October 31, 2017 – $2 billion) with a fair value of $2 billion (October 31, 2017 – $2 billion).

Credit Card Loans

The Bank securitizes credit card loans through an SPE. The Bank consolidates the SPE as it serves as a financing vehicle for the Bank's assets, the Bank has power over the key economic decisions of the SPE, and the Bank is exposed to the majority of the residual risks of the SPE. As at October 31, 2018, the Bank had $4 billion of securitized credit card receivables outstanding (October 31, 2017 – $3 billion). As at October 31, 2018, the consolidated SPE had US$3 billion variable rate notes outstanding (October 31, 2017 – US$3 billion). The notes are issued to third party investors and have a fair value of US$3 billion as at October 31, 2018 (October 31, 2017 – US$3 billion). Due to the nature of the credit card receivables, their carrying amounts approximate fair value.

Business and Government Loans

The Bank securitizes business and government loans through significant unconsolidated SPEs and Canadian non-SPE third parties. Business and government loans securitized by the Bank may be derecognized from the Bank's balance sheet depending on the individual arrangement of each transaction. In instances where the Bank fully derecognizes business and government loans, the Bank may be exposed to the risks of transferred loans through retained interests. There are no expected credit losses on the retained interests of the securitized business and government loans as the mortgages are all government insured.

Securitization of Third Party-Originated Assets

Significant Unconsolidated Special Purpose Entities

Multi-Seller Conduits

The Bank administers multi-seller conduits and provides liquidity facilities as well as securities distribution services; it may also provide credit enhancements. Third party-originated assets are securitized through Bank-sponsored SPEs, which are not consolidated by the Bank. The Bank's maximum potential exposure to loss due to its ownership interest in commercial paper and through the provision of liquidity facilities for multi-seller conduits was $10.4 billion as at October 31, 2018 (October 31, 2017 – $13.2 billion). Further, as at October 31, 2018, the Bank had committed to provide an additional $2.8 billion in liquidity facilities that can be used to support future asset-backed commercial paper (ABCP) in the purchase of deal-specific assets (October 31, 2017 – $2.9 billion).

All third-party assets securitized by the Bank's unconsolidated multi-seller conduits were originated in Canada and sold to Canadian securitization structures. Details of the Bank-administered multi-seller ABCP conduits are included in the following table.

TABLE 42: EXPOSURE TO THIRD PARTY-ORIGINATED ASSETS SECURITIZED BY BANK-SPONSORED UNCONSOLIDATED CONDUITS

(millions of Canadian dollars, except as noted)

				As at
	October 31, 2018		October 31, 2017	
	Exposure and ratings profile of unconsolidated SPEs AAA[1]	**Expected weighted-average life (years)[2]**	Exposure and ratings profile of unconsolidated SPEs AAA[1]	Expected weighted-average life (years)[2]
Residential mortgage loans	**$ 6,002**	**2.9**	$ 8,294	2.5
Automobile loans and leases	**3,803**	**1.5**	3,306	1.6
Equipment leases	**413**	**1.5**	168	1.8
Trade receivables	**143**	**2.5**	1,465	0.2
Total exposure	**$ 10,361**	**2.3**	$ 13,233	2.0

1 The Bank's total liquidity facility exposure only relates to 'AAA' rated assets.

2 Expected weighted-average life for each asset type is based upon each of the conduit's remaining purchase commitment for revolving pools and the expected weighted-average life of the assets for amortizing pools.

As at October 31, 2018, the Bank held $0.3 billion of ABCP issued by Bank-sponsored multi-seller conduits within the Trading loans, securities, and other category on its Consolidated Balance Sheet (October 31, 2017 – $1 billion).

OFF-BALANCE SHEET EXPOSURE TO THIRD PARTY-SPONSORED CONDUITS

The Bank has off-balance sheet exposure to third party-sponsored conduits arising from providing liquidity facilities and funding commitments of $3 billion as at October 31, 2018 (October 31, 2017 – $1.5 billion). The assets within these conduits are comprised of individual notes backed by automotive loan receivables, credit card receivables, equipment receivables and trade receivables. As at October 31, 2018, these assets have maintained ratings from various credit rating agencies, with a minimum rating of A. On-balance sheet exposure to third party-sponsored conduits have been included in the financial statements.

COMMITMENTS

The Bank enters into various commitments to meet the financing needs of the Bank's clients and to earn fee income. Significant commitments of the Bank include financial and performance standby letters of credit, documentary and commercial letters of credit, and commitments to extend credit. These products may expose the Bank to liquidity, credit, and reputational risks. There are adequate risk management and control processes in place to mitigate these risks. Certain commitments still remain off-balance sheet. Note 27 of the 2018 Consolidated Financial Statements provides detailed information about the maximum amount of additional credit the Bank could be obligated to extend.

Leveraged Finance Credit Commitments

Also included in "Commitments to extend credit" in Note 27 of the 2018 Consolidated Financial Statements are leveraged finance credit commitments. Leveraged finance credit commitments are agreements that provide funding to a borrower with higher leverage ratio, relative to the industry in which it operates, and for the purposes of acquisitions, buyouts or capital distributions. As at October 31, 2018, the Bank's exposure to leveraged finance credit commitments, including funded and unfunded amounts, was $24.5 billion (October 31, 2017 – $22.7 billion).

GUARANTEES

In the normal course of business, the Bank enters into various guarantee contracts to support its clients. The Bank's significant types of guarantee products are financial and performance standby letters of credit, assets sold with recourse, credit enhancements, and indemnification agreements. Certain guarantees remain off-balance sheet. Refer to Note 27 of the 2018 Consolidated Financial Statements for further information.

Related-Party Transactions

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL, THEIR CLOSE FAMILY MEMBERS, AND THEIR RELATED ENTITIES

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Bank, directly or indirectly. The Bank considers certain of its officers and directors to be key management personnel. The Bank makes loans to its key management personnel, their close family members, and their related entities on market terms and conditions with the exception of banking products and services for key management personnel, which are subject to approved policy guidelines that govern all employees.

In addition, the Bank offers deferred share and other plans to non-employee directors, executives, and certain other key employees. Refer to Note 23 of the 2018 Consolidated Financial Statements for more details.

In the ordinary course of business, the Bank also provides various banking services to associated and other related corporations on terms similar to those offered to non-related parties.

TRANSACTIONS WITH SUBSIDIARIES, TD AMERITRADE, AND SYMCOR INC.

Transactions between the Bank and its subsidiaries meet the definition of related party transactions. If these transactions are eliminated on consolidation, they are not disclosed as related party transactions.

Transactions between the Bank, TD Ameritrade, and Symcor Inc. (Symcor) also qualify as related party transactions. There were no significant transactions between the Bank, TD Ameritrade, and Symcor during the year ended October 31, 2018, other than as described in the following sections and in Note 12 of the 2018 Consolidated Financial Statements.

Other Transactions with TD Ameritrade and Symcor

(1) TD AMERITRADE HOLDING CORPORATION

The Bank has significant influence over TD Ameritrade and accounts for its investment in TD Ameritrade using the equity method. Pursuant to the Stockholders Agreement in relation to the Bank's equity investment in TD Ameritrade, the Bank has the right to designate five of twelve members of TD Ameritrade's Board of Directors. The Bank's designated directors include the Bank's Group President and Chief Executive Officer and four independent directors of TD or TD's U.S. subsidiaries.

Insured Deposit Account Agreement

The Bank is party to an IDA agreement with TD Ameritrade, pursuant to which the Bank makes available to clients of TD Ameritrade, FDIC-insured money market deposit accounts as either designated sweep vehicles or as non-sweep deposit accounts. TD Ameritrade provides marketing and support services with respect to the IDA. The Bank paid fees of $1.9 billion in 2018 (2017 – $1.5 billion; 2016 – $1.2 billion) to TD Ameritrade related to deposit accounts. The amount paid by the Bank is based on the average insured deposit balance of $140 billion in 2018 (2017 – $124 billion; 2016 – $112 billion) with a portion of the amount tied to the actual yield earned by the Bank on the investments, less the actual interest paid to clients of TD Ameritrade, with the balance tied to an agreed rate of return. The Bank earns a servicing fee of 25 bps on the aggregate average daily balance in the sweep accounts (subject to adjustment based on a specified formula).

As at October 31, 2018, amounts receivable from TD Ameritrade were $137 million (October 31, 2017 – $68 million). As at October 31, 2018, amounts payable to TD Ameritrade were $174 million (October 31, 2017 – $167 million).

The Bank and other financial institutions provided TD Ameritrade with unsecured revolving loan facilities. The total commitment provided by the Bank was $338 million, which was undrawn as at October 31, 2018, and October 31, 2017.

(2) TRANSACTIONS WITH SYMCOR

The Bank has one-third ownership in Symcor, a Canadian provider of business process outsourcing services offering a diverse portfolio of integrated solutions in item processing, statement processing and production, and cash management services. The Bank accounts for Symcor's results using the equity method of accounting. During the year ended October 31, 2018, the Bank paid $86 million (October 31, 2017 – $93 million; October 31, 2016 – $97 million) for these services. As at October 31, 2018, the amount payable to Symcor was $14 million (October 31, 2017 – $15 million).

The Bank and two other shareholder banks have also provided a $100 million unsecured loan facility to Symcor which was undrawn as at October 31, 2018, and October 31, 2017.

GROUP FINANCIAL CONDITION

Financial Instruments

As a financial institution, the Bank's assets and liabilities are substantially composed of financial instruments. Financial assets of the Bank include, but are not limited to, cash, interest-bearing deposits, securities, loans, derivative instruments and securities purchased under reverse repurchase agreements; while financial liabilities include, but are not limited to, deposits, obligations related to securities sold short, securitization liabilities, obligations related to securities sold under repurchase agreements, derivative instruments, and subordinated debt.

The Bank uses financial instruments for both trading and non-trading activities. The Bank typically engages in trading activities by the purchase and sale of securities to provide liquidity and meet the needs of clients and, less frequently, by taking trading positions with the objective of earning a profit. Trading financial instruments include, but are not limited to, trading securities, trading deposits, and trading derivatives. Non-trading financial instruments include the majority of the Bank's lending portfolio, non-trading securities, hedging derivatives, and financial liabilities. In accordance with accounting standards related to financial instruments, financial assets or liabilities classified as trading, non-trading financial instruments at fair value through profit or loss, financial instruments designated at fair value through profit or loss, financial assets at fair value through other comprehensive income, and all derivatives are measured at fair value in the Bank's Consolidated Financial Statements. Debt Securities at amortized cost, loans, and other liabilities are carried at amortized cost using the effective interest rate method. For details on how fair values of financial instruments are determined, refer to the "Accounting Judgments, Estimates, and Assumptions" – "Fair Value Measurement" section of this document. The use of financial instruments allows the Bank to earn profits in trading, interest, and fee income. Financial instruments also create a variety of risks which the Bank manages with its extensive risk management policies and procedures. The key risks include interest rate, credit, liquidity, market, and foreign exchange risks. For a more detailed description on how the Bank manages its risk, refer to the "Managing Risk" section of this document.

RISK FACTORS AND MANAGEMENT

Risk Factors That May Affect Future Results

In addition to the risks described in the "Managing Risk" section, there are numerous other risk factors, many of which are beyond the Bank's control and the effects of which can be difficult to predict, that could cause our results to differ significantly from our plans, objectives, and estimates or could impact the Bank's reputation or sustainability of its business model. All forward-looking statements, including those in this MD&A, are, by their very nature, subject to inherent risks and uncertainties, general and specific, which may cause the Bank's actual results to differ materially from the expectations expressed in the forward-looking statements. Some of these factors are discussed below and others are noted in the "Caution Regarding Forward-Looking Statements" section of this document.

TOP AND EMERGING RISKS

TD considers it critical to regularly assess its operating environment and highlight top and emerging risks. These are risks with a potential to have a material effect on the Bank and where the attention of senior leaders is focused due to the potential magnitude or immediacy of their impact.

Risks are identified, discussed, and actioned by senior leaders and reported quarterly to the Risk Committee of the Board and the Board. Specific plans to mitigate top and emerging risks are prepared, monitored, and adjusted as required.

General Business and Economic Conditions

TD and its customers operate in Canada, the U.S., and to a lesser extent other countries. As a result, the Bank's earnings are significantly affected by the general business and economic conditions in these regions. These conditions include short-term and long-term interest rates, inflation, fluctuations in the debt, commodity and capital markets, and related market liquidity, real estate prices, employment levels, consumer spending and debt levels, evolving consumer trends and business models, business investment, government spending, exchange rates, sovereign debt risks, the strength of the economy, threats of terrorism, civil unrest, geopolitical risk associated with political unrest, reputational risk associated with increased regulatory, public, and media focus, the effects of public health emergencies, the effects of disruptions to public infrastructure, natural disasters, and the level of business conducted in a specific region. Management maintains an ongoing awareness of the macroeconomic environment in which it operates and incorporates potential material changes into its business plans and strategies; it also incorporates potential material changes into the portfolio stress tests that are conducted. As a result, the Bank is better able to understand the likely impact of many of these negative scenarios and better manage the potential risks.

Executing on Long-Term Strategies and Shorter-Term Key Strategic Priorities

The Bank has a number of strategies and priorities, including those detailed in each segment's "Business Segment Analysis" section of this document, which may include large scale strategic or regulatory initiatives that are at various stages of development or implementation. Examples include organic growth strategies, new acquisitions, integration of recently acquired businesses, projects to meet new regulatory requirements, new platforms and new technology or enhancement to existing technology. Risk can be elevated due to the size, scope, velocity, interdependency, and complexity of projects, the limited timeframes to complete the projects, and competing priorities for limited specialized resources.

In respect of acquisitions, the Bank undertakes deal assessments and due diligence before completing a merger or an acquisition and closely monitors integration activities and performance post acquisition. However, there is no assurance that the Bank will achieve its objectives, including anticipated cost savings or revenue synergies following acquisitions and integration. In general, while significant management attention is placed on the governance, oversight, methodology, tools, and resources needed to manage our priorities and strategies, our ability to execute on them is dependent on a number of assumptions and factors. These include those set out in the "Business Outlook and Focus for 2019", "Focus for 2019", and "Managing Risk" sections of this document, as well as disciplined resource and expense management and our ability to implement (and the costs associated with the implementation of) enterprise-wide programs to comply with new or enhanced regulations or regulator demands, all of which may not be in the Bank's control and are difficult to predict.

If any of the Bank's acquisitions, strategic plans or priorities are not successfully executed, there could be an impact on the Bank's operations and financial performance and the Bank's earnings could grow more slowly or decline.

Technology and Cyber Security Risk

Technology and cyber security risks for large financial institutions like the Bank have increased in recent years. This is due, in part, to the proliferation, sophistication and constant evolution of new technologies and attack methodologies used by sociopolitical entities, organized criminals, hackers and other external

parties. The increased risks are also a factor of our size and scale of operations, our geographic footprint, the complexity of our technology infrastructure, and our use of internet and telecommunications technologies to conduct financial transactions, such as our continued development of mobile and internet banking platforms. The Bank's technologies, systems and networks, and those of our customers (including their own devices) and the third parties providing services to the Bank, continue to be subject to cyber-attacks, and may be subject to disruption of services, breaches or other compromises. Although the Bank has not experienced any material financial losses relating to technology failure, cyber-attacks or security breaches, there is no assurance that the Bank will not experience loss or damage in the future. These may include cyber-attacks such as targeted and automated online attacks on banking systems and applications, introduction of malicious software, denial of service attacks, and phishing attacks, any of which could result in the fraudulent use or theft of data or amounts that customers hold with the Bank. Attempts to fraudulently induce employees, customers, third party service providers or other users of the Bank's systems will likely continue, in an effort to obtain sensitive information and gain access to the Bank's or its customers' data or amounts that the Bank holds or that its customers hold with the Bank. In addition, the Bank's customers often use their own devices, such as computers, smart phones, and tablets, to make payments and manage their accounts, and the Bank has limited ability to assure the safety and security of its customers' transactions with the Bank to the extent they are using their own devices. The Bank actively monitors, manages, and continues to enhance its ability to mitigate these technology and cyber security risks through enterprise-wide programs, using industry leading practices, and robust threat and vulnerability assessments and responses. The Bank continues to make investments to mature its cyber defences in accordance with industry accepted standards and practices to enable rapid detection and response to internal and external cyber incidents. It is possible that the Bank, or those with whom the Bank does business, may not anticipate or implement effective measures against all such cyber and technology related risks, particularly because the techniques used change frequently and risks can originate from a wide variety of sources that have also become increasingly sophisticated, and the Bank's cyber insurance purchased to mitigate risk may not be sufficient to materially cover against all financial losses. As such, with any attack, breach, disruption or compromise of technology or information systems, hardware or related processes, or any significant issues caused by weakness in information technology infrastructure, the Bank may experience, among other things, financial loss; a loss of customers or business opportunities; disruption to operations; misappropriation or unauthorized release of confidential, financial or personal information; damage to computers or systems of the Bank and those of its customers and counterparties; violations of applicable privacy and other laws; litigation; regulatory penalties or intervention, remediation, investigation or restoration cost; increased costs to maintain and update our operational and security systems and infrastructure; and reputational damage. If the Bank were to experience such an incident, it may take a significant amount of time and effort to investigate the incident to obtain full and reliable information necessary to assess the impact.

Evolution of Fraud and Criminal Behaviour

As a financial institution, the Bank is inherently exposed to various types of fraud and other financial crime. The sophistication, complexity, and materiality of these crimes evolves quickly and these crimes can arise from numerous sources, including potential or existing clients or customers, agents, vendors or outsourcers, other external parties, or employees. In deciding whether to extend credit or enter into other transactions with customers or counterparties, the Bank may rely on information furnished by or on behalf of such customers, counterparties or other external parties including financial statements and financial information and authentication information. The Bank may also rely on the representations of customers, counterparties, and other external parties as to the accuracy and completeness of such information. In order to authenticate customers, whether through the Bank's phone or digital channels or in its branches and stores, the Bank may also rely on certain authentication methods which could be subject to fraud. In addition to the risk of material loss (financial loss, misappropriation of confidential information or other assets of the Bank or its customers and counterparties) that could result in the event of a financial crime, the Bank could face legal action and client and market confidence in the Bank could be impacted. The Bank has invested in a coordinated approach to strengthen the Bank's fraud defences and build upon existing practices in Canada and the U.S. The Bank continues to introduce new capabilities and defences to strengthen the Bank's control posture to combat more complex fraud, including cyber fraud.

Third Party Service Providers

The Bank recognizes the value of using third parties to support its businesses, as they provide access to leading applications, processes, products and services, specialized expertise, innovation, economies of scale, and operational efficiencies. However, they may also create reliance upon the provider with respect to continuity, reliability, and security of these relationships, and their associated processes, people and facilities. As the financial services industry and its supply chain become more complex, the need for robust, holistic, and sophisticated controls and ongoing oversight increases. Just as the Bank's owned and operated applications, processes, products, and services could be subject to failures or disruptions as a result of human error, natural disasters, utility disruptions, cyber-attacks or other criminal or terrorist acts, or non-compliance with regulations, each of its suppliers may be exposed to similar risks which could in turn impact the Bank's operations. Such adverse effects could limit the Bank's ability to deliver products and services to customers, and/or damage the Bank's reputation, which in turn could lead to disruptions to our businesses and financial loss. Consequently, the Bank has established expertise and resources dedicated to third party risk management, as well as policies and procedures governing third party relationships from the point of selection through the life cycle of the business arrangement. The Bank develops and tests robust business continuity management plans which contemplate customer, employee, and operational implications, including technology and other infrastructure contingencies.

Introduction of New and Changes to Current Laws and Regulations

The financial services industry is highly regulated. TD's operations, profitability and reputation could be adversely affected by the introduction of new laws and regulations, changes to, or changes in interpretation or application of current laws and regulations, and issuance of judicial decisions. These adverse effects could also result from the fiscal, economic, and monetary policies of various regulatory agencies and governments in Canada, the U.S., the United Kingdom, and other countries, and changes in the interpretation or implementation of those policies. Such adverse effects may include incurring additional costs and resources to address initial and ongoing compliance; limiting the types or nature of products and services the Bank can provide and fees it can charge; unfavourably impacting the pricing and delivery of products and services the Bank provides; increasing the ability of new and existing competitors to compete with their pricing, products and services (including, in jurisdictions outside Canada, the favouring of certain domestic institutions); and increasing risks associated with potential non-compliance. In addition to the adverse impacts described above, the Bank's failure to comply with applicable laws and regulations could result in sanctions and financial penalties that could adversely impact its earnings and its operations and damage its reputation. The global anti-money laundering and economic sanctions landscape continues to experience regulatory change, with significant, complex new laws and regulations anticipated to come into force in the jurisdictions in which the Bank does business in the short- and medium-term. In addition, the global privacy landscape has and continues to experience regulatory change, with significant new legislation having recently been implemented in some of the jurisdictions in which the Bank does business and additional new legislation that is anticipated to come into force in the medium-term. In Europe, there are a number of uncertainties in connection with the future of the United Kingdom and its relationship with the European Union, and reforms implemented through the European Market Infrastructure Regulation and the review of Markets in Financial Instruments Directive and accompanying Regulation could result in higher operational and system costs and potential changes in the types of products and services the Bank can offer to clients in the region. In addition, the Canadian Securities Administrators has proposed regulations relating to over-the-counter derivatives reform. The Bank is closely monitoring this regulatory initiative which, if implemented, could result in increased compliance costs, and compliance with these standards may impact the Bank's businesses, operations and results. Finally, in Canada, there are a number of government initiatives underway that could

impact financial institutions, including regulatory initiatives with respect to payments evolution and modernization, open banking, and consumer protection. In addition, changes relating to interchange in Canada, which will become effective May 2020, may impact the Bank's credit card businesses.

Dodd-Frank Wall Street Reform and Consumer Protection Act

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank), a U.S. federal law enacted on July 21, 2010, required significant structural reform to the U.S. financial services industry and affects every banking organization operating in the U.S., including the Bank. In general, in connection with Dodd-Frank the Bank could be negatively impacted by loss of revenue, limitations on the products or services it offers, and additional operational and compliance costs. Due to certain aspects with extraterritorial effect, Dodd-Frank also impacts the Bank's operations outside the U.S., including in Canada. Many parts of Dodd-Frank are in effect and others are in the implementation stage. Certain rules under Dodd-Frank and other regulatory requirements that impact the Bank include: the so-called "Volcker Rule", which generally restricts banking entities from engaging in proprietary trading and from sponsoring or holding ownership interests in or having certain relationships with certain hedge funds and private equity funds; requires capital planning and stress testing requirements for our top-tier U.S. bank holding company; requires stress testing for TD Bank, N.A.; and establishes various "enhanced prudential standards" as adopted by the Federal Reserve including the requirement to establish a separately capitalized top-tier U.S. intermediate holding company (IHC) to hold, subject to limited exceptions, the ownership interests in all U.S. subsidiaries including the Bank's investment in TD Ameritrade Holding Corporation. The Bank has incurred, and will continue to incur, operational, capital, liquidity, and compliance costs, and compliance with these standards may impact the Bank's businesses, operations, and results in the U.S. and overall.

The current U.S. regulatory environment for banking organizations may be impacted by recent and future legislative or regulatory developments. For example, the recently enacted Economic Growth, Regulatory Relief and Consumer Protection Act (Reform Act) included modifications to the Volcker Rule, testing and other aspects of Dodd-Frank. The applicable U.S. Federal regulatory agencies have also proposed regulatory amendments to certain of these requirements, including with respect to the Volcker Rule regulations and capital planning and stress testing requirements. The ultimate consequences of these developments and their impact on the Bank remain uncertain, and it remains unclear whether any other legislative or regulatory proposals relating to these requirements will be enacted or adopted.

Bank Recapitalization "Bail-In" Regime

In 2016, legislation to amend the *Bank Act*, *the Canada Deposit Insurance Corporation Act* (the "CDIC Act") and certain other federal statutes pertaining to banks to create a bank recapitalization or bail-in regime for D-SIBs, which include the Bank, was approved. On April 18, 2018, the Government of Canada (GOC) published regulations under the CDIC Act and the *Bank Act* providing the final details of conversion and issuance regimes for bail-in instruments issued by D-SIBs (collectively, the Bail-in Regulations). The Bail-in Regulations came into force on September 23, 2018.

Pursuant to the CDIC Act, if the Superintendent is of the opinion that a D-SIB has ceased or is about to cease to be viable and its viability cannot be restored through the exercise of the Superintendent's powers, the GOC can, among other things, appoint the Canada Deposit Insurance Corporation (CDIC) as receiver of the Bank and direct CDIC to convert certain shares (including preferred shares) and liabilities of the Bank (including senior debt securities) into common shares of the Bank or any of its affiliates (a Bail-in Conversion). However, under the CDIC Act, the conversion powers of CDIC would not apply to shares and liabilities issued or originated before September 23, 2018 (the date on which the Bail-in Regulations came into force) unless, on or after such date, they are amended or in the case of liabilities, their term is extended.

The Bail-in Regulations prescribe the types of shares and liabilities that will be subject to a Bail-in Conversion. In general, any senior debt securities with an initial or amended term-to-maturity greater than 400 days that are unsecured or partially secured and have been assigned a CUSIP, ISIN, or similar identification number would be subject to a Bail-in Conversion. Shares, other than common shares, and subordinated debt, that are not NVCC instruments, would also be subject to a Bail-in Conversion. However, certain other debt obligations of the Bank such as structured notes (as defined in the Bail-in Regulations), covered bonds, and certain derivatives would not be subject to a Bail-in Conversion.

The bail-in regime could adversely affect the Bank's cost of funding.

Regulatory Oversight and Compliance Risk

Our businesses are subject to extensive regulation and oversight. Regulatory change is occurring in all of the geographies where the Bank operates. Regulators have demonstrated an increased focus on conduct risk. As well, they have continued the trends towards establishing new standards and best practice expectations and a willingness to use public enforcement with fines and penalties when compliance breaches occur. The Bank continually monitors and evaluates the potential impact of rules, proposals, consent orders, and regulatory guidance relevant within all of its business segments. However, while the Bank devotes substantial compliance, legal, and operational business resources to facilitate compliance with these rules by their respective effective dates and consideration of regulator expectations, it is possible that the Bank may not be able to accurately predict the impact of final versions of rules or the interpretation or enforcement actions taken by regulators. This could require the Bank to take further actions or incur more costs than expected. In addition, if regulators take formal enforcement action, rather than taking informal/supervisory actions, then, despite the Bank's prudence and management efforts, its operations, business strategies and product and service offerings may be adversely impacted, therefore impacting financial results. Also, it may be determined that the Bank has not successfully addressed new rules, orders or enforcement actions to which it is subject, in a manner which meets regulator expectations. As such, the Bank may continue to face a greater number or wider scope of investigations, enforcement actions, and litigation. The Bank may incur greater than expected costs associated with enhancing its compliance, or may incur fines, penalties or judgments not in its favour associated with non-compliance, all of which could also lead to negative impacts on the Bank's financial performance and its reputation.

Level of Competition and Disruptive Technology

The Bank operates in a highly competitive industry and its performance is impacted by the level of competition. Customer retention and acquisition can be influenced by many factors, including the Bank's reputation as well as the pricing, market differentiation, and overall customer experience of our products and services. Enhanced competition from incumbents and new entrants may impact the Bank's pricing of products and services and may cause us to lose revenue and/or market share. Increased competition requires us to make additional short and long-term investments in order to remain competitive, which may increase expenses. In addition, the Bank operates in environments where laws and regulations that apply to it may not universally apply to its current and emerging competitors, which could include the domestic institutions in jurisdictions outside of Canada or non-traditional providers (such as Fintech, big technology competitors) of financial products and services. Non-depository or non-financial institutions are often able to offer products and services that were traditionally banking products and compete with banks in offering digital financial solutions (primarily mobile or web-based services), without facing the same regulatory requirements or oversight. These evolving distribution methods can also increase fraud and privacy risks for customers and financial institutions in general. The nature of disruption is such that it can be difficult to anticipate and/or respond to adequately or quickly, representing inherent risks to certain Bank businesses, including payments. As such, this type of competition could also adversely impact the Bank's earnings. To mitigate these effects, stakeholders across each of the business segments constantly seek to understand emerging technologies and trends. This includes monitoring the competitive environment in which they operate and reviewing or amending their customer acquisition, management, and retention strategies as appropriate and building optionality and flexibility into the products and services offered to keep pace with evolving customer expectations. The Bank is committed to investing in differentiated and personalized experiences for our

customers, putting a particular emphasis on mobile technologies, enabling customers to transact seamlessly across their preferred channels. To keep pace with customer expectations, the Bank considers all various options to accelerate innovation, including making strategic investments in innovative companies, exploring partnership opportunities, and experimenting with new technologies and concepts internally.

OTHER RISK FACTORS

Legal Proceedings

The Bank or its subsidiaries are from time to time named as defendants or are otherwise involved in various class actions and other litigation or disputes with third parties, including regulatory investigations and enforcement proceedings, related to its businesses and operations. The Bank manages and mitigates the risks associated with these proceedings through a robust litigation management function. The Bank's material litigation and regulatory enforcement proceedings are disclosed in its Consolidated Financial Statements. There is no assurance that the volume of claims and the amount of damages and penalties claimed in litigation, arbitration and regulatory proceedings will not increase in the future. Actions currently pending against the Bank may result in judgments, settlements, fines, penalties, disgorgements, injunctions, business improvement orders or other results adverse to the Bank, which could materially adversely affect the Bank's business, financial condition, results of operations, cash flows, capital and credit ratings; require material changes in the Bank's operations; result in loss of customers; or cause serious reputational harm to the Bank. Moreover, some claims asserted against the Bank may be highly complex, and include novel or untested legal theories. The outcome of such proceedings may be difficult to predict or estimate until late in the proceedings, which may last several years. In addition, settlement or other resolution of certain types of matters are often subject to external approval, which may or may not be granted. Although the Bank establishes reserves for these matters according to accounting requirements, the amount of loss ultimately incurred in relation to those matters may substantially differ from the amounts accrued. As a participant in the financial services industry, the Bank will likely continue to experience the possibility of significant litigation and regulatory investigations and enforcement proceedings related to its businesses and operations. Regulators and other government agencies examine the operations of the Bank and its subsidiaries on both a routine- and targeted-exam basis, and there is no assurance that they will not pursue regulatory settlements or other enforcement actions against the Bank in the future. For additional information relating to the Bank's material legal proceedings, refer to Note 27 of the 2018 Consolidated Financial Statements.

Acquisitions

The Bank regularly explores opportunities to acquire other companies, or parts of their businesses, directly or indirectly through the acquisition strategies of its subsidiaries. The Bank undertakes due diligence before completing an acquisition and closely monitors integration activities and performance post acquisition. However, there is no assurance that the Bank will achieve its financial or strategic objectives, including anticipated cost savings or revenue synergies following acquisitions and integration efforts. The Bank's, or a subsidiary's, ability to successfully complete an acquisition is often subject to regulatory and other approvals, and the Bank cannot be certain when or if, or on what terms and conditions, any required approvals will be granted. If the Bank does not achieve its financial or strategic objectives of an acquisition, or if the Bank does not successfully complete an acquisition, there could be an impact on the Bank's financial performance and the Bank's earnings could grow more slowly or decline.

Ability to Attract, Develop, and Retain Key Executives

The Bank's future performance is dependent on the availability of qualified talent and the Bank's ability to attract, develop, and retain it. The Bank's management understands that the competition for talent continues to increase across geographies, industries, and emerging capabilities in the financial services sector. As a result, the Bank undertakes an annual resource planning process that assesses critical capability requirements for all areas of the business each year. Through this process, an assessment of current executive leadership, technical and core capabilities, as well as talent development opportunities is completed against both near term and future business needs. The outcomes from the process inform plans at both the enterprise and business level to retain, develop, or acquire the talent which are then actioned throughout the course of the year. In addition to the resource planning process, the Bank has initiated an enterprise level critical capability and capacity planning process with the objective of improving the organization's ability to forecast talent demand and workforce scenarios. The outcomes of this process are coupled with resource planning to further define broader capability and talent investments. Although it is the goal of the Bank's management resource policies and practices to attract, develop, and retain key talent employed by the Bank or an entity acquired by the Bank, there is no assurance that the Bank will be able to do so.

Foreign Exchange Rates, Interest Rates, and Credit Spreads

Foreign exchange rate, interest rate, and credit spread movements in Canada, the U.S., and other jurisdictions in which the Bank does business impact the Bank's financial position (as a result of foreign currency translation adjustments) and its future earnings. Changes in the value of the Canadian dollar relative to the U.S. dollar may also affect the earnings of the Bank's small business, commercial, and corporate clients in Canada. A change in the level of interest rates or a prolonged low interest rate environment affects the interest spread between the Bank's deposits and loans, and as a result, impacts the Bank's net interest income. A change in the level of credit spreads affects the relative valuation of assets and liabilities, and as a result, impacts the Bank's earnings. The Bank manages its structural foreign exchange rate, interest rate, and credit spread risk exposures in accordance with policies established by the Risk Committee through its Asset Liability Management framework, which is further discussed in the "Managing Risk" section of this document.

IBOR Transition

Following the announcement by the U.K. Financial Conduct Authority (FCA) on July 27, 2017, indicating that the FCA would no longer compel banks to submit rates for the calculation of the LIBOR post December 31, 2021, efforts to transition away from interbank offered rate (IBOR) benchmarks to alternative reference rates have been continuing in various jurisdictions. These developments, and the related uncertainty over the potential variance in the timing and manner of implementation in each jurisdiction, introduce risks that may have adverse consequences on the Bank, its clients and the financial services industry. As the Bank has significant contractual rights and obligations referenced to IBOR benchmarks, discontinuance of, or changes to, benchmark rates could adversely affect our business and results of operations. The Bank is evaluating the impact on its products, services, systems and processes with the intention of minimizing the impact through appropriate mitigating actions.

Accounting Policies and Methods Used by the Bank

The Bank's accounting policies and estimates are essential to understanding its results of operations and financial condition. Some of the Bank's policies require subjective, complex judgments and estimates as they relate to matters that are inherently uncertain. Changes in these judgments or estimates and changes to accounting standards and policies could have a materially adverse impact on the Bank's Consolidated Financial Statements, and therefore its reputation. The Bank has established procedures designed to ensure that accounting policies are applied consistently and that the processes for changing methodologies, determining estimates and adopting new accounting standards are well-controlled and occur in an appropriate and systematic manner. Significant accounting policies as well as current and future changes in accounting policies are described in Note 2 and Note 4, respectively, of the 2018 Consolidated Financial Statements.

Managing Risk

EXECUTIVE SUMMARY

Growing profitability in financial results based on balanced revenue, expense and capital growth services involves selectively taking and managing risks within the Bank's risk appetite. The Bank's goal is to earn a stable and sustainable rate of return for every dollar of risk it takes, while putting significant emphasis on investing in its businesses to meet its future strategic objectives.

The Bank's Enterprise Risk Framework (ERF) reinforces the Bank's risk culture, which emphasizes transparency and accountability, and supports a common understanding among stakeholders of how the Bank manages risk. The ERF addresses: (1) the nature of risks to the Bank's strategy and operations; (2) how the Bank defines the types of risk it is exposed to; (3) risk management governance and organization; and (4) how the Bank manages risk through processes that identify and assess, measure, control, and monitor and report risk. The Bank's risk management resources and processes are designed to both challenge and enable all its businesses to understand the risks they face and to manage them within the Bank's risk appetite.

RISKS INVOLVED IN TD'S BUSINESSES

The Bank's Risk Inventory sets out the Bank's major risk categories and related subcategories to which the Bank's businesses and operations could be exposed. The Risk Inventory facilitates consistent risk identification and is the starting point in developing risk management strategies and processes. The Bank's major risk categories are: Strategic Risk; Credit Risk; Market Risk; Operational Risk; Model Risk; Insurance Risk; Liquidity Risk; Capital Adequacy Risk; Legal, Regulatory Compliance and Conduct Risk; and Reputational Risk.



RISK APPETITE

The Bank's RAS is the primary means used to communicate how the Bank views risk and determines the type and amount of risk it is willing to take to deliver on its strategy and enhance shareholder value. In defining its risk appetite, the Bank takes into account its vision, purpose, strategy, shared commitments, risk philosophy, and capacity to bear risk. The core risk principles for the Bank's RAS are as follows:

The Bank takes risks required to build its business, but only if those risks:
1.Fit the business strategy, and can be understood and managed.
2.Do not expose the enterprise to any significant single loss events; TD does not 'bet the Bank' on any single acquisition, business, or product.
3.Do not risk harming the TD brand.

The Bank considers current operating conditions and the impact of emerging risks in developing and applying its risk appetite. Adherence to enterprise risk appetite is managed and monitored across the Bank and is informed by the RAS and a broad collection of principles, policies, processes, and tools. The Bank's RAS describes, by major risk category, the Bank's risk principles and establishes both qualitative and quantitative measures with key indicators, thresholds, and limits, as appropriate. RAS measures consider both normal and stress scenarios and include those that can be aggregated at the enterprise level and disaggregated at the business segment level.

Risk Management is responsible for establishing practices and processes to formulate, monitor, and report on the Bank's RAS measures. The function also monitors and evaluates the effectiveness of these practices and measures. RAS measures are reported regularly to senior management, the Board, and the Risk Committee; other measures are tracked on an ongoing basis by management, and escalated to senior management and the Board, as required. Risk Management regularly assesses management's performance against the Bank's RAS measures.

RISK CULTURE

The Bank's risk culture starts with the "tone at the top" set by the Board, Chief Executive Officer (CEO), and the Senior Executive Team (SET), and is supported by its vision, purpose, and shared commitments. These governing objectives describe the behaviours that the Bank seeks to foster, among its employees, in building a culture where the only risks taken are those that can be understood and managed. The Bank's risk culture promotes accountability, learning from past experiences, and encourages open communication and transparency on all aspects of risk taking. The Bank's employees are encouraged to challenge and escalate when they believe the Bank is operating outside of its risk appetite.

Ethical behaviour is a key component of the Bank's risk culture. The Bank's Code of Conduct and Ethics guides employees and Directors to make decisions that meet the highest standards of integrity, professionalism, and ethical behaviour. Every Bank employee and Director is expected and required to assess business decisions and actions on behalf of the organization in light of whether it is right, legal, and fair. The Bank's desired risk culture is reinforced by linking compensation to management's performance against the Bank's risk appetite. Performance against risk appetite is a key consideration in determining compensation for executives, including adjustments to incentive awards both at the time of award and again at maturity for deferred compensation. An annual consolidated assessment of management's performance against the RAS is prepared by Risk Management, reviewed by the Risk Committee, and is used by the Human Resources Committee as a key input into compensation decisions. All executives are individually assessed against objectives that include consideration of risk and control behaviours. This comprehensive approach allows the Bank to consider whether the actions of executive management resulted in risk and control events within their area of responsibility.

In addition, governance, risk, and oversight functions operate independently from business segments supported by an organizational structure that provides objective oversight and independent challenge. Governance, risk, and oversight function heads, including the Chief Risk Officer (CRO), have unfettered access to respective Board Committees to raise risk, compliance, and other issues. Lastly, awareness and communication of the Bank's RAS and the ERF take place across the organization through enterprise risk communication programs, employee orientation and training, and participation in

internal risk management conferences. These activities further strengthen the Bank's risk culture by increasing the knowledge and understanding of the Bank's expectations for risk taking.

WHO MANAGES RISK

The Bank's risk governance structure emphasizes and balances strong independent oversight with clear ownership for risk control within each business segment. Under the Bank's approach to risk governance, a "three lines of defence" model is employed, in which the first line of defence are the "Risk Owners", the second line provides "Risk Oversight", and the third line is Internal Audit.

The Bank's risk governance model includes a senior management committee structure that is designed to support transparent risk reporting and discussions. The Bank's overall risk and control oversight is provided by the Board and its committees (primarily the Audit and Risk Committees). The CEO and SET determine the Bank's long-term direction which is then carried out by business segments within the Bank's risk appetite. Risk Management, headed by the Group Head and CRO, sets enterprise risk strategy and policy and provides independent oversight to support a comprehensive and proactive risk management approach. The CRO, who is also a member of the SET, has unfettered access to the Risk Committee.

The Bank has a robust subsidiary governance framework to support its overall risk governance structure, including boards of directors, and committees for various subsidiary entities where appropriate. Within the U.S. Retail business segment, risk and control oversight is provided by a separate and distinct Board of Directors which includes a fully independent Board Risk Committee and Board Audit Committee. The U.S. Chief Risk Officer (U.S. CRO) has unfettered access to the Board Risk Committee.

The following section provides an overview of the key roles and responsibilities involved in risk management. The Bank's risk governance structure is illustrated in the following figure.

RISK GOVERNANCE STRUCTURE

The Board of Directors

The Board oversees the Bank's strategic direction, the implementation of an effective risk culture, and the internal control framework across the enterprise. It accomplishes its risk management mandate both directly and indirectly through its four committees, the Audit Committee and Risk Committee, as well as the Human Resources and Corporate Governance Committees. The Board reviews and approves the Bank's RAS and related measures annually, and monitors the Bank's risk profile and performance against risk appetite measures.

The Audit Committee

The Audit Committee oversees financial reporting, the adequacy and effectiveness of internal controls, including internal controls over financial reporting, and the activities of the Bank's Global Anti-Money Laundering (GAML) group, Compliance group, and Internal Audit.

The Risk Committee

The Risk Committee is responsible for reviewing and recommending TD's RAS for approval by the Board annually. The Risk Committee oversees the management of TD's risk profile and performance against its risk appetite. In support of this oversight, the Committee reviews and approves certain enterprise-wide risk management frameworks and policies that support compliance with TD's risk appetite, and monitors the management of risks and risk trends.

The Human Resources Committee

The Human Resources Committee, in addition to its other responsibilities, satisfies itself that Human Resources risks are appropriately identified, assessed, and managed in a manner consistent with the risk programs within the Bank, and with the sustainable achievement of the Bank's business objectives.

The Corporate Governance Committee
The Corporate Governance Committee, in addition to its other responsibilities, develops, and where appropriate, recommends to the Board for approval corporate governance guidelines, including a code of conduct and ethics, aimed at fostering a healthy governance culture at the Bank, and also acts as the conduct review committee for the Bank, including providing oversight of conduct risk.

Chief Executive Officer and Senior Executive Team
The CEO and the SET develop and recommend to the Board the Bank's long-term strategic direction and also develop and recommend for Board approval TD's risk appetite. The SET members set the "tone at the top" and manage risk in accordance with the Bank's risk appetite while considering the impact of emerging risks on the Bank's strategy and risk profile. This accountability includes identifying and reporting significant risks to the Risk Committee.

Executive Committees
The CEO, in consultation with the CRO determines the Bank's Executive Committees, which are chaired by SET members. The committees meet regularly to oversee governance, risk, and control activities and to review and monitor risk strategies and associated risk activities and practices.

The Enterprise Risk Management Committee (ERMC), chaired by the CEO, oversees the management of major enterprise governance, risk, and control activities and promotes an integrated and effective risk management culture. The following Executive Committees have been established to manage specific major risks based on the nature of the risk and related business activity:

- ALCO – chaired by the Group Head and Chief Financial Officer (CFO), the Asset/Liability and Capital Committee (ALCO) oversees directly and through its standing subcommittees (the Risk Capital Committee (RCC) and Global Liquidity Forum (GLF)) the management of the Bank's consolidated non-trading market risk and each of its consolidated liquidity, funding, investments, and capital positions.
- OROC – chaired by the Group Head and CRO, the Operational Risk Oversight Committee (OROC) oversees the identification, monitoring, and control of key risks within the Bank's operational risk profile.
- Disclosure Committee – chaired by the Group Head and CFO, the Disclosure Committee oversees that appropriate controls and procedures are in place and operating to permit timely, accurate, balanced, and compliant disclosure to regulators with respect to public disclosure, shareholders, and the market.
- RRC – chaired by the Group Head and CRO, the Reputational Risk Committee (RRC) oversees the management of reputational risk within the Bank's risk appetite.

Risk Management
The Risk Management function, headed by the CRO, provides independent oversight of enterprise-wide risk management, risk governance, and control including the setting of risk strategy and policy to manage risk in alignment with the Bank's risk appetite and business strategy. Risk Management's primary objective is to support a comprehensive and proactive approach to risk management that promotes a strong risk culture. Risk Management works with the business segments and other corporate oversight functions to establish policies, standards, and limits that align with the Bank's risk appetite and monitors and reports on existing and emerging risks and compliance with the Bank's risk appetite. The CRO is supported by a dedicated team of risk management professionals organized to oversee risks arising from each of the Bank's major risk categories. There is an established process in place for the identification and assessment of top and emerging risks. In addition, the Bank has clear procedures governing when and how risk events and issues are brought to the attention of senior management and the Risk Committee.

Business Segments
Each business segment has a dedicated risk management function that reports directly to a senior risk executive, who, in turn, reports to the CRO. This structure supports an appropriate level of independent oversight while emphasizing accountability for risk within the business segment. Business management is responsible for setting the business-level risk appetite and measures, which are reviewed and challenged by Risk Management, endorsed by the ERMC, and approved by the CEO, to align with the Bank's risk appetite and manage risk within approved risk limits.

Internal Audit
The Bank's internal audit function provides independent and objective assurance to the Board regarding the reliability and effectiveness of key elements of the Bank's risk management, internal control, and governance processes.

Compliance
The Compliance Department is responsible for fostering a culture of integrity, ethics, and compliance throughout the Bank; delivering independent regulatory compliance and conduct risk management and oversight throughout the Bank globally to protect its reputation and operate within its risk appetite; and assessing the adequacy of, adherence to, and effectiveness of the Bank's Regulatory Compliance Management controls, enterprise-wide.

Global Anti-Money Laundering
The GAML Department is responsible for Anti-Money Laundering, Anti-Terrorist Financing, Economic Sanctions, and anti-bribery/anti-corruption regulatory compliance and prudential risk management across the Bank in alignment with enterprise policies so that the money laundering, terrorist financing, economic sanctions, and bribery/corruption risks are appropriately identified and mitigated.

Treasury and Balance Sheet Management
The TBSM group manages and reports on the Bank's capital and investment positions, as well as liquidity and funding risk, and the market risks of the Bank's non-trading banking activities.

Three Lines of Defence

In order to further the understanding of responsibilities for risk management, the Bank employs the following "three lines of defence" model that describes the respective accountabilities of each line of defence in managing risk across the Bank.

THREE LINES OF DEFENCE	
FIRST LINE	**RISK OWNER**
IDENTIFY AND CONTROL	• Own, identify, manage, measure, and monitor current and emerging risks in day-to-day activities, operations, products, and services. • Design, implement, and maintain appropriate mitigating controls, and assess the design and operating effectiveness of those controls. • Assess activities to maintain compliance with applicable laws and regulations. • Monitor and report on risk profile to ensure activities are within TD's risk appetite and policies. • Implement risk based approval processes for all new products, activities, processes, and systems. • Escalate risk issues and develop and implement action plans in a timely manner. • Deliver training, tools, and advice to support its accountabilities. • Promote a strong risk management culture.
SECOND LINE	**RISK OVERSIGHT**
SET STANDARDS AND CHALLENGE	• Establish and communicate enterprise governance, risk, and control strategies, frameworks, and policies. • Provide oversight and independent challenge to the first line through an effective objective assessment, that is evidenced and documented where material, including: – Challenge the quality and sufficiency of the first line's risk activities; – Identify and assess current and emerging risks and controls, using a risk-based approach, as appropriate; – Monitor the adequacy and effectiveness of internal control activities; – Review and discuss assumptions, material risk decisions and outcomes; and – Aggregate and share results across business lines and control areas to identify similar events, patterns, or broad trends. • Identify and assess, and communicate relevant regulatory changes. • Develop and implement risk measurement tools so that activities are within TD's Risk Appetite. • Monitor and report on compliance with TD's Risk Appetite and policies. • Escalate risk issues in a timely manner. • Report on the risks of the Bank on an enterprise-wide and disaggregated level to the Board and/or Senior Management, independently of the business lines or operational management. • Provide training, tools, and advice to support the first line in carrying out its accountabilities. • Promote a strong risk management culture.
THIRD LINE	**INTERNAL AUDIT**
INDEPENDENT ASSURANCE	• Verify independently that TD's ERF is designed and operating effectively. • Validate the effectiveness of the first and second lines in fulfilling their mandates and managing risk.

In support of a strong risk culture, the Bank applies the following principles in governing how it manages risks:

- **Enterprise-Wide in Scope** – Risk Management will span all areas of the Bank, including third-party alliances and joint venture undertakings to the extent they may impact the Bank, and all boundaries both geographic and regulatory.
- **Transparent and Effective Communication** – Matters relating to risk will be communicated and escalated in a timely, accurate, and forthright manner.
- **Enhanced Accountability** – Risks will be explicitly owned, understood, and actively managed by business management and all employees, individually and collectively.
- **Independent Oversight** – Risk policies, monitoring, and reporting will be established and conducted independently and objectively.
- **Integrated Risk and Control Culture** – Risk management disciplines will be integrated into the Bank's daily routines, decision-making, and strategy formulation.
- **Strategic Balance** – Risk will be managed to an acceptable level of exposure, recognizing the need to protect and grow shareholder value.

APPROACH TO RISK MANAGEMENT PROCESSES

The Bank's comprehensive and proactive approach to risk management is comprised of four processes: risk identification and assessment, measurement, control, and monitoring and reporting.

Risk Identification and Assessment

Risk identification and assessment is focused on recognizing and understanding existing risks, risks that may arise from new or evolving business initiatives, aggregate risks, and emerging risks from the changing environment. The Bank's objective is to establish and maintain integrated risk identification and assessment processes that enhance the understanding of risk interdependencies, consider how risk types intersect, and support the identification of emerging risk. To that end, the Bank's Enterprise-Wide Stress Testing (EWST) program enables senior management, the Board, and its committees to identify and articulate enterprise-wide risks and understand potential vulnerabilities for the Bank.

Risk Measurement

The ability to quantify risks is a key component of the Bank's risk management process. The Bank's risk measurement process aligns with regulatory requirements such as capital adequacy, leverage ratios, liquidity measures, stress testing, and maximum credit exposure guidelines established by its regulators. Additionally, the Bank has a process in place to quantify risks to provide accurate and timely measurements of the risks it assumes.

In quantifying risk, the Bank uses various risk measurement methodologies, includingValue-at-Risk (VaR) analysis, scenario analysis, stress testing, and limits. Other examples of risk measurements include credit exposures, PCL, peer comparisons, trending analysis, liquidity coverage, leverage ratios, capital adequacy metrics, and operational risk event notification metrics. The Bank also requires business segments and corporate oversight functions to assess key risks and internal controls through a structured Risk and Control Self-Assessment (RCSA) program. Internal and external risk events are monitored to assess whether the Bank's internal controls are effective. This allows the Bank to identify, escalate, and monitor significant risk issues as needed.

Risk Control

The Bank's risk control processes are established and communicated through Risk Committee and Management approved policies, and associated management approved procedures, control limits, and delegated authorities which reflect its risk appetite and risk tolerances.

The Bank's approach to risk control also includes risk and capital assessments to appropriately capture key risks in its measurement and management of capital adequacy. This involves the review, challenge, and endorsement by senior management committees of the ICAAP and related economic capital practices. The Bank's performance is measured based on the allocation of risk-based capital to businesses and the cost charged against that capital.

Risk Monitoring and Reporting

The Bank monitors and reports on risk levels on a regular basis against its risk appetite and Risk Management reports on its risk monitoring activities to senior management, the Board and its Committees, and appropriate executive and management committees. Complementing regular risk monitoring and reporting, ad hoc risk reporting is provided to senior management, the Risk Committee, and the Board, as appropriate, for new and emerging risks or any significant changes to the Bank's risk profile.

Enterprise-Wide Stress Testing

EWST at the Bank is part of the long-term strategic, financial, and capital planning exercise that is a key component of the ICAAP framework and helps validate the risk appetite of the Bank. The Bank's EWST program involves the development, application, and assessment of severe, but plausible, stress scenarios on earnings, capital, and liquidity. It enables management to identify and articulate enterprise-wide risks and understand potential vulnerabilities that are relevant to the Bank's risk profile. Stress scenarios are developed considering the key macroeconomic and idiosyncratic risks facing the Bank. A combination of approaches incorporating both quantitative modelling and qualitative analysis are utilized to assess the impact on the Bank's performance in stress environments. Stress testing engages senior management in each business segment, Finance, TBSM, Economics, and Risk Management. The RCC, which is a subcommittee of the ALCO, provides oversight of the processes and practices governing the EWST program.

As part of its 2018 program, the Bank evaluated two internally generated macroeconomic stress scenarios covering a range of severities as described below. The scenarios were constructed to cover a wide variety of risk factors meaningful to the Bank's risk profile in both the North American and global economies. Stressed macroeconomic variables such as unemployment, GDP, resale home prices, and interest rates were forecasted over the stress horizon which drives the assessment of impacts. In the scenarios evaluated in the 2018 program, the Bank had sufficient capital to withstand severe, but plausible, stress conditions. Results of the scenarios were reviewed by senior executives, incorporated in the Bank's planning process, and presented to the Risk Committee and the Board.

Enterprise-Wide Stress Scenarios	
Severe Scenario	**Extreme Scenario**
• The scenario is benchmarked against historical recessions that have taken place in the U.S. and Canada. The recession extends four consecutive quarters followed by a modest recovery. • The scenario incorporates deterioration in key macroeconomic variables such as GDP, resale home prices, and unemployment that align with historically observed recessions. • TD Economics maintains a risk index that measures current vulnerabilities to a number of key risk factors. This risk index is then leveraged to scale the severity of the above mentioned indicators.	• The scenario features a marked slowdown in global growth prospects leading to a prolonged recession and heightened uncertainty in global financial markets. • Stress emanates from China where the authorities are unable to contain the fallout from a series of major domestic debt defaults. Financial support for state-owned banks and non-financial enterprises is strained by limited fiscal resources, raising concerns about fiscal sustainability and undermining investor confidence in the Chinese economy. Property prices decline sharply, following years of rapid growth and mounting household debt. To make domestic debt payments and meet higher margin requirements Chinese investors are forced to sell foreign assets, accentuating the decline in global real estate prices. • The financial turmoil in China spills over to countries with close trade and financial linkages, and leads to a major downturn in world commodity prices. Risk appetite retrenches and financial markets worldwide are destabilized. Distress in international financial markets and the deterioration in global growth prospects reinforce the downward spiral in investor sentiment. • Growing fiscal imbalances in the U.S. undermine confidence in the U.S. dollar, raising the risk premium on Treasury bonds. • External shocks to the Canadian economy trigger an unwinding of household imbalances. Unemployment rises sharply as home prices deteriorate significantly. Extremely low oil prices lead to a disproportionate impact on the Canadian economy relative to the U.S.

Separate from the EWST program, the Bank's U.S.-based subsidiaries complete their own capital planning and regulatory stress testing exercises. These include OCC Dodd-Frank Act stress testing requirements for operating banks, the Federal Reserve Board's capital plan rule and related Comprehensive Capital Analysis and Review (CCAR) requirements for the holding company.

The Bank also employs reverse stress testing as part of a comprehensive Crisis Management Recovery Planning program to assess potential mitigating actions and contingency planning strategies. The scenario contemplates significantly stressful events that would result in the Bank reaching the point of non-viability in order to consider meaningful remedial actions for replenishing its capital and liquidity position.

Strategic Risk

Strategic risk is the potential for financial loss or reputational damage arising from the choice of sub-optimal or ineffective strategies, the improper implementation of chosen strategies, choosing not to pursue certain strategies, or a lack of responsiveness to changes in the business environment. Strategies include merger and acquisition activities.

WHO MANAGES STRATEGIC RISK

The CEO manages strategic risk supported by the members of the SET and the ERMC. The CEO, together with the SET, defines the overall strategy, in consultation with, and subject to approval by the Board. The Enterprise Strategy and Decision Support group, under the leadership of the Group Head and CFO, is charged with developing the Bank's overall long-term strategy and shorter-term strategic priorities with input and support from senior executives across the Bank.

Each member of the SET is responsible for establishing and managing long-term strategy and shorter-term priorities for their areas of responsibility (business and corporate function), and for ensuring such strategies are aligned with the Bank's overall long-term strategy and short-term strategic priorities, and the enterprise risk appetite. Each SET member is also accountable to the CEO for identifying, assessing, measuring, controlling, monitoring, and reporting on the effectiveness and risks of their business strategies.

The CEO, SET members, and other senior executives report to the Board on the implementation of the Bank's strategies, identifying the risks within those strategies, and explaining how those risks are managed.

The ERMC oversees the identification and monitoring of significant and emerging risks related to the Bank's strategies and seeks to ensure that mitigating actions are taken where appropriate.

HOW TD MANAGES STRATEGIC RISK

The Bank's enterprise-wide strategies and operating performance, and the strategies and operating performance of significant business segments and corporate functions, are assessed regularly by the CEO and the members of the SET through an integrated financial and strategic planning process, operating results reviews and strategic business plans.

The Bank's annual integrated financial and strategic planning process establishes enterprise and segment-level long-term and shorter-term strategies, designs strategies to be consistent with the risk appetite, evaluates concurrence among strategies, and sets enterprise and segment-level strategic risk limits including asset concentration limits.

Operating results reviews are conducted on a periodic basis during the year to monitor segment-level performance against the integrated financial and strategic plan. These reviews include an evaluation of the long-term strategy and short-term strategic priorities of each business segment, including but not limited to: the operating environment, competitive position, performance assessment, initiatives for strategy execution and key business risks. The frequency of the operating results reviews depends on the risk profile and size of the business segment or corporate function.

Strategic business plans are prepared at the business line-level; business lines are subsets of business segments. The plans assess the strategy for each business line, including but not limited to: mission, current position, key operating trends, long-term strategy, target metrics, key risks and mitigants, and alignment with enterprise strategy and risk appetite. The frequency of preparation depends on the risk profile and size of the business line.

The Bank's strategic risk, and adherence to its risk appetite, is reviewed by the ERMC in the normal course, as well as by the Board. Additionally, material acquisitions are assessed for their fit with the Bank's strategy and risk appetite in accordance with the Bank's Due Diligence Policy. This assessment is reviewed by the SET and Board as part of the decision process.

The shaded areas of this MD&A represent a discussion on risk management policies and procedures relating to credit, market, and liquidity risks as required under IFRS 7, *Financial Instruments: Disclosures*, which permits these specific disclosures to be included in the MD&A. Therefore, the shaded areas which include Credit Risk, Market Risk, and Liquidity Risk, form an integral part of the audited Consolidated Financial Statements for the years ended October 31, 2018 and 2017. Effective November 1, 2017, the Bank adopted IFRS 9, which replaces the guidance in IAS 39. The Bank continues to manage credit risk using the existing framework as detailed in this section but applies the IFRS 9 ECL model to measure and report allowance for credit losses and provision for credit losses on in-scope financial assets. Refer to Note 2 and Note 3 of the 2018 Consolidated Financial Statements for a summary of the Bank's accounting policies and significant accounting judgments, estimates, and assumptions as it relates to IFRS 9.

Credit Risk

Credit risk is the risk of loss if a borrower or counterparty in a transaction fails to meet its agreed payment obligations.

Credit risk is one of the most significant and pervasive risks in banking. Every loan, extension of credit, or transaction that involves the transfer of payments between the Bank and other parties or financial institutions exposes the Bank to some degree of credit risk.

The Bank's primary objective is to be methodical in its credit risk assessment so that the Bank can better understand, select, and manage its exposures to reduce significant fluctuations in earnings.

The Bank's strategy is to include central oversight of credit risk in each business, and reinforce a culture of transparency, accountability, independence, and balance.

WHO MANAGES CREDIT RISK

The responsibility for credit risk management is enterprise-wide. To reinforce ownership of credit risk, credit risk control functions are integrated into each business, but report directly to Risk Management to ensure objectivity and accountability.

Each business segment's credit risk control unit is responsible for its credit decisions and must comply with established policies, exposure guidelines, credit approval limits, and policy/limit exception procedures. It must also adhere to established enterprise-wide standards of credit assessment and obtain Risk Management's approval for credit decisions beyond its discretionary authority.

Risk Management is accountable for oversight of credit risk by developing policies that govern and control portfolio risks, and approval of product-specific policies, as required.

The Risk Committee oversees the management of credit risk and annually approves certain significant credit risk policies.

HOW TD MANAGES CREDIT RISK

The Bank's Credit Risk Management Framework outlines the internal risk and control structure to manage credit risk and includes risk appetite, policies, processes, limits and governance. The Credit Risk Management Framework is maintained by Risk Management and supports alignment with the Bank's risk appetite for credit risk.

Risk Management centrally approves all credit risk policies and credit decision-making strategies, as well as the discretionary limits of officers throughout the Bank for extending lines of credit.

Limits are established to monitor and control country, industry, product, geographic, and group exposure risks in the portfolios in accordance with enterprise-wide policies.

In the Bank's Retail businesses, the Bank uses established underwriting guidelines (which include collateral and loan-to-value constraints) along with approved scoring techniques and standards in extending, monitoring, and reporting personal credit. Credit scores and decision strategies are used in the origination and ongoing management of new and existing retail credit exposures. Scoring models and decision strategies utilize a combination of borrower attributes, including employment status, existing loan exposure and performance, and size of total bank relationship, as well as external data such as credit bureau information, to determine the amount of credit the Bank is prepared to extend to retail customers and to estimate future credit performance. Established policies and procedures are in place to govern the use and ongoing monitoring and assessment of the performance of scoring models and decision strategies to ensure alignment with expected performance results. Retail credit exposures approved within the regional credit centres are subject to ongoing Retail Risk Management review to assess the effectiveness of credit decisions and risk controls, as well as identify emerging or systemic issues and trends. Larger dollar exposures and material exceptions to policy are escalated to Retail Risk Management. Material policy exceptions are tracked and reported to monitor portfolio trends and identify potential weaknesses in underwriting guidelines and strategies. Where unfavourable trends are identified, remedial actions are taken to address those weaknesses.

The Bank's Commercial Banking and Wholesale Banking businesses use credit risk models and policies to establish borrower and facility risk ratings, quantify and monitor the level of risk, and facilitate its management. The businesses also use risk ratings to determine the amount of credit exposure it is willing to extend to a particular borrower. Management processes are used to monitor country, industry, and borrower or counterparty risk ratings, which include daily, monthly, quarterly, and annual review requirements for credit exposures. The key parameters used in the Bank's credit risk models are monitored on an ongoing basis.

Unanticipated economic or political changes in a foreign country could affect cross-border payments for goods and services, loans, dividends, and trade-related finance, as well as repatriation of the Bank's capital in that country. The Bank currently has credit exposure in a number of countries, with the majority of the exposure in North America. The Bank measures country risk using approved risk rating models and qualitative factors that are also used to establish country exposure limits covering all aspects of credit exposure across all businesses. Country risk ratings are managed on an ongoing basis and are subject to a detailed review at least annually.

As part of the Bank's credit risk strategy, the Bank sets limits on the amount of credit it is prepared to extend to specific industry sectors. The Bank monitors its concentration to any given industry to provide for a diversified loan portfolio and to reduce the risk of undue concentration. The Bank manages its risk using limits based on an internal risk rating score that combines TD's industry risk rating model and industry analysis, and regularly reviews industry risk ratings to assess whether internal ratings properly reflect the risk of the industry. The Bank assigns a maximum exposure limit or a concentration limit to each major industry segment which is a percentage of its total wholesale and commercial private sector exposure.

The Bank may also set limits on the amount of credit it is prepared to extend to a particular entity or group of entities, also referred to as "entity risk". All entity risk is approved by the appropriate decision-making authority using limits based on the entity's borrower risk rating (BRR) and, for certain portfolios, the risk rating of the industry in which the entity operates. This exposure is monitored on a regular basis.

The Bank may also use credit derivatives to mitigate borrower-specific exposure as part of its portfolio risk management techniques.

The Basel Framework

The objective of the Basel Framework is to improve the consistency of capital requirements internationally and make required regulatory capital more risk-sensitive. The Basel Framework sets out several options which represent increasingly more risk-sensitive approaches for calculating credit, market, and operational RWA.

Credit Risk and the Basel Framework

The Bank received approval from OSFI to use the Basel AIRB Approach for credit risk, effective November 1, 2007. The Bank uses the AIRB Approach for all material portfolios, except in the following areas:

- TD has approved exemptions to use TSA for some small credit exposures in North America. Risk Management reconfirms annually that this approach remains appropriate.
- Effective the third quarter of 2016, OSFI approved the Bank to calculate the majority of the retail portfolio credit RWA in the U.S. Retail segment using the AIRB Approach. The non-retail portfolio in the U.S. retail segment continues to use TSA while working to achieve regulatory approval to transition to the AIRB Approach.

To continue to qualify using the AIRB Approach for credit risk, the Bank must meet the ongoing conditions and requirements established by OSFI and the Basel Framework. The Bank regularly assesses its compliance with these requirements.

Credit Risk Exposures Subject to the AIRB Approach

Banks that adopt the AIRB Approach to credit risk must report credit risk exposures by counterparty type, each having different underlying risk characteristics. These counterparty types may differ from the presentation in the Bank's Consolidated Financial Statements. The Bank's credit risk exposures are divided into two main portfolios, retail and non-retail.

Risk Parameters

Under the AIRB Approach, credit risk is measured using the following risk parameters:

- PD – the likelihood that the borrower will not be able to meet its scheduled repayments within a one year time horizon.
- LGD – the amount of loss the Bank would likely incur when a borrower defaults on a loan, which is expressed as a percentage of EAD.
- EAD – the total amount the Bank is exposed to at the time of default.

By applying these risk parameters, the Bank can measure and monitor its credit risk to ensure it remains within pre-determined thresholds.

Retail Exposures

In the retail portfolio, including individuals and small businesses, the Bank manages exposures on a pooled basis, using predictive credit scoring techniques. There are three sub-types of retail exposures: residential secured (for example, individual mortgages and home equity lines of credit), qualifying revolving retail (for example, individual credit cards, unsecured lines of credit, and overdraft protection products), and other retail (for example, personal loans, including secured automobile loans, student lines of credit, and small business banking credit products).

The Bank calculates RWA for its retail exposures using the AIRB Approach. All retail PD, LGD, and EAD parameter models are based exclusively on the internal default and loss performance history for each of the three retail exposure sub-types.

Account-level PD, LGD, and EAD models are built for each product portfolio and calibrated based on the observed account-level default and loss performance for the portfolio.

Consistent with the AIRB Approach, the Bank defines default for exposures as delinquency of 90 days or more for the majority of retail credit portfolios. LGD estimates used in the RWA calculations reflect economic losses, such as, direct and indirect costs as well as any appropriate discount to account for time between default and ultimate recovery. EAD estimates reflect the historically observed utilization of undrawn credit limit prior to default. PD, LGD, and EAD models are calibrated using logistic and linear regression techniques. Predictive attributes in the models may include account attributes, such as loan size, interest rate, and collateral, where applicable; an account's previous history and current status; an account's age on books; a customer's credit bureau attributes; and a customer's other holdings with the Bank. For secured products such as residential mortgages, property characteristics, loan-to-value ratios, and a customer's equity in the property, play a significant role in PD as well as in LGD models.

All risk parameter estimates are updated on a quarterly basis based on the refreshed model inputs. Parameter estimation is fully automated based on approved formulas and is not subject to manual overrides.

Exposures are then assigned to one of nine pre-defined PD segments based on their estimated long-run average one-year PD.

The risk discriminative and predictive power of the Bank's retail credit models is assessed against the most recently available one-year default and loss performance on a quarterly basis. All models are also subject to a comprehensive independent validation prior to implementation and on an annual basis as outlined in the "Model Risk Management" section of this disclosure.

Long-run PD estimates are generated by including key economic indicators, such as interest rates and unemployment rates, and using their long-run average over the credit cycle to estimate PD.

LGD estimates are required to reflect a downturn scenario. Downturn LGD estimates are generated by using macroeconomic inputs, such as changes in housing prices and unemployment rates expected in an appropriately severe downturn scenario.

For unsecured products, downturn LGD estimates reflect the observed lower recoveries for exposures defaulted during the 2008 to 2009 recession. For products secured by residential real estate, such as mortgages and home equity lines of credit, downturn LGD reflects the potential impact of a severe housing downturn. EAD estimates similarly reflect a downturn scenario.

The following table maps PD ranges to risk levels:

Risk Assessment	PD Segment	PD Range
Low Risk	1	0.00 to 0.15%
Normal Risk	2	0.16 to 0.41
	3	0.42 to 1.10
Medium Risk	4	1.11 to 2.93
	5	2.94 to 4.74
High Risk	6	4.75 to 7.59
	7	7.60 to 18.20
	8	18.21 to 99.99
Default	9	100.00

Non-Retail Exposures

In the non-retail portfolio, the Bank manages exposures on an individual borrower basis, using industry and sector-specific credit risk models, and expert judgment. The Bank has categorized non-retail credit risk exposures according to the following Basel counterparty types: corporate, including wholesale and commercial customers, sovereign, and bank. Under the AIRB Approach, CMHC-insured mortgages are considered sovereign risk and are therefore classified as non-retail.

The Bank evaluates credit risk for non-retail exposures by using both a BRR and facility risk rating (FRR). The Bank uses this system for all corporate, sovereign, and bank exposures. The Bank determines the risk ratings using industry and sector-specific credit risk models that are based on internal historical data for the years of 1994-2017, covering both wholesale and commercial lending experience. All borrowers and facilities are assigned an internal risk rating that must be reviewed at least once each year. External data such as rating agency default rates or loss databases are used to validate the parameters.

Internal risk ratings (BRR and FRR) are key to portfolio monitoring and management, and are used to set exposure limits and loan pricing. Internal risk ratings are also used in the calculation of regulatory capital, economic capital, and incurred but not identified allowance for credit losses. Consistent with the AIRB Approach to measure capital adequacy at a one-year risk horizon, the parameters are estimated to a twelve-month forward time horizon.

Borrower Risk Rating and PD

Each borrower is assigned a BRR that reflects the PD of the borrower using proprietary models and expert judgment. In assessing borrower risk, the Bank reviews the borrower's competitive position, financial performance, economic, and industry trends, management quality, and access to funds. Under the AIRB Approach, borrowers are grouped into BRR grades that have similar PD. Use of projections for model implied risk ratings is not permitted and BRRs may not incorporate a projected reversal, stabilization of negative trends, or the acceleration of existing positive trends. Historic financial results can however be sensitized to account for events that have occurred, or are about to occur, such as additional debt incurred by a borrower since the date of the last set of financial statements. In conducting an assessment of the BRR, all relevant and material information must be taken into account and the information being used must be current. Quantitative rating models are used to rank the expected through-the-cycle PD, and these models are segmented into categories based on industry and borrower size. The quantitative model output can be modified in some cases by expert judgment, as prescribed within the Bank's credit policies.

To calibrate PDs for each BRR band, the Bank computes yearly transition matrices based on annual cohorts and then estimates the average annual PD for each BRR. The PD is set at the average estimation level plus an appropriate adjustment to cover statistical and model uncertainty. The calibration process for PD is a through-the-cycle approach.

TD's 21-point BRR scale broadly aligns to external ratings as follows:

Description	Rating Category	Standard & Poor's	Moody's Investor Services
Investment grade	0 to 1C	AAA to AA-	Aaa to Aa3
	2A to 2C	A+ to A-	A1 to A3
	3A to 3C	BBB+ to BBB-	Baa1 to Baa3
Non-investment grade	4A to 4C	BB+ to BB-	Ba1 to Ba3
	5A to 5C	B+ to B-	B1 to B3
Watch and classified	6 to 8	CCC+ to CC and below	Caa1 to Ca and below
Impaired/default	9A to 9B	Default	Default

Facility Risk Rating and LGD

The FRR maps to LGD and takes into account facility-specific characteristics such as collateral, seniority ranking of debt, and loan structure.

Different FRR models are used based on industry and obligor size. Where an appropriate level of historical defaults is available per model, this data is used in the LGD estimation process. Data considered in the calibration of the LGD model includes variables such as collateral coverage, debt structure, and borrower enterprise value. Average LGD and the statistical uncertainty of LGD are estimated for each FRR grade. In some FRR models, lack of historical data requires the model to output a rank-ordering which is then mapped through expert judgment to the quantitative LGD scale.

The AIRB Approach stipulates the use of downturn LGD, where the downturn period, as determined by internal and/or external experience, suggests higher than average loss rates or lower than average recovery, such as during an economic recession. To reflect this, average calibrated LGDs take into account both the statistical estimation uncertainty and the higher than average LGDs experienced during downturn periods.

Exposure at Default

The Bank calculates non-retail EAD by first measuring the drawn amount of a facility and then adding a potential increased utilization at default from the undrawn portion, if any. Usage Given Default (UGD) is measured as the percentage of Committed Undrawn exposure that would be expected to be drawn by a borrower defaulting in the next year, in addition to the amount that already has been drawn by the borrower. In the absence of credit mitigation effects or other details, the EAD is set at the drawn amount plus (UGD x Committed Undrawn), where UGD is a percentage between 0% and 100%.

Given that UGD is determined in part by PD, UGD data is consolidated by BRR up to one-year prior to default. An average UGD is then calculated for each BRR along with the statistical uncertainty of the estimates.

Historical UGD experience is studied for any downturn impacts, similar to the LGD downturn analysis. The Bank has not found downturn UGD to be significantly different than average UGD, therefore the UGDs are set at the average calibrated level, per BRR grade, plus an appropriate adjustment for statistical and model uncertainty.

Credit Risk Exposures Subject to the Standardized Approach

Currently TSA to credit risk is used primarily for assets in the U.S. non-retail credit portfolio. The Bank is currently in the process of transitioning this portfolio to the AIRB Approach. Under TSA, the assets are multiplied by risk weights prescribed by OSFI to determine RWA. These risk weights are assigned according to certain factors including counterparty type, product type, and the nature/extent of credit risk mitigation. The Bank uses external credit ratings, including Moody's and S&P to determine the appropriate risk weight for its exposures to sovereigns (governments, central banks, and certain public sector entities) and banks (regulated deposit-taking institutions, securities firms, and certain public sector entities).

The Bank applies the following risk weights to on-balance sheet exposures under TSA:

Sovereign	0%[1]
Bank	20%[1]
Corporate	100%

[1] The risk weight may vary according to the external risk rating.

Lower risk weights apply where approved credit risk mitigants exist. Non-retail loans that are more than 90 days past due receive a risk weight of 150%. Foroff-balance sheet exposures, specified credit conversion factors are used to convert the notional amount of the exposure into a credit equivalent amount.

Derivative Exposures

Credit risk on derivative financial instruments, also known as counterparty credit risk, is the risk of a financial loss occurring as a result of the failure of a counterparty to meet its obligation to the Bank. The Bank uses the Current Exposure Method to calculate the credit equivalent amount, which is defined by OSFI as the replacement cost plus an amount for potential future exposure, to estimate the risk and determine regulatory capital requirements for derivative exposures. The Global Counterparty Control group within Capital Markets Risk Management is responsible for estimating and managing counterparty credit risk in accordance with credit policies established by Risk Management.

The Bank uses various qualitative and quantitative methods to measure and manage counterparty credit risk. These include statistical methods to measure the current and future potential risk, as well as ongoing stress testing to identify and quantify exposure to extreme events. The Bank establishes various limits, including gross notional limits, to manage business volumes and concentrations. It also regularly assesses market conditions and the valuation of underlying financial instruments. Counterparty credit risk may increase during periods of receding market liquidity for certain instruments. Capital Markets Risk Management meets regularly with Market and Credit Risk Management and Trading businesses to discuss how evolving market conditions may impact the Bank's market risk and counterparty credit risk.

The Bank actively engages in risk mitigation strategies through the use of multi-product derivative master netting agreements, collateral pledging and other credit risk mitigation techniques. The Bank also executes certain derivatives through a central clearing house which reduces counterparty credit risk due to the ability to net offsetting positions amongst counterparty participants that settle within clearing houses. Derivative-related credit risks are subject to the same credit approval, limit, monitoring, and exposure guideline standards that the Bank uses for managing other transactions that create credit risk exposure. These standards include evaluating the creditworthiness of counterparties, measuring and monitoring exposures, including wrong-way risk exposures, and managing the size, diversification, and maturity structure of the portfolios.

There are two types of wrong-way risk exposures, namely general and specific. General wrong-way risk arises when the PD of the counterparties moves in the same direction as a given market risk factor. Specific wrong-way risk arises when the exposure to a particular counterparty moves in the same direction as the PD of the counterparty due to the nature of the transactions entered into with that counterparty. These exposures require specific

approval within the credit approval process. The Bank measures and manages specific wrong-way risk exposures in the same manner as direct loan obligations and controls them by way of approved credit facility limits.

As part of the credit risk monitoring process, management meets on a periodic basis to review all exposures, including exposures resulting from derivative financial instruments to higher risk counterparties. As at October 31, 2018, after taking into account risk mitigation strategies, the Bank does not have material derivative exposure to any counterparty considered higher risk as defined by the Bank's credit policies. In addition, the Bank does not have a material credit risk valuation adjustment to any specific counterparty.

Validation of the Credit Risk Rating System

Credit risk rating systems and methodologies are independently validated on a regular basis to verify that they remain accurate predictors of risk. The validation process includes the following considerations:

- Risk parameter estimates – PDs, LGDs, and EADs are reviewed and updated against actual loss experience to ensure estimates continue to be reasonable predictors of potential loss.
- Model performance – Estimates continue to be discriminatory, stable, and predictive.
- Data quality – Data used in the risk rating system is accurate, appropriate, and sufficient.
- Assumptions – Key assumptions underlying the development of the model remain valid for the current portfolio and environment.

Risk Management ensures that the credit risk rating system complies with the Bank's Model Risk Policy. At least annually, the Risk Committee is informed of the performance of the credit risk rating system. The Risk Committee must approve any material changes to the Bank's credit risk rating system.

Stress Testing

To determine the potential loss that could be incurred under a range of adverse scenarios, the Bank subjects its credit portfolios to stress tests. Stress tests assess vulnerability of the portfolios to the effects of severe but plausible situations, such as an economic downturn or a material market disruption.

Credit Risk Mitigation

The techniques the Bank uses to reduce or mitigate credit risk include written policies and procedures to value and manage financial and non-financial security (collateral) and to review and negotiate netting agreements. The amount and type of collateral, and other credit risk mitigation techniques required, are based on the Bank's own assessment of the borrower's or counterparty's credit quality and capacity to pay.

In the retail and commercial banking businesses, security for loans is primarily non-financial and includes residential real estate, real estate under development, commercial real estate, automobiles, and other business assets, such as accounts receivable, inventory, and fixed assets. In the Wholesale Banking business, a large portion of loans is to investment grade borrowers where no security is pledged. Non-investment grade borrowers typically pledge business assets in the same manner as commercial borrowers. Common standards across the Bank are used to value collateral, determine frequency of recalculation, and to document, register, perfect, and monitor collateral.

The Bank also uses collateral and master netting agreements to mitigate derivative counterparty exposure. Security for derivative exposures is primarily financial and includes cash and negotiable securities issued by highly rated governments and investment grade issuers. This approach includes pre-defined discounts and procedures for the receipt, safekeeping, and release of pledged securities.

In all but exceptional situations, the Bank secures collateral by taking possession and controlling it in a jurisdiction where it can legally enforce its collateral rights. In exceptional situations and when demanded by the Bank's counterparty, the Bank holds or pledges collateral with an acceptable third-party custodian. The Bank documents all such third-party arrangements with industry standard agreements.

Occasionally, the Bank may take guarantees to reduce the risk in credit exposures. For credit risk exposures subject to AIRB, the Bank only recognizes irrevocable guarantees for Commercial Banking and Wholesale Banking credit exposures that are provided by entities with a better risk rating than that of the borrower or counterparty to the transaction.

The Bank makes use of credit derivatives to mitigate credit risk. The credit, legal, and other risks associated with these transactions are controlled through well-established procedures. The Bank's policy is to enter into these transactions with investment grade financial institutions and transact on a collateralized basis. Credit risk to these counterparties is managed through the same approval, limit, and monitoring processes the Bank uses for all counterparties for which it has credit exposure.

The Bank uses appraisals and automated valuation models (AVMs) to support property values when adjudicating loans collateralized by residential real property. AVMs are computer-based tools used to estimate or validate the market value of residential real property using market comparables and price trends for local market areas. The primary risk associated with the use of these tools is that the value of an individual property may vary significantly from the average for the market area. The Bank has specific risk management guidelines addressing the circumstances when they may be used, and processes to periodically validate AVMs including obtaining third party appraisals.

Gross Credit Risk Exposure

Gross credit risk exposure, also referred to as EAD, is the total amount the Bank is exposed to at the time of default of a loan and is measured before counterparty-specific provisions or write-offs. Gross credit risk exposure does not reflect the effects of credit risk mitigation and includes both on-balance sheet and off-balance sheet exposures. On-balance sheet exposures consist primarily of outstanding loans, acceptances, non-trading securities, derivatives, and certain other repo-style transactions. Off-balance sheet exposures consist primarily of undrawn commitments, guarantees, and certain other repo-style transactions.

Gross credit risk exposures for the two approaches the Bank uses to measure credit risk are included in the following table.

TABLE 43: GROSS CREDIT RISK EXPOSURES – Standardized and Advanced Internal Ratings Based Approaches[1]

(millions of Canadian dollars)

	October 31, 2018			As at October 31, 2017		
	Standardized	**AIRB**	**Total**	Standardized	AIRB	Total
Retail						
Residential secured	**$ 3,091**	**$ 371,450**	**$ 374,541**	$ 5,862	$ 349,749	$ 355,611
Qualifying revolving retail	**–**	**112,388**	**112,388**	–	93,527	93,527
Other retail	**12,835**	**80,513**	**93,348**	19,011	75,566	94,577
Total retail	**15,926**	**564,351**	**580,277**	24,873	518,842	543,715
Non-retail						
Corporate	**132,030**	**346,751**	**478,781**	125,621	305,867	431,488
Sovereign	**95,411**	**136,951**	**232,362**	91,567	157,947	249,514
Bank	**18,019**	**110,295**	**128,314**	18,195	94,181	112,376
Total non-retail	**245,460**	**593,997**	**839,457**	235,383	557,995	793,378
Gross credit risk exposures	**$ 261,386**	**$ 1,158,348**	**$ 1,419,734**	$ 260,256	$ 1,076,837	$ 1,337,093

1 Gross credit risk exposures represent EAD and are before the effects of credit risk mitigation. This table excludes securitization, equity, and other credit RWA.

Other Credit Risk Exposures

Non-trading Equity Exposures

The Bank's non-trading equity exposures are at a level that represents less than 5% of the Bank's combined Tier 1 and Tier 2 Capital. As a result, the Bank uses OSFI-prescribed risk weights to calculate RWA on non-trading equity exposures.

Securitization Exposures

For externally rated securitization exposures, the Bank uses both TSA and the Ratings Based Approach (RBA). Both approaches assign risk weights to exposures using external ratings. The Bank uses ratings assigned by external rating agencies, including Moody's and S&P. The RBA also takes into account additional factors, including the time horizon of the rating (long-term or short-term), the number of underlying exposures in the asset pool, and the seniority of the position.

The Bank uses the Internal Assessment Approach (IAA) to manage the credit risk of its exposures relating to ABCP securitizations that are not externally rated.

Under the IAA, the Bank considers all relevant risk factors in assessing the credit quality of these exposures, including those published by the Moody's and S&P rating agencies. The Bank also uses loss coverage models and policies to quantify and monitor the level of risk, and facilitate its management. The Bank's IAA process includes an assessment of the extent by which the enhancement available for loss protection provides coverage of expected losses. The levels of stressed coverage the Bank requires for each internal risk rating are consistent with the rating agencies' published stressed factor requirements for equivalent external ratings by asset class.

All exposures are assigned an internal risk rating based on the Bank's assessment, which must be reviewed at least annually. The Bank's ratings reflect its assessment of risk of loss, consisting of the combined PD and LGD for each exposure. The ratings scale TD uses corresponds to the long-term ratings scales used by the rating agencies.

The Bank's IAA process is subject to all of the key elements and principles of the Bank's risk governance structure, and is managed in the same way as outlined in this "Credit Risk" section.

The Bank uses the results of the IAA in all aspects of its credit risk management, including performance tracking, control mechanisms, management reporting, and the calculation of capital. Under the IAA, exposures are multiplied by OSFI-prescribed risk weights to calculate RWA for capital purposes.

Market Risk

Trading Market Risk is the risk of loss in financial instruments held in trading positions due to adverse movements in market factors. These market factors include interest rates, foreign exchange rates, equity prices, commodity prices, credit spreads, and their respective volatilities.

Non-Trading Market Risk is the risk of loss on the balance sheet or volatility in earnings from non-trading activities such as asset-liability management or investments, due to adverse movements in market factors. These market factors are predominantly interest rate, credit spread, foreign exchange rates and equity prices.

The Bank is exposed to market risk in its trading and investment portfolios, as well as through its non-trading activities. In the Bank's trading and investment portfolios, it is an active participant in the market, seeking to realize returns for TD through careful management of its positions and inventories. In the Bank's non-trading activities, it is exposed to market risk through the everyday banking transactions that the Bank's customers execute with TD.

The Bank complied with the Basel III market risk requirements as at October 31, 2018, using the Internal Models Approach.

MARKET RISK LINKAGE TO THE BALANCE SHEET

The following table provides a breakdown of the Bank's balance sheet into assets and liabilities exposed to trading and non-trading market risks. Market risk of assets and liabilities included in the calculation of VaR and other metrics used for regulatory market risk capital purposes is classified as trading market risk.

TABLE 44: MARKET RISK LINKAGE TO THE BALANCE SHEET[1]

(millions of Canadian dollars)

	October 31, 2018				October 31, 2017				As at
	Balance sheet	**Trading market risk**	**Non-trading market risk**	**Other**	Balance sheet	Trading market risk	Non-trading market risk	Other	Non-trading market risk – primary risk sensitivity
Assets subject to market risk									
Interest-bearing deposits with banks	**$ 30,720**	**$ 729**	**$ 29,991**	**$ –**	$ 51,185	$ 194	$ 50,991	$ –	Interest rate
Trading loans, securities, and other	**127,897**	**125,437**	**2,460**	**–**	103,918	99,168	4,750	–	Interest rate
Non-trading financial assets at fair value through profit or loss	**4,015**	**–**	**4,015**	**–**	n/a	n/a	n/a	n/a	Equity, foreign exchange, interest rate
Derivatives	**56,996**	**53,087**	**3,909**	**–**	56,195	51,492	4,703	–	Equity, foreign exchange, interest rate
Financial assets designated at fair value through profit or loss	**3,618**	**–**	**3,618**	**–**	4,032	–	4,032	–	Interest rate
Financial assets at fair value through other comprehensive income	**130,600**	**–**	**130,600**	**–**	n/a	n/a	n/a	n/a	Equity, foreign exchange, interest rate
Available-for-sale securities	**n/a**	**n/a**	**n/a**	**–**	146,411	–	146,411	–	Foreign exchange, interest rate
Debt securities at amortized cost, net of allowance for credit losses	**107,171**	**–**	**107,171**	**–**	n/a	n/a	n/a	n/a	Foreign exchange, interest rate
Held-to-maturity securities	**n/a**	**n/a**	**n/a**	**–**	71,363	–	71,363	–	Foreign exchange, interest rate
Securities purchased under reverse repurchase agreements	**127,379**	**3,920**	**123,459**	**–**	134,429	1,345	133,084	–	Interest rate
Loans, net of allowance for loan losses	**646,393**	**–**	**646,393**	**–**	616,374	–	616,374	–	Interest rate
Customers' liability under acceptances	**17,267**	**–**	**17,267**	**–**	17,297	–	17,297	–	Interest rate
Investment in TD Ameritrade	**8,445**	**–**	**8,445**	**–**	7,784	–	7,784	–	Equity
Other assets[2]	**1,751**	**–**	**1,751**	**–**	1,549	–	1,549	–	Interest rate
Assets not exposed to market risk	**72,651**	**–**	**–**	**72,651**	68,458	–	–	68,458	
Total Assets	**$ 1,334,903**	**$ 183,173**	**$ 1,079,079**	**$ 72,651**	$ 1,278,995	$ 152,199	$ 1,058,338	$ 68,458	
Liabilities subject to market risk									
Trading deposits	**114,704**	**6,202**	**108,502**	**–**	79,940	3,539	76,401	–	Interest rate
Derivatives	**48,270**	**44,119**	**4,151**	**–**	51,214	46,206	5,008	–	Equity foreign exchange, interest rate
Securitization liabilities at fair value	**12,618**	**12,618**	**–**	**–**	12,757	12,757	–	–	Interest rate
Deposits	**851,439**	**–**	**851,439**	**–**	832,824	–	832,824	–	Equity, interest rate
Acceptances	**17,269**	**–**	**17,269**	**–**	17,297	–	17,297	–	Interest rate
Obligations related to securities sold short	**39,478**	**37,323**	**2,155**	**–**	35,482	32,124	3,358	–	Interest rate
Obligations related to securities sold under repurchase agreements	**93,389**	**3,797**	**89,592**	**–**	88,591	2,064	86,527	–	Interest rate
Securitization liabilities at amortized cost	**14,683**	**–**	**14,683**	**–**	16,076	–	16,076	–	Interest rate
Subordinated notes and debentures	**8,740**	**–**	**8,740**	**–**	9,528	–	9,528	–	Interest rate
Other liabilities[2]	**16,150**	**2**	**16,148**	**–**	17,281	1	17,280	–	Equity Interest rate
Liabilities and Equity not exposed to market risk	**118,163**	**–**	**–**	**118,163**	118,005	–	–	118,005	
Total Liabilities and Equity	**$ 1,334,903**	**$ 104,061**	**$ 1,112,679**	**$ 118,163**	$ 1,278,995	$ 96,691	$ 1,064,299	$ 118,005	

1 Certain comparative amounts have been restated to conform with the presentation adopted in the current period.
2 Relates to retirement benefits, insurance, and structured entity liabilities.

MARKET RISK IN TRADING ACTIVITIES

The overall objective of the Bank's trading businesses is to provide wholesale banking services, including facilitation and liquidity, to clients of the Bank. The Bank must take on risk in order to provide effective service in markets where its clients trade. In particular, the Bank needs to hold inventory, act as principal to facilitate client transactions, and underwrite new issues. The Bank also trades in order to have in-depth knowledge of market conditions to provide the most efficient and effective pricing and service to clients, while balancing the risks inherent in its dealing activities.

WHO MANAGES MARKET RISK IN TRADING ACTIVITIES

Primary responsibility for managing market risk in trading activities lies with Wholesale Banking, with oversight from Market Risk Control within Risk Management. The Market Risk Control Committee meets regularly to conduct a review of the market risk profile, trading results of the Bank's trading businesses as well as changes to market risk policies. The committee is chaired by the Senior Vice President, Market Risk and Model Development, and includes Wholesale Banking senior management.

There were no significant reclassifications between trading and non-trading books during the year ended October 31, 2018.

HOW TD MANAGES MARKET RISK IN TRADING ACTIVITIES

Market risk plays a key part in the assessment of any trading business strategy. The Bank launches new trading initiatives or expands existing ones only if the risk has been thoroughly assessed, and is judged to be within the Bank's risk appetite and business expertise, and if the appropriate infrastructure is in place to monitor, control, and manage the risk. The Trading Market Risk Framework outlines the management of trading market risk and incorporates risk appetite, risk governance structure, risk identification, measurement, and control. The Trading Market Risk Framework is maintained by Risk Management and supports alignment with the Bank's Risk Appetite for trading market risk.

Trading Limits

The Bank sets trading limits that are consistent with the approved business strategy for each business and its tolerance for the associated market risk, aligned to its market risk appetite. In setting limits, the Bank takes into account market volatility, market liquidity, organizational experience, and business strategy. Limits are prescribed at the Wholesale Banking level in aggregate, as well as at more granular levels.

The core market risk limits are based on the key risk drivers in the business and includes notional, credit spread, yield curve shift, price, and volatility limits.

Another primary measure of trading limits is VaR, which the Bank uses to monitor and control overall risk levels and to calculate the regulatory capital required for market risk in trading activities. VaR measures the adverse impact that potential changes in market rates and prices could have on the value of a portfolio over a specified period of time.

At the end of each day, risk positions are compared with risk limits, and any excesses are reported in accordance with established market risk policies and procedures.

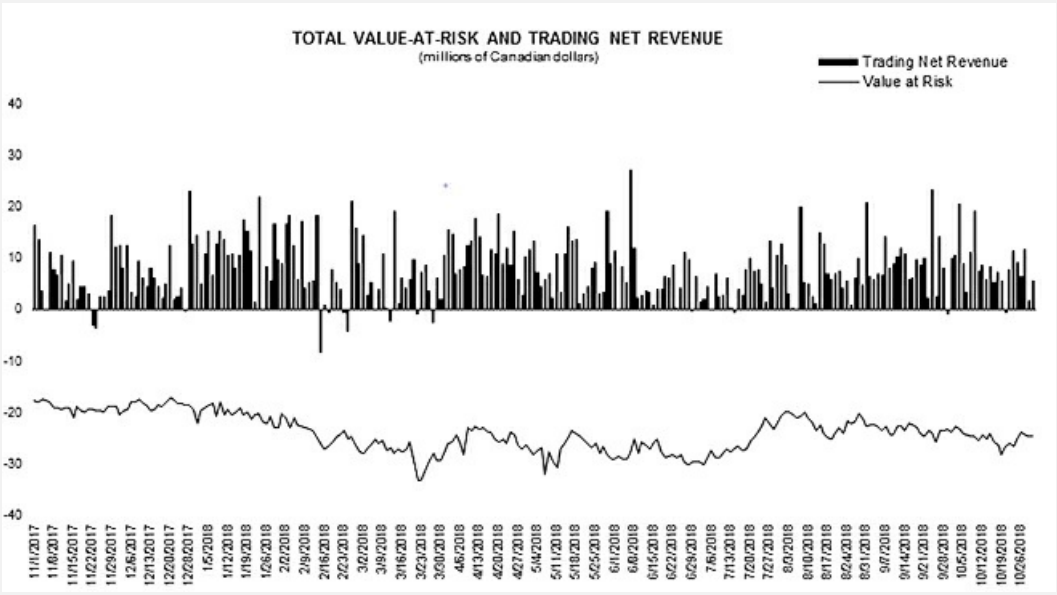
Calculating VaR

The Bank computes total VaR on a daily basis by combining the General Market Risk (GMR) and Idiosyncratic Debt Specific Risk (IDSR) associated with its trading positions.

GMR is determined by creating a distribution of potential changes in the market value of the current portfolio using historical simulation. The Bank values the current portfolio using the market price and rate changes of the most recent 259 trading days for equity, interest rate, foreign exchange, credit, and commodity products. GMR is computed as the threshold level that portfolio losses are not expected to exceed more than one out of every 100 trading days. A one-day holding period is used for GMR calculation, which is scaled up to ten days for regulatory capital calculation purposes.

IDSR measures idiosyncratic (single-name) credit spread risk for credit exposures in the trading portfolio using Monte Carlo simulation. The IDSR model is based on the historical behaviour of five-year idiosyncratic credit spreads. Similar to GMR, IDSR is computed as the threshold level that portfolio losses are not expected to exceed more than one out of every 100 trading days. IDSR is measured for a ten-day holding period.

The following graph discloses daily one-day VaR usage and trading net revenue, reported on a taxable equivalent basis, within Wholesale Banking. Trading net revenue includes trading income and net interest income related to positions within the Bank's market risk capital trading books. For the year ending October 31, 2018, there were 14 days of trading losses and trading net revenue was positive for 95% of the trading days, reflecting normal trading activity. Losses in the year did not exceed VaR on any trading day.



VaR is a valuable risk measure but it should be used in the context of its limitations, for example:

- VaR uses historical data to estimate future events, which limits its forecasting abilities;
- it does not provide information on losses beyond the selected confidence level; and
- it assumes that all positions can be liquidated during the holding period used for VaR calculation.

The Bank continuously improves its VaR methodologies and incorporates new risk measures in line with market conventions, industry best practices, and regulatory requirements.

To mitigate some of the shortcomings of VaR, the Bank uses additional metrics designed for risk management and capital purposes. These include Stressed VaR, Incremental Risk Charge (IRC), Stress Testing Framework, as well as limits based on the sensitivity to various market risk factors.

Calculating Stressed VaR

In addition to VaR, the Bank also calculates Stressed VaR, which includes Stressed GMR and Stressed IDSR. Stressed VaR is designed to measure the adverse impact that potential changes in market rates and prices could have on the value of a portfolio over a specified period of stressed market conditions. Stressed VaR is determined using similar techniques and assumptions in GMR and IDSR VaR. However, instead of using the most recent 259 trading days (one year), the Bank uses a selected year of stressed market conditions. In the fourth quarter of fiscal 2018, Stressed VaR was calculated using the one-year period that began on February 1, 2008. The appropriate historical one-year period to use for Stressed VaR is determined on a quarterly basis. Stressed VaR is a part of regulatory capital requirements.

Calculating the Incremental Risk Charge

The IRC is applied to all instruments in the trading book subject to migration and default risk. Migration risk represents the risk of changes in the credit ratings of the Bank's exposures. The Bank applies a Monte Carlo simulation with a one-year horizon and a 99.9% confidence level to determine IRC, which is consistent with regulatory requirements. IRC is based on a "constant level of risk" assumption, which requires banks to assign a liquidity horizon to positions that are subject to IRC. IRC is a part of regulatory capital requirements.

The following table presents the end of year, average, high, and low usage of TD's portfolio metrics.

TABLE 45: PORTFOLIO MARKET RISK MEASURES

(millions of Canadian dollars)	2018				2017			
	As at	**Average**	**High**	**Low**	As at	Average	High	Low
Interest rate risk	**$ 14.2**	**$ 14.0**	**$ 25.7**	**$ 5.3**	$ 6.9	$ 14.2	$ 34.9	$ 6.2
Credit spread risk	**17.2**	**11.8**	**18.2**	**7.7**	7.6	8.9	11.8	6.0
Equity risk	**6.1**	**7.2**	**12.9**	**4.0**	8.5	8.9	12.3	5.8
Foreign exchange risk	**8.7**	**4.4**	**8.7**	**2.2**	2.7	4.3	7.9	2.2
Commodity risk	**3.0**	**2.6**	**6.8**	**1.3**	2.3	1.3	2.5	0.7
Idiosyncratic debt specific risk	**17.2**	**16.5**	**22.4**	**11.3**	10.1	14.1	17.9	10.1
Diversification effect[1]	**(41.9)**	**(32.7)**	**n/m[2]**	**n/m**	(23.0)	(30.3)	n/m	n/m
Total Value-at-Risk (one-day)	**24.5**	**23.8**	**33.1**	**16.9**	15.1	21.4	36.4	15.1
Stressed Value-at-Risk (one-day)	**54.2**	**49.8**	**84.8**	**28.8**	40.9	39.3	51.1	28.1
Incremental Risk Capital Charge (one-year)	**237.1**	**205.8**	**269.8**	**156.2**	190.8	242.9	330.2	171.3

1 The aggregate VaR is less than the sum of the VaR of the different risk types due to risk offsets resulting from portfolio diversification.

2 Not meaningful. It is not meaningful to compute a diversification effect because the high and low may occur on different days for different risk types.

Average VaR increased marginally year-over-year due to an increase in debt specific risk driven by positions in financial bonds. Average Stressed VaR increased year-over-year driven by an increase in the U.S. interest rate risk positions.

The average IRC decreased year-over-year driven by Canadian bank positions.

Validation of VaR Model

The Bank uses a back-testing process to compare the actual and theoretical profit and losses to VaR to verify that they are consistent with the statistical results of the VaR model. The theoretical profit or loss is generated using the daily price movements on the assumption that there is no change in the composition of the portfolio. Validation of the IRC model must follow a different approach since the one-year horizon and 99.9% confidence level preclude standard back-testing techniques. Instead, key parameters of the IRC model such as transition and correlation matrices are subject to independent validation by benchmarking against external study results or through analysis using internal or external data.

Stress Testing

The Bank's trading business is subject to an overall global stress test limit. In addition, global businesses have stress test limits, and each broad risk class has an overall stress test threshold. Stress scenarios are designed to model extreme economic events, replicate worst-case historical experiences, or introduce severe, but plausible, hypothetical changes in key market risk factors. The stress testing program includes scenarios developed using actual historical market data during periods of market disruption, in addition to hypothetical scenarios developed by Risk Management. The events the Bank has modeled include the 1987 equity market crash, the 1998 Russian debt default crisis, the aftermath of September 11, 2001, the 2007 ABCP crisis, the credit crisis of Fall 2008, and the Brexit referendum of June 2016.

Stress tests are produced and reviewed regularly with the Market Risk Control Committee.

MARKET RISK IN OTHER WHOLESALE BANKING ACTIVITIES

The Bank is also exposed to market risk arising from a legacy portfolio of bonds and preferred shares held in TD Securities and in its remaining merchant banking investments. Risk Management reviews and approves policies and procedures, which are established to monitor, measure, and mitigate these risks.

Asset/Liability Management

Asset/liability management deals with managing the market risks of TD's traditional banking activities. This generally reflects the market risks arising from personal and commercial banking products (loans and deposits) as well as related funding, investments and high quality liquid assets (HQLA). Such structural market risks primarily include interest rate risk and foreign exchange risk.

WHO IS RESPONSIBLE FOR ASSET/LIABILITY MANAGEMENT

The TBSM group measures and manages the market risks of the Bank's non-trading banking activities, with oversight from the Asset/Liability and Capital Committee, which is chaired by the Group Head and CFO, and includes other senior executives. The Market Risk Control function provides independent oversight, governance, and control over these market risks. The Risk Committee periodically reviews and approves key asset/liability management and non-trading market risk policies and receives reports on compliance with approved risk limits.

HOW TD MANAGES ITS ASSET AND LIABILITY POSITIONS

Non-trading interest rate risk is viewed as a non-productive risk as it has the potential to increase earnings volatility and incur loss without providing long run expected value. As a result, TBSM's mandate is to structure the asset and liability positions of the balance sheet in order to achieve a target profile that controls the impact of changes in interest rates on the Bank's net interest income and economic value that is consistent with the Bank's RAS.

Managing Interest Rate Risk

Interest rate risk is the impact that changes in interest rates could have on the Bank's margins, earnings, and economic value. Interest rate risk management is designed to ensure that earnings are stable and predictable over time. The Bank has adopted a disciplined hedging approach to manage the net interest income contribution from its asset and liability positions, including an assigned target-modeled maturity profile for non-rate sensitive assets, liabilities, and equity. Key aspects of this approach are:

- Evaluating and managing the impact of rising or falling interest rates on net interest income and economic value, and developing strategies to manage overall sensitivity to rates across varying interest rate scenarios;
- Measuring the contribution of each TD product on a risk-adjusted, fully-hedged basis, including the impact of financial options such as mortgage commitments that are granted to customers; and
- Developing and implementing strategies to stabilize net interest income from all retail and commercial banking products.

The Bank is exposed to interest rate risk when asset and liability principal and interest cash flows, determined using contractual cash-flows and the target-modeled maturity profile for non-maturity products, have different interest payment or maturity dates. These are called "mismatched positions" and impact the Bank's earnings when its interest-sensitive assets and liabilities reprice as interest rates change and when there are: final maturities, normal amortizations, or option exercises (such as prepayment, redemption, or conversion).

The Bank's exposure to interest rate risk depends on the size and direction of interest rate changes, and on the size and maturity of the mismatched positions. It is also affected by new business volumes, renewals of loans or deposits, and how actively customers exercise embedded options, such as prepaying a loan or redeeming a deposit before its maturity date.

Interest rate risk exposure, after economic hedging activities, is measured using various interest rate "shock" scenarios. Two of the measures used are Net Interest Income Sensitivity (NIIS) and Economic Value at Risk (EVaR). NIIS is defined as the change in net interest income over the next twelve months resulting from mismatched positions for an immediate and sustained 100 bps interest rate shock. NIIS measures the extent to which the maturing and repricing asset and liability cash flows are matched over the next twelve-month period and reflects how the Bank's net interest income will change over that period from the effect of the interest rate shock on the mismatched positions. EVaR is defined as the difference between the change in the present value of the Bank's asset portfolio and the change in the present value of the Bank's liability portfolio, including off-balance sheet instruments and assumed profiles for non-rate sensitive products, resulting from an immediate and sustained 100 bps unfavourable interest rate shock. EVaR measures the relative sensitivity of asset and liability cash flow mismatches to changes in long-term interest rates. Closely matching asset and liability cash flows reduces EVaR and mitigates the risk of volatility in future net interest income.

To the extent that interest rates are sufficiently low and it is not feasible to measure the impact of a 100 bps decline in interest rates, EVaR and NIIS exposures will be calculated by measuring the impact of a decline in interest rates where the resultant rates do not become negative.

The methodology used to calculate NIIS and EVaR captures the impact of changes to assumed customer behaviours, such as interest rate sensitive mortgage prepayments, but does not assume any balance sheet growth, change in business mix, product pricing philosophy, or management actions in response to changes in market conditions.

The Bank policy as approved by the Risk Committee sets overall limits on EVaR and NIIS which are linked to capital and net interest income, respectively. These limits are consistent with the Bank's enterprise risk appetite and are periodically reviewed and approved by the Risk Committee. Exposures against Board limits are routinely monitored, hedged, and reported, and breaches of these Board limits, if any, are escalated to both the ALCO and the Risk Committee of the Board.

In addition to Board policy limits, book-level risk limits are set for TBSM's management of non-trading interest rate risk by Risk Management. These book-level risk limits are set at a more granular level than Board policy limits for NIIS and EVaR, and developed to be consistent with the overall Board Market Risk policy. Breaches of these book-level risk limits, if any, are escalated to the ALCO in a timely manner.

The interest rate risk exposures from products with closed (non-optioned) fixed-rate cash flows are measured and managed separately from products that offer customers prepayment options. The Bank projects future cash flows by looking at the impact of:

- A target interest sensitivity profile for its non-maturity assets and liabilities;
- A target investment profile on its net equity position; and
- Liquidation assumptions on mortgages other than from embedded pre-payment options.

The Bank also measures its exposure to non-maturity liabilities, such as core deposits, by assessing interest rate elasticity and balance permanence using historical data and business judgment. Fluctuations of non-maturity deposits can occur because of factors such as interest rate movements, equity market movements, and changes to customer liquidity preferences.

The objective of portfolio management within the closed-cash-flow book is to eliminate cash flow mismatches to the extent practically possible, so that net interest income becomes more predictable.

Product options, whether they are freestanding options such as mortgage rate commitments or embedded in loans and deposits, expose the Bank to a significant financial risk.

- **Rate Commitments**: The Bank measures its exposure from freestanding mortgage rate commitment options using an expected funding profile based on historical experience. Customers' propensity to fund, and their preference for fixed or floating rate mortgage products, is influenced by factors such as market mortgage rates, house prices, and seasonality.
- **Asset Prepayment**: The Bank models its exposure to written options embedded in other products, such as the right to prepay residential mortgage loans, based on analysis of customer behaviour. Econometric models are used to model prepayments and the effects of prepayment behaviour to the Bank. In general mortgage prepayments are also affected by factors, such as mortgage age, house prices, and GDP growth. The combined impacts from these parameters are also assessed to determine a core liquidation speed which is independent of market incentives.

To manage product option exposures the Bank purchases options or uses a dynamic hedging process designed to replicate the payoff of a purchased option. The Bank also models the margin compression that would be caused by declining interest rates on certain demand deposit accounts.

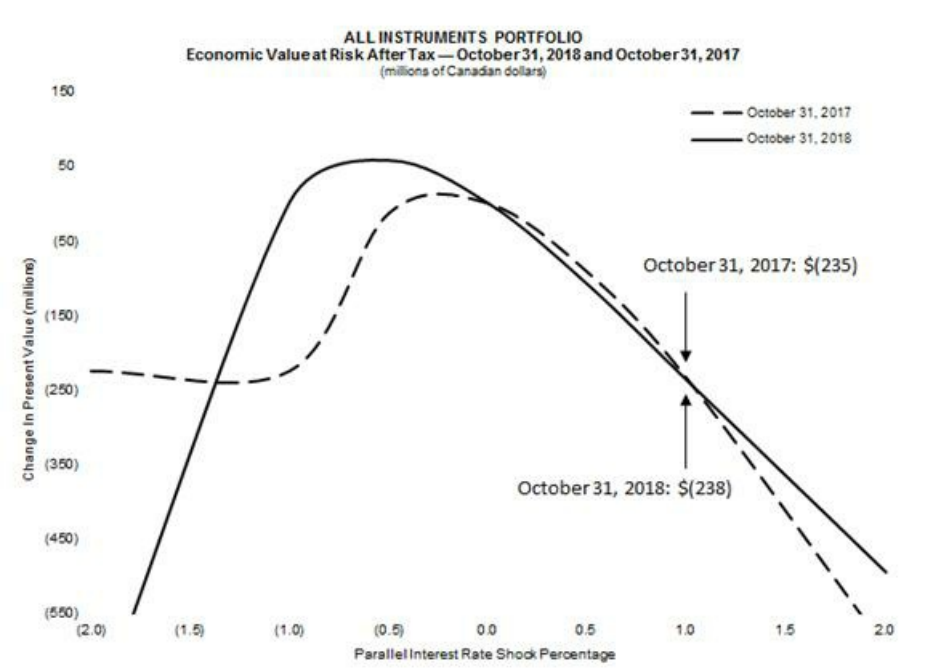
Other Non-Trading Market Risks

Other market risks monitored on a regular basis include:

- **Basis Risk** – The Bank is exposed to risks related to the difference in various market indices.
- **Equity Risk** – The Bank is exposed to equity risk through its equity-linked guaranteed investment certificate product offering. The exposure is managed by purchasing options to replicate the equity payoff. The Bank is also exposed to non-trading equity price risk primarily from its share-based compensation plans where certain employees are awarded share units equivalent to the Bank's common shares as compensation for services provided to the Bank. These share units are recorded as a liability over the vesting period and revalued at each reporting period until settled in cash. Changes in the Bank's share price can impact non-interest expenses. The Bank uses derivative instruments to manage its non-trading equity price risk.

Interest Rate Risk

The following graph shows the Bank's interest rate risk exposure (as measured by EVaR) on all non-trading assets, liabilities, and derivative instruments used for structural interest rate management. This reflects the interest rate risk from personal and commercial banking products (loans and deposits) as well as related funding, investments, and HQLA. EVaR is defined as the difference between the change in the present value of the Bank's asset portfolio and the change in the present value of the Bank's liability portfolio, including off-balance sheet instruments and assumed profiles for non-rate sensitive products, resulting from an immediate and sustained 100 bps unfavourable interest rate shock. EVaR measures the relative sensitivity of asset and liability cash flow mismatches to changes in interest rates. Closely matching asset and liability cash flows reduces EVaR and mitigates the risk of volatility in future net interest income.



The Bank uses derivative financial instruments, wholesale investments, funding instruments, other capital market alternatives, and, less frequently, product pricing strategies to manage interest rate risk. As at October 31, 2018, an immediate and sustained 100 bps increase in interest rates would have decreased the economic value of shareholders' equity by $238 million (October 31, 2017 – $235 million decrease) after tax. An immediate and sustained 100 bps decrease in interest rates would have increased the economic value of shareholders' equity by $2 million (October 31, 2017 – $225 million decrease) after tax.

The interest rate exposure, or EVaR, in the insurance business is not included in the above graph. Interest rate risk in the insurance business is managed using defined exposure limits and processes, as set and governed by the insurance Board of Directors.

The following table shows the sensitivity of the economic value of shareholders' equity (after tax) by currency for those currencies where the Bank has material exposure.

TABLE 46: SENSITIVITY OF AFTER-TAX ECONOMIC VALUE AT RISK BY CURRENCY

(millions of Canadian dollars)	October 31, 2018		October 31, 2017	
Currency	**100 bps increase**	**100 bps decrease**	100 bps increase	100 bps decrease
Canadian dollar	**$ (41)**	**$ (17)**	$ (24)	$ (43)
U.S. dollar	**(197)**	**19**	(211)	(182)
	$ (238)	**$ 2**	$ (235)	$ (225)

For the NIIS measure (not shown on the graph), a 100 bps increase in interest rates on October 31, 2018, would have decreased pre-tax net interest income by $73 million (October 31, 2017 – $116 million increase) in the next twelve months due to the mismatched positions. A 100 bps decrease in interest rates on October 31, 2018, would have decreased pre-tax net interest income by $114 million (October 31, 2017 – $152 million decrease) in the next twelve months due to the mismatched positions. Reported NIIS remains consistent with the Bank's risk appetite and within established Board limits.

The following table shows the sensitivity of net interest income (pre-tax) by currency for those currencies where the Bank has material exposure.

TABLE 47: SENSITIVITY OF PRE-TAX NET INTEREST INCOME SENSITIVITY BY CURRENCY

(millions of Canadian dollars)	October 31, 2018		October 31, 2017	
Currency	**100 bps increase**	**100 bps decrease**	100 bps increase	100 bps decrease
Canadian dollar	**$ (49)**	**$ 49**	$ (9)	$ 9
U.S. dollar	**(24)**	**(163)**	125	(161)
	$ (73)	**$ (114)**	$ 116	$ (152)

Managing Non-trading Foreign Exchange Risk

Foreign exchange risk refers to losses that could result from changes in foreign-currency exchange rates. Assets and liabilities that are denominated in foreign currencies create foreign exchange risk.

The Bank is exposed to non-trading foreign exchange risk primarily from its investments in foreign operations. When the Bank's foreign currency assets are greater or less than its liabilities in that currency, they create a foreign currency open position. An adverse change in foreign exchange rates can impact the Bank's reported net income and shareholders' equity, and also its capital ratios.

Minimizing the impact of an adverse foreign exchange rate change on reported equity will cause some variability in capital ratios, due to the amount of RWA denominated in a foreign currency. If the Canadian dollar weakens, the Canadian dollar equivalent of the Bank's RWA in a foreign currency increases, thereby increasing the Bank's capital requirement. For this reason, the foreign exchange risk arising from the Bank's net investments in foreign operations is hedged to the point where certain capital ratios change by no more than an acceptable amount for a given change in foreign exchange rates.

Managing Investment Portfolios

The Bank manages a securities portfolio that is integrated into the overall asset and liability management process. The securities portfolio is managed using high quality, low risk securities in a manner appropriate to the attainment of the following goals: (1) to generate a targeted credit of funds to deposits balances that are in excess of loan balances; (2) to provide a sufficient pool of liquid assets to meet unanticipated deposit and loan fluctuations and overall liquidity management objectives; (3) to provide eligible securities to meet collateral and cash management requirements; and (4) to manage the target interest rate risk profile of the balance sheet. The Risk Committee reviews and approves the Enterprise Investment Policy that sets out limits for the Bank's investment portfolio.

WHY NET INTEREST MARGIN FLUCTUATES OVER TIME

As previously noted, the Bank's approach to asset/liability management is to ensure that earnings are stable and predictable over time, regardless of cash flow mismatches and the exercise of options granted to customers. This approach also creates margin certainty on fixed rate loans and deposits as they are booked. Despite this approach however, the Bank's net interest margin on average earning assets is subject to change over time for the following reasons:

- Differences in margins earned on new and renewing fixed-rate products relative to the margin previously earned on matured products;
- The weighted-average margin on average earning assets will shift as the mix of business changes;
- Changes in the basis between the Prime Rate and the Bankers' Acceptance rate, or the Prime Rate and the London Interbank Offered Rate; and/or
- The lag in changing product prices in response to changes in wholesale rates.

The general level of interest rates will affect the return the Bank generates on its modeled maturity profile for core deposits and the investment profile for its net equity position as it evolves over time. The general level of interest rates is also a key driver of some modeled option exposures, and will affect the cost of hedging such exposures.

The Bank's approach to managing these factors tends to moderate their impact over time, resulting in a more stable and predictable earnings stream.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes or technology or from human activities or from external events. This definition includes legal risk but excludes strategic and reputational risk.

Operational risk is inherent in all of the Bank's business activities, including the practices and controls used to manage other risks such as credit, market, and liquidity risk. Failure to manage operational risk can result in financial loss (direct or indirect), reputational harm, or regulatory censure and penalties.

The Bank actively mitigates and manages operational risk in order to create and sustain shareholder value, successfully execute the Bank's business strategies, operate efficiently, and provide reliable, secure, and convenient access to financial services. The Bank maintains a formal enterprise-wide operational risk management framework that emphasizes a strong risk management and internal control culture throughout TD.

In fiscal 2018, operational risk losses remain within the Bank's risk appetite. Refer to Note 27 of the 2018 Consolidated Financial Statements for further information on material legal or regulatory actions.

WHO MANAGES OPERATIONAL RISK

Operational Risk Management is an independent function that owns and maintains the Bank's overall operational risk management framework. This framework sets out the enterprise-wide governance processes, policies, and practices to identify and assess, measure, control, monitor, escalate, and report operational risk. Operational Risk Management is designed to ensure that there is appropriate monitoring and reporting of the Bank's operational risk profile and exposures to senior management through the OROC, the ERMC, and the Risk Committee.

In addition to the framework, Operational Risk Management owns and maintains, or has oversight of the Bank's operational risk policies. These policies govern the activities of the corporate areas responsible for the management and appropriate oversight of business continuity and incident management, third party management, data management, financial crime and fraud management, project management, and technology and cyber security management.

The senior management of individual business units and corporate areas is responsible for theday-to-day management of operational risk following the Bank's established operational risk management framework and policies and the three lines of defence model. An independent risk management oversight function supports each business segment and corporate area, and monitors and challenges the implementation and use of the operational risk management framework programs according to the nature and scope of the operational risks inherent in the area. The senior executives in each business unit and corporate area participate in a Risk Management Committee that oversees operational risk management issues and initiatives.

Ultimately, every employee has a role to play in managing operational risk. In addition to policies and procedures guiding employee activities, training is available to all staff regarding specific types of operational risks and their role in helping to protect the interests and assets of the Bank.

HOW TD MANAGES OPERATIONAL RISK

The Operational Risk Management Framework outlines the internal risk and control structure to manage operational risk and includes the operational risk appetite, governance processes, and policies. The Operational Risk Management Framework is maintained by Risk Management and supports alignment with the Bank's ERF and risk appetite. The framework incorporates sound industry practices and meets regulatory requirements. Key components of the framework include:

Governance and Policy

Management reporting and organizational structures emphasize accountability, ownership, and effective oversight of each business unit and each corporate area's operational risk exposures. In addition, the expectations of the Risk Committee and senior management for managing operational risk are set out by enterprise-wide policies and practices.

Risk and Control Self-Assessment

Internal controls are one of the primary methods of safeguarding the Bank's employees, customers, assets, and information, and in preventing and detecting errors and fraud. Management undertakes comprehensive assessments of key risk exposures and the internal controls in place to reduce or offset these risks. Senior management reviews the results of these evaluations to determine that risk management and internal controls are effective, appropriate, and compliant with the Bank's policies.

Operational Risk Event Monitoring

In order to reduce the Bank's exposure to future loss, it is critical that the Bank remains aware of and responds to its own and industry operational risks. The Bank's policies and processes require that operational risk events be identified, tracked, and reported to the appropriate level of management to facilitate the Bank's analysis and management of its risks and inform the assessment of suitable corrective and preventative action. The Bank also reviews, analyzes, and benchmarks itself against operational risk losses that have occurred at other financial institutions using information acquired through recognized industry data providers.

Scenario Analysis

Scenario Analysis is a systematic and repeatable process used to assess the likelihood and loss impact for significant and infrequent operational risk events (tail risks). The Bank applies this practice to meet risk measurement and risk management objectives. The process includes the use of relevant external operational loss event data that is assessed considering the Bank's operational risk profile and control structure. The program raises awareness and educates business owners regarding existing and emerging risks, which may result in the identification and implementation of new scenarios and risk mitigation action plans to minimize tail risk.

Risk Reporting

Risk Management, in partnership with senior management, regularly monitors risk-related measures and the risk profile throughout the Bank to report to senior business management and the Risk Committee. Operational risk measures are systematically tracked, assessed, and reported to promote management accountability and direct the appropriate level of attention to current and emerging issues.

Insurance

TD's Corporate Insurance team, with oversight from TD Risk Management, utilizes insurance and other risk transfer arrangements to mitigate and reduce potential future losses related to operational risk. Risk Management includes oversight of the effective use of insurance aligned with the Bank's risk management strategy and risk appetite. Insurance terms and provisions, including types and amounts of coverage, are regularly assessed so that the Bank's tolerance for risk and, where applicable, statutory requirements are satisfied. The management process includes conducting regular in-depth risk and financial analysis and identifying opportunities to transfer elements of the Bank's risk to third parties where appropriate. The Bank transacts with external insurers that satisfy its minimum financial rating requirements.

Technology and Cyber Security

Virtually all aspects of the Bank's business and operations use technology and information to create and support new markets, competitive products, delivery channels, as well as other business operations and opportunities. The Bank manages these risks to assure adequate and proper day-to-day operations; and protect against unauthorized access of the Bank's technology, infrastructure, systems, information, or data. To achieve this, the Bank actively monitors, manages, and continues to enhance its ability to mitigate these technology and cyber security risks through enterprise-wide programs using industry leading practices and robust threat and vulnerability assessments and responses. Together with the Bank's operational risk management framework, technology and cyber security programs also include enhanced resiliency planning and testing, as well as disciplined change management practices.

Data Asset Management
The Bank's data is a strategic asset that is governed and managed to preserve value and support business objectives. Inconsistent data governance and management practices may compromise the Bank's critical data and information assets which could result in financial and reputational impacts. The Bank's Office of the Chief Data Officer (OCDO), Corporate and Technology partners develop and implement enterprise wide standards and practices that describe how data and information assets are managed, governed, used, and protected.

Business Continuity and Incident Management
The Bank maintains an enterprise-wide Business Continuity and Incident Management Program that supports management's ability to operate the Bank's businesses and operations (including providing customers access to products and services) in the event of a business disruption incident. All areas of the Bank are required to maintain and regularly test business continuity plans to facilitate the continuity and recovery of business operations. The Bank's Program is supported by formal incident management measures so that the appropriate level of leadership, oversight and management is applied to incidents affecting the Bank.

Third Party Management
A third party supplier/vendor is an entity that supplies a particular product or service to or on behalf of the Bank. While these relationships bring benefits to the Bank's businesses and customers, the Bank also needs to manage and minimize any risks related to the activity. The Bank does this through an enterprise third-party risk management program that is designed to manage third-party activities throughout the life cycle of an arrangement and provide an appropriate level of risk management and senior management oversight which is appropriate to the size, risk, and criticality of the third-party arrangement.

Project Management
The Bank has established a disciplined approach to project management across the enterprise coordinated by the Bank's Enterprise Project Delivery Excellence Group. This approach involves senior management governance and oversight of the Bank's project portfolio and leverages leading industry practices to guide the Bank's use of standardized project management methodology, defined project management accountabilities and capabilities, and project portfolio reporting and management tools to support successful project delivery.

Financial Crime and Fraud Management
The Financial Crime and Fraud Management Group leads the development and implementation of enterprise-wide financial crime and fraud management strategies, policies, and practices. The Bank employs prevention, detection and monitoring capabilities to strengthen the Bank's defences and enhance governance, oversight, and collaboration across the enterprise to protect customers, shareholders, and employees from increasingly sophisticated financial crimes and fraud.

Operational Risk Capital Measurement
The Bank's operational risk capital is determined using the Advanced Measurement Approach (AMA), a risk-sensitive capital model, along with TSA. Effective the third quarter of 2016, OSFI approved the Bank to use AMA. Entities not reported under AMA, use the TSA methodology.

The Bank's AMA Capital Model uses a Loss Distribution Approach (LDA) and incorporates Internal Loss Data and Scenario Analysis results. External Loss Data is indirectly considered through the identification and assessment of Scenario Analysis estimations. Business, Environment and Internal Control Factors (BEICF) are used as a post-model adjustment to capital estimates to reflect forward-looking indicators of risk exposure.

The Bank's AMA model includes the incorporation of a diversification benefit, which considers correlations across risk types and business lines as extreme loss events may not occur simultaneously across all categories. The capital is estimated at the 99.9% confidence level.

Although the Bank manages a comprehensive portfolio of insurance and other risk mitigating arrangements to provide additional protection from loss, the Bank's AMA model does not consider risk mitigation through insurance.

Model Risk

Model risk is the potential for adverse consequences arising from decisions based on incorrect or misused models and other estimation approaches and their outputs. It can lead to financial loss, reputational risk, or incorrect business and strategic decisions.

WHO MANAGES MODEL RISK
Primary accountability for the management of model risk resides with the senior management of individual businesses with respect to the models they use. The Model Risk Governance Committee provides oversight of governance, risk, and control matters, by providing a platform to guide, challenge, and advise decision makers and model owners in model risk related matters. Model Risk Management monitors and reports on existing and emerging model risks, and provides periodic assessments to senior management, Risk Management, the Risk Committee of the Board, and regulators on the state of model risk at TD and alignment with the Bank's Model Risk Appetite. The Risk Committee of the Board approves the Bank's Model Risk Management Framework and Model Risk Policy.

HOW TD MANAGES MODEL RISK
The Bank manages model risk in accordance with management approved model risk policies and supervisory guidance which encompass the life cycle of a model, including proof of concept, development, validation, implementation, usage, and ongoing model performance monitoring. The Bank's Model Risk Management Framework also captures key processes that may be partially or wholly qualitative, or based on expert judgment.

Business segments identify the need for a new model or process and are responsible for model development and documentation according to the Bank's policies and standards. During model development, controls with respect to code generation, acceptance testing, and usage are established and documented to a level of detail and comprehensiveness matching the materiality and complexity of the model. Once models are implemented, business owners are responsible for ongoing performance monitoring and usage in accordance with the Bank's Model Risk Policy. In cases where a model is deemed obsolete or unsuitable for its originally intended purposes, it is decommissioned in accordance with the Bank's policies.

Model Risk Management and Model Validation provide oversight, maintain a centralized inventory of all models as defined in the Bank's Model Risk Policy, validate and approve new and existing models on a pre-determined schedule depending on model complexity and materiality, set model performance monitoring standards, and provide training to all stakeholders. The validation process varies in rigour, depending on the model risk rating, but at a minimum contains a detailed determination of:

- the conceptual soundness of model methodologies and underlying quantitative and qualitative assumptions;
- the risk associated with a model based on complexity and materiality;
- the sensitivity of a model to model assumptions and changes in data inputs including stress testing; and
- the limitations of a model and the compensating risk mitigation mechanisms in place to address the limitations.

When appropriate, validation includes a benchmarking exercise which may include the building of an independent model based on an alternative modeling approach. The results of the benchmark model are compared to the model being assessed to validate the appropriateness of the model's methodology and its use. As with traditional model approaches, machine-learning models are also subject to the same rigorous standards and risk management practices.

At the conclusion of the validation process, a model will either be approved for use or will be rejected and require redevelopment or other courses of action. Models or processes identified as obsolete or no longer appropriate for use through changes in industry practice, the business environment, or Bank strategies are subject to decommissioning.

Model risk exists on a continuum from the most complex and material models to analytical tools (also broadly referred to as non-models) that may still expose the Bank to risk based on their incorrect use or inaccurate outputs. The Bank has policies and procedures in place designed to ensure that the level of independent challenge and oversight corresponds to the materiality and complexity of both models and non-models.

Insurance Risk

Insurance risk is the risk of financial loss due to actual experience emerging differently from expectations in insurance product pricing or reserving. Unfavourable experience could emerge due to adverse fluctuations in timing, actual size, and/or frequency of claims (for example, driven by non-life premium risk, non-life reserving risk, catastrophic risk, mortality risk, morbidity risk, and longevity risk), policyholder behaviour, or associated expenses.

Insurance contracts provide financial protection by transferring insured risks to the issuer in exchange for premiums. The Bank is engaged in insurance businesses relating to property and casualty insurance, life and health insurance, and reinsurance, through various subsidiaries; it is through these businesses that the Bank is exposed to insurance risk.

WHO MANAGES INSURANCE RISK

Senior management within the insurance business units has primary responsibility for managing insurance risk with oversight by the CRO for Insurance, who reports into Risk Management. The Audit Committee of the Board acts as the Audit and Conduct Review Committee for the Canadian insurance company subsidiaries. The insurance company subsidiaries also have their own Boards of Directors who provide additional risk management oversight.

HOW TD MANAGES INSURANCE RISK

The Bank's risk governance practices are designed to support strong independent oversight and control of risk within the insurance business. The TD Insurance Risk Committee and its sub committees provide critical oversight of the risk management activities within the insurance business and monitor compliance with insurance risk policies. The Bank's Insurance Risk Management Framework and Insurance Risk Policy collectively outline the internal risk and control structure to manage insurance risk and include risk appetite, policies, processes, as well as limits and governance. These documents are maintained by Risk Management and support alignment with the Bank's risk appetite for insurance risk.

The assessment of reserves for claim liabilities is central to the insurance operation. The Bank establishes reserves to cover estimated future payments (including loss adjustment expenses) on all claims arising from insurance contracts underwritten. The reserves cannot be established with complete certainty, and represent management's best estimate for future claim payments. As such, the Bank regularly monitors claim liability estimates against claims experience and adjusts reserves as appropriate if experience emerges differently than anticipated. Claim liabilities are governed by the Bank's general insurance and life and health reserving policies.

Sound product design is an essential element of managing risk. The Bank's exposure to insurance risk is mostly short-term in nature as the principal underwriting risk relates to automobile and home insurance for individuals.

Insurance market cycles, as well as changes in insurance legislation, the regulatory environment, judicial environment, trends in court awards, climate patterns, and the economic environment may impact the performance of the insurance business. Consistent pricing policies and underwriting standards are maintained.

There is also exposure to concentration risk associated with general insurance and life and health coverage. Exposure to insurance risk concentration is managed through established underwriting guidelines, limits, and authorization levels that govern the acceptance of risk. Concentration of insurance risk is also mitigated through the purchase of reinsurance. The insurance business' reinsurance programs are governed by catastrophe and reinsurance risk management policies.

Strategies are in place to manage the risk to the Bank's reinsurance business. Underwriting risk on business assumed is managed through a policy that limits exposure to certain types of business and countries. The vast majority of reinsurance treaties are annually renewable, which minimizes long term risk. Pandemic exposure is reviewed and estimated annually within the reinsurance business to manage concentration risk.

Liquidity Risk

The risk of having insufficient cash or collateral to meet financial obligations and an inability to, in a timely manner, raise funding or monetize assets at a non-distressed price. Financial obligations can arise from deposit withdrawals, debt maturities, commitments to provide credit or liquidity support or the need to pledge additional collateral.

TD'S LIQUIDITY RISK APPETITE

The Bank maintains a prudent and disciplined approach to managing its potential exposure to liquidity risk. The Bank targets a 90-day survival horizon under a combined bank-specific and market-wide stress scenario, and a minimum buffer over regulatory requirements prescribed by the OSFI Liquidity Adequacy Requirements (LAR) guidelines. Under the LAR guidelines, Canadian banks are required to maintain a Liquidity Coverage Ratio (LCR) at the minimum of 100%. The Bank operates under a prudent funding paradigm with an emphasis on maximizing deposits as a core source of funding, and having ready access to wholesale funding markets across diversified terms, funding types, and currencies that is designed to ensure low exposure to a sudden contraction of wholesale funding capacity and to minimize structural liquidity gaps. The Bank also maintains a comprehensive contingency funding plan to enhance preparedness for recovery from potential liquidity stress events. The resultant management strategies and actions comprise an integrated liquidity risk management program that is designed to ensure low exposure to identified sources of liquidity risk and compliance with regulatory requirements.

LIQUIDITY RISK MANAGEMENT RESPONSIBILITY

The Bank's ALCO oversees the Bank's liquidity risk management program. It is designed to ensure there are effective management structures and policies in place to properly measure and manage liquidity risk. The GLF, a subcommittee of the ALCO comprised of senior management from TBSM, Risk Management, Finance, and Wholesale Banking, identifies and monitors the Bank's liquidity risks. The management of liquidity risk is the responsibility of the Head of TBSM, while oversight and challenge is provided by the ALCO and independently by Risk Management. The Risk Committee of the Board regularly reviews the Bank's liquidity position and approves the Bank's Liquidity Risk Management Framework bi-annually and the related policies annually.

Pursuant to the Enhanced Prudential Standards for Bank Holding Companies and Foreign Banking Organizations, the Bank has established TD Group US Holding LLC (TDGUS), as TD's U.S. IHC, and a Combined U.S. Operations (CUSO) reporting unit that consists of the IHC and TD's U.S. branch and agency network. Both TDGUS and CUSO are managed to the U.S. Enhanced Prudential Standards liquidity requirements in addition to the Bank's liquidity management framework.

The following areas are responsible for measuring, monitoring, and managing liquidity risks for major business segments:

- Risk Management is responsible for maintaining the liquidity risk management policy and asset pledging policy, along with associated limits, standards, and processes which are designed to ensure that consistent and efficient liquidity management approaches are applied across all of the Bank's operations. Enterprise Market Risk Control provides oversight of liquidity risk across the enterprise and provides independent risk assessment and effective challenge of liquidity risk. Capital Markets Risk Management is responsible for daily liquidity risk reporting.
- TBSM Liquidity Management manages the liquidity position of the Canadian Retail (including wealth businesses), Corporate, and the Wholesale Banking businesses. U.S. TBSM is responsible for managing the liquidity position of the U.S. Retail operations, as well as in conjunction with TBSM Canada, the liquidity position of CUSO.
- Other regional operations, including those within TD's insurance, and non-U.S. foreign branches and/or subsidiaries are responsible for managing their liquidity risk and positions in compliance with their own policies, local regulatory requirements and, as applicable, consistent with the enterprise policy.

HOW TD MANAGES LIQUIDITY RISK

The Bank's overall liquidity requirement is defined as the amount of liquid assets the Bank needs to hold to be able to cover expected future cash flow requirements, plus a prudent reserve against potential cash outflows in the event of a capital markets disruption or other events that could affect the Bank's access to funding or destabilize its deposit base.

The Bank maintains an internal view for measuring and managing liquidity that uses an assumed "Severe Combined Stress Scenario" (SCSS). The SCSS models potential liquidity requirements during a crisis resulting in a loss of confidence in the Bank's ability to meet obligations as they come due. In addition to this bank-specific event, the SCSS also incorporates the impact of a stressed market-wide liquidity event that results in a significant reduction in the availability of funding for all institutions and a decrease in the marketability of assets. The Bank's liquidity policy stipulates that the Bank must maintain a sufficient level of liquid assets to cover identified liquidity requirements at all times under the SCSS up to 90 days. The Bank calculates liquidity requirements for the SCSS related to the following conditions:

- wholesale funding maturing in the next 90 days (assumes maturing debt will be repaid instead of rolled over);
- accelerated attrition or "run-off" of deposit balances;
- increased utilization of available credit and liquidity facilities; and
- increased collateral requirements associated with downgrades in the Bank's credit rating and adverse movement in reference rates for derivative and securities financing transactions.

The Bank also manages its liquidity to comply with the regulatory liquidity requirements in the OSFI LAR (LCR and the Net Cumulative Cash Flow (NCCF) monitoring tool). The LCR requires that banks maintain minimum liquidity coverage of 100% over a 30-day stress period. As a result, the Bank's liquidity is managed to the higher of its 90-day surplus requirement and the target buffers over the regulatory minimums.

The Bank does not consolidate the surplus liquidity of U.S. Retail with the positions of other business segments due to investment restrictions imposed by the U.S. Federal Reserve Board on funds generated from deposit taking activities by member financial institutions. Surplus liquidity domiciled in insurance business subsidiaries is also excluded in the enterprise liquidity position calculation due to regulatory investment restrictions.

The Bank's Funds Transfer Pricing process considers liquidity risk as a key determinant of the cost or credit of funds to the retail and wholesale bank businesses. Liquidity costs applied to loans and trading assets are determined based on the cash flow or stressed liquidity profile, while deposits are assessed based on the required liquidity reserves and balance stability. Liquidity costs are also applied to other contingent obligations like undrawn lines of credit provided to customers based on expected duration of the draw.

LIQUID ASSETS

The unencumbered liquid assets the Bank holds to meet its liquidity requirements must be high quality securities that the Bank believes can be monetized quickly in stress conditions with minimum loss in market value. Unencumbered liquid assets are represented in a cumulative liquidity gap framework with adjustments made for estimated market or trading depths, settlement timing, and/or other identified impediments to potential sale or pledging. Overall, the Bank expects any reduction in market value of its liquid asset portfolio to be modest given the underlying high credit quality and demonstrated liquidity.

Assets held by the Bank to meet liquidity requirements are summarized in the following tables. The tables do not include assets held within the Bank's insurance businesses due to investment restrictions.

TABLE 48: SUMMARY OF LIQUID ASSETS BY TYPE AND CURRENCY[1,2]

(millions of Canadian dollars, except as noted) *As at*

	Bank-owned liquid assets	Securities received as collateral from securities financing and derivative transactions	Total liquid assets	% of total	Encumbered liquid assets	Unencumbered liquid assets
						October 31, 2018
Cash and due from banks	**$ 3,002**	**$ –**	**$ 3,002**	**1 %**	**$ 1,098**	**$ 1,904**
Canadian government obligations	**18,256**	**63,463**	**81,719**	**14**	**47,572**	**34,147**
NHA MBS	**39,649**	**42**	**39,691**	**6**	**3,057**	**36,634**
Provincial government obligations	**12,720**	**19,241**	**31,961**	**5**	**23,651**	**8,310**
Corporate issuer obligations	**6,622**	**3,767**	**10,389**	**2**	**3,769**	**6,620**
Equities	**10,554**	**1,637**	**12,191**	**2**	**6,028**	**6,163**
Other marketable securities and/or loans	**2,655**	**349**	**3,004**	**1**	**277**	**2,727**
Total Canadian dollar-denominated	**93,458**	**88,499**	**181,957**	**31**	**85,452**	**96,505**
Cash and due from banks	**24,046**	**–**	**24,046**	**4**	**28**	**24,018**
U.S. government obligations	**30,163**	**37,691**	**67,854**	**12**	**32,918**	**34,936**
U.S. federal agency obligations, including U.S. federal agency mortgage-backed obligations	**47,150**	**927**	**48,077**	**8**	**7,522**	**40,555**
Other sovereign obligations	**56,034**	**45,912**	**101,946**	**18**	**41,993**	**59,953**
Corporate issuer obligations	**78,160**	**1,576**	**79,736**	**14**	**7,234**	**72,502**
Equities	**33,514**	**37,666**	**71,180**	**12**	**32,206**	**38,974**
Other marketable securities and/or loans	**4,786**	**4**	**4,790**	**1**	**191**	**4,599**
Total non-Canadian dollar-denominated	**273,853**	**123,776**	**397,629**	**69**	**122,092**	**275,537**
Total	**$ 367,311**	**$ 212,275**	**$ 579,586**	**100 %**	**$ 207,544**	**$ 372,042**
						October 31, 2017
Cash and due from banks	$ 2,202	$ –	$ 2,202	– %	$ 421	$ 1,781
Canadian government obligations	15,524	46,203	61,727	12	35,522	26,205
NHA MBS	37,178	45	37,223	7	3,888	33,335
Provincial government obligations	9,865	15,346	25,211	5	18,177	7,034
Corporate issuer obligations	4,348	3,362	7,710	2	1,173	6,537
Equities	9,634	2,518	12,152	2	4,930	7,222
Other marketable securities and/or loans	1,977	222	2,199	–	133	2,066
Total Canadian dollar-denominated	80,728	67,696	148,424	28	64,244	84,180
Cash and due from banks	44,886	–	44,886	9	42	44,844
U.S. government obligations	30,758	33,090	63,848	12	32,074	31,774
U.S. federal agency obligations, including U.S. federal agency mortgage-backed obligations	43,703	494	44,197	8	9,560	34,637
Other sovereign obligations	55,272	62,720	117,992	22	39,233	78,759
Corporate issuer obligations	62,867	1,945	64,812	12	6,101	58,711
Equities	21,230	21,124	42,354	8	16,741	25,613
Other marketable securities and/or loans	5,556	1,374	6,930	1	80	6,850
Total non-Canadian dollar-denominated	264,272	120,747	385,019	72	103,831	281,188
Total	$ 345,000	$ 188,443	$ 533,443	100 %	$ 168,075	$ 365,368

1 Positions stated include gross asset values pertaining to secured borrowing/lending and reverse-repurchase/repurchase businesses.
2 Liquid assets include collateral received that can be re-hypothecated or otherwise redeployed.

The increase of $7 billion in total unencumbered liquid assets from October 31, 2017, was mainly due to regular wholesale business activity and deposit volume growth in the Canadian Retail and U.S. Retail segments. Liquid assets are held in The Toronto-Dominion Bank and multiple domestic and foreign subsidiaries and branches and are summarized in the following table.

TABLE 49: SUMMARY OF UNENCUMBERED LIQUID ASSETS BY BANK, SUBSIDIARIES, AND BRANCHES[1]

(millions of Canadian dollars) *As at*

	October 31 2018	October 31 2017
The Toronto-Dominion Bank (Parent)	**$ 136,544**	$ 111,797
Bank subsidiaries	**217,565**	217,098
Foreign branches	**17,933**	36,473
Total	**$ 372,042**	$ 365,368

1 Certain comparative amounts have been restated to conform with the presentation adopted in the current period.

The Bank's monthly average liquid assets (excluding those held in insurance subsidiaries) for the years ended October 31, 2018, and October 31, 2017, are summarized in the following table.

TABLE 50: SUMMARY OF AVERAGE LIQUID ASSETS BY TYPE AND CURRENCY[1,2]

(millions of Canadian dollars, except as noted)

Average for the years ended

	Bank-owned liquid assets	Securities received as collateral from securities financing and derivative transactions[3]	Total liquid assets	% of Total	Encumbered liquid assets	Unencumbered liquid assets[3]
						October 31, 2018
Cash and due from banks	**$ 3,115**	**$ –**	**$ 3,115**	**1 %**	**$ 573**	**$ 2,542**
Canadian government obligations	**15,548**	**54,782**	**70,330**	**12**	**42,407**	**27,923**
NHA MBS	**41,365**	**48**	**41,413**	**7**	**4,517**	**36,896**
Provincial government obligations	**11,160**	**17,390**	**28,550**	**5**	**21,266**	**7,284**
Corporate issuer obligations	**6,347**	**3,729**	**10,076**	**2**	**2,018**	**8,058**
Equities	**10,360**	**2,279**	**12,639**	**2**	**4,965**	**7,674**
Other marketable securities and/or loans	**2,216**	**348**	**2,564**	**1**	**278**	**2,286**
Total Canadian dollar-denominated	**90,111**	**78,576**	**168,687**	**30**	**76,024**	**92,663**
Cash and due from banks	**34,805**	**–**	**34,805**	**6**	**127**	**34,678**
U.S. government obligations	**30,349**	**40,533**	**70,882**	**13**	**38,668**	**32,214**
U.S. federal agency obligations, including U.S. federal agency mortgage-backed obligations	**44,929**	**677**	**45,606**	**8**	**8,731**	**36,875**
Other sovereign obligations	**53,068**	**55,008**	**108,076**	**19**	**38,663**	**69,413**
Corporate issuer obligations	**71,142**	**1,579**	**72,721**	**13**	**5,864**	**66,857**
Equities	**29,341**	**30,034**	**59,375**	**10**	**24,974**	**34,401**
Other marketable securities and/or loans	**4,977**	**14**	**4,991**	**1**	**557**	**4,434**
Total non-Canadian dollar-denominated	**268,611**	**127,845**	**396,456**	**70**	**117,584**	**278,872**
Total	**$ 358,722**	**$ 206,421**	**$ 565,143**	**100 %**	**$ 193,608**	**$ 371,535**
						October 31, 2017
Cash and due from banks	$ 3,204	$ –	$ 3,204	– %	$ 363	$ 2,841
Canadian government obligations	16,550	40,278	56,828	11	29,310	27,518
NHA MBS	37,464	250	37,714	7	3,609	34,105
Provincial government obligations	9,065	12,585	21,650	4	13,566	8,084
Corporate issuer obligations	4,544	3,894	8,438	2	1,532	6,906
Equities	15,509	2,746	18,255	4	6,054	12,201
Other marketable securities and/or loans	2,646	667	3,313	1	643	2,670
Total Canadian dollar-denominated	88,982	60,420	149,402	29	55,077	94,325
Cash and due from banks	45,708	–	45,708	9	46	45,662
U.S. government obligations	29,478	41,231	70,709	14	37,390	33,319
U.S. federal agency obligations, including U.S. federal agency mortgage-backed obligations	36,079	721	36,800	7	10,423	26,377
Other sovereign obligations	52,176	48,726	100,902	20	34,310	66,592
Corporate issuer obligations	60,603	912	61,515	12	4,908	56,607
Equities	17,937	10,201	28,138	6	5,798	22,340
Other marketable securities and/or loans	6,283	11,631	17,914	3	6,884	11,030
Total non-Canadian dollar-denominated	248,264	113,422	361,686	71	99,759	261,927
Total	$ 337,246	$ 173,842	$ 511,088	100 %	$ 154,836	$ 356,252

1 Certain comparative amounts have been restated to conform with the presentation adopted in the current period.
2 Positions stated include gross asset values pertaining to secured borrowing/lending and reverse-repurchase/repurchase businesses.
3 Liquid assets include collateral received that can be re-hypothecated or otherwise redeployed.

Average liquid assets held in The Toronto-Dominion Bank and multiple domestic and foreign subsidiaries (excluding insurance subsidiaries) and branches are summarized in the following table.

TABLE 51: SUMMARY OF AVERAGE UNENCUMBERED LIQUID ASSETS BY BANK, SUBSIDIARIES, AND BRANCHES[1]

(millions of Canadian dollars)

Average for the years ended

	October 31, 2018	October 31, 2017
The Toronto-Dominion Bank (Parent)	**$ 124,181**	$ 117,963
Bank subsidiaries	**217,036**	209,745
Foreign branches	**30,318**	28,544
Total	**$ 371,535**	$ 356,252

1 Certain comparative amounts have been restated to conform with the presentation adopted in the current period.

ASSET ENCUMBRANCE

In the course of the Bank's day-to-day operations, assets are pledged to obtain funding, support trading and brokerage businesses, and participate in clearing and/or settlement systems. A summary of encumbered and unencumbered assets (excluding assets held in insurance subsidiaries) is presented in the following table to identify assets that are used or available for potential funding needs.

TABLE 52: ENCUMBERED AND UNENCUMBERED ASSETS[1]

(millions of Canadian dollars, except as noted)

As at

	October 31, 2018					
	Encumbered[2]		Unencumbered			
	Pledged as collateral[3]	Other[4]	Available as collateral[5]	Other[6]	Total assets	Encumbered assets as a % of total assets
Cash and due from banks	$ 72	$ 33	$ –	$ 4,630	$ 4,735	– %
Interest-bearing deposits with banks	4,310	89	23,125	3,196	30,720	0.3
Securities, trading loans, and other[7]	71,676	11,959	274,504	15,162	373,301	6.2
Derivatives	–	–	–	56,996	56,996	–
Securities purchased under reverse repurchase agreements[8]	–	–	–	127,379	127,379	–
Loans, net of allowance for loan losses	23,648	60,005	79,439	483,301	646,393	6.3
Customers' liability under acceptances	–	–	–	17,267	17,267	–
Investment in TD Ameritrade	–	–	–	8,445	8,445	–
Goodwill	–	–	–	16,536	16,536	–
Other intangibles	–	–	–	2,459	2,459	–
Land, buildings, equipment, and other depreciable assets	–	–	–	5,324	5,324	–
Deferred tax assets	–	–	–	2,812	2,812	–
Other assets[9]	1,013	–	–	41,523	42,536	0.1
Total on-balance sheet assets	$ 100,719	$ 72,086	$ 377,068	$ 785,030	$ 1,334,903	12.9 %
Off-balance sheet items[10]						
Securities purchased under reverse repurchase agreements	131,484	–	23,035	(127,379)		
Securities borrowing and collateral received	44,793	559	14,733	–		
Margin loans and other client activity	9,046	–	20,077	(14,693)		
Total off-balance sheet items	185,323	559	57,845	(142,072)		
Total	$ 286,042	$ 72,645	$ 434,913	$ 642,958		

	October 31, 2017					
Total on-balance sheet assets	$ 88,894	$ 65,705	$ 359,169	$ 765,227	$ 1,278,995	12.1 %
Total off-balance sheet items	154,350	229	61,328	(145,711)		
Total	$ 243,244	$ 65,934	$ 420,497	$ 619,516		

1 Certain comparative amounts have been restated to conform with the presentation adopted in the current period.

2 Asset encumbrance has been analyzed on an individual asset basis. Where a particular asset has been encumbered and TD has holdings of the asset both on-balance sheet and off-balance sheet, for the purpose of this disclosure, the on and off-balance sheet holdings are encumbered in alignment with the business practice.

3 Represents assets that have been posted externally to support the Bank's day-to-day operations, including securities financing transactions, clearing and payments, and derivative transactions. Also includes assets that have been pledged supporting Federal Home Loan Bank (FHLB) activity.

4 Assets supporting TD's long-term funding activities, assets pledged against securitization liabilities, and assets held by consolidated securitization vehicles or in pools for covered bond issuance.

5 Assets that are considered readily available in their current legal form to generate funding or support collateral needs. This category includes reported FHLB assets that remain unutilized and held-to-maturity securities that are available for collateral purposes however not regularly utilized in practice.

6 Assets that cannot be used to support funding or collateral requirements in their current form. This category includes those assets that are potentially eligible as funding program collateral (for example, CMHC insured mortgages that can be securitized into NHA MBS).

7 Securities include trading loans, securities, non-trading financial assets at fair value through profit or loss and other financial assets designated at fair value through profit or loss, securities at FVOCI, and DSAC.

8 Assets reported in Securities purchased under reverse repurchase agreements represent the value of the loans extended and not the value of the collateral received.

9 Other assets include amounts receivable from brokers, dealers, and clients.

10 Off-balance sheet items include the collateral value from the securities received under reverse repurchase agreements, securities borrowing, margin loans, and other client activity. The loan value from the reverse repurchase transactions and margin loans/client activity is deducted from the on-balance sheet Unencumbered – Other category.

LIQUIDITY STRESS TESTING AND CONTINGENCY FUNDING PLANS

In addition to the SCSS, the Bank performs liquidity stress testing on multiple alternate scenarios. These scenarios are a mix ofTD-specific events and market-wide stress events designed to test the impact from risk factors material to the Bank's risk profile. Liquidity assessments are also part of the Bank's EWST program. Results from these stress event scenarios are used to inform contingency funding plan actions.

The Bank has liquidity contingency funding plans in place at the enterprise level ("Enterprise CFP") and for subsidiaries operating in both domestic and foreign jurisdictions ("Regional CFP"). The Enterprise CFP provides a documented framework for managing unexpected liquidity situations and thus is an integral component of the Bank's overall liquidity risk management program. It outlines different contingency levels based on the severity and duration of the liquidity situation, and identifies recovery actions appropriate for each level. For each recovery action, it provides key operational steps required to execute the action. Regional CFPs identify recovery actions to address region-specific stress events. The actions and governance structure proposed in the Enterprise CFP are aligned with the Bank's Crisis Management Recovery Plan.

CREDIT RATINGS

Credit ratings impact the Bank's borrowing costs and ability to raise funds. Rating downgrades could potentially result in higher financing costs, increased requirement to pledge collateral, reduced access to capital markets, and could also affect the Bank's ability to enter into derivative transactions.

Credit ratings and outlooks provided by rating agencies reflect their views and are subject to change fromtime-to-time, based on a number of factors including the Bank's financial strength, competitive position, and liquidity, as well as factors not entirely within the Bank's control, including the methodologies used by rating agencies and conditions affecting the overall financial services industry.

TABLE 53: CREDIT RATINGS[1]

				As at
				October 31, 2018
Rating agency	**Short-term debt rating**	**Legacy senior debt rating[2]**	**Long-term senior debt rating[3]**	**Outlook**
Moody's	**P-1**	**Aa1**	**Aa3**	**Stable**
S&P	**A-1+**	**AA-**	**A**	**Stable**
DBRS	**R-1 (high)**	**AA**	**Aa (low)**	**Positive**

1 The above ratings are for The Toronto-Dominion Bank legal entity. A more extensive listing, including subsidiaries' ratings, is available on the Bank's website at http://www.td.com/investor/credit.jsp. Credit ratings are not recommendations to purchase, sell, or hold a financial obligation inasmuch as they do not comment on market price or suitability for a particular investor. Ratings are subject to revision or withdrawal at any time by the rating organization.

2 Includes (a) Senior debt issued prior to September 23, 2018; and (b) Senior debt issued on or after September 23, 2018 which is excluded from the bank recapitalization "bail-in" regime, including debt with an original term-to-maturity of less than 400 days and most structured notes.

3 Subject to conversion under the bank recapitalization "bail-in" regime.

The Bank regularly reviews the level of increased collateral its trading counterparties would require in the event of a downgrade of TD's credit rating. The Bank holds liquid assets to ensure it is able to provide additional collateral required by trading counterparties in the event of a three-notch downgrades in the Bank's senior long-term credit ratings. The following table presents the additional collateral that could have been contractually required to be posted to the derivative counterparties as of the reporting date in the event of one, two, and three-notch downgrades of the Bank's credit ratings.

TABLE 54: ADDITIONAL COLLATERAL REQUIREMENTS FOR RATING DOWNGRADES[1]

(millions of Canadian dollars)	*Average for the years ended*	
	October 31, 2018	October 31, 2017
One-notch downgrade	**$ 92**	$ 112
Two-notch downgrade	**120**	141
Three-notch downgrade	**462**	382

1 The above collateral requirements are based on trading counterparty Credit Support Annex (CSA) and the Bank's credit rating across applicable rating agencies.

LIQUIDITY COVERAGE RATIO

The LCR is a Basel III metric calculated as the ratio of the stock of unencumbered HQLA over the net cash outflow requirements in the next 30 days under a hypothetical liquidity stress event.

The Bank must maintain the LCR above 100% under normal operating conditions in accordance with the OSFI LAR requirement. The Bank's LCR is calculated according to the scenario parameters in the LAR guideline, including prescribed HQLA eligibility criteria and haircuts, deposit run-off rates, and other outflow and inflow rates. HQLA eligible for the LCR calculation under the LAR are primarily central bank reserves, sovereign issued or guaranteed securities, and high quality securities issued by non-financial entities.

The following table summarizes the Bank's daily LCR position for the fourth quarter of 2018.

TABLE 55: AVERAGE BASEL III LIQUIDITY COVERAGE RATIO[1]

(millions of Canadian dollars, except as noted)

	Average for the three months ended	
	October 31, 2018	
	Total unweighted value (average)[2]	**Total weighted value (average)[3]**
High-quality liquid assets		
Total high-quality liquid assets	**$ n/a**	**$ 206,490**
Cash outflows		
Retail deposits and deposits from small business customers, of which:	**$ 460,169**	**$ 32,389**
Stable deposits[4]	**194,680**	**5,840**
Less stable deposits	**265,489**	**26,549**
Unsecured wholesale funding, of which:	**238,977**	**116,623**
Operational deposits (all counterparties) and deposits in networks of cooperative banks [5]	**96,213**	**22,902**
Non-operational deposits (all counterparties)	**108,902**	**59,859**
Unsecured debt	**33,862**	**33,862**
Secured wholesale funding	**n/a**	**14,613**
Additional requirements, of which:	**189,274**	**50,548**
Outflows related to derivative exposures and other collateral requirements	**24,337**	**12,763**
Outflows related to loss of funding on debt products	**5,975**	**5,975**
Credit and liquidity facilities	**158,962**	**31,810**
Other contractual funding obligations	**10,098**	**4,881**
Other contingent funding obligations[6]	**568,621**	**8,745**
Total cash outflows	**$ n/a**	**$ 227,799**
Cash inflows		
Secured lending	**$ 187,279**	**$ 24,106**
Inflows from fully performing exposures	**15,014**	**7,487**
Other cash inflows	**35,780**	**35,780**
Total cash inflows	**$ 238,073**	**$ 67,373**

	Average for the three months ended	
	October 31, 2018	July 31, 2018
	Total adjusted value	Total adjusted value
Total high-quality liquid assets[7]	**$ 206,490**	$ 211,757
Total net cash outflows[8]	**160,426**	166,729
Liquidity coverage ratio	**129 %**	127 %

1 The LCR for the quarter ended October 31, 2018, is calculated as an average of the 63 daily data points in the quarter.
2 Unweighted inflow and outflow values are outstanding balances maturing or callable within 30 days.
3 Weighted values are calculated after the application of respective HQLA haircuts or inflow and outflow rates, as prescribed by OSFI's LAR guideline.
4 As defined by OSFI LAR, stable deposits from retail and small medium-sized enterprise (SME) customers are deposits that are insured, and are either held in transactional accounts or the depositors have an established relationship with the Bank that make deposit withdrawal highly unlikely.
5 Operational deposits from non-SME business customers are deposits kept with the Bank in order to facilitate their access and ability to conduct payment and settlement activities. These activities include clearing, custody, or cash management services.
6 Includes uncommitted credit and liquidity facilities, stable value money market mutual funds, outstanding debt securities with remaining maturity greater than 30 days, and other contractual cash outflows. TD has no contractual obligation to buyback these outstanding TD debt securities, and as a result, a 0% outflow rate is applied under the OSFI LAR guideline.
7 Adjusted HQLA includes both asset haircut and applicable caps, as prescribed by the LAR (HQLA assets after haircuts are capped at 40% for Level 2 and 15% for Level 2B).
8 Adjusted Net Cash Outflows include both inflow and outflow rates and applicable caps, as prescribed by the LAR (inflows are capped at 75% of outflows).

The Bank's average LCR of 129% for quarter ended October 31, 2018, continues to meet the regulatory requirement. The 2% change over the prior quarter's LCR was mainly due to normal business and pre-funding activities.

The Bank holds a variety of liquid assets commensurate with the liquidity needs of the organization. Many of these assets qualify as HQLA under the OSFI LAR guidelines. The average HQLA of the Bank for the quarter ended October 31, 2018, was $206 billion (July 31, 2018 – $212 billion), with level 1 assets representing 80% (July 31, 2018 – 80%). The Bank's reported HQLA excludes excess HQLA from the U.S. Retail operations, as required by the OSFI LAR, to reflect liquidity transfer considerations between U.S. Retail and its affiliates as a result of U.S. Federal Reserve Board's regulations. By excluding excess HQLA, the U.S. Retail LCR is effectively capped at 100% prior to total Bank consolidation.

FUNDING

The Bank has access to a variety of unsecured and secured funding sources. The Bank's funding activities are conducted in accordance with the liquidity risk appetite that requires assets be funded to the appropriate term and to a prudent diversification profile.

The Bank's primary approach to managing funding activities is to maximize the use of deposits raised through personal and commercial banking channels. The following table illustrates the Bank's large base of personal and commercial, wealth, and TD Ameritrade sweep deposits (collectively, "P&C deposits") that make up over 70% of the Bank's total funding.

TABLE 56: SUMMARY OF DEPOSIT FUNDING

(millions of Canadian dollars)	As at	
	October 31, 2018	October 31, 2017
P&C deposits – Canadian Retail	**$ 359,473**	$ 350,446
P&C deposits – U.S. Retail	**346,624**	336,302
Other deposits	**36**	99
Total	**$ 706,133**	$ 686,847

The Bank actively maintains various registered external wholesale term (greater than 1 year) funding programs to provide access to diversified funding sources, including asset securitization, covered bonds, and unsecured wholesale debt. The Bank also raises term funding through Canadian Senior Notes, Canadian NHA MBS, Canada Mortgage Bonds, debt issued in Australia, and notes backed by credit card receivables (Evergreen Credit Card Trust). The Bank's wholesale funding is diversified by geography, by currency, and by funding types. The Bank raises short term (1 year and less) funding using certificates of deposit and commercial paper.

The following table summarizes the registered term funding programs by geography, with the related program size.

Canada	United States	Europe
Capital Securities Program ($10 billion) Canadian Senior Medium Term Linked Notes Program ($4 billion) HELOC ABS Program (Genesis Trust II) ($7 billion)	U.S. SEC (F-3) Registered Capital and Debt Program (US$40 billion)	United Kingdom Listing Authority (UKLA) Registered Legislative Covered Bond Program ($50 billion) UKLA Registered European Medium Term Note Program (US$20 billion)

The Bank regularly evaluates opportunities to diversify its funding into new markets and to new investors in order to manage funding risk and cost. The following table presents a breakdown of the Bank's term debt by currency and funding type. Term funding for the year ended October 31, 2018, was $127.7 billion (October 31, 2017 – $109.3 billion).

TABLE 57: LONG-TERM FUNDING

	As at	
Long-term funding by currency	**October 31, 2018**	October 31, 2017
Canadian dollar	**32 %**	37 %
U.S. dollar	**39**	42
Euro	**19**	14
British pound	**7**	4
Other	**3**	3
Total	**100 %**	100 %
Long-term funding by type		
Senior unsecured medium term notes	**55 %**	53 %
Covered bonds	**29**	27
Mortgage securitization[1]	**12**	15
Term asset backed securities	**4**	5
Total	**100 %**	100 %

[1] Mortgage securitization excludes the residential mortgage trading business.

The Bank maintains depositor concentration limits in respect of short-term wholesale deposits so that it does not depend on small groups of large wholesale depositors for funding. The Bank also limits short-term wholesale funding maturity concentration in an effort to mitigate exposures to refinancing risk during a stress event.

The Bank continues to explore all opportunities to access lower-cost funding on a sustainable basis. The following table represents the various sources of funding obtained as at October 31, 2018, and October 31, 2017, based on remaining term-to-maturity.

TABLE 58: WHOLESALE FUNDING[1]

(millions of Canadian dollars)

								As at October 31 2018	As at October 31 2017
	Less than 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	Up to 1 year	Over 1 to 2 years	Over 2 years	Total	Total
Deposits from banks[2]	$ 8,358	$ 5,006	$ 741	$ 71	$ 14,176	$ –	$ –	$ 14,176	$ 17,990
Bearer deposit note	1,145	1,253	1,250	224	3,872	–	–	3,872	3,700
Certificates of deposit	6,629	17,381	15,642	11,610	51,262	139	–	51,401	65,465
Commercial paper	9,391	19,150	14,298	12,731	55,570	–	–	55,570	25,281
Covered bonds	–	–	673	4,835	5,508	4,979	25,797	36,284	29,319
Mortgage securitization	22	2,221	819	2,010	5,072	4,318	17,911	27,301	28,833
Senior unsecured medium term notes	–	5,710	2,269	11,647	19,626	15,698	34,194	69,518	57,570
Subordinated notes and debentures[3]	–	–	–	–	–	–	8,740	8,740	9,528
Term asset backed securitization	657	–	–	1,787	2,444	1,735	1,447	5,626	5,835
Other[4]	2,733	1,391	731	849	5,704	26	804	6,534	8,443
Total	$ 28,935	$ 52,112	$ 36,423	$ 45,764	$ 163,234	$ 26,895	$ 88,893	$ 279,022	$ 251,964
Of which:									
Secured	$ 679	$ 2,221	$ 1,495	$ 8,632	$ 13,027	$ 11,032	$ 45,166	$ 69,225	$ 64,003
Unsecured	28,256	49,891	34,928	37,132	150,207	15,863	43,727	209,797	187,961
Total	$ 28,935	$ 52,112	$ 36,423	$ 45,764	$ 163,234	$ 26,895	$ 88,893	$ 279,022	$ 251,964

1 Certain comparative amounts have been restated to conform with the presentation adopted in the current period.
2 Includes fixed-term deposits with banks.
3 Subordinated notes and debentures are not considered wholesale funding as they may be raised primarily for capital management purposes.
4 Includes fixed-term deposits from non-bank institutions (unsecured) of $6.5 billion (October 31, 2017 – $8.4 billion).

Excluding the Wholesale Banking mortgage aggregation business, the Bank's total 2018 mortgage-backed securities issuance was $2.6 billion (2017 – $2.4 billion), and other asset-backed securities was $1.8 billion (2017 – $1.4 billion). The Bank also issued $29.1 billion of unsecured medium-term notes (2017 – $8.7 billion) and $9.9 billion of covered bonds (2017 – $4.6 billion), in various currencies and markets during the year ended October 31, 2018. This includes unsecured medium-term notes and covered bonds issued but settling subsequent to year-end.

REGULATORY DEVELOPMENTS CONCERNING LIQUIDITY AND FUNDING

On April 18, 2018, the Government of Canada published the final regulations under the *Bank Act* and the CDIC Act providing details of the bank recapitalization "bail-in" regime. The issuance regulations under the *Bank Act* and the conversion regulations under the CDIC Act came into force on September 23, 2018, while the compensation regulations under the CDIC Act were brought into force immediately upon registration on March 27, 2018. The bail-in regulations represent the final step in the implementation of the bail-in regime which provides the Canada Deposit Insurance Corporation (CDIC) with the power to convert specified eligible liabilities of D-SIBs into common shares in the unlikely event the D-SIB becomes non-viable. The Budget Implementation Act, providing amendments to the CDIC Act, *Bank Act,* and other statutes to allow for bail-in, was passed in June 2016.

In October 2014, the BCBS released the final standard for "Basel III: the net stable funding ratio". The net stable funding ratio (NSFR) requires that the ratio of available stable funding over required stable funding be greater than 100%. The NSFR is designed to reduce structural funding risk by requiring banks to have sufficient stable sources of funding and lower reliance on funding maturing in one year to support their businesses.

Based on implementation progress at the international level, OSFI has determined that it will target a revised NSFR implementation date of January 2020. Relevant areas of the LAR guideline have been updated to reflect the implementation delay.

MATURITY ANALYSIS OF ASSETS, LIABILITIES, AND OFF-BALANCE SHEET COMMITMENTS

The following table summarizes on-balance sheet and off-balance sheet categories by remaining contractual maturity. Off-balance sheet commitments include contractual obligations to make future payments on operating capital lease commitments, certain purchase obligations, and other liabilities. The values of credit instruments reported in the following table represent the maximum amount of additional credit that the Bank could be obligated to extend should such instruments be fully drawn or utilized. Since a significant portion of guarantees and commitments are expected to expire without being drawn upon, the total of the contractual amounts is not representative of expected future liquidity requirements. These contractual obligations have an impact on the Bank's short-term and long-term liquidity and capital resource needs.

The maturity analysis presented does not depict the degree of the Bank's maturity transformation or the Bank's exposure to interest rate and liquidity risk. The Bank ensures that assets are appropriately funded to protect against borrowing cost volatility and potential reductions to funding market availability. The Bank utilizes stable non-maturity deposits (chequing and savings accounts) and term deposits as the primary source of long-term funding for the Bank's non-trading assets. The Bank also funds the stable balance of revolving lines of credit with long term funding. The Bank issues long-term funding based primarily on the projected net growth of non-trading assets. The Bank raises short term funding primarily to finance trading assets. The liquidity of trading assets under stressed market conditions is considered when determining the appropriate term of the related funding.

TABLE 59: REMAINING CONTRACTUAL MATURITY[1]

(millions of Canadian dollars)

As at

	October 31, 2018									
	Less than 1 month	1 to 3 months	3 to 6 months	6 to 9 months	9 months to 1 year	Over 1 to 2 years	Over 2 to 5 years	Over 5 years	No specific maturity	Total
Assets										
Cash and due from banks	$ 4,733	$ 2	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 4,735
Interest-bearing deposits with banks	28,332	924	154	21	16	–	–	–	1,273	30,720
Trading loans, securities, and other[2]	1,971	5,244	2,111	3,653	3,998	9,683	25,772	25,895	49,570	127,897
Non-trading financial assets at fair value through profit or loss	–	12	99	460	906	227	841	848	622	4,015
Derivatives	7,343	9,263	5,275	3,276	2,321	7,130	12,436	9,952	–	56,996
Financial assets designated at fair value through profit or loss	30	95	535	243	90	297	1,532	796	–	3,618
Financial assets at fair value through other comprehensive income	1,111	4,214	4,150	5,354	3,962	19,777	57,922	31,936	2,174	130,600
Debt securities at amortized cost, net of allowance for credit losses	881	2,577	3,010	3,594	4,059	8,103	34,032	50,990	(75)	107,171
Securities purchased under reverse repurchase agreements	77,612	30,047	14,426	3,807	1,458	29	–	–	–	127,379
Loans										
Residential mortgages	908	3,234	6,614	11,166	11,061	43,063	113,852	35,293	–	225,191
Consumer instalment and other personal	753	1,332	2,628	3,724	4,131	14,313	56,632	26,321	62,245	172,079
Credit card	–	–	–	–	–	–	–	–	35,018	35,018
Business and government	23,052	4,320	5,539	7,131	9,269	19,637	67,922	59,251	21,533	217,654
Total loans	24,713	8,886	14,781	22,021	24,461	77,013	238,406	120,865	118,796	649,942
Allowance for loan losses	–	–	–	–	–	–	–	–	(3,549)	(3,549)
Loans, net of allowance for loan losses	24,713	8,886	14,781	22,021	24,461	77,013	238,406	120,865	115,247	646,393
Customers' liability under acceptances	14,984	2,145	132	6	–	–	–	–	–	17,267
Investment in TD Ameritrade	–	–	–	–	–	–	–	–	8,445	8,445
Goodwill[3]	–	–	–	–	–	–	–	–	16,536	16,536
Other intangibles[3]	–	–	–	–	–	–	–	–	2,459	2,459
Land, buildings, equipment, and other depreciable assets[3]	–	–	–	–	–	–	–	–	5,324	5,324
Deferred tax assets	–	–	–	–	–	–	–	–	2,812	2,812
Amounts receivable from brokers, dealers, and clients	26,940	–	–	–	–	–	–	–	–	26,940
Other assets	3,432	854	1,926	120	142	136	301	90	8,595	15,596
Total assets	$ 192,082	$ 64,263	$ 46,599	$ 42,555	$ 41,413	$ 122,395	$ 371,242	$ 241,372	$ 212,982	$ 1,334,903
Liabilities										
Trading deposits	$ 16,145	$ 37,337	$ 31,081	$ 12,954	$ 11,739	$ 1,183	$ 3,260	$ 1,005	$ –	$ 114,704
Derivatives	6,195	8,684	4,230	3,103	2,263	5,510	9,282	9,003	–	48,270
Securitization liabilities at fair value	–	981	194	661	272	1,822	6,719	1,969	–	12,618
Deposits[4,5]										
Personal	4,330	7,094	7,541	6,245	7,718	10,222	9,876	38	424,580	477,644
Banks	6,499	1,941	255	24	54	–	3	8	7,928	16,712
Business and government	18,840	19,337	7,033	9,984	11,299	21,345	54,780	8,000	206,465	357,083
Total deposits	29,669	28,372	14,829	16,253	19,071	31,567	64,659	8,046	638,973	851,439
Acceptances	14,986	2,145	132	6	–	–	–	–	–	17,269
Obligations related to securities sold short [2]	2,621	3,679	1,500	387	904	4,330	13,771	11,474	812	39,478
Obligations related to securities sold under repurchase agreements	73,759	15,508	3,516	428	108	43	27	–	–	93,389
Securitization liabilities at amortized cost	22	1,240	625	503	575	2,496	6,232	2,990	–	14,683
Amounts payable to brokers, dealers, and clients	28,385	–	–	–	–	–	–	–	–	28,385
Insurance-related liabilities	213	294	353	309	310	937	1,624	903	1,755	6,698
Other liabilities[6]	2,926	2,636	538	1,326	1,394	2,205	2,308	153	5,704	19,190
Subordinated notes and debentures	–	–	–	–	–	–	–	8,740	–	8,740
Equity	–	–	–	–	–	–	–	–	80,040	80,040
Total liabilities and equity	$ 174,921	$ 100,876	$ 56,998	$ 35,930	$ 36,636	$ 50,093	$ 107,882	$ 44,283	$ 727,284	$ 1,334,903
Off-balance sheet commitments										
Credit and liquidity commitments [7,8]	$ 18,339	$ 16,728	$ 17,217	$ 13,098	$ 9,152	$ 25,691	$ 101,120	$ 4,034	$ 2,663	$ 208,042
Operating lease commitments	79	159	240	237	233	902	2,188	3,229	–	7,267
Other purchase obligations	41	146	109	106	106	366	641	128	–	1,643
Unconsolidated structured entity commitments	–	1,079	940	329	–	7	408	–	–	2,763
Total off-balance sheet commitments	$ 18,459	$ 18,112	$ 18,506	$ 13,770	$ 9,491	$ 26,966	$ 104,357	$ 7,391	$ 2,663	$ 219,715

1 Balances as at October 31, 2018 are prepared in accordance with IFRS 9. Prior period comparatives have not been restated. Refer to Note 4 of the 2018 Consolidated Financial Statements for further details.

2 Amount has been recorded according to the remaining contractual maturity of the underlying security.

3 For the purposes of this table, non-financial assets have been recorded as having 'no specific maturity'.

4 As the timing of demand deposits and notice deposits is non-specific and callable by the depositor, obligations have been included as having 'no specific maturity'.

5 Includes $36 billion of covered bonds with remaining contractual maturities of $1 billion in '3 months to 6 months', $3 billion in '6 months to 9 months', $2 billion in '9 months to 1 year', $5 billion in 'over 1 to 2 years', $22 billion in 'over 2 to 5 years', and $3 billion in 'over 5 years'.

6 Includes $60 million of capital lease commitments with remaining contractual maturities of $2 million in 'less than 1 month', $5 million in '1 month to 3 months', $7 million in '3 months to 6 months', $6 million in '6 months to 9 months', $6 million in '9 months to 1 year', $12 million in 'over 1 to 2 years', $17 million in 'over 2 to 5 years', and $5 million in 'over 5 years'.

7 Includes $205 million in commitments to extend credit to private equity investments.

8 Commitments to extend credit exclude personal lines of credit and credit card lines, which are unconditionally cancellable at the Bank's discretion at any time.

TABLE 59: REMAINING CONTRACTUAL MATURITY (continued)[1]

(millions of Canadian dollars) *As at*

	October 31, 2017									
	Less than 1 month	1 to 3 months	3 to 6 months	6 to 9 months	9 months to 1 year	Over 1 to 2 years	Over 2 to 5 years	Over 5 years	No specific maturity	Total
Assets										
Cash and due from banks	$ 3,971	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 3,971
Interest-bearing deposits with banks	49,825	742	13	6	7	–	–	–	592	51,185
Trading loans, securities, and other[2]	721	3,433	3,178	4,090	4,007	9,092	22,611	17,669	39,117	103,918
Derivatives	6,358	7,744	5,016	2,379	2,657	6,790	13,500	11,751	–	56,195
Financial assets designated at fair value through profit or loss	232	269	402	353	233	370	1,059	897	217	4,032
Available-for-sale securities	652	4,020	1,794	3,867	3,121	15,622	72,964	42,083	2,288	146,411
Held-to-maturity securities	83	824	2,709	2,583	1,874	12,805	22,697	27,788	–	71,363
Securities purchased under reverse repurchase agreements	84,880	33,930	11,433	3,068	1,086	24	8	–	–	134,429
Loans										
Residential mortgages	905	2,677	8,869	16,042	13,264	36,284	109,260	34,778	–	222,079
Consumer instalment and other personal	701	1,342	3,329	3,760	3,315	12,902	44,850	25,651	61,251	157,101
Credit card	–	–	–	–	–	–	–	–	33,007	33,007
Business and government	20,255	7,351	7,079	7,155	9,621	14,623	59,870	59,107	15,917	200,978
Debt securities classified as loans	–	15	–	2	16	31	248	2,897	–	3,209
Total loans	21,861	11,385	19,277	26,959	26,216	63,840	214,228	122,433	110,175	616,374
Allowance for loan losses	–	–	–	–	–	–	–	–	(3,783)	(3,783)
Loans, net of allowance for loan losses	21,861	11,385	19,277	26,959	26,216	63,840	214,228	122,433	106,392	612,591
Customers' liability under acceptances	14,822	2,372	96	5	2	–	–	–	–	17,297
Investment in TD Ameritrade	–	–	–	–	–	–	–	–	7,784	7,784
Goodwill[3]	–	–	–	–	–	–	–	–	16,156	16,156
Other intangibles[3]	–	–	–	–	–	–	–	–	2,618	2,618
Land, buildings, equipment, and other depreciable assets[3]	–	–	–	–	–	–	–	–	5,313	5,313
Deferred tax assets	–	–	–	–	–	–	–	–	2,497	2,497
Amounts receivable from brokers, dealers, and clients	29,971	–	–	–	–	–	–	–	–	29,971
Other assets	2,393	600	1,052	104	99	138	298	140	8,440	13,264
Total assets	$ 215,769	$ 65,319	$ 44,970	$ 43,414	$ 39,302	$ 108,681	$ 347,365	$ 222,761	$ 191,414	$ 1,278,995
Liabilities										
Trading deposits	$ 10,349	$ 20,834	$ 25,071	$ 7,192	$ 12,820	$ 1,494	$ 1,469	$ 711	$ –	$ 79,940
Derivatives	5,307	7,230	4,587	2,200	1,981	6,868	11,111	11,930	–	51,214
Securitization liabilities at fair value	4	1,118	139	709	–	1,832	5,966	2,989	–	12,757
Deposits[4,5]										
Personal	4,538	6,472	6,424	6,619	6,740	9,487	10,162	65	417,648	468,155
Banks	12,375	4,766	1,354	16	91	3	–	11	7,271	25,887
Business and government	23,899	18,868	15,492	4,488	6,392	15,783	43,465	14,555	195,840	338,782
Total deposits	40,812	30,106	23,270	11,123	13,223	25,273	53,627	14,631	620,759	832,824
Acceptances	14,822	2,372	96	5	2	–	–	–	–	17,297
Obligations related to securities sold short [2]	1,348	3,003	770	624	765	3,948	11,677	11,921	1,426	35,482
Obligations related to securities sold under repurchase agreements	72,361	11,057	4,826	219	20	64	44	–	–	88,591
Securitization liabilities at amortized cost	48	668	1,062	708	1,264	3,060	6,287	2,979	–	16,076
Amounts payable to brokers, dealers, and clients	32,851	–	–	–	–	–	–	–	–	32,851
Insurance-related liabilities	123	182	294	338	417	926	1,738	1,097	1,660	6,775
Other liabilities[6]	3,551	2,352	1,826	255	1,290	2,934	1,557	814	5,891	20,470
Subordinated notes and debentures	–	–	–	–	–	–	–	9,528	–	9,528
Equity	–	–	–	–	–	–	–	–	75,190	75,190
Total liabilities and equity	$ 181,576	$ 78,922	$ 61,941	$ 23,373	$ 31,782	$ 46,399	$ 93,476	$ 56,600	$ 704,926	$ 1,278,995
Off-balance sheet commitments										
Credit and liquidity commitments[7,8]	$ 19,208	$ 15,961	$ 14,402	$ 10,536	$ 7,934	$ 22,423	$ 85,183	$ 3,228	$ 2,325	$ 181,200
Operating lease commitments	79	158	236	234	232	881	2,115	3,505	–	7,440
Other purchase obligations	24	102	79	59	52	224	318	–	–	858
Unconsolidated structured entity commitments	696	494	228	344	408	724	–	–	–	2,894
Total off-balance sheet commitments	$ 20,007	$ 16,715	$ 14,945	$ 11,173	$ 8,626	$ 24,252	$ 87,616	$ 6,733	$ 2,325	$ 192,392

1 Certain comparative amounts have been reclassified to conform with the presentation adopted in the current period.
2 Amount has been recorded according to the remaining contractual maturity of the underlying security.
3 For the purposes of this table, non-financial assets have been recorded as having 'no specific maturity'.
4 As the timing of demand deposits and notice deposits is non-specific and callable by the depositor, obligations have been included as having 'no specific maturity'.
5 Includes $29 billion of covered bonds with remaining contractual maturities of $2 billion in 'over 1 to 2 years', $19 billion in 'over 2 to 5 years', and $8 billion in 'over 5 years'.
6 Includes $89 million of capital lease commitments with remaining contractual maturities of $2 million in 'less than 1 month', $5 million in '1 month to 3 months', $7 million in '3 months to 6 months', $7 million in '6 months to 9 months', $7 million in '9 months to 1 year', $26 million in 'over 1 to 2 years', $25 million in 'over 2 to 5 years', and $10 million in 'over 5 years'.
7 Includes $123 million in commitments to extend credit to private equity investments.
8 Commitments to extend credit exclude personal lines of credit and credit card lines, which are unconditionally cancellable at the Bank's discretion at any time.

Capital Adequacy Risk

Capital adequacy risk is the risk of insufficient capital being available in relation to the amount of capital required to carry out the Bank's strategy and/or satisfy regulatory and internal capital adequacy requirements.

Capital is held to protect the viability of the Bank in the event of unexpected financial losses. Capital represents the loss-absorbing funding required to provide a cushion to protect depositors and other creditors from unexpected losses.

Managing capital levels of a financial institution requires that TD holds sufficient capital under all conditions to avoid the risk of breaching minimum capital levels prescribed by regulators.

WHO MANAGES CAPITAL ADEQUACY RISK

The Board reviews the adherence to capital targets and approves the annual capital plan and the Global Capital Management Policy. The Risk Committee reviews and approves the Capital Adequacy Risk Management Framework and oversees management's actions to maintain an appropriate ICAAP framework, commensurate with the Bank's risk profile. The CRO works to ensure the Bank's ICAAP is effective in meeting capital adequacy requirements.

The ALCO recommends and maintains the Capital Adequacy Risk Management Framework and the Global Capital Management Policy for effective and prudent management of the Bank's capital position and supports maintenance of adequate capital. It oversees the allocation of capital limits for business segments and reviews adherence to capital targets.

TBSM is responsible for forecasting and monitoring compliance with capital targets, on a consolidated basis, with oversight provided by ALCO. TBSM updates the capital forecast and makes recommendations to the ALCO regarding capital issuance, repurchase and redemption. TBSM also leads the ICAAP and EWST processes. The Bank's business segments are responsible for managing to the allocated capital limits.

Additionally, regulated subsidiaries of the Bank, including certain insurance subsidiaries and subsidiaries in the U.S. and other jurisdictions, manage their capital adequacy risk in accordance with applicable regulatory requirements. Capital management policies and procedures of these subsidiaries are also required to conform with those of the Bank. U.S.-regulated subsidiaries of the Bank are required to follow several regulatory guidelines, rules and expectations related to capital planning and stress testing including the U.S. Federal Reserve Board's Regulation YY establishing Enhanced Prudential Standards for Foreign Bank Organizations and the stress test rule and capital plan rule both applicable to U.S. Bank Holding Companies. Refer to the sections on "Future Regulatory Capital Developments", "EWST", and "Top and Emerging Risks That May Affect the Bank and Future Results" for further details.

HOW TD MANAGES CAPITAL ADEQUACY RISK

Capital resources are managed in a manner designed to ensure the Bank's capital position can support business strategies under both current and future business operating environments. The Bank manages its operations within the capital constraints defined by both internal and regulatory capital requirements, ensuring that it meets the higher of these requirements.

Regulatory capital requirements represent minimum capital levels. The Board approves capital targets that provide a sufficient buffer under stress conditions so that the Bank exceeds minimum capital requirements. The purpose of these capital targets is to reduce the risk of a breach of minimum capital requirements, due to an unexpected stress event, allowing management the opportunity to react to declining capital levels before minimum capital requirements are breached. Capital targets are defined in the Global Capital Management Policy.

A comprehensive periodic monitoring process is undertaken to plan and forecast capital requirements. As part of the annual planning process, business segments are allocated individual RWA and Leverage exposure limits. Capital generation and usage are monitored and reported to the ALCO.

The Bank assesses the sensitivity of its forecast capital requirements and new capital formations to various economic conditions through its EWST process. The impacts of the EWST are applied to the capital forecast and are considered in the determination of capital targets.

The Bank also determines its internal capital requirements through the ICAAP process using models to measure the risk-based capital required based on its own tolerance for the risk of unexpected losses. This risk tolerance is calibrated to the required confidence level so that the Bank will be able to meet its obligations, even after absorbing worst-case unexpected losses over a one-year period.

In addition, the Bank has a Capital Contingency Plan that is designed to prepare management to ensure capital adequacy through periods of bank-specific or systemic market stress. The Capital Contingency Plan determines the governance and procedures to be followed if the Bank's consolidated capital levels are forecast to fall below capital targets. It outlines potential management actions that may be taken to prevent such a breach from occurring.

Legal, Regulatory Compliance and Conduct Risk

Legal, Regulatory Compliance and Conduct (LRCC) risk is the risk associated with the failure to meet the Bank's legal obligations from legislative, regulatory or contractual perspectives, obligations under the Code of Conduct and Ethics, or requirements of fair business conduct or market conduct practices. This includes risks associated with the failure to identify, communicate, and comply with current and changing laws, regulations, rules, regulatory guidance or self-regulatory organization standards, and codes, including the prudential risk management of Money Laundering, Terrorist Financing, Economic Sanctions, and Bribery and Corruption risk (the "LRCC Requirements"). Potential consequences of failing to mitigate LRCC risk include financial loss, regulatory sanctions, and loss of reputation, which could be material to the Bank.

The Bank is exposed to LRCC risk in virtually all of its activities. Failure to meet regulatory and legal requirements can impact the Bank's ability to meet strategic objectives, poses a risk of censure or penalty, may lead to litigation, and puts the Bank's reputation at risk. Financial penalties, reputational damage, and other costs associated with legal proceedings, and unfavourable judicial or regulatory determinations may also adversely affect the Bank's business, results of operations and financial condition. LRCC risk differs from other banking risks, such as credit risk or market risk, in that it is typically not a risk actively or deliberately assumed by management in expectation of a return. LRCC risk can occur as part of the normal course of operating the Bank's businesses.

WHO MANAGES LEGAL AND REGULATORY COMPLIANCE RISK

The proactive and effective management of LRCC risk is complex given the breadth and pervasiveness of exposure. The LRCC Risk Management Framework applies enterprise-wide to the Bank and to all of its corporate functions, business segments, its governance, risk, and oversight functions. Each of the Bank's businesses is responsible for compliance with LRCC requirements applicable to their jurisdiction and specific business requirements, and for adhering to LRCC requirements in their business operations, including setting the appropriate tone for legal, regulatory compliance, and conduct risk management. This accountability involves assessing the risk, designing, and implementing controls, and monitoring and reporting their ongoing effectiveness to safeguard the businesses from operating outside of the Bank's risk appetite. The Legal, Compliance, and Global Anti-Money Laundering departments, together with the Regulatory Risk (including Regulatory Relationships and Government Affairs) group, provide objective guidance, advice,

and oversight with respect to managing LRCC risk. Representatives of these groups interact regularly with senior executives of the Bank's businesses. Also, the senior management of the Legal, Compliance, and GAML departments have established regular meetings with and reporting to the Audit Committee, which oversees the establishment and maintenance of policies and programs that are reasonably designed to achieve and maintain the Bank's compliance with the laws and regulations that apply to it. Senior management of the Compliance Department reports regularly to the Corporate Governance Committee, which acts as the conduct review committee for the Bank and certain of its Canadian subsidiaries that are federally-regulated financial institutions, including providing oversight of conduct risk. In addition, senior management of the Regulatory Risk group has established periodic reporting to the Board and its committees.

HOW TD MANAGES LEGAL, REGULATORY COMPLIANCE, AND CONDUCT RISK

Effective management of LRCC risk is a result of enterprise-wide collaboration and requires (a) independent and objective identification and assessment of LRCC risk, (b) objective guidance and advisory services to identify, assess, control, and monitor LRCC risk, and (c) an approved set of frameworks, policies, procedures, guidelines, and practices. Each of the Legal, Compliance, and GAML departments plays a critical role in the management of LRCC risk at the Bank. Depending on the circumstances, they play different roles at different times: 'trusted advisor', provider of objective guidance, independent challenge, and oversight and control (including 'gatekeeper' or approver).

In particular, the Compliance department: acts as an independent regulatory compliance and conduct risk management oversight function; assesses the adequacy of, adherence to, and effectiveness of the Bank's Regulatory Compliance Management (RCM) controls; is accountable for leading enterprise conduct risk governance oversight; and supports the Chief Compliance Officer in providing an opinion to the Audit Committee, as to whether the RCM controls are sufficiently robust in achieving compliance with applicable regulatory requirements. The Compliance department works in partnership with Human Resources and Operational Risk Management to provide oversight and challenge to the businesses in their identification, management, measurement, mitigation, and monitoring of conduct risk. The GAML department: acts as an independent regulatory compliance and risk management oversight function and is responsible for regulatory compliance and the broader prudential risk management components of the GAML, Anti-Terrorist Financing, Sanctions, and Anti-Bribery/Anti-Corruption programs (the "GAML Programs"), including their design, content, and enterprise-wide implementation; monitors, evaluates, and reports on GAML program controls, design, and execution; and reports on the overall adequacy and effectiveness of the GAML Programs, including program design and operation. In addition, the Compliance and GAML departments have developed methodologies and processes to measure and aggregate legal and regulatory risks on an ongoing basis as a critical baseline to assess whether the Bank's internal controls are effective in adequately mitigating such risks and determine whether individual or aggregate business activities are conducted within the Bank's risk appetite.

The Legal department acts as an independent provider of legal services and advice, and protects the Bank from unacceptable legal risk. The Legal department has also developed methodologies for measuring litigation risk for adherence to the Bank's risk appetite.

Processes employed by the Legal, Compliance, and GAML departments (including policies and frameworks, training and education, and the Code of Conduct and Ethics) support the responsibility of each business to adhere to LRCC requirements.

Finally, the Bank's Regulatory Risk and Government Affairs groups also create and facilitate communication with elected officials and regulators, monitor legislation and regulations, support business relationships with governments, coordinate regulatory examinations and regulatory findings remediation, facilitate regulatory approvals of new products, and advance the public policy objectives of the Bank.

Reputational Risk

Reputational risk is the potential that stakeholder perceptions, whether true or not, regarding the Bank's business practices, actions or inactions, will or may cause a significant decline in TD's value, brand, liquidity or customer base, or require costly measures to address.

A company's reputation is a valuable business asset that is essential to optimizing shareholder value and therefore, is constantly at risk. Reputational risk can arise as a consequence of negative perceptions about the Bank's business practices involving any aspect of the Bank's operations however, usually involves concerns about business ethics and integrity, competence, or the quality or suitability of products and services. Since all risk categories can have an impact on a company's reputation, reputational risk is not managed in isolation from the Bank's other major risk categories and can ultimately impact its brand, earnings, and capital.

WHO MANAGES REPUTATIONAL RISK

Responsibility for managing risks to the Bank's reputation ultimately lies with the SET and the executive committees that examine reputational risk as part of their regular mandate. The RRC is the most senior executive committee for the review of reputational risk matters at TD. The mandate of the RRC is to oversee the management of reputational risk within the Bank's risk appetite. Its main accountability is to review and assess business and corporate initiatives and activities where significant reputational risk profiles have been identified and escalated.

At the same time, every employee and representative of the Bank has a responsibility to contribute in a positive way to the Bank's reputation and the management of reputational risk. This means that every Bank employee is responsible for following ethical practices at all times, complying with applicable policies, legislation, and regulations and supporting positive interactions with the Bank's stakeholders. Reputational risk is most effectively managed when everyone at the Bank works continuously to protect and enhance its reputation.

HOW TD MANAGES REPUTATIONAL RISK

The Bank's approach to the management of reputational risk combines the experience and knowledge of individual business segments, corporate shared service areas and governance, risk and oversight functions. It is based on enabling TD's businesses to understand their risks and developing the policies, processes, and controls required to manage these risks appropriately in line with the Bank's strategy and reputational risk appetite. The Bank's Reputational Risk Management Framework provides a comprehensive overview of its approach to the management of this risk. Amongst other significant policies, the Bank's Enterprise Reputational Risk Management Policy is approved by the Group Head and CRO and sets out the requirements under which business segments and corporate shared services are required to manage reputational risk. These requirements include implementing procedures and designating a business-level committee to review and recommend reputational risks and escalation to the RRC as appropriate.

The Bank also has an enterprise-wide New Business and Product Approval (NBPA) Policy that is approved by the CRO and establishes standard practices to support consistent processes for approving new businesses, products, and services across the Bank. The policy is supported by business segment specific processes, which involve independent review from oversight functions, and consider all aspects of a new product, including reputational risk.

Environmental Risk

Environmental risk is the possibility of loss of strategic, financial, operational or reputational value resulting from the impact of environmental issues or concerns, including climate change, and related social risk within the scope of short-term and long-term cycles.

Management of environmental risk is an enterprise-wide priority. Key environmental risks include: (1) direct risks associated with the ownership and operation of the Bank's business, which include management and operation of company-owned or managed real estate, fleet, business operations, and associated services; (2) indirect risks associated with environmental performance or environmental events, such as changing climate patterns that may impact the Bank's customers and clients to whom TD provides financing or in which TD invests; (3) identification and management of new or emerging environmental regulatory issues; and (4) failure to understand and appropriately leverage environment-related trends to meet customer and consumer demands for products and services.

WHO MANAGES ENVIRONMENTAL RISK

The Executive Vice President and Chief Marketing Officer holds senior executive accountability for environmental management. The Executive Vice President is supported by the Vice President of Global Corporate Citizenship who provides operational oversight, and the Head of Environment who has management responsibility and leads the Corporate Environmental Affairs team. The Corporate Environmental Affairs team is responsible for developing environmental strategy, setting environmental performance standards and targets, and reporting on performance. There is also an enterprise-wide Corporate Citizenship Committee (CCC) composed of senior executives from the Bank's main business segments and corporate functions. The CCC is responsible for approving environmental strategy and performance standards, and communicating these throughout the business. The Bank's business segments are responsible for implementing the environmental strategy and managing associated risks within their units.

HOW TD MANAGES ENVIRONMENTAL RISK

The Bank manages environmental risks within the Environmental Management System (EMS) which consist of two components: an Environmental Policy, and Environmental Procedures and Processes. The Bank's EMS is consistent with the ISO 14001 international standard, which represents industry best practice. The Bank's Environmental Policy reflects the global scope of its environmental activities.

Within the Bank's Environmental Management System, it has identified a number of priority areas and has made voluntary commitments relating to these.

The Bank's environmental metrics, targets, and performance are publicly reported within its annual Corporate Responsibility Report. Performance is reported according to the Global Reporting Initiative (GRI) and is independently assured.

The Bank applies its Environmental and Social Credit Risk Management Procedures to credit and lending in the wholesale and commercial businesses. These procedures include assessment of TD's clients' policies, procedures, and performance on material environmental and related social issues, such as air, land, and water risk, climate risk, biodiversity, stakeholder engagement, and free prior and informed consent (FPIC) of Indigenous peoples. Within Wholesale and Commercial Banking, sector-specific guidelines have been developed for environmentally-sensitive sectors. The Bank has been a signatory to the Equator Principles since 2007 and reports on Equator Principle projects within its annual Corporate Responsibility Report.

The Bank reports on climate-related risk in its Corporate Responsibility Report (CRR). In the 2017 CRR, the Bank provided disclosure on its alignment with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosure (TCFD) which seek to provide a more consistent approach in assessing and reporting climate-related risks and opportunities. The Bank is a member of the United Nations Environment Programme Finance Initiative (UNEP-FI) and is participating in three TCFD pilot studies led by UNEP-FI that seek to develop harmonized industry-wide approaches for climate scenario analysis in bank lending, investments, and insurance portfolios.

TDAM is a signatory to the United Nations Principles for Responsible Investment (UNPRI). Under the UNPRI, investors commit to incorporate environmental, social and governance (ESG) issues into investment analysis and decision-making. TDAM applies its Sustainable Investing Policy across its operations. The Policy provides a high level overview of how TDAM fulfills its commitment to the six guiding principles set out by the UNPRI. In 2015, TD Insurance became a signatory to the United Nations Environment Program Finance Initiative Principles for Sustainable Insurance which provides a global framework for managing environmental, social and governance risks within the insurance industry.

The Bank proactively monitors and assesses policy and legislative developments, and maintains an 'open door' approach with environmental and community organizations, industry associations, and responsible investment organizations.

Additional information on TD's environmental policy, management and performance is included in the Corporate Responsibility Report, which is available on the Bank's website.

TD Ameritrade

HOW RISK IS MANAGED AT TD AMERITRADE

TD Ameritrade's management is primarily responsible for managing risk at TD Ameritrade under the oversight of TD Ameritrade's Board, particularly through the latter's Risk and Audit Committees. TD monitors the risk management process at TD Ameritrade through management governance, protocols and interaction guidelines and also participates in TD Ameritrade's Board.

The terms of the Stockholders Agreement provide for certain information sharing rights in favour of TD to the extent the Bank requires such information from TD Ameritrade to appropriately manage and evaluate its investment and to comply with its legal and regulatory obligations. Accordingly, management processes, protocols and guidelines between the Bank and TD Ameritrade are designed to coordinate necessary intercompany information flow. The Bank has designated the Group Head and Chief Financial Officer to have responsibility for the TD Ameritrade investment. The Group President and Chief Executive Officer and the Group Head and Chief Financial Officer have regular meetings with TD Ameritrade's Chief Executive Officer and Chief Financial Officer. In addition to regular communication at the Chief Executive Officer and Chief Financial Officer level, regular operating reviews with TD Ameritrade permit TD to examine and discuss TD Ameritrade's operating results and key risks. In addition, certain functions including Internal Audit, Treasury, Finance, and Compliance have relationship protocols that allow for access to and the sharing of information on risk and control issues. TD evaluates risk factors, vendor matters, and business issues as part of TD's oversight of its investment in TD Ameritrade. As with other material risk issues, where required, material risk issues associated with TD Ameritrade are reported up to TD's Board or an appropriate Board committee.

As required pursuant to the Federal Reserve Board's "enhanced prudential standards" under Regulation YY, TD's investment in TD Ameritrade is held by TDGUS, the IHC. The activities and interactions described above are inclusive of those that fulfill TDGUS' risk management responsibilities under Regulation YY.

Pursuant to the Stockholders Agreement in relation to the Bank's equity investment in TD Ameritrade, the Bank has the right to designate five of twelve members of TD Ameritrade's Board of Directors. The Bank's designated directors currently include the Bank's Group President and Chief Executive Officer and four independent directors of TD or TD's U.S. subsidiaries. TD Ameritrade's bylaws, which state that the Chief Executive Officer's

appointment requires approval of two-thirds of the Board, ensure the selection of TD Ameritrade's Chief Executive Officer attains the broad support of the TD Ameritrade Board, which currently would require the approval of at least one director designated by TD. The Stockholders Agreement stipulates that the Board committees of TD Ameritrade must include at least two TD designated directors, subject to TD's percentage ownership in TD Ameritrade and certain other exceptions. Currently, the directors the Bank designates serve as members on a number of TD Ameritrade Board committees, including chairing the Audit Committee and the Human Resources and Compensation Committee, as well as serving on the Risk Committee and Corporate Governance Committee.

ACCOUNTING STANDARDS AND POLICIES

Critical Accounting Policies and Estimates

The Bank's accounting policies and estimates are essential to understanding its results of operations and financial condition. A summary of the Bank's significant accounting policies and estimates are presented in the Notes of the 2018 Consolidated Financial Statements. Some of the Bank's policies require subjective, complex judgments and estimates as they relate to matters that are inherently uncertain. Changes in these judgments or estimates and changes to accounting standards and policies could have a materially adverse impact on the Bank's Consolidated Financial Statements. The Bank has established procedures to ensure that accounting policies are applied consistently and that the processes for changing methodologies, determining estimates, and adopting new accounting standards are well-controlled and occur in an appropriate and systematic manner. In addition, the Bank's critical accounting policies are reviewed with the Audit Committee on a periodic basis. Critical accounting policies that require management's judgment and estimates include accounting for impairments of financial assets, the determination of fair value of financial instruments, accounting for derecognition, the valuation of goodwill and other intangibles, accounting for employee benefits, accounting for income taxes, accounting for provisions, accounting for insurance, and the consolidation of structured entities.

ACCOUNTING POLICIES AND ESTIMATES

The Bank's 2018 Consolidated Financial Statements have been prepared in accordance with IFRS. For details of the Bank's accounting policies and significant judgments, estimates, and assumptions under IFRS, refer to Notes 2 and 3 of the Bank's 2018 Consolidated Financial Statements.

ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

The estimates used in the Bank's accounting policies are essential to understanding its results of operations and financial condition. Some of the Bank's policies require subjective, complex judgments and estimates as they relate to matters that are inherently uncertain. Changes in these judgments or estimates and changes to accounting standards and policies could have a materially adverse impact on the Bank's Consolidated Financial Statements. The Bank has established procedures to ensure that accounting policies are applied consistently and that the processes for changing methodologies, determining estimates, and adopting new accounting standards are well-controlled and occur in an appropriate and systematic manner.

CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS

Business Model Assessment

The Bank determines its business models based on the objective under which its portfolios of financial assets are managed. Refer to Note 2 for details on the Bank's business models. In determining its business models, the Bank considers the following:

- Management's intent and strategic objectives and the operation of the stated policies in practice;
- The primary risks that affect the performance of the business model and how these risks are managed;
- How the performance of the portfolio is evaluated and reported to management; and
- The frequency and significance of financial asset sales in prior periods, the reasons for such sales and the expected future sales activities.

Sales in themselves do not determine the business model and are not considered in isolation. Instead, sales provide evidence about how cash flows are realized. A held-to-collect business model will be reassessed by the Bank to determine whether any sales are consistent with an objective of collecting contractual cash flows if the sales are more than insignificant in value or infrequent.

Solely Payments of Principal and Interest Test

In assessing whether contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that they would not be consistent with a basic lending arrangement. In making the assessment, the Bank considers the primary terms as follows and assess if the contractual cash flows of the instruments continue to meet the SPPI test:

- Performance-linked features;
- Terms that limit the Bank's claim to cash flows from specified assets (non-recourse terms);
- Prepayment and extension terms;
- Leverage features; and
- Features that modify elements of the time value of money.

IMPAIRMENT OF FINANCIAL ASSETS

Significant Increase in Credit Risk

For retail exposures, criteria for assessing significant increase in credit risk are defined at the appropriate product or portfolio level and vary based on the exposure's credit risk at origination. The criteria include relative changes in PD, absolute PD backstop, and delinquency backstop when contractual payments are more than 30 days past due. Credit risk has increased significantly since initial recognition when one of the criteria is met.

For non-retail exposures, BRR is determined on an individual borrower basis using industry and sector-specific credit risk models that are based on historical data. Current and forward-looking information that is specific to the borrower, industry, and sector is considered based on expert credit judgment. Criteria for assessing significant increase in credit risk are defined at the appropriate segmentation level and vary based on the BRR of the exposure at origination. Criteria include relative changes in BRR, absolute BRR backstop, and delinquency backstop when contractual payments are more than 30 days past due. Credit risk has increased significantly since initial recognition when one of the criteria is met.

Measurement of Expected Credit Loss

For retail exposures, ECLs are calculated as the product of PD, loss given default (LGD), and exposure at default (EAD) at each time step over the remaining expected life of the financial asset and discounted to the reporting date at the effective interest rate. PD estimates represent the point-in-time PD, updated quarterly based on the Bank's historical experience, current conditions, and relevant forward-looking expectations over the expected life of the exposure to determine the lifetime PD curve. LGD estimates are determined based on historical charge-off events and recovery payments, current information about attributes specific to the borrower, and direct costs. Expected cash flows from collateral, guarantees, and other credit enhancements are incorporated in LGD if integral to the contractual terms. Relevant macroeconomic variables are incorporated in determining expected LGD. EAD represents the expected balance at default across the remaining expected life of the exposure. EAD incorporates forward-looking expectations about repayments of drawn balances and expectations about future draws where applicable.

For non-retail exposures, ECLs are calculated based on the present value of cash shortfalls determined as the difference between contractual cash flows and expected cash flows over the remaining expected life of the financial instrument. Lifetime PD is determined by mapping the exposure's BRR to point-in-time PD over the expected life. LGD estimates are determined by mapping the exposure's facility risk rating (FRR) to expected LGD which takes into account facility-specific characteristics such as collateral, seniority ranking of debt, and loan structure. Relevant macroeconomic variables are incorporated in determining expected PD and LGD. Expected cash flows are determined by applying the expected LGD to the contractual cash flows to calculate cash shortfalls over the expected life of the exposure.

Forward-Looking Information

In calculating the ECL, the Bank employs internally developed models that utilize parameters for PD, LGD, and EAD. Forward-looking macroeconomic factors including at the regional level are incorporated in the risk parameters as relevant. Additional risk factors that are industry or segment specific are also incorporated, where relevant. Three forward-looking macroeconomic forecasts are generated by TD Economics as part of the ECL process: A base forecast, an upside forecast, and a downside forecast. The base forecast is updated quarterly. Upside and downside forecasts are generated quarterly using realistically possible outcomes that are statistically derived relative to the base forecast based on historical distribution. TD Economics will apply judgment to recommend probability weights to each forecast on a quarterly basis. The proposed macroeconomic forecasts and probability weightings are subject to robust management review and challenge process by a cross-functional committee that includes representation from TD Economics, Risk, Finance, and Business. ECLs calculated under each of the three forecasts are applied against the respective probability weightings to determine the probability-weighted ECLs. Refer to Note 8 of the Consolidated Financial Statements for further details on the macroeconomic variables and ECL sensitivity.

Expert Credit Judgment

ECLs are recognized on initial recognition of the financial assets. Allowance for credit losses represents management's best estimate of risk of default and ECLs on the financial assets, including any off-balance sheet exposures, at the balance sheet date. Management exercises expert credit judgment in assessing if an exposure has experienced significant increase in credit risk since initial recognition and in determining the amount of ECLs at each reporting date by considering reasonable and supportable information that is not already included in the quantitative models.

Management's judgment is used to determine the point within the range that is the best estimate for the qualitative component contributing to ECLs, based on an assessment of business and economic conditions, historical loss experience, loan portfolio composition, and other relevant indicators and forward-looking information that are not fully incorporated into the model calculation. Changes in these assumptions would have a direct impact on the provision for credit losses and may result in a change in the allowance for credit losses.

FAIR VALUE MEASUREMENTS

The fair value of financial instruments traded in active markets at the balance sheet date is based on their quoted market prices. For all other financial instruments not traded in an active market, fair value may be based on other observable current market transactions involving the same or similar instrument, without modification or repackaging, or is based on a valuation technique which maximizes the use of observable market inputs. Observable market inputs may include interest rate yield curves, foreign exchange rates, and option volatilities. Valuation techniques include comparisons with similar instruments where observable market prices exist, discounted cash flow analysis, option pricing models, and other valuation techniques commonly used by market participants.

For certain complex or illiquid financial instruments, fair value is determined using valuation techniques in which current market transactions or observable market inputs are not available. Determining which valuation technique to apply requires judgment. The valuation techniques themselves also involve some level of estimation and judgment. The judgments include liquidity considerations and model inputs such as volatilities, correlations, spreads, discount rates, pre-payment rates, and prices of underlying instruments. Any imprecision in these estimates can affect the resulting fair value.

Judgment is also used in recording fair value adjustments to model valuations to account for measurement uncertainty when valuing complex and less actively traded financial instruments. If the market for a complex financial instrument develops, the pricing for this instrument may become more transparent, resulting in refinement of valuation models. For example, the future decommissioning of Interbank Offered Rates (IBOR) may also have an impact on the fair value of products that reference or use valuation models with IBOR inputs.

An analysis of fair value of financial instruments and further details as to how they are measured are provided in Note 5 of the Bank's 2018 Consolidated Financial Statements.

DERECOGNITION

Certain assets transferred may qualify for derecognition from the Bank's Consolidated Balance Sheet. To qualify for derecognition certain key determinations must be made. A decision must be made as to whether the rights to receive cash flows from the financial assets have been retained or transferred and the extent to which the risks and rewards of ownership of the financial asset have been retained or transferred. If the Bank neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, a decision must be made as to whether the Bank has retained control of the financial asset. Upon derecognition, the Bank will record a gain or loss on sale of those assets which is calculated as the difference between the carrying amount of the asset transferred and the sum of any cash proceeds received, including any financial asset received or financial liability assumed, and any cumulative gain or loss allocated to the transferred asset that had been recognized in accumulated other comprehensive income. In determining the fair value of any financial asset received, the Bank estimates future cash flows by relying on estimates of the amount of interest that will be collected on the securitized assets, the yield to be paid to investors, the portion of the securitized assets that will be prepaid before their scheduled maturity, expected credit losses, the cost of servicing the assets, and the rate at which to discount these expected future cash flows. Actual cash flows may differ significantly from those estimated by the Bank. Retained interests are classified as trading securities and are initially recognized at relative fair value on the Bank's Consolidated Balance Sheet. Subsequently, the fair value of retained interests recognized by the Bank is determined by estimating the present value of future expected cash flows. Differences between the actual cash flows and the Bank's estimate of

future cash flows are recognized in trading income. These assumptions are subject to periodic review and may change due to significant changes in the economic environment.

GOODWILL AND OTHER INTANGIBLES

The recoverable amount of the Bank's cash-generating units (CGU) is determined from internally developed valuation models that consider various factors and assumptions such as forecasted earnings, growth rates, price-earnings multiples, discount rates, and terminal multiples. Management is required to use judgment in estimating the recoverable amount of CGUs, and the use of different assumptions and estimates in the calculations could influence the determination of the existence of impairment and the valuation of goodwill. Management believes that the assumptions and estimates used are reasonable and supportable. Where possible, fair values generated internally are compared to relevant market information. The carrying amounts of the Bank's CGUs are determined by management using risk based capital models to adjust net assets and liabilities by CGU. These models consider various factors including market risk, credit risk, and operational risk, including investment capital (comprised of goodwill and other intangibles). Any capital not directly attributable to the CGUs is held within the Corporate segment. The Bank's capital oversight committees provide oversight to the Bank's capital allocation methodologies.

EMPLOYEE BENEFITS

The projected benefit obligation and expense related to the Bank's pension and non-pension post-retirement benefit plans are determined using multiple assumptions that may significantly influence the value of these amounts. Actuarial assumptions including discount rates, compensation increases, health care cost trend rates, and mortality rates are management's best estimates and are reviewed annually with the Bank's actuaries. The Bank develops each assumption using relevant historical experience of the Bank in conjunction with market-related data and considers if the market-related data indicates there is any prolonged or significant impact on the assumptions. The discount rate used to value liabilities is determined by reference to market yields on high quality corporate bonds with terms matching the plans' specific cash flows. The other assumptions are also long-term estimates. All assumptions are subject to a degree of uncertainty. Differences between actual experiences and the assumptions, as well as changes in the assumptions resulting from changes in future expectations, result in actuarial gains and losses which are recognized in other comprehensive income during the year and also impact expenses in future periods.

INCOME TAXES

The Bank is subject to taxation in numerous jurisdictions. There are many transactions and calculations in the ordinary course of business for which the ultimate tax determination is uncertain. The Bank maintains provisions for uncertain tax positions that it believes appropriately reflect the risk of tax positions under discussion, audit, dispute, or appeal with tax authorities, or which are otherwise considered to involve uncertainty. These provisions are made using the Bank's best estimate of the amount expected to be paid based on an assessment of all relevant factors, which are reviewed at the end of each reporting period. However, it is possible that at some future date, an additional liability could result from audits by the relevant taxing authorities.

Deferred tax assets are recognized only when it is probable that sufficient taxable profit will be available in future periods against which deductible temporary differences may be utilized. The amount of the deferred tax asset recognized and considered realizable could, however, be reduced if projected income is not achieved due to various factors, such as unfavourable business conditions. If projected income is not expected to be achieved, the Bank would decrease its deferred tax assets to the amount that it believes can be realized. The magnitude of the decrease is significantly influenced by the Bank's forecast of future profit generation, which determines the extent to which it will be able to utilize the deferred tax assets.

PROVISIONS

Provisions arise when there is some uncertainty in the timing or amount of a loss in the future. Provisions are based on the Bank's best estimate of all expenditures required to settle its present obligations, considering all relevant risks and uncertainties, as well as, when material, the effect of the time value of money.

Many of the Bank's provisions relate to various legal actions that the Bank is involved in during the ordinary course of business. Legal provisions require the involvement of both the Bank's management and legal counsel when assessing the probability of a loss and estimating any monetary impact. Throughout the life of a provision, the Bank's management or legal counsel may learn of additional information that may impact its assessments about the probability of loss or about the estimates of amounts involved. Changes in these assessments may lead to changes in the amount recorded for provisions. In addition, the actual costs of resolving these claims may be substantially higher or lower than the amounts recognized. The Bank reviews its legal provisions on a case-by-case basis after considering, among other factors, the progress of each case, the Bank's experience, the experience of others in similar cases, and the opinions and views of legal counsel.

Certain of the Bank's provisions relate to restructuring initiatives initiated by the Bank. Restructuring provisions require management's best estimate, including forecasts of economic conditions. Throughout the life of a provision, the Bank may become aware of additional information that may impact the assessment of amounts to be incurred. Changes in these assessments may lead to changes in the amount recorded for provisions.

INSURANCE

The assumptions used in establishing the Bank's insurance claims and policy benefit liabilities are based on best estimates of possible outcomes.

For property and casualty insurance, the ultimate cost of claims liabilities is estimated using a range of standard actuarial claims projection techniques in accordance with Canadian accepted actuarial practices. Additional qualitative judgment is used to assess the extent to which past trends may or may not apply in the future, in order to arrive at the estimated ultimate claims cost that present the most likely outcome taking account of all the uncertainties involved.

For life and health insurance, actuarial liabilities consider all future policy cash flows, including premiums, claims, and expenses required to administer the policies. Critical assumptions used in the measurement of life and health insurance contract liabilities are determined by the appointed actuary.

Further information on insurance risk assumptions is provided in Note 22.

CONSOLIDATION OF STRUCTURED ENTITIES

Management judgment is required when assessing whether the Bank should consolidate an entity. For instance, it may not be feasible to determine if the Bank controls an entity solely through an assessment of voting rights for certain structured entities. In this case, judgment is required to establish whether the Bank has decision-making power over the key relevant activities of the entity and whether the Bank has the ability to use that power to absorb significant variable returns from the entity. If it is determined that the Bank has both decision-making power and significant variable returns from the entity, judgment is also used to determine whether any such power is exercised by the Bank as principal, on its own behalf, or as agent, on behalf of another counterparty.

Assessing whether the Bank has decision-making power includes understanding the purpose and design of the entity in order to determine its key economic activities. In this context, an entity's key economic activities are those which predominantly impact the economic performance of the entity. When the Bank has the current ability to direct the entity's key economic activities, it is considered to have decision-making power over the entity.

The Bank also evaluates its exposure to the variable returns of a structured entity in order to determine if it absorbs a significant proportion of the variable returns the entity is designed to create. As part of this evaluation, the Bank considers the purpose and design of the entity in order to determine whether it absorbs variable returns from the structured entity through its contractual holdings, which may take the form of securities issued by the entity, derivatives with the entity, or other arrangements such as guarantees, liquidity facilities, or lending commitments.

If the Bank has decision-making power over the entity and absorbs significant variable returns from the entity, it then determines if it is acting as principal or agent when exercising its decision-making power. Key factors considered include the scope of its decision-making powers; the rights of other parties involved with the entity, including any rights to remove the Bank as decision-maker or rights to participate in key decisions; whether the rights of other parties are exercisable in practice; and the variable returns absorbed by the Bank and by other parties involved with the entity. When assessing consolidation, a presumption exists that the Bank exercises decision-making power as principal if it is also exposed to significant variable returns, unless an analysis of the factors above indicates otherwise.

The decisions above are made with reference to the specific facts and circumstances relevant for the structured entity and related transaction(s) under consideration.

IMPAIRMENT OF FINANCIAL ASSETS PRIOR TO NOVEMBER 1, 2017 UNDER IAS 39

The following is applicable to periods prior to November 1, 2017 for financial instruments accounted for under IAS 39.

Available-for-Sale Securities

Impairment losses were recognized on available-for-sale securities if there was objective evidence of impairment as a result of one or more events that occurred after initial recognition and the loss event(s) resulted in a decrease in the estimated cash flows of the instrument. The Bank individually reviewed these securities at least quarterly for the presence of these conditions. For available-for-sale equity securities, a significant or prolonged decline in fair value below cost was considered objective evidence of impairment. For available-for-sale debt securities, a deterioration of credit quality was considered objective evidence of impairment. Other factors considered in the impairment assessment included financial position and key financial indicators of the issuer of the instrument, significant past and continued losses of the issuer, as well as breaches of contract, including default or delinquency in interest payments and loan covenant violations.

Held-to-Maturity Securities

Impairment losses were recognized on held-to-maturity securities if there was objective evidence of impairment as a result of one or more events that occurred after initial recognition and the loss event(s) resulted in a decrease in the estimated cash flows of the instrument. The Bank reviewed these securities at least quarterly for impairment at the counterparty-specific level. If there was no objective evidence of impairment at the counterparty-specific level then the security was grouped with other held-to-maturity securities with similar credit risk characteristics and collectively assessed for impairment, which considered losses incurred but not identified. A deterioration of credit quality was considered objective evidence of impairment. Other factors considered in the impairment assessment included the financial position and key financial indicators of the issuer, significant past and continued losses of the issuer, as well as breaches of contract, including default or delinquency in interest payments and loan covenant violations.

Loans

A loan, including a debt security classified as a loan, was considered impaired when there was objective evidence that there had been a deterioration of credit quality subsequent to the initial recognition of the loan to the extent the Bank no longer had reasonable assurance as to the timely collection of the full amount of principal and interest. The Bank assessed loans for objective evidence of impairment individually for loans that were individually significant, and collectively for loans that were not individually significant. The allowance for credit losses represented management's best estimate of impairment incurred in the lending portfolios, including any off-balance sheet exposures, at the balance sheet date. Management exercised judgment as to the timing of designating a loan as impaired, the amount of the allowance required, and the amount that would be recovered once the borrower defaulted. Changes in the amount that management expected to recover would have a direct impact on the provision for credit losses and may have resulted in a change in the allowance for credit losses.

If there was no objective evidence of impairment for an individual loan, whether significant or not, the loan was included in a group of assets with similar credit risk characteristics and collectively assessed for impairment for losses incurred but not identified. In calculating the probable range of allowance for incurred but not identified credit losses, the Bank employed internally developed models that utilized parameters for PD, LGD, and EAD. Management's judgment was used to determine the point within the range that was the best estimate of losses, based on an assessment of business and economic conditions, historical loss experience, loan portfolio composition, and other relevant indicators that were not fully incorporated into the model calculation. Changes in these assumptions would have a direct impact on the provision for credit losses and may have resulted in a change in the incurred but not identified allowance for credit losses.

ACCOUNTING STANDARDS AND POLICIES

Current and Future Changes in Accounting Policies

CURRENT CHANGES IN ACCOUNTING POLICIES

The following new standard has been adopted by the Bank on November 1, 2017.

IFRS 9 FINANCIAL INSTRUMENTS

On November 1, 2017, the Bank adopted IFRS 9, *Financial Instruments* (IFRS 9), which replaces the guidance in IAS 39, *Financial Instruments: Recognition and Measurement* (IAS 39). IFRS 9 includes requirements on: (1) Classification and measurement of financial assets and liabilities; (2) Impairment of financial assets; and (3) General hedge accounting. Accounting for macro hedging has been decoupled from IFRS 9. The Bank has an accounting policy choice to apply the hedge accounting requirements of IFRS 9 or IAS 39. The Bank has made the decision to continue applying the IAS 39 hedge accounting requirements at this time and will comply with the revised annual hedge accounting disclosures as required by the related amendments to IFRS 7, *Financial Instruments: Disclosures* (IFRS 7).

IFRS 9 is effective for annual periods beginning on or after January 1, 2018. In January 2015, OSFI issued the final version of the Advisory titled "Early adoption of IFRS 9 *Financial Instruments* for Domestic Systemically Important Banks" which mandated that all D-SIBs, including the Bank, were required to early adopt IFRS 9 for the annual period beginning on November 1, 2017. As such, on November 1, 2017, the Bank adopted IFRS 9 retrospectively. IFRS 9 does not require restatement of comparative period financial statements except in limited circumstances related to aspects of hedge accounting. Entities are permitted to restate

comparatives as long as hindsight is not applied. However, the Bank made the decision not to restate comparative period financial information and has recognized any measurement differences between the previous carrying amounts and the new carrying amounts on November 1, 2017, through an adjustment to opening retained earnings or accumulated other comprehensive income (AOCI), as applicable.

Amendments were also made to IFRS 7 introducing expanded qualitative and quantitative disclosures related to IFRS 9, which the Bank has also adopted for the annual period beginning November 1, 2017. Refer to Note 2, 3, and 4 of the 2018 Consolidated Financial Statements for further details.

FUTURE CHANGES IN ACCOUNTING POLICIES

The following standards have been issued, but are not yet effective on the date of issuance of the Bank's Consolidated Financial Statements. The Bank is currently assessing the impact of the application of these standards on the Consolidated Financial Statements and will adopt these standards when they become effective.

Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers* (IFRS 15), which establishes the principles for recognizing revenue and cash flows arising from contracts with customers and prescribes the application of a five-step recognition and measurement model. The standard excludes from its scope revenue arising from items such as financial instruments, insurance contracts, and leases. In July 2015, the IASB confirmed a one-year deferral of the effective date to annual periods beginning on or after January 1, 2018, which will be November 1, 2018 for the Bank. In April 2016, the IASB issued amendments to IFRS 15, which provided additional guidance on the identification of performance obligations, on assessing principal versus agent considerations and on licensing revenue. The amendments also provided additional transitional relief upon initial adoption of IFRS 15 and have the same effective date as the IFRS 15 standard. The Bank is required to adopt the standard for the annual period beginning on November 1, 2018. The standard is to be applied on a modified retrospective basis, recognizing the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings without restating comparative period financial information.

As at October 31, 2018, the Bank's current estimate of the adoption impact of IFRS 15, subject to refinement, is an overall reduction to Shareholder's Equity of approximately $41 million related to certain expenses not eligible for deferral under IFRS 15. The presentation of certain revenue and expense items will also be reclassified prospectively. These presentation changes are not significant and do not have an impact on net income.

Leases

In January 2016, the IASB issued IFRS 16, Leases (IFRS 16), which will replace IAS 17, Leases (IAS 17), introducing a single lessee accounting model for all leases by eliminating the distinction between operating and financing leases. IFRS 16 requires lessees to recognize right-of-use assets and lease liabilities for most leases on the balance sheet. Lessees will also recognize depreciation expense on the right-of-use asset, interest expense on the lease liability, and a shift in the timing of expense recognition in the statement of income. Short-term leases, which are defined as those that have a lease term of twelve months or less; and leases of low-value assets are exempt. Lessor accounting remains substantially unchanged. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, which will be November 1, 2019 for the Bank, and is to be applied retrospectively. The Bank is continuing to assess the impact of the new standard on its portfolio of leases, including the impact upon its existing systems and internal controls.

Share-based Payment

In June 2016, the IASB published amendments to IFRS 2, *Share-based Payment* (IFRS 2), which provide additional guidance on the classification and measurement of share-based payment transactions. The amendments clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features for withholding tax obligations, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendments to IFRS 2 are effective for annual periods beginning on or after January 1, 2018, which is November 1, 2018 for the Bank. These amendments will be applied prospectively and will not have a significant impact on the Bank.

Insurance Contracts

In May 2017, the IASB issued IFRS 17, *Insurance Contracts* (IFRS 17), which replaces the guidance in IFRS 4, Insurance Contracts and establishes a new model for recognizing insurance policy obligations, premium revenue, and claims-related expenses. IFRS 17 is currently effective for the Bank's annual reporting period beginning November 1, 2021; however, based on recent IASB meetings, an upcoming amendment to IFRS 17 and a deferral of the transition date by one year is anticipated. Any change to the Bank's transition date is subject to updates of OSFI's related Advisory. The Bank is currently assessing the impact of adopting this standard.

Conceptual Framework for Financial Reporting

In March 2018, the IASB issued the revised Conceptual Framework for Financial Reporting (Revised Conceptual Framework), which provides a set of concepts to assist the IASB in developing standards and to help preparers consistently apply accounting policies where specific accounting standards do not exist. The framework is not an accounting standard and does not override the requirements that exist in other IFRS standards. The Revised Conceptual Framework describes that financial information must be relevant and faithfully represented to be useful, provides revised definitions and recognition criteria for assets and liabilities, and confirms that different measurement bases are useful and permitted. The Revised Conceptual Framework is effective for annual periods beginning on or after January 1, 2020, which will be November 1, 2020 for the Bank, with early adoption permitted. The Bank is currently assessing the impact of adopting the revised framework.

Controls and Procedures

DISCLOSURE CONTROLS AND PROCEDURES

An evaluation was performed under the supervision and with the participation of the Bank's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Bank's disclosure controls and procedures, as defined in the rules of the SEC and Canadian Securities Administrators, as of October 31, 2018. Based on that evaluation, the Bank's management, including the Chief Executive Officer and Chief Financial Officer, concluded that the Bank's disclosure controls and procedures were effective as of October 31, 2018.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Bank's management is responsible for establishing and maintaining adequate internal control over financial reporting for the Bank. The Bank's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records, that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Bank are being made only in accordance with authorizations of the Bank's management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

The Bank's management has used the criteria established in the 2013 Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission to assess, with the participation of the Chief Executive Officer and Chief Financial Officer, the effectiveness of the Bank's internal control over financial reporting. Based on this assessment, management has concluded that as at October 31, 2018, the Bank's internal control over financial reporting was effective based on the applicable criteria. The effectiveness of the Bank's internal control over financial reporting has been audited by the independent auditors, Ernst & Young LLP, a registered public accounting firm that has also audited the Consolidated Financial Statements of the Bank as of, and for the year ended October 31, 2018. Their Report on Internal Controls under Standards of the Public Company Accounting Oversight Board (United States), included in the Consolidated Financial Statements, expresses an unqualified opinion on the effectiveness of the Bank's internal control over financial reporting as of October 31, 2018.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

During the year and quarter ended October 31, 2018, there have been no changes in the Bank's policies and procedures and other processes that comprise its internal control over financial reporting, that have materially affected, or are reasonably likely to materially affect, the Bank's internal control over financial reporting. The Bank adopted IFRS 9 effective November 1, 2017 and has updated and modified certain internal controls over financial reporting as a result of the new accounting standard. Refer to Notes 2, 3, and 4 of the 2018 Consolidated Financial Statements for further information regarding the Bank's changes to accounting policies, procedures, and estimates.

Additional Financial Information

Unless otherwise indicated, all amounts are expressed in Canadian dollars and have been primarily derived from the Bank's annual Consolidated Financial Statements, prepared in accordance with IFRS as issued by the IASB.

TABLE 60: INVESTMENT PORTFOLIO – Securities Maturity Schedule[1,2]

(millions of Canadian dollars)

	Remaining terms to maturities[3]									As at
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years	With no specific maturity	Total October 31 2018		Total October 31 2017	Total October 31 2016
Securities at fair value through other comprehensive income (available-for-sale securities under IAS 39)										
Government and government-related securities										
Canadian government debt										
Federal										
Fair value	$ 3,504	$ 5,614	$ 2,875	$ 290	$ 448	$ –	$ 12,731	$	16,225	$ 14,717
Amortized cost	3,500	5,596	2,869	291	484	–	12,740		16,200	14,671
Yield	2.03 %	2.07 %	2.19 %	2.40 %	2.69 %	– %	2.12 %		1.91 %	1.79 %
Provinces										
Fair value	676	1,561	2,376	4,691	203	–	9,507		7,922	7,851
Amortized cost	676	1,553	2,357	4,653	204	–	9,443		7,859	7,871
Yield	3.00 %	2.50 %	2.90 %	3.45 %	2.97 %	– %	3.12 %		2.71 %	2.73 %
U.S. federal government debt										
Fair value	2,290	13,188	8,890	2,692	–	–	27,060		27,258	23,892
Amortized cost	2,287	13,115	8,840	2,656	–	–	26,898		27,087	23,929
Yield	0.96 %	1.46 %	1.85 %	1.74 %	– %	– %	1.58 %		1.58 %	1.57 %
U.S. states, municipalities, and agencies										
Fair value	1,116	4,089	1,748	1,613	10,140	–	18,706		21,022	10,581
Amortized cost	1,116	4,022	1,734	1,638	10,449	–	18,959		20,995	10,448
Yield	1.82 %	2.41 %	1.95 %	2.43 %	2.60 %	– %	2.44 %		2.17 %	1.78 %
Other OECD government-guaranteed debt										
Fair value	6,991	6,138	6,643	324	–	–	20,096		21,122	15,509
Amortized cost	6,987	6,107	6,617	323	–	–	20,034		21,067	15,574
Yield	0.63 %	1.76 %	2.22 %	2.50 %	– %	– %	1.53 %		1.35 %	1.48 %
Canadian mortgage-backed securities										
Fair value	454	2,696	3,483	–	–	–	6,633		8,812	4,949
Amortized cost	454	2,664	3,457	–	–	–	6,575		8,757	4,916
Yield	2.30 %	1.53 %	1.70 %	– %	– %	– %	1.67 %		1.72 %	1.72 %
Other debt securities										
Asset-backed securities										
Fair value	–	3,740	9,213	2,981	6,035	–	21,969		29,981	18,593
Amortized cost	–	3,739	9,183	2,966	6,013	–	21,901		29,879	18,665
Yield	– %	1.84 %	2.12 %	2.44 %	3.07 %	– %	2.37 %		1.85 %	1.49 %
Non-agency CMO										
Fair value	–	–	–	–	472	–	472		1,715	625
Amortized cost	–	–	–	–	471	–	471		1,706	624
Yield	– %	– %	– %	– %	3.06 %	– %	3.06 %		2.51 %	1.63 %
Corporate and other debt										
Fair value	1,307	3,522	1,858	1,796	24	–	8,507		9,790	8,286
Amortized cost	1,307	3,518	1,879	1,800	30	–	8,534		9,753	8,229
Yield	2.20 %	2.88 %	3.57 %	2.39 %	1.94 %	– %	2.82 %		2.48 %	2.80 %
Equity securities										
Common shares										
Fair value	–	–	–	–	–	1,804	1,804		1,922	2,054
Amortized cost	–	–	–	–	–	1,725	1,725		1,821	1,934
Yield	– %	– %	– %	– %	– %	3.43 %	3.43 %		2.88 %	1.94 %
Preferred shares										
Fair value	–	–	–	–	–	370	370		365	186
Amortized cost	–	–	–	–	–	376	376		313	168
Yield	– %	– %	– %	– %	– %	4.17 %	4.17 %		4.44 %	4.37 %
Debt securities reclassified from trading										
Fair value	n/a	n/a	n/a	n/a	n/a	n/a	n/a		277	328
Amortized cost	n/a	n/a	n/a	n/a	n/a	n/a	n/a		250	301
Yield	n/a %	n/a %	n/a %	n/a %	n/a %	n/a %	n/a %		5.51 %	6.01 %
Total securities at fair value through other comprehensive income (available-for-sale securities under IAS 39)										
Fair value	$ 16,338	$ 40,548	$ 37,086	$ 14,387	$ 17,322	$ 2,174	$ 127,855	$	146,411	$ 107,571
Amortized cost	16,327	40,314	36,936	14,327	17,651	2,101	127,656		145,687	107,330
Yield	1.33 %	1.89 %	2.16 %	2.63 %	2.77 %	3.56 %	2.13 %		1.88 %	1.78 %

1 Yields represent the weighted-average yield of each security owned at the end of the period. The effective yield includes the contractual interest or stated dividend rate and is adjusted for the amortization of premiums and discounts; the effect of related hedging activities is excluded.

2 As at October 31, 2018, includes securities issued by Government of Japan of $9.5 billion (as at October 31, 2017, includes securities issued by Government of Japan of $8.9 billion), where the book value was greater than 10% of the shareholders' equity.

3 Represents contractual maturities. Actual maturities may differ due to prepayment privileges in the applicable contract.

TABLE 60: INVESTMENT PORTFOLIO – Securities Maturity Schedule (continued)[1,2,3]

(millions of Canadian dollars)

	Remaining terms to maturities[4]						As at		
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years	With no specific maturity	Total October 31 2018	October 31 2017	Total October 31 2016
Debt securities at amortized cost (held-to-maturity securities under IAS 39)									
Government and government-related securities									
Canadian government debt									
Federal									
Fair value	$ 1,363	$ 399	$ 1,136	$ 328	$ 1,688	$ –	$ 4,914	$ 661	$ 812
Amortized cost	1,364	396	1,136	317	1,709	–	4,922	661	802
Yield	0.30 %	1.80 %	2.28 %	2.18 %	3.10 %	– %	1.97 %	1.87 %	1.84 %
Provinces									
Fair value	10	–	176	597	–	–	783	n/a	$ n/a
Amortized cost	10	–	176	596	–	–	782	n/a	n/a
Yield	4.65 %	– %	2.22 %	3.29 %	– %	– %	3.07 %	n/a %	n/a %
U.S. federal government and agencies debt									
Fair value	–	49	38	24	–	–	111	–	–
Amortized cost	–	50	39	25	–	–	114	–	–
Yield	– %	0.03 %	0.03 %	0.03 %	– %	– %	0.03 %	– %	– %
U.S. states, municipalities, and agencies									
Fair value	1,597	4,704	5,912	10,807	5,352	–	28,372	22,417	22,119
Amortized cost	1,606	4,787	6,172	11,028	5,441	–	29,034	22,531	21,845
Yield	1.96 %	2.19 %	2.09 %	2.78 %	2.66 %	– %	2.47 %	2.15 %	2.03 %
Other OECD government-guaranteed debt									
Fair value	8,985	7,571	7,531	1,681	–	–	25,768	22,629	28,923
Amortized cost	8,960	7,529	7,519	1,675	–	–	25,683	22,431	28,643
Yield	0.47 %	0.52 %	1.22 %	0.66 %	– %	– %	0.72 %	0.43 %	0.29 %
Other debt securities									
Asset-backed securities									
Fair value	332	3,788	5,738	5,105	8,765	–	23,728	n/a	n/a
Amortized cost	332	3,787	5,738	5,096	8,756	–	23,709	n/a	n/a
Yield	1.91 %	2.53 %	2.79 %	3.13 %	3.05 %	– %	2.91 %	n/a	n/a %
Non-agency CMO									
Fair value	–	–	–	–	15,525	–	15,525	n/a	n/a
Amortized cost	–	–	–	–	15,867	–	15,867	n/a	n/a
Yield	– %	– %	– %	– %	2.85 %	– %	2.85 %	n/a	n/a %
Other issuers									
Fair value	1,847	2,397	2,403	414	3	–	7,064	n/a	n/a
Amortized cost	1,849	2,391	2,403	414	3	–	7,060	n/a	n/a
Yield	1.79 %	1.06 %	0.95 %	0.33 %	5.23 %	– %	1.17 %	n/a %	n/a %
Total debt securities at amortized cost (held-to-maturity securities under IAS 39)									
Fair value	$ 14,134	$ 18,908	$ 22,934	$ 18,956	$ 31,333	$ –	$ 106,265	$ 71,426	$ 84,987
Amortized cost	14,121	18,940	23,183	19,151	31,776	–	107,171	71,363	84,395
Yield	0.83 %	1.44 %	1.87 %	2.63 %	2.89 %	– %	2.09 %	1.59 %	1.35 %

1 Certain comparative amounts have been reclassified to conform with the presentation adopted in the current period.

2 Yields represent the weighted-average yield of each security owned at the end of the period. The effective yield includes the contractual interest or stated dividend rate and is adjusted for the amortization of premiums and discounts; the effect of related hedging activities is excluded.

3 As at October 31, 2018, includes securities issued by Government of Japan of $9.5 billion (as at October 31, 2017, includes securities issued by Government of Japan of $8.9 billion), where the book value was greater than 10% of the shareholders' equity.

4 Represents contractual maturities. Actual maturities may differ due to prepayment privileges in the applicable contract.

TABLE 61: LOAN PORTFOLIO – Maturity Schedule

(millions of Canadian dollars)

As at

	Remaining term-to-maturity							
	Under 1 year	**1 to 5 years**	**Over 5 years**	**Total**				Total
				October 31 2018	October 31 2017	October 31 2016	October 31 2015	October 31 2014
Canada								
Residential mortgages	**$ 32,310**	**$ 156,837**	**$ 4,682**	**$ 193,829**	$ 190,325	$ 189,299	$ 185,009	$ 175,125
Consumer instalment and other personal								
HELOC	**46,417**	**39,709**	**33**	**86,159**	74,937	65,068	61,317	59,568
Indirect Auto	**583**	**12,188**	**11,445**	**24,216**	22,282	20,577	19,038	16,475
Other	**16,740**	**1,034**	**800**	**18,574**	17,355	16,456	16,075	16,116
Credit card	**18,046**	**–**	**–**	**18,046**	18,028	18,226	17,941	17,927
Total personal	**114,096**	**209,768**	**16,960**	**340,824**	322,927	309,626	299,380	285,211
Real estate								
Residential	**6,539**	**8,016**	**3,809**	**18,364**	17,981	16,001	14,862	14,604
Non-residential	**8,148**	**3,418**	**2,069**	**13,635**	12,832	12,780	11,330	9,768
Total real estate	**14,687**	**11,434**	**5,878**	**31,999**	30,813	28,781	26,192	24,372
Total business and government (including real estate)	**71,060**	**30,922**	**9,163**	**111,145**	97,033	91,054	84,155	71,814
Total loans – Canada	**185,156**	**240,690**	**26,123**	**451,969**	419,960	400,680	383,535	357,025
United States								
Residential mortgages	**668**	**73**	**30,387**	**31,128**	31,460	27,662	26,922	23,335
Consumer instalment and other personal								
HELOC	**10,453**	**80**	**1,801**	**12,334**	12,434	13,208	13,334	11,665
Indirect Auto	**303**	**17,762**	**11,805**	**29,870**	29,182	28,370	24,862	18,782
Other	**314**	**220**	**340**	**874**	846	745	693	615
Credit card	**16,964**	**–**	**–**	**16,964**	14,972	13,680	12,274	7,637
Total personal	**28,702**	**18,135**	**44,333**	**91,170**	88,894	83,665	78,085	62,034
Real estate								
Residential	**1,616**	**3,219**	**3,215**	**8,050**	7,316	6,852	5,691	4,294
Non-residential	**2,320**	**11,050**	**9,056**	**22,426**	22,163	21,675	18,317	14,037
Total real estate	**3,936**	**14,269**	**12,271**	**30,476**	29,479	28,527	24,008	18,331
Total business and government (including real estate)	**21,812**	**54,449**	**47,829**	**124,090**	119,350	116,713	97,217	69,417
Total loans – United States	**50,514**	**72,584**	**92,162**	**215,260**	208,244	200,378	175,302	131,451
Other International								
Personal	**14**	**–**	**–**	**14**	14	16	5	9
Business and government	**1,523**	**685**	**50**	**2,258**	1,579	1,513	1,978	2,124
Total loans – Other international	**1,537**	**685**	**50**	**2,272**	1,593	1,529	1,983	2,133
Other loans								
Debt securities classified as loans	**n/a**	**n/a**	**n/a**	**n/a**	3,209	1,674	2,187	2,695
Acquired credit-impaired loans	**320**	**–**	**133**	**453**	665	974	1,414	1,713
Total other loans	**320**	**–**	**133**	**453**	3,874	2,648	3,601	4,408
Total loans	**$ 237,527**	**$ 313,959**	**$ 118,468**	**$ 669,954**	$ 633,671	$ 605,235	$ 564,421	$ 495,017

TABLE 62: LOAN PORTFOLIO – Rate Sensitivity

(millions of Canadian dollars)

As at

	October 31, 2018		October 31, 2017		October 31, 2016		October 31, 2015		October 31, 2014	
	1 to 5 years	**Over 5 years**	1 to 5 years	Over 5 years	1 to 5 years	Over 5 years	1 to 5 years	Over 5 years	1 to 5 years	Over 5 years
Fixed rate	**$ 218,098**	**$ 84,450**	$ 197,483	$ 84,080	$ 212,257	$ 82,507	$ 176,316	$ 66,949	$ 155,614	$ 59,555
Variable rate	**95,861**	**34,018**	79,447	36,093	85,139	34,260	72,663	32,208	73,672	24,991
Total	**$ 313,959**	**$ 118,468**	$ 276,930	$ 120,173	$ 297,396	$ 116,767	$ 248,979	$ 99,157	$ 229,286	$ 84,546

The changes in the Bank's allowance for credit losses for the years ended October 31 are shown in the following table.

TABLE 63: ALLOWANCE FOR LOAN LOSSES

(millions of Canadian dollars, except as noted)	2018	2017	2016	2015	2014
Allowance for loan losses – Balance at beginning of year	**$ 3,475**	$ 3,873	$ 3,434	$ 3,028	$ 2,855
Provision for credit losses	**2,472**	2,216	2,330	1,683	1,557
Write-offs					
Canada					
Residential mortgages	**15**	22	18	23	21
Consumer instalment and other personal					
HELOC	**8**	11	11	13	13
Indirect Auto	**251**	337	334	224	207
Other	**216**	216	221	218	234
Credit card	**557**	595	623	638	582
Total personal	**1,047**	1,181	1,207	1,116	1,057
Real estate					
Residential	**2**	1	3	4	1
Non-residential	**1**	2	2	3	3
Total real estate	**3**	3	5	7	4
Total business and government (including real estate)	**75**	75	107	74	109
Total Canada	**1,122**	1,256	1,314	1,190	1,166
United States					
Residential mortgages	**16**	19	22	16	17
Consumer instalment and other personal					
HELOC	**22**	39	38	47	43
Indirect Auto	**387**	315	232	206	232
Other	**192**	152	121	101	79
Credit card	**958**	777	530	454	288
Total personal	**1,575**	1,302	943	824	659
Real estate					
Residential	**1**	3	3	5	12
Non-residential	**10**	6	11	22	18
Total real estate	**11**	9	14	27	30
Total business and government (including real estate)	**79**	91	76	124	117
Total United States	**1,654**	1,393	1,019	948	776
Other International					
Personal	**–**	–	–	–	–
Business and government	**–**	–	–	–	–
Total other international	**–**	–	–	–	–
Other loans					
Debt securities classified as loans	**n/a**	9	14	13	5
Acquired credit-impaired loans[1,2]	**2**	1	4	6	20
Total other loans	**2**	10	18	19	25
Total write-offs against portfolio	**2,778**	2,659	2,351	2,157	1,967
Recoveries					
Canada					
Residential mortgages	**1**	2	1	1	5
Consumer instalment and other personal					
HELOC	**1**	1	–	2	5
Indirect Auto	**58**	90	91	78	138
Other	**37**	41	52	58	60
Credit card	**87**	98	118	124	109
Total personal	**184**	232	262	263	317
Real estate					
Residential	**–**	1	1	1	1
Non-residential	–	–	3	1	2
Total real estate	**–**	1	4	2	3
Total business and government (including real estate)	**17**	20	27	33	29
Total Canada	**201**	252	289	296	346
United States					
Residential mortgages	**2**	4	9	11	10
Consumer instalment and other personal					
HELOC	**4**	11	5	5	5
Indirect Auto	**116**	100	85	83	12
Other	**35**	24	26	23	20
Credit card	**173**	154	114	113	60
Total personal	**330**	293	239	235	107
Real estate					
Residential	**2**	2	4	9	14
Non-residential	**7**	8	4	9	15
Total real estate	**9**	10	8	18	29
Total business and government (including real estate)	**42**	58	54	50	73
Total United States	**372**	351	293	285	180
Other International					
Personal	**–**	–	–	–	–
Business and government	**–**	–	–	1	–
Total other international	**–**	–	–	1	–
Other loans					
Debt securities classified as loans	**n/a**	–	–	–	–
Acquired credit-impaired loans[1,2]	**16**	22	20	19	7
Total other loans	**16**	22	20	19	7
Total recoveries on portfolio	**589**	625	602	601	533
Net write-offs	**(2,189)**	(2,034)	(1,749)	(1,556)	(1,434)
Disposals	**(46)**	(83)	(2)	(3)	–
Foreign exchange and other adjustments	**49**	(122)	47	321	112
Total allowance for loan losses, including off-balance sheet positions	**3,761**	3,850	4,060	3,473	3,090
Less: Allowance for off-balance sheet positions[3]	**212**	67	187	39	62
Total allowance for loan losses, at end of period	**$ 3,549**	$ 3,783	$ 3,873	$ 3,434	$ 3,028
Ratio of net write-offs in the period to average loans outstanding	**0.34 %**	0.33 %	0.30 %	0.30 %	0.31 %

1 Includes all FDIC covered loans and other ACI loans.
2 Other adjustments are required as a result of the accounting for FDIC covered loans.
3 The allowance for loan losses for off-balance sheet positions is recorded in Other liabilities on the Consolidated Balance Sheet.

TABLE 64: AVERAGE DEPOSITS

(millions of Canadian dollars, except as noted)

	For the years ended								
	October 31, 2018			October 31, 2017			October 31, 2016		
	Average balance	Total interest expense	Average rate paid	Average balance	Total interest expense	Average rate paid	Average balance	Total interest expense	Average rate paid
Deposits booked in Canada[1]									
Non-interest-bearing demand deposits	**$ 13,156**	**$ –**	**– %**	$ 11,201	$ –	– %	$ 3,674	$ –	– %
Interest-bearing demand deposits	**57,030**	**1,094**	**1.92**	57,521	648	1.13	58,124	521	0.90
Notice deposits	**222,394**	**567**	**0.25**	209,939	321	0.15	189,018	249	0.13
Term deposits	**223,295**	**4,215**	**1.89**	176,345	2,730	1.55	168,393	2,359	1.40
Total deposits booked in Canada	**515,875**	**5,876**	**1.14**	455,006	3,699	0.81	419,209	3,129	0.75
Deposits booked in the United States									
Non-interest-bearing demand deposits	**10,037**	**–**	**–**	10,405	–	–	9,969	–	–
Interest-bearing demand deposits	**2,859**	**16**	**0.56**	3,152	11	0.35	3,945	7	0.18
Notice deposits	**317,218**	**3,233**	**1.02**	298,639	1,695	0.57	277,744	921	0.33
Term deposits	**52,461**	**958**	**1.83**	79,090	973	1.23	70,290	522	0.74
Total deposits booked in the United States	**382,575**	**4,207**	**1.10**	391,286	2,679	0.68	361,948	1,450	0.40
Deposits booked in the other international									
Non-interest-bearing demand deposits	**155**	**–**	**–**	(7)	–	–	54	–	–
Interest-bearing demand deposits	**1,025**	**1**	**0.10**	1,442	3	0.21	1,918	4	0.21
Notice deposits	**–**	**–**	**–**	–	–	–	–	–	–
Term deposits	**37,435**	**405**	**1.08**	28,153	234	0.83	27,132	175	0.64
Total deposits booked in other international	**38,615**	**406**	**1.05**	29,588	237	0.80	29,104	179	0.62
Total average deposits	**$ 937,065**	**$ 10,489**	**1.12 %**	$ 875,880	$ 6,615	0.76 %	$ 810,261	$ 4,758	0.59 %

[1] As at October 31, 2018, deposits by foreign depositors in TD's Canadian bank offices amounted to $152 billion (October 31, 2017 – $100 billion, October 31, 2016 – $83 billion).
Certain comparative amounts have been recast to conform with the presentation adopted in the current period.

TABLE 65: DEPOSITS – Denominations of $100,000 or greater[1]

(millions of Canadian dollars)

	As at				
	Remaining term-to-maturity				
	Within 3 months	3 months to 6 months	6 months to 12 months	Over 12 months	Total
					October 31, 2018
Canada	**$ 65,253**	**$ 22,761**	**$ 37,652**	**$ 92,105**	**$ 217,771**
United States	**20,203**	**16,547**	**11,654**	**2,166**	**50,570**
Other international	**20,225**	**2,016**	**2,787**	**–**	**25,028**
Total	**$ 105,681**	**$ 41,324**	**$ 52,093**	**$ 94,271**	**$ 293,369**
					October 31, 2017
Canada	$ 41,862	$ 19,392	$ 20,623	$ 79,649	$ 161,526
United States	34,955	15,607	11,821	1,390	63,773
Other international	20,037	9,058	3,714	–	32,809
Total	$ 96,854	$ 44,057	$ 36,158	$ 81,039	$ 258,108
					October 31, 2016
Canada	$ 32,237	$ 10,607	$ 13,721	$ 83,304	$ 139,869
United States	23,027	13,450	17,760	2,547	56,784
Other international	16,033	10,582	7,297	10	33,922
Total	$ 71,297	$ 34,639	$ 38,778	$ 85,861	$ 230,575

[1] Deposits in Canada, U.S., and Other international include wholesale and retail deposits.

TABLE 66: SHORT-TERM BORROWINGS

(millions of Canadian dollars, except as noted)

	As at		
	October 31 2018	October 31 2017	October 31 2016
Obligations related to securities sold under repurchase agreements			
Balance at year-end	**$ 93,389**	$ 88,591	$ 48,973
Average balance during the year	**95,286**	76,136	65,511
Maximum month-end balance	**98,539**	88,986	70,415
Weighted-average rate at October 31	**1.63 %**	0.87 %	0.38 %
Weighted-average rate during the year	**1.65**	0.92	0.51

TABLE 67: NET INTEREST INCOME ON AVERAGE EARNING BALANCES[1,2,3]

(millions of Canadian dollars, except as noted)	2018			2017			2016		
	Average balance	**Interest[4]**	**Average rate**	Average balance	Interest[4]	Average rate	Average balance	Interest[4]	Average rate
Interest-earning assets									
Interest-bearing deposits with Banks									
Canada	**$ 5,204**	**$ 102**	**1.96 %**	$ 5,629	$ 21	0.37 %	$ 6,716	$ 16	0.24 %
U.S.	**34,424**	**592**	**1.72**	42,899	405	0.94	38,658	187	0.48
Securities									
Trading									
Canada	**55,519**	**1,684**	**3.03**	47,985	1,332	2.78	45,102	1,187	2.63
U.S.	**20,496**	**517**	**2.52**	20,186	403	2.00	22,605	401	1.77
Non-trading									
Canada	**47,761**	**1,219**	**2.55**	48,109	949	1.97	41,531	614	1.48
U.S.	**155,892**	**3,719**	**2.39**	130,611	2,378	1.82	112,147	1,802	1.61
Securities purchased under reverse repurchase agreements									
Canada	**41,518**	**665**	**1.60**	33,725	371	1.10	42,981	254	0.59
U.S.	**44,238**	**1,020**	**2.31**	43,087	496	1.15	31,824	189	0.59
Loans									
Residential mortgages[5]									
Canada	**201,772**	**5,656**	**2.80**	200,251	4,916	2.45	197,925	4,726	2.39
U.S.	**29,514**	**1,110**	**3.76**	27,982	1,041	3.72	27,331	1,029	3.76
Consumer instalment and other personal									
Canada	**120,273**	**5,215**	**4.34**	106,614	4,704	4.41	97,881	4,604	4.70
U.S.	**41,762**	**1,711**	**4.10**	41,263	1,455	3.53	40,471	1,285	3.18
Credit card									
Canada	**18,708**	**2,323**	**12.42**	18,571	2,270	12.22	18,414	2,223	12.07
U.S.	**15,853**	**2,550**	**16.09**	13,771	2,213	16.07	12,598	1,999	15.87
Business and government[5]									
Canada	**92,348**	**2,943**	**3.19**	80,673	2,187	2.71	71,869	1,929	2.68
U.S.	**115,147**	**4,203**	**3.65**	112,416	3,795	3.38	105,929	3,348	3.16
International	**102,855**	**1,193**	**1.16**	88,963	896	1.01	77,001	767	1.00
Total interest-earning assets	**$ 1,143,284**	**$ 36,422**	**3.19 %**	$ 1,062,735	$ 29,832	2.81 %	$ 990,983	$ 26,560	2.68 %
Interest-bearing liabilities									
Deposits									
Personal									
Canada	**$ 215,320**	**$ 1,228**	**0.57 %**	$ 208,027	$ 983	0.47 %	$ 193,525	$ 974	0.50 %
U.S.	**238,005**	**531**	**0.22**	221,560	281	0.13	204,697	218	0.11
Banks[6]									
Canada	**11,612**	**135**	**1.16**	10,686	71	0.66	10,528	55	0.52
U.S.	**7,214**	**135**	**1.87**	9,460	115	1.22	6,503	47	0.72
Business and government[6,7]									
Canada	**248,013**	**4,513**	**1.82**	199,236	2,645	1.33	191,284	2,100	1.10
U.S.	**84,575**	**3,541**	**4.19**	108,078	2,283	2.11	101,620	1,185	1.17
Subordinated notes and debentures	**7,946**	**337**	**4.24**	9,045	391	4.32	8,769	395	4.50
Obligations related to securities sold short and under repurchase agreements									
Canada	**46,981**	**1,091**	**2.32**	34,719	540	1.56	45,098	412	0.91
U.S.	**57,384**	**1,274**	**2.22**	56,587	696	1.23	47,654	346	0.73
Securitization liabilities[8]	**27,805**	**586**	**2.11**	29,761	472	1.59	32,027	452	1.41
Other liabilities									
Canada	**5,706**	**132**	**2.31**	5,306	92	1.73	4,225	82	1.94
U.S.	**34**	**4**	**11.76**	34	4	11.76	35	4	11.43
International[6]	**68,074**	**676**	**0.99**	48,787	412	0.84	45,524	367	0.81
Total interest-bearing liabilities	**$ 1,018,669**	**$ 14,183**	**1.39 %**	$ 941,286	$ 8,985	0.95 %	$ 891,489	$ 6,637	0.74 %
Total net interest income on average earning assets	**$ 1,143,284**	**$ 22,239**	**1.95 %**	$ 1,062,735	$ 20,847	1.96 %	$ 990,983	$ 19,923	2.01 %

1 Certain comparative amounts have been restated to conform with the presentation adopted in the current period.
2 Net interest income includes dividends on securities.
3 Geographic classification of assets and liabilities is based on the domicile of the booking point of assets and liabilities.
4 Interest income includes loan fees earned by the Bank, which are recognized in net interest income over the life of the loan through the effective interest rate method.
5 Includes average trading loans of $11 billion (2017 – $12 billion, 2016 – $11 billion).
6 Includes average trading deposits with a fair value of $102 billion (2017 – $87 billion, 2016 – $77 billion).
7 Includes marketing fees incurred on the TD Ameritrade IDA of $1.9 billion (2017 – $1.5 billion, 2016 – $1.2 billion).
8 Includes average securitization liabilities at fair value of $12 billion (2017 – $13 billion, 2016 – $12 billion) and average securitization liabilities at amortized cost of $16 billion (2017 – $17 billion, 2016 – $20 billion).

The following table presents an analysis of the change in net interest income of volume and interest rate changes. In this analysis, changes due to volume/ interest rate variance have been allocated to average interest rate.

TABLE 68: ANALYSIS OF CHANGE IN NET INTEREST INCOME[1,2,3]

(millions of Canadian dollars)	2018 vs. 2017			2017 vs. 2016		
	Increase (decrease) due to changes in			Increase (decrease) due to changes in		
	Average volume	Average rate	Net change	Average volume	Average rate	Net change
Interest-earning assets						
Interest-bearing deposits with banks						
Canada	$ (2)	$ 83	$ 81	$ (3)	$ 8	$ 5
U.S.	(80)	267	187	21	197	218
Securities						
Trading						
Canada	210	142	352	75	70	145
U.S.	6	108	114	(43)	45	2
Non-trading						
Canada	(7)	277	270	97	238	335
U.S.	460	881	1,341	297	279	576
Securities purchased under reverse repurchase agreements						
Canada	86	208	294	(55)	172	117
U.S.	13	511	524	67	240	307
Loans						
Residential mortgages						
Canada	38	702	740	56	134	190
U.S.	57	12	69	25	(13)	12
Consumer instalment and other personal						
Canada	603	(92)	511	411	(311)	100
U.S.	17	239	256	25	145	170
Credit card						
Canada	17	36	53	19	28	47
U.S.	334	3	337	186	28	214
Business and government						
Canada	316	440	756	236	22	258
U.S.	92	316	408	205	242	447
International	182	115	297	49	80	129
Total interest income	$ 2,342	$ 4,248	$ 6,590	$ 1,668	$ 1,604	$ 3,272
Interest-bearing liabilities						
Deposits						
Personal						
Canada	$ 34	$ 211	$ 245	$ 73	$ (64)	$ 9
U.S.	21	229	250	18	45	63
Banks						
Canada	6	58	64	1	15	16
U.S.	(27)	47	20	21	47	68
Business and government						
Canada	648	1,220	1,868	88	457	545
U.S.	(496)	1,754	1,258	75	1,023	1,098
Subordinated notes and debentures	(48)	(6)	(54)	12	(16)	(4)
Obligations related to securities sold short and under repurchase agreements						
Canada	191	360	551	(95)	223	128
U.S.	9	569	578	65	285	350
Securitization liabilities	(31)	145	114	(32)	52	20
Other liabilities						
Canada	7	33	40	21	(11)	10
U.S.	–	–	–	–	–	–
International	195	69	264	33	12	45
Total interest expense	$ 509	$ 4,689	$ 5,198	$ 280	$ 2,068	$ 2,348
Net interest income	$ 1,833	$ (441)	$ 1,392	$ 1,388	$ (464)	$ 924

1 Certain comparative amounts have been restated to conform with the presentation adopted in the current period.
2 Geographic classification of assets and liabilities is based on the domicile of the booking point of assets and liabilities.
3 Interest income includes loan fees earned by the Bank, which are recognized in net interest income over the life of the loan through the effective interest rate method.

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Consolidated Financial Statements

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The management of The Toronto-Dominion Bank and its subsidiaries (the "Bank") is responsible for the integrity, consistency, objectivity, and reliability of the Consolidated Financial Statements of the Bank and related financial information as presented. International Financial Reporting Standards as issued by the International Accounting Standards Board, as well as the requirements of the *Bank Act* (Canada), and related regulations have been applied and management has exercised its judgment and made best estimates where appropriate.

The Bank's accounting system and related internal controls are designed, and supporting procedures maintained, to provide reasonable assurance that financial records are complete and accurate, and that assets are safeguarded against loss from unauthorized use or disposition. These supporting procedures include the careful selection and training of qualified staff, the establishment of organizational structures providing a well-defined division of responsibilities and accountability for performance, and the communication of policies and guidelines of business conduct throughout the Bank.

Management has assessed the effectiveness of the Bank's internal control over financial reporting as at October 31, 2018, using the framework found in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission 2013 Framework. Based upon this assessment, management has concluded that as at October 31, 2018, the Bank's internal control over financial reporting is effective.

The Bank's Board of Directors, acting through the Audit Committee which is composed entirely of independent directors, oversees management's responsibilities for financial reporting. The Audit Committee reviews the Consolidated Financial Statements and recommends them to the Board for approval. Other responsibilities of the Audit Committee include monitoring the Bank's system of internal control over the financial reporting process and making recommendations to the Board and shareholders regarding the appointment of the external auditor.

The Bank's Chief Auditor, who has full and free access to the Audit Committee, conducts an extensive program of audits. This program supports the system of internal control and is carried out by a professional staff of auditors.

The Office of the Superintendent of Financial Institutions Canada, makes such examination and enquiry into the affairs of the Bank as deemed necessary to ensure that the provisions of the *Bank Act*, having reference to the safety of the depositors, are being duly observed and that the Bank is in sound financial condition.

Ernst & Young LLP, the independent auditors appointed by the shareholders of the Bank, have audited the effectiveness of the Bank's internal control over financial reporting as at October 31, 2018, in addition to auditing the Bank's Consolidated Financial Statements as of the same date. Their reports, which expressed an unqualified opinion, can be found on the following pages of the Consolidated Financial Statements. Ernst & Young LLP have full and free access to, and meet periodically with, the Audit Committee to discuss their audit and matters arising there from, such as, comments they may have on the fairness of financial reporting and the adequacy of internal controls.

Bharat B. Masrani
Group President and
Chief Executive Officer

Riaz Ahmed
Group Head and
Chief Financial Officer

Toronto, Canada
November 28, 2018

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of The Toronto-Dominion Bank

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Toronto-Dominion Bank ("TD"), which comprise the Consolidated Balance Sheet as at October 31, 2018 and 2017, the Consolidated Statements of Income, Comprehensive Income, Changes in Equity, and Cash Flows for each of the years in the three-year period ended October 31, 2018, and the related notes, comprising a summary of significant accounting policies and other explanatory information (collectively referred to as the "consolidated financial statements").

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of TD as at October 31, 2018 and October 31, 2017, and its consolidated financial performance and its consolidated cash flows for each of the years in the three-year period ended October 31, 2018, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Adoption of IFRS 9

As discussed in Note 2 to the consolidated financial statements, TD changed its method of accounting for the classification and measurement of financial instruments in 2018 due to the adoption of IFRS 9, *Financial Instruments*. Our opinion is not qualified with respect to this matter.

Report on Internal Control over Financial Reporting

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), TD's internal control over financial reporting as of October 31, 2018, based on the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated November 28, 2018, expressed an unqualified opinion on the effectiveness of TD's internal control over financial reporting.

Basis for Opinion

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to error or fraud. Those standards also require that we comply with ethical requirements, including independence. We are required to be independent with respect to TD in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We are a public accounting firm registered with the PCAOB.

An audit includes performing procedures to assess the risks of material misstatements of the consolidated financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included obtaining and examining, on a test basis, audit evidence regarding the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to TD's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of accounting policies and principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a reasonable basis for our audit opinion.

We have served as TD's sole auditor since 2006. Prior to 2006, we or our predecessor firm have served as joint auditor with various other firms since 1955.

Ernst & Young LLP
Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
November 28, 2018

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of The Toronto-Dominion Bank

Opinion on Internal Control over Financial Reporting

We have audited The Toronto-Dominion Bank's ("TD") internal control over financial reporting as of October 31, 2018, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). In our opinion, TD maintained, in all material respects, effective internal control over financial reporting as of October 31, 2018, based on the COSO criteria.

We also have audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Consolidated Balance Sheet of TD as at October 31, 2018 and 2017, and the Consolidated Statements of Income, Comprehensive Income, Changes in Equity, and Cash Flows for each of the years in the three-year period ended October 31, 2018, and the related notes, comprising a summary of significant accounting policies and other explanatory information and our report dated November 28, 2018, expressed an unqualified opinion thereon.

Basis for Opinion

TD's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting contained in the accompanying Management's Discussion and Analysis. Our responsibility is to express an opinion on TD's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to TD in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Ernst & Young LLP
Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
November 28, 2018

Consolidated Balance Sheet

(As at and in millions of Canadian dollars)	October 31, 2018	October 31, 2017
ASSETS		
Cash and due from banks	**$ 4,735**	$ 3,971
Interest-bearing deposits with banks	**30,720**	51,185
	35,455	55,156
Trading loans, securities, and other **(Notes 5, 7)**	**127,897**	103,918
Non-trading financial assets at fair value through profit or loss **(Note 5)**	**4,015**	n/a[1]
Derivatives **(Notes 5, 11)**	**56,996**	56,195
Financial assets designated at fair value through profit or loss **(Note 5)**	**3,618**	4,032
Financial assets at fair value through other comprehensive income **(Notes 5, 7, 8)**	**130,600**	n/a
Available-for-sale securities **(Notes 5, 7)**	**n/a**	146,411
	323,126	310,556
Debt securities at amortized cost, net of allowance for credit losses (Note 7)	**107,171**	n/a
Held-to-maturity securities (Note 7)	**n/a**	71,363
Securities purchased under reverse repurchase agreements	**127,379**	134,429
Loans (Note 8)		
Residential mortgages	**225,191**	222,079
Consumer instalment and other personal	**172,079**	157,101
Credit card	**35,018**	33,007
Business and government	**217,654**	200,978
Debt securities classified as loans	**n/a**	3,209
	649,942	616,374
Allowance for loan losses **(Note 8)**	**(3,549)**	(3,783)
Loans, net of allowance for loan losses	**646,393**	612,591
Other		
Customers' liability under acceptances	**17,267**	17,297
Investment in TD Ameritrade **(Note 12)**	**8,445**	7,784
Goodwill **(Note 14)**	**16,536**	16,156
Other intangibles **(Note 14)**	**2,459**	2,618
Land, buildings, equipment, and other depreciable assets **(Note 15)**	**5,324**	5,313
Deferred tax assets **(Note 25)**	**2,812**	2,497
Amounts receivable from brokers, dealers, and clients	**26,940**	29,971
Other assets **(Note 16)**	**15,596**	13,264
	95,379	94,900
Total assets	**$ 1,334,903**	$ 1,278,995
LIABILITIES		
Trading deposits **(Notes 5, 17)**	**$ 114,704**	$ 79,940
Derivatives **(Notes 5, 11)**	**48,270**	51,214
Securitization liabilities at fair value **(Notes 5, 9)**	**12,618**	12,757
	175,592	143,911
Deposits (Note 17)		
Personal	**477,644**	468,155
Banks	**16,712**	25,887
Business and government	**357,083**	338,782
	851,439	832,824
Other		
Acceptances	**17,269**	17,297
Obligations related to securities sold short **(Note 5)**	**39,478**	35,482
Obligations related to securities sold under repurchase agreements **(Note 5)**	**93,389**	88,591
Securitization liabilities at amortized cost **(Note 9)**	**14,683**	16,076
Amounts payable to brokers, dealers, and clients	**28,385**	32,851
Insurance-related liabilities **(Note 22)**	**6,698**	6,775
Other liabilities **(Note 18)**	**19,190**	20,470
	219,092	217,542
Subordinated notes and debentures (Note 19)	**8,740**	9,528
Total liabilities	**1,254,863**	1,203,805
EQUITY		
Shareholders' Equity		
Common shares **(Note 21)**	**21,221**	20,931
Preferred shares **(Note 21)**	**5,000**	4,750
Treasury shares – common **(Note 21)**	**(144)**	(176)
Treasury shares – preferred **(Note 21)**	**(7)**	(7)
Contributed surplus	**193**	214
Retained earnings	**46,145**	40,489
Accumulated other comprehensive income (loss)	**6,639**	8,006
	79,047	74,207
Non-controlling interests in subsidiaries (Note 21)	**993**	983
Total equity	**80,040**	75,190
Total liabilities and equity	**$ 1,334,903**	$ 1,278,995

1 Not applicable.

The accompanying Notes are an integral part of these Consolidated Financial Statements.
Certain comparative amounts have been reclassified to conform with the presentation adopted in the current period.

Bharat B. Masrani
Group President and Chief Executive Officer

Alan N. MacGibbon
Chair, Audit Committee

Consolidated Statement of Income

(millions of Canadian dollars, except as noted)	*For the years ended October 31*		
	2018	2017	2016
Interest income[1]			
Loans	**$ 27,790**	$ 23,663	$ 21,751
Securities			
Interest	**6,685**	4,595	3,672
Dividends	**1,234**	1,128	912
Deposits with banks	**713**	446	225
	36,422	29,832	26,560
Interest expense (Note 30)			
Deposits	**10,489**	6,615	4,758
Securitization liabilities	**586**	472	452
Subordinated notes and debentures	**337**	391	395
Other	**2,771**	1,507	1,032
	14,183	8,985	6,637
Net interest income	**22,239**	20,847	19,923
Non-interest income			
Investment and securities services	**4,656**	4,459	4,143
Credit fees	**1,210**	1,130	1,048
Net securities gain (loss) **(Note 7)**	**111**	128	54
Trading income (loss)	**1,052**	303	395
Income (loss) from non-trading financial instruments at fair value through profit or loss	**48**	n/a	n/a
Income (loss) from financial instruments designated at fair value through profit or loss	**(170)**	(254)	(20)
Service charges	**2,716**	2,648	2,571
Card services	**2,376**	2,388	2,313
Insurance revenue **(Note 22)**	**4,045**	3,760	3,796
Other income (loss)	**551**	740	92
	16,595	15,302	14,392
Total revenue	**38,834**	36,149	34,315
Provision for credit losses (Note 8)	**2,480**	2,216	2,330
Insurance claims and related expenses (Note 22)	**2,444**	2,246	2,462
Non-interest expenses			
Salaries and employee benefits **(Note 24)**	**10,377**	10,018	9,298
Occupancy, including depreciation	**1,765**	1,794	1,825
Equipment, including depreciation	**1,073**	992	944
Amortization of other intangibles	**815**	704	708
Marketing and business development	**803**	726	743
Restructuring charges (recovery)	**73**	2	(18)
Brokerage-related fees	**306**	314	316
Professional and advisory services	**1,247**	1,165	1,232
Other	**3,678**	3,651	3,829
	20,137	19,366	18,877
Income before income taxes and equity in net income of an investment in TD Ameritrade	**13,773**	12,321	10,646
Provision for (recovery of) income taxes (Note 25)	**3,182**	2,253	2,143
Equity in net income of an investment in TD Ameritrade (Note 12)	**743**	449	433
Net income	**11,334**	10,517	8,936
Preferred dividends	**214**	193	141
Net income available to common shareholders and non-controlling interests in subsidiaries	**$ 11,120**	$ 10,324	$ 8,795
Attributable to:			
Common shareholders	**$ 11,048**	$ 10,203	$ 8,680
Non-controlling interests in subsidiaries	**72**	121	115
Earnings per share (Canadian dollars) **(Note 26)**			
Basic	**$ 6.02**	$ 5.51	$ 4.68
Diluted	**6.01**	5.50	4.67
Dividends per common share (Canadian dollars)	**2.61**	2.35	2.16

1 Includes $30,639 million, for the year ended October 31, 2018, which has been calculated based on the effective interest rate method (EIRM). Refer to Note 30.

The accompanying Notes are an integral part of these Consolidated Financial Statements.
Certain comparative amounts have been reclassified to conform with the presentation adopted in the current period.

Consolidated Statement of Comprehensive Income[1]

(millions of Canadian dollars)	For the years ended October 31		
	2018	2017	2016
Net income	**$ 11,334**	$ 10,517	$ 8,936
Other comprehensive income (loss), net of income taxes			
Items that will be subsequently reclassified to net income			
Net change in unrealized gains (losses) on financial assets at fair value through other comprehensive income (available-for-sale securities under IAS 39 [2])			
Change in unrealized gains (losses) on available-for-sale securities	**n/a**	467	274
Change in unrealized gains (losses) on debt securities at fair value through other comprehensive income	**(261)**	n/a	n/a
Reclassification to earnings of net losses (gains) in respect of available-for-sale securities	**n/a**	(143)	(56)
Reclassification to earnings of net losses (gains) in respect of debt securities at fair value through other comprehensive income	**(22)**	n/a	n/a
Reclassification to earnings of changes in allowance for credit losses on debt securities at fair value through other comprehensive income	**(1)**	n/a	n/a
	(284)	324	218
Net change in unrealized foreign currency translation gains (losses) on Investments in foreign operations, net of hedging activities			
Unrealized gains (losses) on investments in foreign operations	**1,323**	(2,534)	1,290
Reclassification to earnings of net losses (gains) on investment in foreign operations	**–**	(17)	–
Net gains (losses) on hedges of investments in foreign operations	**(288)**	659	34
Reclassification to earnings of net losses (gains) on hedges of investments in foreign operations	**–**	4	–
	1,035	(1,888)	1,324
Net change in gains (losses) on derivatives designated as cash flow hedges			
Change in gains (losses) on derivatives designated as cash flow hedges	**(1,624)**	(1,454)	835
Reclassification to earnings of losses (gains) on cash flow hedges	**(455)**	(810)	(752)
	(2,079)	(2,264)	83
Items that will not be subsequently reclassified to net income			
Actuarial gains (losses) on employee benefit plans	**622**	325	(882)
Change in net unrealized gains (losses) on equity securities designated at fair value through other comprehensive income	**38**	n/a	n/a
Total other comprehensive income (loss), net of income taxes	**(668)**	(3,503)	743
Total comprehensive income (loss), net of income taxes	**$ 10,666**	$ 7,014	$ 9,679
Attributable to:			
Common shareholders	**$ 10,380**	$ 6,700	$ 9,423
Preferred shareholders	**214**	193	141
Non-controlling interests in subsidiaries	**72**	121	115

[1] The amounts are net of income tax provisions (recoveries) presented in the following table.

[2] IAS 39, *Financial Instruments: Recognition and Measurement* (IAS 39).

Income Tax Provisions (Recoveries) in the Consolidated Statement of Comprehensive Income

(millions of Canadian dollars)	For the years ended October 31		
	2018	2017	2016
Change in unrealized gains (losses) on available-for-sale securities	**$ n/a**	$ 150	$ 125
Change in unrealized gains (losses) on debt securities at fair value through other comprehensive income	**(139)**	n/a	n/a
Less: Reclassification to earnings of net losses (gains) in respect of available-for-sale securities	**n/a**	(36)	32
Less: Reclassification to earnings of net losses (gains) in respect of debt securities at fair value through other comprehensive income	**13**	n/a	n/a
Less: Reclassification to earnings of changes in allowance for credit losses on debt securities at fair value through other comprehensive income	**–**	n/a	n/a
Unrealized gains (losses) on investments in foreign operations	**–**	–	–
Less: Reclassification to earnings of net losses (gains) on investment in foreign operations	**–**	–	–
Net gains (losses) on hedges of investments in foreign operations	**(104)**	237	9
Less: Reclassification to earnings of net losses (gains) on hedges of investments in foreign operations	**–**	(1)	–
Change in gains (losses) on derivatives designated as cash flow hedges	**(473)**	(789)	599
Less: Reclassification to earnings of losses (gains) on cash flow hedges	**283**	258	533
Actuarial gains (losses) on employee benefit plans	**243**	129	(340)
Change in net unrealized gains (losses) on equity securities designated at fair value through other comprehensive income	**20**	n/a	n/a
Total income taxes	**$ (749)**	$ (494)	$ (172)

The accompanying Notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

(millions of Canadian dollars)	For the years ended October 31		
	2018	2017	2016
Common shares (Note 21)			
Balance at beginning of year	**$20,931**	$ 20,711	$ 20,294
Proceeds from shares issued on exercise of stock options	**152**	148	186
Shares issued as a result of dividend reinvestment plan	**366**	329	335
Purchase of shares for cancellation	**(228)**	(257)	(104)
Balance at end of year	**21,221**	20,931	20,711
Preferred shares (Note 21)			
Balance at beginning of year	**4,750**	4,400	2,700
Issue of shares	**750**	350	1,700
Redemption of shares	**(500)**	–	–
Balance at end of year	**5,000**	4,750	4,400
Treasury shares – common (Note 21)			
Balance at beginning of year	**(176)**	(31)	(49)
Purchase of shares	**(8,295)**	(9,654)	(5,769)
Sale of shares	**8,327**	9,509	5,787
Balance at end of year	**(144)**	(176)	(31)
Treasury shares – preferred (Note 21)			
Balance at beginning of year	**(7)**	(5)	(3)
Purchase of shares	**(129)**	(175)	(115)
Sale of shares	**129**	173	113
Balance at end of year	**(7)**	(7)	(5)
Contributed surplus			
Balance at beginning of year	**214**	203	214
Net premium (discount) on sale of treasury shares	**(2)**	23	26
Issuance of stock options, net of options exercised **(Note 23)**	**(12)**	(8)	(28)
Other	**(7)**	(4)	(9)
Balance at end of year	**193**	214	203
Retained earnings			
Balance at beginning of year	**40,489**	35,452	32,053
Impact on adoption of IFRS 9 [1]	**53**	n/a	n/a
Net income attributable to shareholders	**11,262**	10,396	8,821
Common dividends	**(4,786)**	(4,347)	(4,002)
Preferred dividends	**(214)**	(193)	(141)
Share issue expenses and others	**(10)**	(4)	(14)
Net premium on repurchase of common shares and redemption of preferred shares	**(1,273)**	(1,140)	(383)
Actuarial gains (losses) on employee benefit plans	**622**	325	(882)
Realized gains (losses) on equity securities designated at fair value through other comprehensive income	**2**	n/a	n/a
Balance at end of year	**46,145**	40,489	35,452
Accumulated other comprehensive income (loss)			
Net unrealized gain (loss) on debt securities at fair value through other comprehensive income:			
Balance at beginning of year	**510**	n/a	n/a
Impact on adoption of IFRS 9	**19**	n/a	n/a
Other comprehensive income (loss)	**(283)**	n/a	n/a
Allowance for credit losses	**(1)**	n/a	n/a
Balance at end of year	**245**	n/a	n/a
Net unrealized gain (loss) on equity securities designated at fair value through other comprehensive income:			
Balance at beginning of year	**113**	n/a	n/a
Impact on adoption of IFRS 9	**(96)**	n/a	n/a
Other comprehensive income (loss)	**40**	n/a	n/a
Reclassification of loss (gain) to retained earnings	**(2)**	n/a	n/a
Balance at end of year	**55**	n/a	n/a
Net unrealized gain (loss) on available-for-sale securities:			
Balance at beginning of year	**n/a**	299	81
Other comprehensive income (loss)	**n/a**	324	218
Balance at end of year	**n/a**	623	299
Net unrealized foreign currency translation gain (loss) on investments in foreign operations, net of hedging activities:			
Balance at beginning of year	**7,791**	9,679	8,355
Other comprehensive income (loss)	**1,035**	(1,888)	1,324
Balance at end of year	**8,826**	7,791	9,679
Net gain (loss) on derivatives designated as cash flow hedges:			
Balance at beginning of year	**(408)**	1,856	1,773
Other comprehensive income (loss)	**(2,079)**	(2,264)	83
Balance at end of year	**(2,487)**	(408)	1,856
Total accumulated other comprehensive income	**6,639**	8,006	11,834
Total shareholders' equity	**79,047**	74,207	72,564
Non-controlling interests in subsidiaries (Note 21)			
Balance at beginning of year	**983**	1,650	1,610
Net income attributable to non-controlling interests in subsidiaries	**72**	121	115
Redemption of REIT preferred shares	**–**	(617)	–
Other	**(62)**	(171)	(75)
Balance at end of year	**993**	983	1,650
Total equity	**$80,040**	$ 75,190	$ 74,214

[1] IFRS 9, *Financial Instruments* (IFRS 9).

The accompanying Notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows

(millions of Canadian dollars)	For the years ended October 31		
	2018	2017	2016
Cash flows from (used in) operating activities			
Net income before income taxes, including equity in net income of an investment in TD Ameritrade	**$ 14,516**	$ 12,770	$ 11,079
Adjustments to determine net cash flows from (used in) operating activities			
Provision for credit losses **(Note 8)**	**2,480**	2,216	2,330
Depreciation **(Note 15)**	**576**	603	629
Amortization of other intangibles	**815**	704	708
Net securities losses (gains) **(Note 7)**	**(111)**	(128)	(54)
Equity in net income of an investment in TD Ameritrade **(Note 12)**	**(743)**	(449)	(433)
Dilution gain **(Note 12)**	**–**	(204)	–
Deferred taxes **(Note 25)**	**385**	175	103
Changes in operating assets and liabilities			
Interest receivable and payable **(Notes 16, 18)**	**(104)**	(283)	7
Securities sold under repurchase agreements	**4,798**	39,618	(18,183)
Securities purchased (sold) under reverse repurchase agreements	**7,050**	(48,377)	11,312
Securities sold short	**3,996**	2,367	(5,688)
Trading loans and securities	**(24,065)**	(4,661)	(4,100)
Loans net of securitization and sales	**(45,620)**	(22,332)	(44,158)
Deposits	**53,379**	40,150	81,885
Derivatives	**(3,745)**	1,836	5,403
Non-trading financial assets at fair value through profit or loss	**5,257**	n/a	n/a
Financial assets designated at fair value through profit or loss	**(468)**	251	95
Securitization liabilities	**(1,532)**	(1,575)	(3,321)
Current taxes	**(780)**	(419)	845
Brokers, dealers, and clients amounts receivable and payable	**(1,435)**	2,459	(247)
Other	**(8,956)**	1,406	(811)
Net cash from (used in) operating activities	**5,693**	26,127	37,401
Cash flows from (used in) financing activities			
Issuance of subordinated notes and debentures **(Note 19)**	**1,750**	1,500	3,262
Redemption or repurchase of subordinated notes and debentures **(Note 19)**	**(2,468)**	(2,536)	(979)
Common shares issued **(Note 21)**	**128**	125	152
Preferred shares issued **(Note 21)**	**740**	346	1,686
Repurchase of common shares **(Note 21)**	**(1,501)**	(1,397)	(487)
Redemption of preferred shares **(Note 21)**	**(500)**	–	–
Redemption of non-controlling interests in subsidiaries **(Note 21)**	**–**	(626)	–
Sale of treasury shares **(Note 21)**	**8,454**	9,705	5,926
Purchase of treasury shares **(Note 21)**	**(8,424)**	(9,829)	(5,884)
Dividends paid	**(4,634)**	(4,211)	(3,808)
Distributions to non-controlling interests in subsidiaries	**(72)**	(112)	(115)
Net cash from (used in) financing activities	**(6,527)**	(7,035)	(247)
Cash flows from (used in) investing activities			
Interest-bearing deposits with banks	**20,465**	2,529	(11,231)
Activities in financial assets at fair value through other comprehensive income **(Note 7)**			
Purchases	**(20,269)**	n/a	n/a
Proceeds from maturities	**30,101**	n/a	n/a
Proceeds from sales	**2,731**	n/a	n/a
Activities in available-for-sale securities **(Note 7)**			
Purchases	**n/a**	(63,339)	(52,775)
Proceeds from maturities	**n/a**	30,775	28,454
Proceeds from sales	**n/a**	4,977	4,665
Activities in debt securities at amortized cost **(Note 7)**			
Purchases	**(51,663)**	n/a	n/a
Proceeds from maturities	**20,101**	n/a	n/a
Proceeds from sales	**670**	n/a	n/a
Activities in held-to-maturity securities **(Note 7)**			
Purchases	**n/a**	(17,807)	(20,575)
Proceeds from maturities	**n/a**	27,729	15,193
Proceeds from sales	**n/a**	452	–
Activities in debt securities classified as loans			
Purchases	**n/a**	(2,471)	(41)
Proceeds from maturities	**n/a**	337	654
Proceeds from sales	**n/a**	447	1
Net purchases of land, buildings, equipment, and other depreciable assets	**(587)**	(434)	(797)
Net cash acquired from (paid for) divestitures, acquisitions, and the purchase of TD Ameritrade shares **(Notes 12, 13)**	**–**	(2,129)	–
Net cash from (used in) investing activities	**1,549**	(18,934)	(36,452)
Effect of exchange rate changes on cash and due from banks	**49**	(94)	51
Net increase (decrease) in cash and due from banks	**764**	64	753
Cash and due from banks at beginning of year	**3,971**	3,907	3,154
Cash and due from banks at end of year	**$ 4,735**	$ 3,971	$ 3,907
Supplementary disclosure of cash flows from operating activities			
Amount of income taxes paid (refunded) during the year	**$ 3,535**	$ 2,866	$ 1,182
Amount of interest paid during the year	**13,888**	8,957	6,559
Amount of interest received during the year	**34,789**	28,393	25,577
Amount of dividends received during the year	**1,202**	1,153	921

The accompanying Notes are an integral part of these Consolidated Financial Statements.
Certain comparative amounts have been reclassified to conform with the presentation adopted in the current period.

NOTE 1: NATURE OF OPERATIONS

CORPORATE INFORMATION

The Toronto-Dominion Bank is a bank chartered under the *Bank Act*. The shareholders of a bank are not, as shareholders, liable for any liability, act, or default of the bank except as otherwise provided under the *Bank Act*. The Toronto-Dominion Bank and its subsidiaries are collectively known as TD Bank Group ("TD" or the "Bank"). The Bank was formed through the amalgamation on February 1, 1955, of The Bank of Toronto (chartered in 1855) and The Dominion Bank (chartered in 1869). The Bank is incorporated and domiciled in Canada with its registered and principal business offices located at 66 Wellington Street West, Toronto, Ontario. TD serves customers in three business segments operating in a number of locations in key financial centres around the globe: Canadian Retail, U.S. Retail, and Wholesale Banking.

BASIS OF PREPARATION

The accompanying Consolidated Financial Statements and accounting principles followed by the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), including the accounting requirements of the Office of the Superintendent of Financial Institutions Canada (OSFI). The Consolidated Financial Statements are presented in Canadian dollars, unless otherwise indicated.

These Consolidated Financial Statements were prepared using the accounting policies as described in Notes 2 and 4. Certain comparative amounts have been restated/reclassified to conform with the presentation adopted in the current period.

The preparation of the Consolidated Financial Statements requires that management make estimates, assumptions, and judgments regarding the reported amount of assets, liabilities, revenue and expenses, and disclosure of contingent assets and liabilities, as further described in Note 3. Accordingly, actual results may differ from estimated amounts as future confirming events occur.

The accompanying Consolidated Financial Statements of the Bank were approved and authorized for issue by the Bank's Board of Directors, in accordance with a recommendation of the Audit Committee, on November 28, 2018.

Certain disclosures are included in the shaded sections of the "Managing Risk" section of the accompanying 2018 Management's Discussion and Analysis (MD&A), as permitted by IFRS, and form an integral part of the Consolidated Financial Statements. The Consolidated Financial Statements were prepared under a historical cost basis, except for certain items carried at fair value as discussed in Note 2.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

The Consolidated Financial Statements include the assets, liabilities, results of operations, and cash flows of the Bank and its subsidiaries including certain structured entities which it controls. The Bank controls an entity when (1) it has the power to direct the activities of the entity which have the most significant impact on the entity's risks and/or returns; (2) it is exposed to significant risks and/or returns arising from the entity; and (3) it is able to use its power to affect the risks and/or returns to which it is exposed.

The Bank's Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and events in similar circumstances. All intercompany transactions, balances, and unrealized gains and losses on transactions are eliminated on consolidation.

Subsidiaries

Subsidiaries are corporations or other legal entities controlled by the Bank, generally through directly holding more than half of the voting power of the entity. Control of subsidiaries is determined based on the power exercisable through ownership of voting rights and is generally aligned with the risks and/or returns (collectively referred to as "variable returns") absorbed from subsidiaries through those voting rights. As a result, the Bank controls and consolidates subsidiaries when it holds the majority of the voting rights of the subsidiary, unless there is evidence that another investor has control over the subsidiary. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in assessing whether the Bank controls an entity. Subsidiaries are consolidated from the date the Bank obtains control and continue to be consolidated until the date when control ceases to exist.

The Bank may consolidate certain subsidiaries where it owns 50% or less of the voting rights. Most of those subsidiaries are structured entities as described in the following section.

Structured Entities

Structured entities, including special purpose entities (SPEs), are entities that are created to accomplish a narrow and well-defined objective. Structured entities may take the form of a corporation, trust, partnership, or unincorporated entity. They are often created with legal arrangements that impose limits on the decision-making powers of their governing board, trustee, or management over the operations of the entity. Typically, structured entities may not be controlled directly through holding more than half of the voting power of the entity as the ownership of voting rights may not be aligned with the variable returns absorbed from the entity. As a result, structured entities are consolidated when the substance of the relationship between the Bank and the structured entity indicates that the entity is controlled by the Bank. When assessing whether the Bank has to consolidate a structured entity, the Bank evaluates three primary criteria in order to conclude whether, in substance:

- The Bank has the power to direct the activities of the structured entity that have the most significant impact on the entity's risks and/or returns;
- The Bank is exposed to significant variable returns arising from the entity; and
- The Bank has the ability to use its power to affect the risks and/or returns to which it is exposed.

Consolidation conclusions are reassessed at the end of each financial reporting period. The Bank's policy is to consider the impact on consolidation of all significant changes in circumstances, focusing on the following:

- Substantive changes in ownership, such as the purchase or disposal of more than an insignificant additional interest in an entity;
- Changes in contractual or governance arrangements of an entity;
- Additional activities undertaken, such as providing a liquidity facility beyond the original terms or entering into a transaction not originally contemplated; or
- Changes in the financing structure of an entity.

Investments in Associates and Joint Ventures
Entities over which the Bank has significant influence are associates and entities over which the Bank has joint control are joint ventures. Significant influence is the power to participate in the financial and operating policy decisions of an investee, but is not control or joint control over these entities. Associates and joint ventures are accounted for using the equity method of accounting. Investments in associates and joint ventures are carried on the Consolidated Balance Sheet initially at cost and increased or decreased to recognize the Bank's share of the profit or loss of the associate or joint venture, capital transactions, including the receipt of any dividends, and write-downs to reflect any impairment in the value of such entities. These increases or decreases, together with any gains and losses realized on disposition, are reported on the Consolidated Statement of Income.

At each balance sheet date, the Bank assesses whether there is any objective evidence that the investment in an associate or joint venture is impaired. The Bank calculates the amount of impairment as the difference between the higher of fair value or value-in-use and its carrying value.

Non-controlling Interests
When the Bank does not own all of the equity of a consolidated entity, the minority shareholders' interest is presented on the Consolidated Balance Sheet as Non-controlling interests in subsidiaries as a component of total equity, separate from the equity of the Bank's shareholders. The income attributable to the minority interest holders, net of tax, is presented as a separate line item on the Consolidated Statement of Income.

CASH AND DUE FROM BANKS
Cash and due from banks consist of cash and amounts due from banks which are issued by investment grade financial institutions. These amounts are due on demand or have an original maturity of three months or less.

REVENUE RECOGNITION
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. Revenue associated with the rendering of services is recognized by reference to the stage of completion of the transaction at the end of the reporting period.

Interest from interest-bearing assets and liabilities not measured at fair value through profit or loss is recognized as net interest income using the effective interest rate (EIR). EIR is the rate that discounts expected future cash flows for the expected life of the financial instrument to its carrying value. The calculation takes into account the contractual interest rate, along with any fees or incremental costs that are directly attributable to the instrument and all other premiums or discounts.

Investment and securities services
Investment and securities services income include asset management fees, administration and commission fees, and investment banking fees. The Bank recognizes asset management and administration fees based on time elapsed, which depicts the rendering of investment management and related services over time. The fees are primarily calculated based on average daily or point in time assets under management (AUM) or assets under administration (AUA) depending on investment mandate.

Commission fees include sales, trailer and brokerage commissions. Sales and brokerage commissions are generally recognized at a point in time when the transaction is executed. Trailer commissions are recognized over time and are generally calculated based on the average daily net asset value of the fund during the period.

Investment banking fees include advisory fees and underwriting fees and are generally recognized at a point in time as income upon successful completion of the engagement.

Credit fees
Credit fees include liquidity fees, restructuring fees, letter of credit fees, and loan syndication fees. Liquidity, restructuring, and letter of credit fees are recognized in income over the period in which the service is provided. Loan syndication fees are generally recognized at a point in time upon completion of the financing placement.

Service charges
Service charges income is earned on personal and commercial deposit accounts and consists of account fees and transaction-based service charges. Account fees relate to account maintenance activities and are recognized in income over the period in which the service is provided. Transaction-based service charges are recognized as earned at a point in time when the transaction is complete.

Card services
Card services income includes interchange income as well as card fees such as annual and transactional fees. Interchange income is recognized at a point in time when the transaction is authorized and funded. Card fees are recognized as earned at the transaction date with the exception of annual fees, which are recognized over a twelve-month period.

IFRS 9 FINANCIAL INSTRUMENTS
On November 1, 2017, the Bank adopted IFRS 9, *Financial Instruments* (IFRS 9), which replaces the guidance in IAS 39, *Financial Instruments: Recognition and Measurement* (IAS 39). IFRS 9 includes requirements on: (1) Classification and measurement of financial assets and liabilities; (2) Impairment of financial assets; and (3) General hedge accounting. Accounting for macro hedging has been decoupled from IFRS 9. The Bank has an accounting policy choice to apply the hedge accounting requirements of IFRS 9 or IAS 39. The Bank has made the decision to continue applying the IAS 39 hedge accounting requirements at this time and will comply with the revised annual hedge accounting disclosures as required by the related amendments to IFRS 7, *Financial Instruments: Disclosures* (IFRS 7). Refer to Note 4 for further details.

Classification and Measurement of Financial Assets
The Bank classifies its financial assets into the following categories:
- Amortized cost;
- Fair value through other comprehensive income (FVOCI);
- Held-for-trading;
- Non-trading fair value through profit or loss (FVTPL); and
- Designated at FVTPL.

The Bank continues to recognize financial assets on a trade date basis.

Debt Instruments
The classification and measurement for debt instruments is based on the Bank's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). Refer to Note 3 for judgment with respect to business models and SPPI.

The Bank has determined its business models as follows:
- Held-to-collect: the objective is to collect contractual cash flows;
- Held-to-collect-and-sell: the objective is both to collect contractual cash flows and sell the financial assets; and
- Held-for-sale and other business models: the objective is neither of the above.

The Bank performs the SPPI test for financial assets held within the held-to-collect and held-to-collect-and-sell business models. If these financial assets have contractual cash flows which are inconsistent with a basic lending arrangement, they are classified as non-trading financial assets measured at FVTPL. In a basic lending arrangement, interest includes only consideration for time value of money, credit risk, other basic lending risks, and a reasonable profit margin.

Debt Securities and Loans Measured at Amortized Cost
Debt securities and loans held within a held-to-collect business model where their contractual cash flows pass the SPPI test are measured at amortized cost. The carrying amount of these financial assets is adjusted by an allowance for credit losses recognized and measured as described in the *Impairment – Expected Credit Loss Model* section of this Note, as well as any write-offs and unearned income which includes prepaid interest, loan origination fees and costs, commitment fees, loan syndication fees, and unamortized discounts or premiums. Interest income is recognized using EIRM. Loan origination fees and costs are considered to be adjustments to the loan yield and are recognized in interest income over the term of the loan. Commitment fees are recognized in credit fees over the commitment period when it is unlikely that the commitment will be called upon; otherwise, they are recognized in interest income over the term of the resulting loan. Loan syndication fees are recognized in credit fees upon completion of the financing placement unless the yield on any loan retained by the Bank is less than that of other comparable lenders involved in the financing syndicate. In such cases, an appropriate portion of the fee is recognized as a yield adjustment in interest income over the term of the loan.

Debt Securities and Loans Measured at Fair Value through Other Comprehensive Income
Debt securities and loans held within a held-to-collect-and-sell business model where their contractual cash flows pass the SPPI test are measured at FVOCI. Fair value changes are recognized in OCI, except for impairment gains or losses, interest income and foreign exchange gains and losses on the instrument's amortized cost, which are recognized in the Consolidated Statement of Income. The expected credit loss (ECL) allowance is recognized and measured as described in the *Impairment – Expected Credit Loss Model* section of this Note. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to income and recognized in net securities gain (loss). Interest income from these financial assets is included in interest income using EIRM.

Financial Assets Held-for-Trading
This held-for-sale business model includes financial assets held within a trading portfolio if they have been originated, acquired, or incurred principally for the purpose of selling in the near term, or if they form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking. Financial assets held within this business model consist of trading securities, trading loans, as well as certain debt securities and financing-type physical commodities that are recorded as securities purchased under reverse repurchase agreements on the Consolidated Balance Sheet.
Trading portfolio assets are accounted for at fair value, with changes in fair value as well as any gains or losses realized on disposal recognized in trading income. Transaction costs are expensed as incurred. Dividends are recognized on the ex-dividend date and interest is recognized on an accrual basis. Both dividends and interest are included in interest income.

Non-Trading Financial Assets Measured at Fair Value through Profit or Loss
Non-trading financial assets measured at FVTPL include financial assets held within the held-for-sale and other business models, for example debt securities and loans managed on a fair value basis. Financial assets held within the held-to-collect or held-to-collect-and-sell business models that do not pass the SPPI test are also classified as non-trading financial assets measured at FVTPL. Changes in fair value as well as any gains or losses realized on disposal are recognized in income (loss) from non-trading financial instruments at FVTPL. Interest income from debt instruments is included in interest income on an accrual basis.

Financial Assets Designated at Fair Value through Profit or Loss
Debt instruments in a held-to-collect or held-to-collect-and-sell business model can be designated at initial recognition as measured at FVTPL, provided the designation can eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring these financial assets on a different basis. The FVTPL designation is available only for those financial instruments for which a reliable estimate of fair value can be obtained. Once financial assets are designated at FVTPL, the designation is irrevocable. Changes in fair value as well as any gains or losses realized on disposal are recognized in income (loss) from financial instruments designated at FVTPL. Interest income from these financial assets is included in interest income on an accrual basis.

Customers' Liability under Acceptances
Acceptances represent a form of negotiable short-term debt issued by customers, which the Bank guarantees for a fee. Revenue is recognized on an accrual basis. The potential obligation of the Bank is reported as a liability under Acceptances on the Consolidated Balance Sheet. The Bank's recourse against the customer in the event of a call on any of these commitments is reported as an asset of the same amount.

Equity Instruments
Equity investments are required to be measured at FVTPL (classified as non-trading financial assets measured at FVTPL), except where the Bank has elected at initial recognition to irrevocably designate an equity investment, held for purposes other than trading, at FVOCI. If such an election is made, the fair value changes, including any associated foreign exchange gains or losses, are recognized in OCI and are not subsequently reclassified to net income, including upon disposal. Realized gains and losses are transferred directly to retained earnings upon disposal. Consequently, there is no review required for impairment. Dividends will

normally be recognized in interest income unless the dividends represent a recovery of part of the cost of the investment. Gains and losses on non-trading equity investments measured at FVTPL are included in income (loss) from non-trading financial instruments at FVTPL.

Classification and Measurement for Financial Liabilities
The Bank classifies its financial liabilities into the following categories:
- Held-for-trading;
- Designated at FVTPL; and
- Other liabilities.

Financial Liabilities Held-for-Trading
Financial liabilities are held within a trading portfolio if they have been incurred principally for the purpose of repurchasing in the near term, or form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking. Financial liabilities held-for-trading are primarily trading deposits, securitization liabilities at fair value, obligations related to securities sold short and obligations related to certain securities sold under repurchase agreements.

Trading portfolio liabilities are recognized on a trade date basis and are accounted for at fair value, with changes in fair value and any gains or losses recognized in trading income. Transaction costs are expensed as incurred. Interest is recognized on an accrual basis and included in interest expense.

Financial Liabilities Designated at Fair Value through Profit or Loss
Certain financial liabilities that do not meet the definition of trading may be designated at FVTPL. To be designated at FVTPL, financial liabilities must meet one of the following criteria: (1) the designation eliminates or significantly reduces a measurement or recognition inconsistency; (2) a group of financial liabilities is managed and its performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy; or (3) the instrument contains one or more embedded derivatives unless a) the embedded derivative does not significantly modify the cash flows that otherwise would be required by the contract, or b) it is clear with little or no analysis that separation of the embedded derivative from the financial instrument is prohibited. In addition, the FVTPL designation is available only for those financial instruments for which a reliable estimate of fair value can be obtained. Once financial liabilities are designated at FVTPL, the designation is irrevocable. Liabilities designated at FVTPL are carried at fair value on the Consolidated Balance Sheet, with changes in fair value as well as any gains or losses realized on disposal recognized in other income (loss), except for the amount of change in fair value attributable to changes in the Bank's own credit risk, which is presented in OCI. This exception does not apply to loan commitments or financial guarantee contracts. Interest is included in interest expense on an accrual basis.

Other Financial Liabilities
Deposits
Deposits, other than deposits included in a trading portfolio, are accounted for at amortized cost. Accrued interest on deposits is included in Other liabilities on the Consolidated Balance Sheet. Interest, including capitalized transaction costs, is recognized on an accrual basis using EIRM as Interest expense on the Consolidated Statement of Income.

Subordinated Notes and Debentures
Subordinated notes and debentures are accounted for at amortized cost. Accrued interest on subordinated notes and debentures is included in Other liabilities on the Consolidated Balance Sheet. Interest, including capitalized transaction costs, is recognized on an accrual basis using EIRM as Interest expense on the Consolidated Statement of Income.

Reclassification of Financial Assets and Liabilities
Financial assets and financial liabilities are not reclassified subsequent to their initial recognition, except for financial assets for which the Bank changes its business model for managing financial assets. Such reclassifications of financial assets are expected to be rare in practice.

Impairment – Expected Credit Loss Model
The ECL model applies to financial assets, including loans and debt securities measured at amortized cost, loans and debt securities measured at FVOCI, loan commitments, and financial guarantees that are not measured at FVTPL.

The ECL model consists of three stages: Stage 1 – twelve-month ECLs for performing financial assets, Stage 2 – Lifetime ECLs for financial assets that have experienced a significant increase in credit risk since initial recognition, and Stage 3 – Lifetime ECLs for financial assets that are impaired. ECLs are the difference between all contractual cash flows that are due to the Bank in accordance with the contract and all the cash flows the Bank expects to receive, discounted at the original effective interest rate. If a significant increase in credit risk has occurred since initial recognition, impairment is measured as lifetime ECLs. Otherwise, impairment is measured as twelve-month ECLs which represent the portion of lifetime ECLs that are expected to occur based on default events that are possible within twelve months after the reporting date. If credit quality improves in a subsequent period such that the increase in credit risk since initial recognition is no longer considered significant, the loss allowance reverts back to being measured based on twelve-month ECLs.

Significant Increase in Credit Risk
For retail exposures, significant increase in credit risk is assessed based on changes in the twelve-month probability of default (PD) since initial recognition, using a combination of individual and collective information that incorporates borrower and account specific attributes and relevant forward-looking macroeconomic variables.

For non-retail exposures, significant increase in credit risk is assessed based on changes in the internal risk rating (borrower risk ratings (BRR)) since initial recognition.

The Bank defines default as delinquency of 90 days or more for most retail products and BRR 9 for non-retail exposures. Exposures are considered impaired and migrate to Stage 3 when they are 90 days or more past due for retail exposures, rated BRR 9 for non-retail exposures, or when there is objective evidence that there has been a deterioration of credit quality to the extent the Bank no longer has reasonable assurance as to the timely collection of the full amount of principal and interest.

When determining whether there has been a significant increase in credit risk since initial recognition of a financial asset, the Bank considers all reasonable and supportable information that is available without undue cost or effort about past events, current conditions, and forecast of future economic conditions. Refer to Note 3 for additional details.

Measurement of Expected Credit Losses

ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument and consider reasonable and supportable information about past events, current conditions, and forecasts of future events and economic conditions that impact the Bank's credit risk assessment. Expected life is the maximum contractual period the Bank is exposed to credit risk, including extension options for which the borrower has unilateral right to exercise. For certain financial instruments that include both a loan and an undrawn commitment, and the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Bank's exposure to credit losses to the contractual notice period, ECLs are measured over the period the Bank is exposed to credit risk. For example, ECLs for credit cards are measured over the borrowers' expected behavioural life, incorporating survivorship assumptions and borrower-specific attributes.

The Bank leverages its Advanced Internal Ratings Based (AIRB) models used for regulatory capital purposes and incorporates adjustments where appropriate to calculate ECLs.

Forward-Looking Information and Expert Credit Judgment

Forward-looking information is considered when determining significant increase in credit risk and measuring ECLs. Forward-looking macroeconomic factors are incorporated in the risk parameters as relevant.

Qualitative factors that are not already considered in the modelling are incorporated by exercising expert credit judgment in determining the final ECL. Refer to Note 3 for additional details.

Modified Loans

In cases where a borrower experiences financial difficulties, the Bank may grant certain concessionary modifications to the terms and conditions of a loan. Modifications may include payment deferrals, extension of amortization periods, rate reductions, principal forgiveness, debt consolidation, forbearance and other modifications intended to minimize the economic loss and to avoid foreclosure or repossession of collateral. The Bank has policies in place to determine the appropriate remediation strategy based on the individual borrower.

If the Bank determines that a modification results in expiry of cash flows, the original asset is derecognized while a new asset is recognized based on the new contractual terms. Significant increase in credit risk is assessed relative to the risk of default on the date of modification.

If the Bank determines that a modification does not result in derecognition, significant increase in credit risk is assessed based on the risk of default at initial recognition of the original asset. Expected cash flows arising from the modified contractual terms are considered when calculating the ECL for the modified asset. For loans that were modified while having lifetime ECLs, the loans can revert to having twelve-month ECLs after a period of performance and improvement in the borrower's financial condition.

Allowance for Loan Losses, Excluding Acquired Credit-Impaired (ACI) Loans

The allowance for loan losses represents management's best estimate of ECLs in the lending portfolios, including any off-balance sheet exposures, at the balance sheet date. The allowance for loan losses for lending portfolios reported on the Consolidated Balance Sheet, which includes credit-related allowances for residential mortgages, consumer instalment and other personal, credit card, business and government loans, is deducted from Loans on the Consolidated Balance Sheet. The allowance for loan losses for loans measured at FVOCI is presented on the Consolidated Statement of Changes in Equity. The allowance for loan losses for off-balance sheet instruments, which relates to certain guarantees, letters of credit, and undrawn lines of credit, is recognized in Other liabilities on the Consolidated Balance Sheet. Allowances for lending portfolios reported on the balance sheet and off-balance sheet exposures are calculated using the same methodology. The allowance is increased by the provision for credit losses and decreased by write-offs net of recoveries and disposals. Each quarter, allowances are reassessed and adjusted based on any changes in management's estimate of ECLs. Loan losses on impaired loans in Stage 3 continue to be recognized by means of an allowance for loan losses until a loan is written off.

A loan is written off against the related allowance for loan losses when there is no realistic prospect of recovery.Non-retail loans are generally written off when all reasonable collection efforts have been exhausted, such as when a loan is sold, when all security has been realized, or when all security has been resolved with the receiver or bankruptcy court. Non-real estate retail loans are generally written off when contractual payments are 180 days past due, or when a loan is sold. Real-estate secured retail loans are generally written off when the security is realized. The time period over which the Bank performs collection activities of the contractual amount outstanding of financial assets that are written off varies from one jurisdiction to another and generally spans between less than one year to five years.

Allowance for Credit Losses on Debt Securities

The allowance for credit losses on debt securities represents management's best estimate of ECLs. Debt securities measured at amortized cost are presented net of the allowance for credit losses on the Consolidated Balance Sheet. The allowance for credit losses on debt securities measured at FVOCI are presented on the Consolidated Statement of Changes in Equity. The allowance for credit losses is increased by the provision for credit losses and decreased by write-offs net of recoveries and disposals. Each quarter, allowances are reassessed and adjusted based on any changes in management's estimate of ECLs.

Acquired Loans

Acquired loans are initially measured at fair value, which considers incurred and expected future credit losses estimated at the acquisition date and also reflects adjustments based on the acquired loan's interest rate in comparison to current market rates. On acquisition, twelve-month ECLs are recognized on the acquired loans, resulting in the carrying amount for acquired loans to be lower than fair value. When loans are acquired with evidence of incurred credit loss where it is probable at the purchase date that the Bank will be unable to collect all contractually required principal and interest payments, they are generally considered to be ACI loans, with no ECLs recognized on acquisition. Acquired performing loans are subsequently accounted for at amortized cost based on their contractual cash flows and any acquisition related discount or premium, including credit-related discounts, is considered to be an adjustment to the loan yield and is recognized in interest income using EIRM over the term of the loan, or the expected life of the loan for acquired loans with revolving terms.

Acquired Credit-Impaired Loans

ACI loans are identified as impaired at acquisition based on specific risk characteristics of the loans, including past due status, performance history, and recent borrower credit scores. ACI loans are accounted for based on the present value of expected cash flows as opposed to their contractual cash flows. The Bank

determines the fair value of these loans at the acquisition date by discounting expected cash flows at a discount rate that reflects factors a market participant would use when determining fair value including management assumptions relating to default rates, loss severities, the amount and timing of prepayments, and other factors that are reflective of current market conditions. With respect to certain individually significant ACI loans, accounting is applied individually at the loan level. The remaining ACI loans are aggregated provided they are acquired in the same fiscal quarter and have common risk characteristics. Aggregated loans are accounted for as a single asset with aggregated cash flows and a single composite interest rate. Subsequent to acquisition, the Bank regularly reassesses and updates its cash flow estimates for changes to assumptions relating to default rates, loss severities, the amount and timing of prepayments, and other factors that are reflective of current market conditions. Probable decreases in expected cash flows trigger the recognition of additional impairment, which is measured based on the present value of the revised expected cash flows discounted at the loan's effective interest rate as compared to the carrying value of the loan. The ECL in excess of the initial credit-related discount is recorded through the provision for credit losses. Interest income on ACI loans is calculated by multiplying the credit-adjusted effective interest rate to the amortized cost of ACI loans.

SHARE CAPITAL

The Bank classifies financial instruments that it issues as either financial liabilities, equity instruments, or compound instruments.

Issued instruments that are mandatorily redeemable or convertible into a variable number of the Bank's common shares at the holder's option are classified as liabilities on the Consolidated Balance Sheet. Dividend or interest payments on these instruments are recognized in Interest expense on the Consolidated Statement of Income.

Issued instruments are classified as equity when there is no contractual obligation to transfer cash or other financial assets. Further, issued instruments that are not mandatorily redeemable or that are not convertible into a variable number of the Bank's common shares at the holder's option, are classified as equity and presented in share capital. Incremental costs directly attributable to the issue of equity instruments are included in equity as a deduction from the proceeds, net of tax. Dividend payments on these instruments are recognized as a reduction in equity.

Compound instruments are comprised of both liability and equity components in accordance with the substance of the contractual arrangement. At inception, the fair value of the liability component is initially measured with any residual amount assigned to the equity component. Transaction costs are allocated proportionately to the liability and equity components.

Common or preferred shares held by the Bank are classified as treasury shares in equity, and the cost of these shares is recorded as a reduction in equity. Upon the sale of treasury shares, the difference between the sale proceeds and the cost of the shares is recorded in or against contributed surplus.

GUARANTEES

The Bank issues guarantee contracts that require payments to be made to guaranteed parties based on: (1) changes in the underlying economic characteristics relating to an asset or liability of the guaranteed party; (2) failure of another party to perform under an obligating agreement; or (3) failure of another third party to pay its indebtedness when due. Financial standby letters of credit are financial guarantees that represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties and they carry the same credit risk, recourse, and collateral security requirements as loans extended to customers. Performance standby letters of credit are considered non-financial guarantees as payment does not depend on the occurrence of a credit event and is generally related to a non-financial trigger event. Guarantees, including financial and performance standby letters of credit, are initially measured and recorded at their fair value. The fair value of a guarantee liability at initial recognition is normally equal to the present value of the guarantee fees received over the life of contract. The Bank's release from risk is recognized over the term of the guarantee using a systematic and rational amortization method.

If a guarantee meets the definition of a derivative, it is carried at fair value on the Consolidated Balance Sheet and reported as a derivative asset or derivative liability at fair value. Guarantees that are considered derivatives are a type of credit derivative contracts which are over-the-counter (OTC) contracts designed to transfer the credit risk in an underlying financial instrument from one counterparty to another.

DERIVATIVES

Derivatives are instruments that derive their value from changes in underlying interest rates, foreign exchange rates, credit spreads, commodity prices, equities, or other financial or non-financial measures. Such instruments include interest rate, foreign exchange, equity, commodity, and credit derivative contracts. The Bank uses these instruments for trading and non-trading purposes. Derivatives are carried at their fair value on the Consolidated Balance Sheet.

Derivatives Held-for-Trading Purposes

The Bank enters into trading derivative contracts to meet the needs of its customers, to provide liquidity and market-making related activities, and in certain cases, to manage risks related to its trading portfolio. The realized and unrealized gains or losses on trading derivatives are recognized immediately in trading income (loss).

Derivatives Held for Non-trading Purposes

Non-trading derivatives are primarily used to manage interest rate, foreign exchange, and other market risks of the Bank's traditional banking activities. When derivatives are held for non-trading purposes and when the transactions meet the hedge accounting requirements of IAS 39, they are presented as non-trading derivatives and receive hedge accounting treatment, as appropriate. Certain derivative instruments that are held for economic hedging purposes, and do not meet the hedge accounting requirements of IAS 39, are also presented as non-trading derivatives with the change in fair value of these derivatives recognized in non-interest income.

Hedging Relationships

Hedge Accounting

At the inception of a hedging relationship, the Bank documents the relationship between the hedging instrument and the hedged item, its risk management objective, and its strategy for undertaking the hedge. The Bank also requires a documented assessment, both at hedge inception and on an ongoing basis, of whether or not the derivatives that are used in hedging relationships are highly effective in offsetting the changes attributable to the hedged risks in the fair values or cash flows of the hedged items. In order to be considered effective, the hedging instrument and the hedged item must be highly and inversely correlated such that the changes in the fair value of the hedging instrument will substantially offset the effects of the hedged exposure to the Bank throughout the term of the hedging relationship. If a hedging relationship becomes ineffective, it no longer qualifies for hedge accounting and any subsequent change in the fair value of the hedging instrument is recognized in Non-interest income on the Consolidated Statement of Income.

Changes in fair value relating to the derivative component excluded from the assessment of hedge effectiveness, is recognized immediately in Non-interest income on the Consolidated Statement of Income.

When derivatives are designated as hedges, the Bank classifies them either as: (1) hedges of the changes in fair value of recognized assets or liabilities or firm commitments (fair value hedges); (2) hedges of the variability in highly probable future cash flows attributable to a recognized asset or liability, or a forecasted transaction (cash flow hedges); or (3) hedges of net investments in a foreign operation (net investment hedges).

Fair Value Hedges
The Bank's fair value hedges principally consist of interest rate swaps that are used to protect against changes in the fair value of fixed-rate long-term financial instruments due to movements in market interest rates.

Changes in the fair value of derivatives that are designated and qualify as fair value hedging instruments are recognized in Non-interest income on the Consolidated Statement of Income, along with changes in the fair value of the assets, liabilities, or group thereof that are attributable to the hedged risk. Any change in fair value relating to the ineffective portion of the hedging relationship is recognized immediately in non-interest income.

The cumulative adjustment to the carrying amount of the hedged item (the basis adjustment) is amortized to the Consolidated Statement of Income in Net interest income based on a recalculated EIR over the remaining expected life of the hedged item, with amortization beginning no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the hedged risk. Where the hedged item has been derecognized, the basis adjustment is immediately released to Net interest income or Non-interest income, as applicable, on the Consolidated Statement of Income.

Cash Flow Hedges
The Bank is exposed to variability in future cash flows attributable to interest rate, foreign exchange rate, and equity price risks. The amounts and timing of future cash flows are projected for each hedged exposure on the basis of their contractual terms and other relevant factors, including estimates of prepayments and defaults.

The effective portion of the change in the fair value of the derivative that is designated and qualifies as a cash flow hedge is initially recognized in other comprehensive income. The change in fair value of the derivative relating to the ineffective portion is recognized immediately in non-interest income.

Amounts in accumulated other comprehensive income attributable to interest rate, foreign exchange rate, and equity price components, as applicable, are reclassified to Net interest income or Non-interest income on the Consolidated Statement of Income in the period in which the hedged item affects income, and are reported in the same income statement line as the hedged item.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in accumulated other comprehensive income at that time remains in accumulated other comprehensive income until the forecasted transaction impacts the Consolidated Statement of Income. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in accumulated other comprehensive income is immediately reclassified to Net interest income or Non-interest income, as applicable, on the Consolidated Statement of Income.

Net Investment Hedges
Hedges of net investments in foreign operations are accounted for similar to cash flow hedges. The change in fair value on the hedging instrument relating to the effective portion is recognized in other comprehensive income. The change in fair value of the hedging instrument relating to the ineffective portion is recognized immediately on the Consolidated Statement of Income. Gains and losses in accumulated other comprehensive income are reclassified to the Consolidated Statement of Income upon the disposal or partial disposal of the investment in the foreign operation. The Bank designates derivatives and non-derivatives (such as foreign currency deposit liabilities) as hedging instruments in net investment hedges.

Embedded Derivatives
Derivatives may be embedded in certain instruments, including financial liabilities, (the host instrument). Embedded derivatives are treated as separate derivatives when their economic characteristics and risks are not closely related to those of the host instrument, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined contract is not held-for-trading or designated at fair value through profit or loss. These embedded derivatives, which are bifurcated from the host contract, are recognized on the Consolidated Balance Sheet as Derivatives and measured at fair value with subsequent changes recognized in Non-interest income on the Consolidated Statement of Income.

TRANSLATION OF FOREIGN CURRENCIES
The Bank's Consolidated Financial Statements are presented in Canadian dollars, which is the presentation currency of the Bank. Items included in the financial statements of each of the Bank's entities are measured using their functional currency, which is the currency of the primary economic environment in which they operate.

Monetary assets and liabilities denominated in a currency that differs from an entity's functional currency are translated into the functional currency of the entity at exchange rates prevailing at the balance sheet date. Non-monetary assets and liabilities are translated at historical exchange rates. Income and expenses are translated into an entity's functional currency at average exchange rates for the period. Translation gains and losses are included in non-interest income except for equity investments designated at FVOCI where unrealized translation gains and losses are recorded in other comprehensive income.

Foreign-currency denominated subsidiaries are those with a functional currency other than Canadian dollars. For the purpose of translation into the Bank's functional currency, all assets and liabilities are translated at exchange rates prevailing at the balance sheet date and all income and expenses are translated at average exchange rates for the period. Unrealized translation gains and losses relating to these operations, net of gains or losses arising from net investment hedges of these positions and applicable income taxes, are included in other comprehensive income. Translation gains and losses in accumulated other comprehensive income are recognized on the Consolidated Statement of Income upon the disposal or partial disposal of the investment in the foreign operation. The investment balance of foreign entities accounted for by the equity method, including TD Ameritrade, is translated into Canadian dollars using exchange rates prevailing at the balance sheet date with exchange gains or losses recognized in other comprehensive income.

OFFSETTING OF FINANCIAL INSTRUMENTS
Financial assets and liabilities are offset, with the net amount presented on the Consolidated Balance Sheet, only if the Bank currently has a legally enforceable right to set off the recognized amounts, and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. In all other situations, assets and liabilities are presented on a gross basis.

DETERMINATION OF FAIR VALUE
The fair value of a financial instrument on initial recognition is normally the transaction price, such as the fair value of the consideration given or received. The best evidence of fair value is quoted prices in active markets. When financial assets and liabilities have offsetting market risks or credit risks, the Bank applies the portfolio exception, as described in Note 5, and uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies the most representative price within the bid-ask spread to the net open position, as appropriate. When there is no active market for the instrument, the fair value may be

based on other observable current market transactions involving the same or similar instrument, without modification or repackaging, or is based on a valuation technique which maximizes the use of observable market inputs.

The Bank recognizes various types of valuation adjustments to account for factors that market participants would use in determining fair value which are not included in valuation techniques due to system limitations or measurement uncertainty. Valuation adjustments reflect the Bank's assessment of factors that market participants would use in pricing the asset or liability. These include, but are not limited to, the unobservability of inputs used in the pricing model, or assumptions about risk, such as creditworthiness of each counterparty and risk premiums that market participants would require given the inherent risk in the pricing model.

If there is a difference between the initial transaction price and the value based on a valuation technique, the difference is referred to as inception profit or loss. Inception profit or loss is recognized in trading income upon initial recognition of the instrument only if the fair value is based on observable inputs. When an instrument is measured using a valuation technique that utilizes significant non-observable inputs, it is initially valued at the transaction price, which is considered the best estimate of fair value. Subsequent to initial recognition, any difference between the transaction price and the value determined by the valuation technique at initial recognition is recognized in trading income as non-observable inputs become observable.

If the fair value of a financial asset measured at fair value becomes negative, it is recognized as a financial liability until either its fair value becomes positive, at which time it is recognized as a financial asset, or until it is extinguished.

DERECOGNITION OF FINANCIAL INSTRUMENTS

Financial Assets

The Bank derecognizes a financial asset when the contractual rights to that asset have expired. Derecognition may also be appropriate where the contractual right to receive future cash flows from the asset have been transferred, or where the Bank retains the rights to future cash flows from the asset, but assumes an obligation to pay those cash flows to a third party subject to certain criteria.

When the Bank transfers a financial asset, it is necessary to assess the extent to which the Bank has retained the risks and rewards of ownership of the transferred asset. If substantially all the risks and rewards of ownership of the financial asset have been retained, the Bank continues to recognize the financial asset and also recognizes a financial liability for the consideration received. Certain transaction costs incurred are also capitalized and amortized using EIRM. If substantially all the risks and rewards of ownership of the financial asset have been transferred, the Bank will derecognize the financial asset and recognize separately as assets or liabilities any rights and obligations created or retained in the transfer. The Bank determines whether substantially all the risks and rewards have been transferred by quantitatively comparing the variability in cash flows before and after the transfer. If the variability in cash flows does not change significantly as a result of the transfer, the Bank has retained substantially all of the risks and rewards of ownership.

If the Bank neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the Bank derecognizes the financial asset where it has relinquished control of the financial asset. The Bank is considered to have relinquished control of the financial asset where the transferee has the practical ability to sell the transferred financial asset. Where the Bank has retained control of the financial asset, it continues to recognize the financial asset to the extent of its continuing involvement in the financial asset. Under these circumstances, the Bank usually retains the rights to future cash flows relating to the asset through a residual interest and is exposed to some degree of risk associated with the financial asset.

The derecognition criteria are also applied to the transfer of part of an asset, rather than the asset as a whole, or to a group of similar financial assets in their entirety, when applicable. If transferring a part of an asset, it must be a specifically identified cash flow, a fully proportionate share of the asset, or a fully proportionate share of a specifically identified cash flow.

Securitization

Securitization is the process by which financial assets are transformed into securities. The Bank securitizes financial assets by transferring those financial assets to a third party and as part of the securitization, certain financial assets may be retained and may consist of an interest-only strip and, in some cases, a cash reserve account (collectively referred to as "retained interests"). If the transfer qualifies for derecognition, a gain or loss is recognized immediately in other income after the effects of hedges on the assets sold, if applicable. The amount of the gain or loss is calculated as the difference between the carrying amount of the asset transferred and the sum of any cash proceeds received, including any financial asset received or financial liability assumed, and any cumulative gain or loss allocated to the transferred asset that had been recognized in accumulated other comprehensive income. To determine the value of the retained interest initially recorded, the previous carrying value of the transferred asset is allocated between the amount derecognized from the balance sheet and the retained interest recorded, in proportion to their relative fair values on the date of transfer. Subsequent to initial recognition, as market prices are generally not available for retained interests, fair value is determined by estimating the present value of future expected cash flows using management's best estimates of key assumptions that market participants would use in determining fair value. Refer to Note 3 for assumptions used by management in determining the fair value of retained interests. Retained interest is classified as trading securities with subsequent changes in fair value recorded in trading income.

Where the Bank retains the servicing rights, the benefits of servicing are assessed against market expectations. When the benefits of servicing are more than adequate, a servicing asset is recognized. Similarly, when the benefits of servicing are less than adequate, a servicing liability is recognized. Servicing assets and servicing liabilities are initially recognized at fair value and subsequently carried at amortized cost.

Financial Liabilities

The Bank derecognizes a financial liability when the obligation under the liability is discharged, cancelled, or expires. If an existing financial liability is replaced by another financial liability from the same lender on substantially different terms or where the terms of the existing liability are substantially modified, the original liability is derecognized and a new liability is recognized with the difference in the respective carrying amounts recognized on the Consolidated Statement of Income.

Securities Purchased Under Reverse Repurchase Agreements, Securities Sold Under Repurchase Agreements, and Securities Borrowing and Lending

Securities purchased under reverse repurchase agreements involve the purchase of securities by the Bank under agreements to resell the securities at a future date. These agreements are treated as collateralized lending transactions whereby the Bank takes possession of the purchased securities, but does not acquire the risks and rewards of ownership. The Bank monitors the market value of the purchased securities relative to the amounts due under the reverse repurchase agreements, and when necessary, requires transfer of additional collateral. In the event of counterparty default, the agreements provide the Bank with the right to liquidate the collateral held and offset the proceeds against the amount owing from the counterparty.

Obligations related to securities sold under repurchase agreements involve the sale of securities by the Bank to counterparties under agreements to repurchase the securities at a future date. These agreements do not result in the risks and rewards of ownership being relinquished and are treated as collateralized borrowing transactions. The Bank monitors the market value of the securities sold relative to the amounts due under the repurchase agreements, and when necessary,

transfers additional collateral and may require counterparties to return collateral pledged. Certain transactions that do not meet derecognition criteria are also included in obligations related to securities sold under repurchase agreements. Refer to Note 9 for further details.

Securities purchased under reverse repurchase agreements and obligations related to securities sold under repurchase agreements are initially recorded on the Consolidated Balance Sheet at the respective prices at which the securities were originally acquired or sold, plus accrued interest. Subsequently, the agreements are measured at amortized cost on the Consolidated Balance Sheet, plus accrued interest. Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements is determined using EIRM and is included in Interest income and Interest expense, respectively, on the Consolidated Statement of Income.

In security lending transactions, the Bank lends securities to a counterparty and receives collateral in the form of cash or securities. If cash collateral is received, the Bank records the cash along with an obligation to return the cash as an obligation related to Securities sold under repurchase agreements on the Consolidated Balance Sheet. Where securities are received as collateral, the Bank does not record the collateral on the Consolidated Balance Sheet.

In securities borrowing transactions, the Bank borrows securities from a counterparty and pledges either cash or securities as collateral. If cash is pledged as collateral, the Bank records the transaction as securities purchased under reverse repurchase agreements on the Consolidated Balance Sheet. Securities pledged as collateral remain on the Bank's Consolidated Balance Sheet.

Where securities are pledged or received as collateral, security borrowing fees and security lending income are recorded in Non-interest income on the Consolidated Statement of Income over the term of the transaction. Where cash is pledged or received as collateral, interest received or incurred is included in Interest income and Interest expense, respectively, on the Consolidated Statement of Income.

Physical commodities purchased or sold with an agreement to sell or repurchase the physical commodities at a later date at a fixed price, are also included in securities purchased under reverse repurchase agreements and obligations related to securities sold under repurchase agreements, respectively, if the derecognition criteria are not met. These instruments are measured at fair value.

GOODWILL

Goodwill represents the excess purchase price paid over the net fair value of identifiable assets and liabilities acquired in a business combination. Goodwill is carried at its initial cost less accumulated impairment losses.

Goodwill is allocated to a cash-generating unit (CGU) or a group of CGUs that is expected to benefit from the synergies of the business combination, regardless of whether any assets acquired and liabilities assumed are assigned to the CGU or group of CGUs. A CGU is the smallest identifiable group of assets that generates cash flows largely independent of the cash inflows from other assets or groups of assets. Each CGU or group of CGUs, to which goodwill is allocated, represents the lowest level within the Bank at which the goodwill is monitored for internal management purposes and is not larger than an operating segment.

Goodwill is assessed for impairment at least annually and when an event or change in circumstances indicates that the carrying amount may be impaired. When impairment indicators are present, the recoverable amount of the CGU or group of CGUs, which is the higher of its estimated fair value less costs of disposal and its value-in-use, is determined. If the carrying amount of the CGU or group of CGUs is higher than its recoverable amount, an impairment loss exists. The impairment loss is recognized on the Consolidated Statement of Income and cannot be reversed in future periods.

INTANGIBLE ASSETS

Intangible assets represent identifiable non-monetary assets and are acquired either separately or through a business combination, or internally generated software. The Bank's intangible assets consist primarily of core deposit intangibles, credit card related intangibles, and software intangibles. Intangible assets are initially recognized at fair value and are amortized over their estimated useful lives (3 to 20 years) proportionate to their expected economic benefits, except for software which is amortized over its estimated useful life (3 to 7 years) on a straight-line basis.

The Bank assesses its intangible assets for impairment on a quarterly basis. When impairment indicators are present, the recoverable amount of the asset, which is the higher of its estimated fair value less costs of disposal and its value-in-use, is determined. If the carrying amount of the asset is higher than its recoverable amount, the asset is written down to its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Bank estimates the recoverable amount of the CGU to which the asset belongs. An impairment loss is recognized on the Consolidated Statement of Income in the period in which the impairment is identified. Impairment losses recognized previously are assessed and reversed if the circumstances leading to the impairment are no longer present. Reversal of any impairment loss will not exceed the carrying amount of the intangible asset that would have been determined had no impairment loss been recognized for the asset in prior periods.

LAND, BUILDINGS, EQUIPMENT, AND OTHER DEPRECIABLE ASSETS

Land is recognized at cost. Buildings, computer equipment, furniture and fixtures, other equipment, and leasehold improvements are recognized at cost less accumulated depreciation and provisions for impairment, if any. Gains and losses on disposal are included in Non-interest income on the Consolidated Statement of Income.

Assets leased under a finance lease are capitalized as assets and depreciated on a straight-line basis over the lesser of the lease term and the estimated useful life of the asset.

The Bank records the obligation associated with the retirement of a long-lived asset at fair value in the period in which it is incurred and can be reasonably estimated, and records a corresponding increase to the carrying amount of the asset. The asset is depreciated on a straight-line basis over its remaining useful life while the liability is accreted to reflect the passage of time until the eventual settlement of the obligation.

Depreciation is recognized on a straight-line basis over the useful lives of the assets estimated by asset category, as follows:

Asset	Useful Life
Buildings	15 to 40 years
Computer equipment	2 to 8 years
Furniture and fixtures	3 to 15 years
Other equipment	5 to 15 years
Leasehold improvements	Lesser of the remaining lease term and the remaining useful life of the asset

The Bank assesses its depreciable assets for impairment on a quarterly basis. When impairment indicators are present, the recoverable amount of the asset, which is the higher of its estimated fair value less costs to sell and its value-in-use, is determined. If the carrying value of the asset is higher than its recoverable amount, the asset is written down to its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Bank estimates the recoverable amount of the CGU to which the asset belongs. An impairment loss is recognized on the Consolidated Statement of Income in the period in which the impairment is identified. Impairment losses previously recognized are assessed and reversed if the circumstances leading to their impairment are no longer

present. Reversal of any impairment loss will not exceed the carrying amount of the depreciable asset that would have been determined had no impairment loss been recognized for the asset in prior periods.

NON-CURRENT ASSETS HELD-FOR-SALE

Individual non-current assets (and disposal groups) are classified as held-for-sale if they are available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups), and their sale must be highly probable to occur within one year. For a sale to be highly probable, management must be committed to a sales plan and initiate an active program to market the sale of the non-current assets (disposal groups). Non-current assets (and disposal groups) classified as held-for-sale are measured at the lower of their carrying amount and fair value less costs to sell on the Consolidated Balance Sheet. Subsequent to its initial classification as held-for-sale, a non-current asset (and disposal group) is no longer depreciated or amortized, and any subsequent write-downs in fair value less costs to sell or such increases not in excess of cumulative write-downs, are recognized in Other income on the Consolidated Statement of Income.

SHARE-BASED COMPENSATION

The Bank grants share options to certain employees as compensation for services provided to the Bank. The Bank uses a binomial tree-based valuation option pricing model to estimate fair value for all share option compensation awards. The cost of the share options is based on the fair value estimated at the grant date and is recognized as compensation expense and contributed surplus over the service period required for employees to become fully entitled to the awards. This period is generally equal to the vesting period in addition to a period prior to the grant date. For the Bank's share options, this period is generally equal to five years. When options are exercised, the amount initially recognized in the contributed surplus balance is reduced, with a corresponding increase in common shares.

The Bank has various other share-based compensation plans where certain employees are awarded share units equivalent to the Bank's common shares as compensation for services provided to the Bank. The obligation related to share units is included in other liabilities. Compensation expense is recognized based on the fair value of the share units at the grant date adjusted for changes in fair value between the grant date and the vesting date, net of hedging activities, over the service period required for employees to become fully entitled to the awards. This period is generally equal to the vesting period, in addition to a period prior to the grant date. For the Bank's share units, this period is generally equal to four years.

EMPLOYEE BENEFITS

Defined Benefit Plans

Actuarial valuations are prepared at least every three years to determine the present value of the projected benefit obligation related to the Bank's principal pension and non-pension post-retirement benefit plans. In periods between actuarial valuations, an extrapolation is performed based on the most recent valuation completed. All actuarial gains and losses are recognized immediately in other comprehensive income, with cumulative gains and losses reclassified to retained earnings. Pension and non-pension post-retirement benefit expenses are determined based upon separate actuarial valuations using the projected benefit method pro-rated on service and management's best estimates of discount rate, compensation increases, health care cost trend rate, and mortality rates, which are reviewed annually with the Bank's actuaries. The discount rate used to value liabilities is determined by reference to market yields on high quality corporate bonds with terms matching the plans' specific cash flows. The expense recognized includes the cost of benefits for employee service provided in the current year, net interest expense or income on the net defined benefit liability or asset, past service costs related to plan amendments, curtailments or settlements, and administrative costs. Plan amendment costs are recognized in the period of a plan amendment, irrespective of its vested status. Curtailments and settlements are recognized by the Bank when the curtailment or settlement occurs. A curtailment occurs when there is a significant reduction in the number of employees covered by the plan. A settlement occurs when the Bank enters into a transaction that eliminates all further legal or constructive obligation for part or all of the benefits provided under a defined benefit plan.

The fair value of plan assets and the present value of the projected benefit obligation are measured as at October 31. The net defined benefit asset or liability represents the difference between the cumulative actuarial gains and losses, expenses, and recognized contributions and is reported in other assets or other liabilities.

Net defined benefit assets recognized by the Bank are subject to a ceiling which limits the asset recognized on the Consolidated Balance Sheet to the amount that is recoverable through refunds of contributions or future contribution holidays. In addition, where a regulatory funding deficit exists related to a defined benefit plan, the Bank is required to record a liability equal to the present value of all future cash payments required to eliminate that deficit.

Defined Contribution Plans

For defined contribution plans, annual pension expense is equal to the Bank's contributions to those plans.

INSURANCE

Premiums for short-duration insurance contracts are deferred as unearned premiums and reported in non-interest income on a straight-line basis over the contractual term of the underlying policies, usually twelve months. Such premiums are recognized net of amounts ceded for reinsurance and apply primarily to property and casualty contracts. Unearned premiums are reported in insurance-related liabilities, gross of premiums ceded to reinsurers which are recognized in other assets. Premiums from life and health insurance policies are recognized as income when earned in insurance revenue.

For property and casualty insurance, insurance claims and policy benefit liabilities represent current claims and estimates for future claims related to insurable events occurring at or before the Consolidated Balance Sheet date. These are determined by the appointed actuary in accordance with accepted actuarial practices and are reported as other liabilities. Expected claims and policy benefit liabilities are determined on a case-by-case basis and consider such variables as past loss experience, current claims trends and changes in the prevailing social, economic, and legal environment. These liabilities are continually reviewed, and as experience develops and new information becomes known, the liabilities are adjusted as necessary. In addition to reported claims information, the liabilities recognized by the Bank include a provision to account for the future development of insurance claims, including insurance claims incurred but not reported by policyholders (IBNR). IBNR liabilities are evaluated based on historical development trends and actuarial methodologies for groups of claims with similar attributes. For life and health insurance, actuarial liabilities represent the present values of future policy cash flows as determined using standard actuarial valuation practices. Actuarial liabilities are reported in insurance-related liabilities with changes reported in insurance claims and related expenses.

PROVISIONS

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of a past event, the amount of which can be reliably estimated, and it is probable that an outflow of resources will be required to settle the obligation.

Provisions are measured based on management's best estimate of the consideration required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. If the effect of the time value of money is material, provisions are measured at

the present value of the expenditure expected to be required to settle the obligation, using a discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation.

INCOME TAXES

Income tax is comprised of current and deferred tax. Income tax is recognized on the Consolidated Statement of Income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case the related taxes are also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities on the Consolidated Balance Sheet and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax assets and liabilities are determined based on the tax rates that are expected to apply when the assets or liabilities are reported for tax purposes. Deferred tax assets are recognized only when it is probable that sufficient taxable profit will be available in future periods against which deductible temporary differences may be utilized. Deferred tax liabilities are not recognized on temporary differences arising on investments in subsidiaries, branches, and associates, and interests in joint ventures if the Bank controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The Bank records a provision for uncertain tax positions if it is probable that the Bank will have to make a payment to tax authorities upon their examination of a tax position. This provision is measured at the Bank's best estimate of the amount expected to be paid. Provisions are reversed to income in provision for (recovery of) income taxes in the period in which management determines they are no longer required or as determined by statute.

FINANCIAL INSTRUMENTS OTHER THAN DERIVATIVES PRIOR TO NOVEMBER 1, 2017 UNDER IAS 39

The following is applicable to periods prior to November 1, 2017 for financial instruments accounted for under IAS 39, to the extent not already discussed earlier in this Note.

Classification and Measurement of Financial Assets and Financial Liabilities

Available-for-Sale Securities

Financial assets not classified as trading, designated at fair value through profit or loss, held-to-maturity or loans, were classified as available-for-sale and included equity securities and debt securities.

Available-for-sale securities were recognized on a trade date basis and were generally carried at fair value on the Consolidated Balance Sheet with changes in fair value recognized in other comprehensive income.

Gains and losses realized on disposal of financial assets classified as available-for-sale were calculated on a weighted-average cost basis and were recognized in net securities gains (losses) in non-interest income. Dividends were recognized on the ex-dividend date and interest income was recognized on an accrual basis using EIRM. Both dividends and interest were included in Interest income on the Consolidated Statement of Income.

Impairment losses were recognized if there was objective evidence of impairment as a result of one or more events that occurred (a 'loss event') and the loss event(s) resulted in a decrease in the estimated future cash flows of the instrument. A significant or prolonged decline in fair value below cost was considered objective evidence of impairment for available-for-sale equity securities. A deterioration in credit quality was considered objective evidence of impairment for available-for-sale debt securities. Qualitative factors were also considered when assessing impairment for available-for-sale securities. When impairment was identified, the cumulative net loss previously recognized in other comprehensive income, less any impairment loss previously recognized on the Consolidated Statement of Income, was removed from other comprehensive income and recognized in Net securities gains (losses) in Non-interest income on the Consolidated Statement of Income.

If the fair value of a previously impaired equity security subsequently increased, the impairment loss was not reversed through the Consolidated Statement of Income. Subsequent increases in fair value were recognized in other comprehensive income. If the fair value of a previously impaired debt security subsequently increased and the increase could be objectively related to an event occurring after the impairment was recognized on the Consolidated Statement of Income, then the impairment loss was reversed through the Consolidated Statement of Income. An increase in fair value in excess of impairment recognized previously on the Consolidated Statement of Income was recognized in other comprehensive income.

Held-to-Maturity Securities

Debt securities with fixed or determinable payments and fixed maturity dates, that did not meet the definition of loans and receivables, and that the Bank intended and had the ability to hold to maturity were classified as held-to-maturity and were carried at amortized cost, net of impairment losses. Securities classified as held-to-maturity were assessed for objective evidence of impairment at the counterparty-specific level. If there was no objective evidence of impairment at the counterparty-specific level then the security was grouped with other held-to-maturity securities with similar credit risk characteristics and was collectively assessed for impairment, which considered losses incurred but not identified. Interest income was recognized using EIRM and was included in Interest income on the Consolidated Statement of Income.

Financial Assets and Liabilities Designated at Fair Value through Profit or Loss

Certain financial assets and financial liabilities that did not meet the definition of trading could be designated at FVTPL on initial recognition. To be designated at FVTPL, financial assets and financial liabilities had to meet one of the following criteria: (1) the designation eliminated or significantly reduced a measurement or recognition inconsistency (also referred to as "an accounting mismatch"); (2) a group of financial assets, financial liabilities, or both, was managed and its performance was evaluated on a fair value basis in accordance with a documented risk management or investment strategy; or (3) the instrument contained one or more embedded derivatives unless a) the embedded derivative did not significantly modify the cash flows that otherwise would be required by the contract, or b) it was clear with little or no analysis that separation of the embedded derivative from the financial instrument was prohibited. In addition, the FVTPL designation was available only for those financial instruments for which a reliable estimate of fair value could be obtained. Once financial assets and financial liabilities were designated at FVTPL, the designation was irrevocable.

Financial assets and financial liabilities designated at FVTPL were carried at fair value on the Consolidated Balance Sheet, with changes in fair value as well as any gains or losses realized on disposal recognized in income (loss) from financial instruments designated at fair value at profit or loss. Interest was recognized on an accrual basis and was included in interest income or interest expense.

Embedded Derivatives
Derivatives that were embedded in financial assets and liabilities were separated from their host instruments and treated as separate derivatives when their characteristics and risks were not closely related to those of the host instrument, a separate instrument with the same terms as the embedded derivative met the definition of a derivative, and the combined contract was not held-for-trading or designated at fair value through profit or loss. These embedded derivatives, which were bifurcated from the host contract, were recognized on the Consolidated Balance Sheet as Derivatives and measured at fair value with subsequent changes recognized in Non-interest income on the Consolidated Statement of Income.

Impairment – Allowance for Credit Losses

Loan Impairment, Excluding Acquired Credit-Impaired Loans
A loan, including a debt security classified as a loan, was considered impaired when there was objective evidence that there had been a deterioration of credit quality subsequent to the initial recognition of the loan (a 'loss event') to the extent the Bank no longer had reasonable assurance as to the timely collection of the full amount of principal and interest. Indicators of impairment could include, but were not limited to, one or more of the following:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- Increased probability that the borrower would enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for that financial asset.

A loan was reclassified back to performing status when it had been determined that there was reasonable assurance of full and timely repayment of interest and principal in accordance with the original or revised contractual conditions of the loan and all criteria for the impaired classification had been remedied. For gross impaired debt securities classified as loans, subsequent to any recorded impairment, interest income continued to be recognized using EIRM which was used to discount the future cash flows for the purpose of measuring the credit loss.

Renegotiated Loans
In cases where a borrower experienced financial difficulties the Bank may have granted certain concessionary modifications to the terms and conditions of a loan. Modifications may have included payment deferrals, extension of amortization periods, rate reductions, principal forgiveness, debt consolidation, forbearance and other modifications intended to minimize the economic loss and to avoid foreclosure or repossession of collateral. The Bank had policies in place to determine the appropriate remediation strategy based on the individual borrower. Once modified, additional impairment was recorded where the Bank identified a decrease in the modified loan's estimated realizable value as a result of the modification. Modified loans were assessed for impairment, consistent with the Bank's policies for impairment.

Allowance for Credit Losses, Excluding Acquired Credit-Impaired Loans
The allowance for credit losses represented management's best estimate of impairment incurred in the lending portfolios, including any off-balance sheet exposures, at the balance sheet date. The allowance for loan losses, which included credit-related allowances for residential mortgages, consumer instalment and other personal, credit card, business and government loans, and debt securities classified as loans, was deducted from Loans on the Consolidated Balance Sheet. The allowance for credit losses for off-balance sheet instruments, which related to certain guarantees, letters of credit, and undrawn lines of credit, was recognized in Other liabilities on the Consolidated Balance Sheet. Allowances for lending portfolios reported on the balance sheet and off-balance sheet exposures were calculated using the same methodology. The allowance was increased by the provision for credit losses and decreased by write-offs net of recoveries and disposals. The Bank maintained both counterparty-specific and collectively assessed allowances. Each quarter, allowances were reassessed and adjusted based on any changes in management's estimate of the future cash flows estimated to be recovered. Credit losses on impaired loans were recognized by means of an allowance for credit losses until a loan was written off.

A loan was written off against the related allowance for credit losses when there was no realistic prospect of recovery. Non-retail loans were generally written off when all reasonable collection efforts had been exhausted, such as when a loan was sold, when all security had been realized, or when all security had been resolved with the receiver or bankruptcy court. Non-real estate secured retail loans were generally written off when contractual payments were 180 days past due, or when a loan was sold. Real-estate secured retail loans were generally written off when the security was realized.

Counterparty-Specific Allowance
Individually significant loans, such as the Bank's medium-sized business and government loans and debt securities classified as loans, were assessed for impairment at the counterparty-specific level. The impairment assessment was based on the counterparty's credit ratings, overall financial condition, and where applicable, the realizable value of the collateral. Collateral was reviewed at least annually and when conditions arose indicating an earlier review was necessary. An allowance, if applicable, was measured as the difference between the carrying amount of the loan and the estimated recoverable amount. The estimated recoverable amount was the present value of the estimated future cash flows, discounted using the loan's original EIR.

Collectively Assessed Allowance for Individually Insignificant Impaired Loans
Individually insignificant impaired loans, such as the Bank's personal and small business loans and credit cards, were collectively assessed for impairment. Allowances were calculated using a formula that incorporated recent loss experience, historical default rates which were delinquency levels in interest or principal payments that indicated impairment, other applicable observable data, and the type of collateral pledged.

Collectively Assessed Allowance for Incurred but Not Identified Credit Losses
If there was no objective evidence of impairment for an individual loan, whether significant or not, the loan was included in a group of assets with similar credit risk characteristics and collectively assessed for impairment for losses incurred but not identified. This allowance was referred to as the allowance for incurred but not identified credit losses. The level of the allowance for each group depended upon an assessment of business and economic conditions, historical loss experience, loan portfolio composition, and other relevant indicators. Historical loss experience was adjusted based on observable data to reflect the effects of conditions which existed at the time. The allowance for incurred but not identified credit losses was calculated using credit risk models that considered probability of default (loss frequency), loss given credit default (loss severity), and exposure at default (EAD). For purposes of measuring the collectively assessed allowance for incurred but not identified credit losses, default was defined as delinquency levels in interest or principal payments that would indicate impairment.

Acquired Loans
Acquired loans were initially measured at fair value which considered incurred and expected future credit losses estimated at the acquisition date and also reflected adjustments based on the acquired loan's interest rate in comparison to market rates. As a result, no allowance for credit losses was recorded on the

date of acquisition. When loans were acquired with evidence of incurred credit loss where it was probable at the purchase date that the Bank would be unable to collect all contractually required principal and interest payments, they were generally considered to be ACI loans.

Acquired performing loans were subsequently accounted for at amortized cost based on their contractual cash flows and any acquisition-related discount or premium was considered to be an adjustment to the loan yield and recognized in interest income using EIRM over the term of the loan, or the expected life of the loan for acquired loans with revolving terms. Credit-related discounts relating to incurred losses for acquired loans were not accreted. Acquired loans were subject to impairment assessments under the Bank's credit loss framework similar to the Bank's originated loan portfolio.

Acquired Credit-Impaired Loans

ACI loans were identified as impaired at acquisition based on specific risk characteristics of the loans, including past due status, performance history and recent borrower credit scores.

ACI loans were accounted for based on the present value of expected cash flows as opposed to their contractual cash flows. The Bank determined the fair value of these loans at the acquisition date by discounting expected cash flows at a discount rate that reflected factors a market participant would use when determining fair value including management assumptions relating to default rates, loss severities, the amount and timing of prepayments, and other factors that were reflective of market conditions. With respect to certain individually significant ACI loans, accounting was applied individually at the loan level. The remaining ACI loans were aggregated provided that they were acquired in the same fiscal quarter and had common risk characteristics. Aggregated loans were accounted for as a single asset with aggregated cash flows and a single composite interest rate.

Subsequent to acquisition, the Bank regularly reassessed and updated its cash flow estimates for changes to assumptions relating to default rates, loss severities, the amount and timing of prepayments, and other factors that were reflective of market conditions. Probable decreases in expected cash flows triggered the recognition of additional impairment, which was measured based on the present value of the revised expected cash flows discounted at the loan's EIR as compared to the carrying value of the loan. Impairment was recorded through the provision for credit losses.

Probable and significant increases in expected cash flows would first reverse any previously taken impairment with any remaining increase recognized in income immediately as interest income. In addition, for fixed-rate ACI loans the timing of expected cash flows may have increased or decreased which may have resulted in adjustments through interest income to the carrying value in order to maintain the inception yield of the ACI loan.

If the timing and/or amounts of expected cash flows on ACI loans were determined not to be reasonably estimable, no interest was recognized.

NOTE 3: SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

The estimates used in the Bank's accounting policies are essential to understanding its results of operations and financial condition. Some of the Bank's policies require subjective, complex judgments and estimates as they relate to matters that are inherently uncertain. Changes in these judgments or estimates and changes to accounting standards and policies could have a materially adverse impact on the Bank's Consolidated Financial Statements. The Bank has established procedures to ensure that accounting policies are applied consistently and that the processes for changing methodologies, determining estimates, and adopting new accounting standards are well-controlled and occur in an appropriate and systematic manner.

CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS

Business Model Assessment

The Bank determines its business models based on the objective under which its portfolios of financial assets are managed. Refer to Note 2 for details on the Bank's business models. In determining its business models, the Bank considers the following:

- Management's intent and strategic objectives and the operation of the stated policies in practice;
- The primary risks that affect the performance of the business model and how these risks are managed;
- How the performance of the portfolio is evaluated and reported to management; and
- The frequency and significance of financial asset sales in prior periods, the reasons for such sales and the expected future sales activities.

Sales in themselves do not determine the business model and are not considered in isolation. Instead, sales provide evidence about how cash flows are realized. A held-to-collect business model will be reassessed by the Bank to determine whether any sales are consistent with an objective of collecting contractual cash flows if the sales are more than insignificant in value or infrequent.

Solely Payments of Principal and Interest Test

In assessing whether contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that they would not be consistent with a basic lending arrangement. In making the assessment, the Bank considers the primary terms as follows and assess if the contractual cash flows of the instruments continue to meet the SPPI test:

- Performance-linked features;
- Terms that limit the Bank's claim to cash flows from specified assets (non-recourse terms);
- Prepayment and extension terms;
- Leverage features; and
- Features that modify elements of the time value of money.

IMPAIRMENT OF FINANCIAL ASSETS

Significant Increase in Credit Risk

For retail exposures, criteria for assessing significant increase in credit risk are defined at the appropriate product or portfolio level and vary based on the exposure's credit risk at origination. The criteria include relative changes in PD, absolute PD backstop, and delinquency backstop when contractual payments are more than 30 days past due. Credit risk has increased significantly since initial recognition when one of the criteria is met.

For non-retail exposures, BRR is determined on an individual borrower basis using industry and sector-specific credit risk models that are based on historical data. Current and forward-looking information that is specific to the borrower, industry, and sector is considered based on expert credit judgment. Criteria for assessing significant increase in credit risk are defined at the appropriate segmentation level and vary based on the BRR of the exposure at origination. Criteria

include relative changes in BRR, absolute BRR backstop, and delinquency backstop when contractual payments are more than 30 days past due. Credit risk has increased significantly since initial recognition when one of the criteria is met.

Measurement of Expected Credit Loss

For retail exposures, ECLs are calculated as the product of PD, loss given default (LGD), and exposure at default (EAD) at each time step over the remaining expected life of the financial asset and discounted to the reporting date at the effective interest rate. PD estimates represent the point-in-time PD, updated quarterly based on the Bank's historical experience, current conditions, and relevant forward-looking expectations over the expected life of the exposure to determine the lifetime PD curve. LGD estimates are determined based on historical charge-off events and recovery payments, current information about attributes specific to the borrower, and direct costs. Expected cash flows from collateral, guarantees, and other credit enhancements are incorporated in LGD if integral to the contractual terms. Relevant macroeconomic variables are incorporated in determining expected LGD. EAD represents the expected balance at default across the remaining expected life of the exposure. EAD incorporates forward-looking expectations about repayments of drawn balances and expectations about future draws where applicable.

For non-retail exposures, ECLs are calculated based on the present value of cash shortfalls determined as the difference between contractual cash flows and expected cash flows over the remaining expected life of the financial instrument. Lifetime PD is determined by mapping the exposure's BRR to point-in-time PD over the expected life. LGD estimates are determined by mapping the exposure's facility risk rating (FRR) to expected LGD which takes into account facility-specific characteristics such as collateral, seniority ranking of debt, and loan structure. Relevant macroeconomic variables are incorporated in determining expected PD and LGD. Expected cash flows are determined by applying the expected LGD to the contractual cash flows to calculate cash shortfalls over the expected life of the exposure.

Forward-Looking Information

In calculating the ECL, the Bank employs internally developed models that utilize parameters for PD, LGD, and EAD. Forward-looking macroeconomic factors including at the regional level are incorporated in the risk parameters as relevant. Additional risk factors that are industry or segment-specific are also incorporated, where relevant. Forward-looking macroeconomic forecasts are generated by TD Economics as part of the ECL process: A base economic forecast is accompanied with upside and downside estimates of realistically possible economic conditions. All economic forecasts are updated quarterly for each variable on a regional basis where applicable and incorporated as relevant into the quarterly modelling of base, upside and downside risk parameters used in the calculation of ECL scenarios and probability-weighted ECL. The macroeconomic variable estimations are statistically derived relative to the base forecast based on the historical distribution of each variable. TD Economics will apply judgment to recommend probability weights to each forecast on a quarterly basis. The proposed macroeconomic forecasts and probability weightings are subject to robust management review and challenge process by a cross-functional committee that includes representation from TD Economics, Risk, Finance, and Business. ECLs calculated under each of the three forecasts are applied against the respective probability weightings to determine the probability-weighted ECLs. Refer to Note 8 for further details on the macroeconomic variables and ECL sensitivity.

Expert Credit Judgment

ECLs are recognized on initial recognition of the financial assets. Allowance for credit losses represents management's best estimate of risk of default and ECLs on the financial assets, including any off-balance sheet exposures, at the balance sheet date. Management exercises expert credit judgment in assessing if an exposure has experienced significant increase in credit risk since initial recognition and in determining the amount of ECLs at each reporting date by considering reasonable and supportable information that is not already included in the quantitative models.

Management's judgment is used to determine the point within the range that is the best estimate for the qualitative component contributing to ECLs, based on an assessment of business and economic conditions, historical loss experience, loan portfolio composition, and other relevant indicators and forward-looking information that are not fully incorporated into the model calculation. Changes in these assumptions would have a direct impact on the provision for credit losses and may result in a change in the allowance for credit losses.

FAIR VALUE MEASUREMENTS

The fair value of financial instruments traded in active markets at the balance sheet date is based on their quoted market prices. For all other financial instruments not traded in an active market, fair value may be based on other observable current market transactions involving the same or similar instrument, without modification or repackaging, or is based on a valuation technique which maximizes the use of observable market inputs. Observable market inputs may include interest rate yield curves, foreign exchange rates, and option volatilities. Valuation techniques include comparisons with similar instruments where observable market prices exist, discounted cash flow analysis, option pricing models, and other valuation techniques commonly used by market participants.

For certain complex or illiquid financial instruments, fair value is determined using valuation techniques in which current market transactions or observable market inputs are not available. Determining which valuation technique to apply requires judgment. The valuation techniques themselves also involve some level of estimation and judgment. The judgments include liquidity considerations and model inputs such as volatilities, correlations, spreads, discount rates, pre-payment rates, and prices of underlying instruments. Any imprecision in these estimates can affect the resulting fair value.

Judgment is also used in recording fair value adjustments to model valuations to account for measurement uncertainty when valuing complex and less actively traded financial instruments. If the market for a complex financial instrument develops, the pricing for this instrument may become more transparent, resulting in refinement of valuation models. For example, the future decommissioning of Interbank Offered Rates (IBOR) may also have an impact on the fair value of products that reference or use valuation models with IBOR inputs.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 5.

DERECOGNITION

Certain assets transferred may qualify for derecognition from the Bank's Consolidated Balance Sheet. To qualify for derecognition certain key determinations must be made. A decision must be made as to whether the rights to receive cash flows from the financial assets have been retained or transferred and the extent to which the risks and rewards of ownership of the financial asset have been retained or transferred. If the Bank neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, a decision must be made as to whether the Bank has retained control of the financial asset. Upon derecognition, the Bank will record a gain or loss on sale of those assets which is calculated as the difference between the carrying amount of the asset transferred and the sum of any cash proceeds received, including any financial asset received or financial liability assumed, and any cumulative gain or loss allocated to the transferred asset that had been recognized in accumulated other comprehensive income. In determining the fair value of any financial asset received, the Bank estimates future cash flows by relying on estimates of the amount of interest that will be collected on the securitized assets, the yield to be paid to investors, the portion of the securitized assets that will be prepaid before their scheduled maturity, expected credit losses, the cost of servicing the assets, and the rate at which to discount these expected future

cash flows. Actual cash flows may differ significantly from those estimated by the Bank. Retained interests are classified as trading securities and are initially recognized at relative fair value on the Bank's Consolidated Balance Sheet. Subsequently, the fair value of retained interests recognized by the Bank is determined by estimating the present value of future expected cash flows. Differences between the actual cash flows and the Bank's estimate of future cash flows are recognized in trading income. These assumptions are subject to periodic review and may change due to significant changes in the economic environment.

GOODWILL AND OTHER INTANGIBLES

The recoverable amount of the Bank's cash-generating units (CGU) is determined from internally developed valuation models that consider various factors and assumptions such as forecasted earnings, growth rates, price-earnings multiples, discount rates, and terminal multiples. Management is required to use judgment in estimating the recoverable amount of CGUs, and the use of different assumptions and estimates in the calculations could influence the determination of the existence of impairment and the valuation of goodwill. Management believes that the assumptions and estimates used are reasonable and supportable. Where possible, fair values generated internally are compared to relevant market information. The carrying amounts of the Bank's CGUs are determined by management using risk based capital models to adjust net assets and liabilities by CGU. These models consider various factors including market risk, credit risk, and operational risk, including investment capital (comprised of goodwill and other intangibles). Any capital not directly attributable to the CGUs is held within the Corporate segment. The Bank's capital oversight committees provide oversight to the Bank's capital allocation methodologies.

EMPLOYEE BENEFITS

The projected benefit obligation and expense related to the Bank's pension and non-pension post-retirement benefit plans are determined using multiple assumptions that may significantly influence the value of these amounts. Actuarial assumptions including discount rates, compensation increases, health care cost trend rates, and mortality rates are management's best estimates and are reviewed annually with the Bank's actuaries. The Bank develops each assumption using relevant historical experience of the Bank in conjunction with market-related data and considers if the market-related data indicates there is any prolonged or significant impact on the assumptions. The discount rate used to value liabilities is determined by reference to market yields on high quality corporate bonds with terms matching the plans' specific cash flows. The other assumptions are also long-term estimates. All assumptions are subject to a degree of uncertainty. Differences between actual experiences and the assumptions, as well as changes in the assumptions resulting from changes in future expectations, result in actuarial gains and losses which are recognized in other comprehensive income during the year and also impact expenses in future periods.

INCOME TAXES

The Bank is subject to taxation in numerous jurisdictions. There are many transactions and calculations in the ordinary course of business for which the ultimate tax determination is uncertain. The Bank maintains provisions for uncertain tax positions that it believes appropriately reflect the risk of tax positions under discussion, audit, dispute, or appeal with tax authorities, or which are otherwise considered to involve uncertainty. These provisions are made using the Bank's best estimate of the amount expected to be paid based on an assessment of all relevant factors, which are reviewed at the end of each reporting period. However, it is possible that at some future date, an additional liability could result from audits by the relevant taxing authorities.

Deferred tax assets are recognized only when it is probable that sufficient taxable profit will be available in future periods against which deductible temporary differences may be utilized. The amount of the deferred tax asset recognized and considered realizable could, however, be reduced if projected income is not achieved due to various factors, such as unfavourable business conditions. If projected income is not expected to be achieved, the Bank would decrease its deferred tax assets to the amount that it believes can be realized. The magnitude of the decrease is significantly influenced by the Bank's forecast of future profit generation, which determines the extent to which it will be able to utilize the deferred tax assets.

PROVISIONS

Provisions arise when there is some uncertainty in the timing or amount of a loss in the future. Provisions are based on the Bank's best estimate of all expenditures required to settle its present obligations, considering all relevant risks and uncertainties, as well as, when material, the effect of the time value of money.

Many of the Bank's provisions relate to various legal actions that the Bank is involved in during the ordinary course of business. Legal provisions require the involvement of both the Bank's management and legal counsel when assessing the probability of a loss and estimating any monetary impact. Throughout the life of a provision, the Bank's management or legal counsel may learn of additional information that may impact its assessments about the probability of loss or about the estimates of amounts involved. Changes in these assessments may lead to changes in the amount recorded for provisions. In addition, the actual costs of resolving these claims may be substantially higher or lower than the amounts recognized. The Bank reviews its legal provisions on a case-by-case basis after considering, among other factors, the progress of each case, the Bank's experience, the experience of others in similar cases, and the opinions and views of legal counsel.

Certain of the Bank's provisions relate to restructuring initiatives initiated by the Bank. Restructuring provisions require management's best estimate, including forecasts of economic conditions. Throughout the life of a provision, the Bank may become aware of additional information that may impact the assessment of amounts to be incurred. Changes in these assessments may lead to changes in the amount recorded for provisions.

INSURANCE

The assumptions used in establishing the Bank's insurance claims and policy benefit liabilities are based on best estimates of possible outcomes.

For property and casualty insurance, the ultimate cost of claims liabilities is estimated using a range of standard actuarial claims projection techniques in accordance with Canadian accepted actuarial practices. Additional qualitative judgment is used to assess the extent to which past trends may or may not apply in the future, in order to arrive at the estimated ultimate claims cost that present the most likely outcome taking account of all the uncertainties involved.

For life and health insurance, actuarial liabilities consider all future policy cash flows, including premiums, claims, and expenses required to administer the policies. Critical assumptions used in the measurement of life and health insurance contract liabilities are determined by the appointed actuary.

Further information on insurance risk assumptions is provided in Note 22.

CONSOLIDATION OF STRUCTURED ENTITIES

Management judgment is required when assessing whether the Bank should consolidate an entity. For instance, it may not be feasible to determine if the Bank controls an entity solely through an assessment of voting rights for certain structured entities. In this case, judgment is required to establish whether the Bank has decision-making power over the key relevant activities of the entity and whether the Bank has the ability to use that power to absorb significant variable returns from the entity. If it is determined that the Bank has both decision-making power and significant variable returns from the entity, judgment is also used to determine whether any such power is exercised by the Bank as principal, on its own behalf, or as agent, on behalf of another counterparty.

Assessing whether the Bank has decision-making power includes understanding the purpose and design of the entity in order to determine its key economic activities. In this context, an entity's key economic activities are those which predominantly impact the economic performance of the entity. When the Bank has the current ability to direct the entity's key economic activities, it is considered to have decision-making power over the entity.

The Bank also evaluates its exposure to the variable returns of a structured entity in order to determine if it absorbs a significant proportion of the variable returns the entity is designed to create. As part of this evaluation, the Bank considers the purpose and design of the entity in order to determine whether it absorbs variable returns from the structured entity through its contractual holdings, which may take the form of securities issued by the entity, derivatives with the entity, or other arrangements such as guarantees, liquidity facilities, or lending commitments.

If the Bank has decision-making power over the entity and absorbs significant variable returns from the entity, it then determines if it is acting as principal or agent when exercising its decision-making power. Key factors considered include the scope of its decision-making powers; the rights of other parties involved with the entity, including any rights to remove the Bank as decision-maker or rights to participate in key decisions; whether the rights of other parties are exercisable in practice; and the variable returns absorbed by the Bank and by other parties involved with the entity. When assessing consolidation, a presumption exists that the Bank exercises decision-making power as principal if it is also exposed to significant variable returns, unless an analysis of the factors above indicates otherwise.

The decisions above are made with reference to the specific facts and circumstances relevant for the structured entity and related transaction(s) under consideration.

IMPAIRMENT OF FINANCIAL ASSETS PRIOR TO NOVEMBER 1, 2017 UNDER IAS 39

The following is applicable to periods prior to November 1, 2017 for financial instruments accounted for under IAS 39.

Available-for-Sale Securities

Impairment losses were recognized on available-for-sale securities if there was objective evidence of impairment as a result of one or more events that occurred after initial recognition and the loss event(s) resulted in a decrease in the estimated cash flows of the instrument. The Bank individually reviewed these securities at least quarterly for the presence of these conditions. For available-for-sale equity securities, a significant or prolonged decline in fair value below cost was considered objective evidence of impairment. For available-for-sale debt securities, a deterioration of credit quality was considered objective evidence of impairment. Other factors considered in the impairment assessment included financial position and key financial indicators of the issuer of the instrument, significant past and continued losses of the issuer, as well as breaches of contract, including default or delinquency in interest payments and loan covenant violations.

Held-to-Maturity Securities

Impairment losses were recognized on held-to-maturity securities if there was objective evidence of impairment as a result of one or more events that occurred after initial recognition and the loss event(s) resulted in a decrease in the estimated cash flows of the instrument. The Bank reviewed these securities at least quarterly for impairment at the counterparty-specific level. If there was no objective evidence of impairment at the counterparty-specific level then the security was grouped with other held-to-maturity securities with similar credit risk characteristics and collectively assessed for impairment, which considered losses incurred but not identified. A deterioration of credit quality was considered objective evidence of impairment. Other factors considered in the impairment assessment included the financial position and key financial indicators of the issuer, significant past and continued losses of the issuer, as well as breaches of contract, including default or delinquency in interest payments and loan covenant violations.

Loans

A loan, including a debt security classified as a loan, was considered impaired when there was objective evidence that there had been a deterioration of credit quality subsequent to the initial recognition of the loan to the extent the Bank no longer had reasonable assurance as to the timely collection of the full amount of principal and interest. The Bank assessed loans for objective evidence of impairment individually for loans that were individually significant, and collectively for loans that were not individually significant. The allowance for credit losses represented management's best estimate of impairment incurred in the lending portfolios, including any off-balance sheet exposures, at the balance sheet date. Management exercised judgment as to the timing of designating a loan as impaired, the amount of the allowance required, and the amount that would be recovered once the borrower defaulted. Changes in the amount that management expected to recover would have a direct impact on the provision for credit losses and may have resulted in a change in the allowance for credit losses.

If there was no objective evidence of impairment for an individual loan, whether significant or not, the loan was included in a group of assets with similar credit risk characteristics and collectively assessed for impairment for losses incurred but not identified. In calculating the probable range of allowance for incurred but not identified credit losses, the Bank employed internally developed models that utilized parameters for PD, LGD, and EAD. Management's judgment was used to determine the point within the range that was the best estimate of losses, based on an assessment of business and economic conditions, historical loss experience, loan portfolio composition, and other relevant indicators that were not fully incorporated into the model calculation. Changes in these assumptions would have a direct impact on the provision for credit losses and may have resulted in a change in the incurred but not identified allowance for credit losses.

NOTE 4: CURRENT AND FUTURE CHANGES IN ACCOUNTING POLICIES

CURRENT CHANGES IN ACCOUNTING POLICIES

The following new standard has been adopted by the Bank on November 1, 2017.

IFRS 9 FINANCIAL INSTRUMENTS

On November 1, 2017, the Bank adopted IFRS 9, *Financial Instruments* (IFRS 9), which replaces the guidance in IAS 39, *Financial Instruments: Recognition and Measurement* (IAS 39). IFRS 9 includes requirements on: (1) Classification and measurement of financial assets and liabilities; (2) Impairment of financial assets; and (3) General hedge accounting. Accounting for macro hedging has been decoupled from IFRS 9. The Bank has an accounting policy choice to apply the hedge accounting requirements of IFRS 9 or IAS 39. The Bank has made the decision to continue applying the IAS 39 hedge accounting requirements at this time and will comply with the revised annual hedge accounting disclosures as required by the related amendments to IFRS 7, *Financial Instruments: Disclosures* (IFRS 7).

IFRS 9 is effective for annual periods beginning on or after January 1, 2018. In January 2015, OSFI issued the final version of the Advisory titled "Early adoption of IFRS 9 *Financial Instruments* for Domestic Systemically Important Banks" which mandated that all domestic systemically important banks (D-SIBs), including the Bank, were required to early adopt IFRS 9 for the annual period beginning on November 1, 2017. As such, on November 1, 2017, the Bank adopted IFRS 9 retrospectively. IFRS 9 does not require restatement of comparative period financial statements except in limited circumstances related to aspects of hedge accounting. Entities are permitted to restate comparatives as long as hindsight is not applied. However, the Bank made the decision not to restate comparative period financial information and has recognized any measurement differences between the previous carrying amounts and the new carrying amounts on November 1, 2017, through an adjustment to opening retained earnings or AOCI, as applicable. Refer to Note 2 for accounting policies under IAS 39 applied during those periods.

Amendments were also made to IFRS 7 introducing expanded qualitative and quantitative disclosures related to IFRS 9, which the Bank has also adopted for the annual period beginning November 1, 2017. Refer to Note 2 and 3 for further details.

Summary of impact upon adoption of IFRS 9 – Classification and measurement

The following table summarizes the classification and measurement impact as at November 1, 2017. Reclassifications represent movements of the carrying amount of financial assets and liabilities which have changed their classification. Remeasurement represents changes in the carrying amount of the financial assets and liabilities due to changes in their measurement.

FINANCIAL ASSETS

(millions of Canadian dollars)		As at Oct. 31, 2017			As at Nov. 1, 2017		
IAS 39	IAS 39 Measurement Category	IAS 39 Carrying Amount	Re-classifications	Re-measurement	IFRS 9 Carrying Amount	IFRS 9 Measurement Category	IFRS 9	Note
Cash and due from banks	Amortized Cost	$ 3,971	$ –	$ –	$ 3,971	Amortized Cost	**Cash and due from banks**	
Interest-bearing deposits with banks	Amortized Cost	51,185	–	–	51,185	Amortized Cost	**Interest-bearing deposits with banks**	
Trading loans, securities, and other							**Trading loans, securities, and other**	
Debt securities	FVTPL	53,402	–	–	53,402	FVTPL	Debt securities	
Equity securities	FVTPL	32,010	–	–	32,010	FVTPL	Equity securities	
Loans	FVTPL	11,235	(86)	–	11,149	FVTPL	Loans	(1)
Commodities and other	FVTPL	7,271	–	–	7,271	FVTPL	Commodities and other	
		103,918	(86)	–	103,832			
							Non-trading financial assets at FVTPL	
			3,734	–	3,734	FVTPL	Debt securities	(2)
			369	–	369	FVTPL	Debt securities	(3)
			196	68	264	FVTPL	Equity securities	(4)
			2,857	–	2,857	FVTPL	Loans	(5)
			1,917	1	1,918	FVTPL	Loans	(6)
			86	–	86	FVTPL	Loans	(1)
			44	–	44	FVTPL	Loans	(5)
			9,203	69	9,272			
Derivatives	FVTPL	56,195	–	–	56,195	FVTPL	**Derivatives**	
Financial assets designated at FVTPL							**Financial assets designated at FVTPL**	
Debt securities	FVTPL	3,150	–	–	3,150	FVTPL	Debt securities	(7)
Debt securities	FVTPL	369	(369)	–	–	FVTPL	Debt securities	(3)
Debt securities	FVTPL	513	(513)	–	–	FVTPL	Debt securities	(8)
		4,032	(882)	–	3,150			
Available-for-sale securities							**Financial assets at FVOCI**	
Debt securities	FVOCI	142,927	(3,734)	–	139,193	FVOCI	Debt securities	(2)
Debt securities	FVOCI	1,197	(1,197)	–	–	FVOCI	Debt securities	(9)
Equity securities	FVOCI	2,287	(196)	–	2,091	FVOCI	Equity securities	(4)(10)
Loans	FVOCI	–	1,823	–	1,823	FVOCI	Loans	(11)
		146,411	(3,304)	–	143,107			
Held-to-maturity securities							**Debt securities at amortized cost, net of allowance for credit losses**	
Debt securities	Amortized Cost	71,363	–	29	71,392	Amortized Cost	Debt securities	(12)
			3,209	–	3,209	Amortized Cost	Debt securities	(13)
			1,197	(7)	1,190	Amortized Cost	Debt securities	(9)
			513	–	513	Amortized Cost	Debt securities	(8)
			(155)	8	(147)		Allowance for security losses	(14)
		71,363	4,764	30	76,157			
Securities purchased under reverse repurchase agreements							**Securities purchased under reverse repurchase agreements**	
Securities purchased under reverse repurchase agreements	FVTPL	1,345	653	–	1,998	FVTPL	Securities purchased under reverse repurchase agreements	(15)
Securities purchased under reverse repurchase agreements	Amortized Cost	133,084	(653)	–	132,431	Amortized Cost	Securities purchased under reverse repurchase agreements	(15)
		134,429	–	–	134,429			
Loans							**Loans**	
Residential mortgages	Amortized Cost	222,079	(2,857)	–	219,222	Amortized Cost	Residential mortgages	(5)
Consumer instalment and other personal	Amortized Cost	157,101	(44)	–	157,057	Amortized Cost	Consumer instalment and other personal	(5)
Credit card	Amortized Cost	33,007	–	–	33,007	Amortized Cost	Credit card	
Business and government	Amortized Cost	199,053	(1,823)	–	197,230	Amortized Cost	Business and government	(11)
Business and government	Amortized Cost	1,925	(1,925)	–	–	Amortized Cost	Business and government	(6)
Debt securities classified as loans	Amortized Cost	3,209	(3,209)	–	–	Amortized Cost		(13)
Total Loans before allowance		616,374	(9,858)	–	606,516		**Total Loans before allowance**	
Allowance for loan losses		(3,783)	156	152	(3,475)		Allowance for loan losses	(14)
Loans, net of allowance for loan losses		612,591	(9,702)	152	603,041		**Loans, net of allowance for loan losses**	
Other							**Other**	
Customers' liability under acceptances	Amortized Cost	17,297	–	–	17,297	Amortized Cost	Customers' liability under acceptances	
Amounts receivable from brokers, dealers, and clients	Amortized Cost	29,971	–	–	29,971	Amortized Cost	Amounts receivable from brokers, dealers, and clients	
Other financial assets	Amortized Cost	4,556	8	(28)	4,536	Amortized Cost	Other financial assets	
		51,824	8	(28)	51,804			
Total financial assets		1,235,919	1	223	1,236,143		**Total financial assets**	
Non-financial assets		43,076	–	2	43,078		**Non-financial assets**	(16)
Total assets		$1,278,995	$ 1	$ 225	$1,279,221		**Total assets**	

FINANCIAL LIABILITIES

(millions of Canadian dollars)		As at Oct. 31, 2017			As at Nov. 1, 2017			
IAS 39	IAS 39 Measurement Category	IAS 39 Carrying Amount	Re-classifications	Re-measurement	IFRS 9 Carrying Amount	IFRS 9 Measurement Category	IFRS 9	Note
Trading deposits	FVTPL	$ 79,940	$ –	$ –	$ 79,940	FVTPL	Trading deposits	
Derivatives	FVTPL	51,214	–	–	51,214	FVTPL	Derivatives	
Securitization liabilities at fair value	FVTPL	12,757	–	–	12,757	FVTPL	Securitization liabilities at fair value	
Deposits	Amortized Cost	832,824	–	–	832,824	Amortized Cost	Deposits	
Acceptances	Amortized Cost	17,297	–	–	17,297	Amortized Cost	Acceptances	
Obligations related to securities sold short	FVTPL	35,482	–	–	35,482	FVTPL	Obligations related to securities sold short	
Obligations related to securities sold under repurchase agreements	Amortized Cost/FVTPL	88,591	–	–	88,591	Amortized Cost/FVTPL	Obligations related to securities sold under repurchase agreements	
Securitization liabilities at amortized cost	Amortized Cost	16,076	–	–	16,076	Amortized Cost	Securitization liabilities at amortized cost	
Amounts payable to brokers, dealers, and clients	Amortized Cost	32,851	–	–	32,851	Amortized Cost	Amounts payable to brokers, dealers, and clients	
Subordinated notes and debentures	Amortized Cost	9,528	–	–	9,528	Amortized Cost	Subordinated notes and debentures	
Other financial liabilities	Amortized Cost	9,934	–	250	10,184	Amortized Cost	Other financial liabilities	(14)
Total financial liabilities		1,186,494	–	250	1,186,744		**Total financial liabilities**	
Non-financial liabilities		17,311	–	–	17,311		**Non-financial liabilities**	
Total liabilities		1,203,805	–	250	1,204,055		**Total liabilities**	
Retained earnings		40,489	–	53	40,542		**Retained earnings**	
Accumulated other comprehensive income		8,006	1	(78)	7,929		**Accumulated other comprehensive income**	
Other equity		26,695	–	–	26,695		**Other equity**	
Total liabilities and equity		$1,278,995	$ 1	$ 225	$1,279,221		**Total liabilities and equity**	

1 Certain loans that met the definition of trading under IAS 39 have been reclassified to non-trading financial assets at FVTPL, as these loans are held within a business model that is managed on a fair value basis but are not subject to active and frequent buying and selling with the objective of generating a profit from short-term fluctuations in price.

2 Certain available-for-sale (AFS) debt securities under IAS 39 are required to be measured at FVTPL under IFRS 9 as these securities do not pass the SPPI test. Previously recognized changes in fair value on these securities were reclassified to retained earnings.

3 Certain debt securities designated at FVTPL under IAS 39 are required to be measured at FVTPL under IFRS 9 as they do not pass the SPPI test.

4 Certain equity securities classified as AFS under IAS 39 have been reclassified to non-trading financial assets at FVTPL. Unrealized gains (losses) on the AFS equity securities were reclassified to retained earnings. In addition, certain AFS equity securities were measured at cost under IAS 39 as they did not have a quoted market price in an active market and their fair value could not be reliably measured. Under IFRS 9, these equity securities are required to be measured at fair value as the exception under IAS 39 is no longer available. The difference between the cost and the fair value was recorded in retained earnings.

5 Certain loans are held in a business model managed on a fair value basis under IFRS 9 and are therefore reclassified to non-trading financial assets at FVTPL.

6 Certain business and government loans are required to be measured at FVTPL as they do not pass the SPPI test. The carrying value of these loans was adjusted to reflect their fair value with the difference recorded in retained earnings.

7 Certain debt securities designated at FVTPL under IAS 39 have been similarly re-designated to be measured at FVTPL to achieve a significant reduction in accounting mismatch.

8 Certain debt securities held by the Bank were designated at FVTPL under IAS 39. Under IFRS 9, the designation was revoked and these debt securities are held within a held-to-collect business model and are measured at amortized cost. Previously recognized changes in fair value of these securities were reversed through retained earnings. The fair value of these debt securities was $1,143 million as at October 31, 2018. Had the Bank not reclassified these debt securities to amortized cost, the change in fair value recognized on the Consolidated Statement of Income would not have been material during the year ended October 31, 2018. The effective interest rate of these debt securities determined on November 1, 2017 ranged from 0.55% to 1.38% and interest income of $11 million was recognized during the year ended October 31, 2018.

9 Certain debt securities classified as AFS under IAS 39 were held within a business model with an objective to hold assets to collect contractual cash flows. The carrying value of these debt securities as at November 1, 2017 has been adjusted to amortized cost through AOCI. The fair value of these debt securities was $1.2 billion as at October 31, 2018. Had the Bank not reclassified these debt securities to amortized cost, the change in unrealized gains (losses) on AFS securities recognized on the Consolidated Statement of Comprehensive Income would have been a loss of $27 million during the year ended October 31, 2018.

10 Certain equity securities classified as AFS under IAS 39 have been designated to be measured at FVOCI under IFRS 9. Previously recognized impairment associated with these equity securities has been reclassified from retained earnings to AOCI.

11 Certain business and government loans measured at amortized cost under IAS 39 are included in a held-to-collect-and-sell business model under IFRS 9 and are measured at FVOCI.

12 Under IAS 39, certain debt securities were reclassified out of the AFS category to HTM at their fair value as of the reclassification date. Under IFRS 9, these debt securities are held within a held-to-collect business model and are measured at amortized cost. On transition, the carrying amount of these debt securities was adjusted through AOCI to reflect amortized cost measurement since their inception.

13 Debt securities classified as loans have been reclassified as debt securities at amortized cost under IFRS 9.

14 Refer to the impairment allowance reconciliation for remeasurement of credit losses under IFRS 9.

15 Certain securities purchased under reverse repurchase agreements were measured at amortized cost under IAS 39. These securities are included in a held-for-sale business model with a purpose to hold these instruments for trading and are measured at FVTPL.

16 Tax impact related to the adoption of IFRS 9.

Summary of Impact upon adoption of IFRS 9 – Impairment

The reconciliation of the Bank's closing allowances for credit losses in accordance with IAS 39 and provisions for loan commitments and financial guarantee contracts in accordance with IAS 37 to the Bank's opening ECL determined in accordance with IFRS 9, as at November 1, 2017, is shown in the following table:

Reconciliation of the Closing Allowance for Credit Losses under IAS 39/IAS 37 to Opening Allowance for Credit Losses under IFRS 9[1]

(millions of Canadian dollars)	IAS 39/IAS 37 closing balance as at October 31, 2017					IFRS 9 opening balance as at November 1, 2017			
	Incurred but not identified	Counterparty-specific	Individually Insignificant	Total IAS 39/ IAS 37 closing balance	Re-classifications[2]	Re-measurement[3]	Stage 1	Stage 2	Stage 3	Total IFRS 9 opening balance
Loans										
Residential mortgages	$ 36	$ –	$ 42	$ 78	$ –	$ 17	$ 24	$ 26	$ 45	$ 95
Consumer instalment and other personal	689	–	147	836	–	214	529	355	166	1,050
Credit card	1,231	–	335	1,566	–	39	763	521	321	1,605
Business and government	1,526	134	29	1,689	(10)	(172)	706	627	174	1,507
Debt securities classified as loans	20	126	–	146	(146)	–	–	–	–	–
	3,502	260	553	4,315	(156)	98	2,022	1,529	706	4,257
Acquired credit-impaired loans	–	3	32	35	–	–	–	–	35	35
Total loans, including off-balance sheet instruments	3,502	263	585	4,350	(156)	98	2,022	1,529	741	4,292
Less: Off-balance sheet instruments[4]	567	–	–	567	–	250	488	329	–	817
Total allowance for loan losses[5]	2,935	263	585	3,783	(156)	(152)	1,534	1,200	741	3,475
Debt securities at amortized cost[6,7]	–	–	–	–	155	(8)	–	21	126	147
Debt securities at fair value through other comprehensive income	$ –	$ –	$ –	$ –	$ 1	$ 4	$ 3	$ 2	$ –	$ 5

1 Stage 3 allowance under IFRS 9 and counterparty-specific and individually insignificant allowance under IAS 39 represent allowance for credit losses on impaired financial assets.
2 Reclassifications represent the impact of classification and measurement changes on impairment allowances.
3 Remeasurement includes the impact of adopting the ECL model under IFRS 9, which has been recorded as an adjustment to opening retained earnings on November 1, 2017.
4 The allowance for credit losses for off-balance sheet instruments is recorded in Other liabilities on the Consolidated Balance Sheet.
5 Excludes allowance on securities purchased under reverse repurchase agreements, amounts receivable from brokers, dealers, and clients, and other assets which are netted against the related assets. The allowance for credit losses related to customers' liability under acceptances is included in business and government.
6 Impairment allowances related to held-to-maturity securities were previously included in the allowances for business and government loans under IAS 39.
7 Previously held-to-maturity securities and debt securities classified as loans under IAS 39.

FUTURE CHANGES IN ACCOUNTING POLICIES

The following standards have been issued, but are not yet effective on the date of issuance of the Bank's Consolidated Financial Statements. The Bank is currently assessing the impact of the application of these standards on the Consolidated Financial Statements and will adopt these standards when they become effective.

Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers* (IFRS 15), which establishes the principles for recognizing revenue and cash flows arising from contracts with customers and prescribes the application of a five-step recognition and measurement model. The standard excludes from its scope revenue arising from items such as financial instruments, insurance contracts, and leases. In July 2015, the IASB confirmed a one-year deferral of the effective date to annual periods beginning on or after January 1, 2018, which will be November 1, 2018 for the Bank. In April 2016, the IASB issued amendments to IFRS 15, which provided additional guidance on the identification of performance obligations, on assessing principal versus agent considerations and on licensing revenue. The amendments also provided additional transitional relief upon initial adoption of IFRS 15 and have the same effective date as the IFRS 15 standard. The Bank is required to adopt the standard for the annual period beginning on November 1, 2018. The standard is to be applied on a modified retrospective basis, recognizing the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings without restating comparative period financial information.

As at October 31, 2018, the Bank's current estimate of the adoption impact of IFRS 15, subject to refinement, is an overall reduction to Shareholder's Equity of approximately $41 million related to certain expenses not eligible for deferral under IFRS 15. The presentation of certain revenue and expense items will also be reclassified prospectively. These presentation changes are not significant and do not have an impact on net income.

Leases

In January 2016, the IASB issued IFRS 16, Leases (IFRS 16), which will replace IAS 17, Leases (IAS 17), introducing a single lessee accounting model for all leases by eliminating the distinction between operating and financing leases. IFRS 16 requires lessees to recognize right-of-use assets and lease liabilities for most leases on the balance sheet. Lessees will also recognize depreciation expense on the right-of-use asset, interest expense on the lease liability, and a shift in the timing of expense recognition in the statement of income. Short-term leases, which are defined as those that have a lease term of twelve months or less; and leases of low-value assets are exempt. Lessor accounting remains substantially unchanged. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, which will be November 1, 2019 for the Bank, and is to be applied retrospectively. The Bank is continuing to assess the impact of the new standard on its portfolio of leases, including the impact upon its existing systems and internal controls.

Share-based Payment

In June 2016, the IASB published amendments to IFRS 2, *Share-based Payment* (IFRS 2), which provide additional guidance on the classification and measurement of share-based payment transactions. The amendments clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features for withholding tax obligations, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendments to IFRS 2 are effective for annual periods beginning on or

after January 1, 2018, which is November 1, 2018 for the Bank. These amendments will be applied prospectively and will not have a significant impact on the Bank.

Insurance Contracts
In May 2017, the IASB issued IFRS 17, Insurance Contracts (IFRS 17), which replaces the guidance in IFRS 4, Insurance Contracts and establishes a new model for recognizing insurance policy obligations, premium revenue, and claims-related expenses. IFRS 17 is currently effective for the Bank's annual reporting period beginning November 1, 2021; however, based on recent IASB meetings, an upcoming amendment to IFRS 17 and a deferral of the transition date by one year is anticipated. Any change to the Bank's transition date is subject to updates of OFSI's related Advisory. The Bank is currently assessing the impact of adopting this standard.

Conceptual Framework for Financial Reporting
In March 2018, the IASB issued the revised Conceptual Framework for Financial Reporting (Revised Conceptual Framework), which provides a set of concepts to assist the IASB in developing standards and to help preparers consistently apply accounting policies where specific accounting standards do not exist. The framework is not an accounting standard and does not override the requirements that exist in other IFRS standards. The Revised Conceptual Framework describes that financial information must be relevant and faithfully represented to be useful, provides revised definitions and recognition criteria for assets and liabilities, and confirms that different measurement bases are useful and permitted. The Revised Conceptual Framework is effective for annual periods beginning on or after January 1, 2020, which will be November 1, 2020 for the Bank, with early adoption permitted. The Bank is currently assessing the impact of adopting the revised framework.

NOTE 5: FAIR VALUE MEASUREMENTS

Certain assets and liabilities, primarily financial instruments, are carried on the balance sheet at their fair value on a recurring basis. These financial instruments include trading loans and securities, non-trading financial assets at fair value through profit or loss, assets and liabilities designated at fair value through profit or loss, financial assets at fair value through other comprehensive income, derivatives, certain securities purchased under reverse repurchase agreements, certain deposits classified as trading, securitization liabilities at fair value, obligations related to securities sold short, and certain obligations related to securities sold under repurchase agreements. All other financial assets and financial liabilities are carried at amortized cost.

VALUATION GOVERNANCE
Valuation processes are guided by policies and procedures that are approved by senior management and subject matter experts. Senior Executive oversight over the valuation process is provided through various valuation-related committees. Further, the Bank has a number of additional controls in place, including an independent price verification process to ensure the accuracy of fair value measurements reported in the financial statements. The sources used for independent pricing comply with the standards set out in the approved valuation-related policies, which include consideration of the reliability, relevancy, and timeliness of data.

METHODS AND ASSUMPTIONS
The Bank calculates fair values for measurement and disclosure purposes based on the following methods of valuation and assumptions:

Government and Government-Related Securities
The fair value of Canadian government debt securities is based on quoted prices in active markets, where available. Where quoted prices are not available, valuation techniques such as discounted cash flow models may be used, which maximize the use of observable inputs such as government bond yield curves.

The fair value of U.S. federal and state government, as well as agency debt securities, is determined by reference to recent transaction prices, broker quotes, or third-party vendor prices. Brokers or third-party vendors may use a pool-specific valuation model to value these securities. Observable market inputs to the model include to-be-announced (TBA) market prices, the applicable indices, and metrics such as the coupon, maturity, and weighted-average maturity of the pool. Market inputs used in the valuation model include, but are not limited to, indexed yield curves and trading spreads.

The fair value of residential mortgage-backed securities is based on broker quotes, third-party vendor prices, or other valuation techniques, such as the use of option-adjusted spread (OAS) models which include inputs such as prepayment rate assumptions related to the underlying collateral. Observable inputs include, but are not limited to, indexed yield curves and bid-ask spreads. Other inputs may include volatility assumptions derived using Monte Carlo simulations and take into account factors such as counterparty credit quality and liquidity.

Other Debt Securities
The fair value of corporate and other debt securities is based on broker quotes, third-party vendor prices, or other valuation techniques, such as discounted cash flow techniques. Market inputs used in the other valuation techniques or underlying third-party vendor prices or broker quotes include benchmark and government bond yield curves, credit spreads, and trade execution data.

Asset-backed securities are primarily fair valued using third-party vendor prices. The third-party vendor employs a valuation model which maximizes the use of observable inputs such as benchmark yield curves and bid-ask spreads. The model also takes into account relevant data about the underlying collateral, such as weighted-average terms to maturity and prepayment rate assumptions.

Equity Securities
The fair value of equity securities is based on quoted prices in active markets, where available. Where quoted prices in active markets are not readily available, such as for private equity securities, or where there is a wide bid-offer spread, fair value is determined based on quoted market prices for similar securities or through valuation techniques, including discounted cash flow analysis, and multiples of earnings before taxes, depreciation and amortization, and other relevant valuation techniques.

If there are trading restrictions on the equity security held, a valuation adjustment is recognized against available prices to reflect the nature of the restriction. However, restrictions that are not part of the security held and represent a separate contractual arrangement that has been entered into by the Bank and a third-party do not impact the fair value of the original instrument.

Retained Interests
Retained interests are classified as trading securities and are initially recognized at its relative fair market value. Subsequently, the fair value of retained interests recognized by the Bank is determined by estimating the present value of future expected cash flows. Differences between the actual cash flows and the Bank's

estimate of future cash flows are recognized in income. These assumptions are subject to periodic review and may change due to significant changes in the economic environment.

Loans
The estimated fair value of loans carried at amortized cost reflects changes in market price that have occurred since the loans were originated or purchased. For fixed-rate performing loans, estimated fair value is determined by discounting the expected future cash flows related to these loans at current market interest rates for loans with similar credit risks. For floating-rate performing loans, changes in interest rates have minimal impact on fair value since loans reprice to market frequently. On that basis, fair value is assumed to approximate carrying value. The fair value of loans is not adjusted for the value of any credit protection the Bank has purchased to mitigate credit risk.

The fair value of loans carried at fair value through profit or loss, which includes trading loans and loans designated at fair value through profit or loss, is determined using observable market prices, where available. Where the Bank is a market maker for loans traded in the secondary market, fair value is determined using executed prices, or prices for comparable trades. For those loans where the Bank is not a market maker, the Bank obtains broker quotes from other reputable dealers, and corroborates this information using valuation techniques or by obtaining consensus or composite prices from pricing services.

The fair value of loans carried at fair value through other comprehensive income is assumed to approximate amortized cost as they are generally floating rate performing loans that are short term in nature.

Commodities
The fair value of commodities is based on quoted prices in active markets, where available. The Bank also transacts commodity derivative contracts which can be traded on an exchange or in OTC markets.

Derivative Financial Instruments
The fair value of exchange-traded derivative financial instruments is based on quoted market prices. The fair value of OTC derivative financial instruments is estimated using well established valuation techniques, such as discounted cash flow techniques, the Black-Scholes model, and Monte Carlo simulation. The valuation models incorporate inputs that are observable in the market or can be derived from observable market data.

Prices derived by using models are recognized net of valuation adjustments. The inputs used in the valuation models depend on the type of derivative and the nature of the underlying instrument and are specific to the instrument being valued. Inputs can include, but are not limited to, interest rate yield curves, foreign exchange rates, dividend yield projections, commodity spot and forward prices, recovery rates, volatilities, spot prices, and correlation.

A credit risk valuation adjustment (CRVA) is recognized against the model value of OTC derivatives to account for the uncertainty that either counterparty in a derivative transaction may not be able to fulfill its obligations under the transaction. In determining CRVA, the Bank takes into account master netting agreements and collateral, and considers the creditworthiness of the counterparty and the Bank itself, in assessing potential future amounts owed to, or by the Bank.

The fair value of a derivative is partly a function of collateralization. The Bank uses the relevant overnight index swap curve to discount the cash flows for collateralized derivatives as most collateral is posted in cash and can be funded at the overnight rate.

A funding valuation adjustment (FVA) is recognized against the model value of OTC derivatives to recognize the market implied funding costs and benefits considered in the pricing and fair valuation of uncollateralized derivatives. Some of the key drivers of FVA include the market implied cost of funding spread over the London Interbank Offered Rate (LIBOR) and the expected average exposure by counterparty. FVA is further adjusted to account for the extent to which the funding cost is incorporated into observed traded levels and to calibrate to the expected term of the trade. The Bank will continue to monitor industry practice, and may refine the methodology and the products to which FVA applies to as market practices evolve.

Deposits
The estimated fair value of term deposits is determined by discounting the contractual cash flows using interest rates currently offered for deposits with similar terms.

For deposits with no defined maturities, the Bank considers fair value to equal carrying value, which is equivalent to the amount payable on the balance sheet date.

For trading deposits, fair value is determined using discounted cash flow valuation techniques which maximize the use of observable market inputs such as benchmark yield curves and foreign exchange rates. The Bank considers the impact of its own creditworthiness in the valuation of these deposits by reference to observable market inputs.

Securitization Liabilities
The fair value of securitization liabilities is based on quoted market prices or quoted market prices for similar financial instruments, where available. Where quoted prices are not available, fair value is determined using valuation techniques, which maximize the use of observable inputs, such as Canada Mortgage Bond (CMB) curves and mortgage-backed security (MBS) curves.

Obligations Related to Securities Sold Short
The fair value of these obligations is based on the fair value of the underlying securities, which can include equity or debt securities. As these obligations are fully collateralized, the method used to determine fair value would be the same as that of the relevant underlying equity or debt securities.

Securities Purchased Under Reverse Repurchase Agreements and Obligations Related to Securities Sold under Repurchase Agreements
Commodities and bonds purchased or sold with an agreement to sell or repurchase them at a later date at a fixed price are carried at fair value. The fair value of these agreements is based on valuation techniques such as discounted cash flow models which maximize the use of observable market inputs such as interest rate swap curves and commodity forward prices.

Subordinated Notes and Debentures
The fair value of subordinated notes and debentures are based on quoted market prices for similar issues or current rates offered to the Bank for debt of equivalent credit quality and remaining maturity.

Portfolio Exception
IFRS 13, *Fair Value Measurement* provides a measurement exception that allows an entity to determine the fair value of a group of financial assets and liabilities with offsetting risks based on the sale or transfer of its net exposure to a particular risk or risks. The Bank manages certain financial assets and financial liabilities,

such as derivative assets and derivative liabilities on the basis of net exposure and applies the portfolio exception when determining the fair value of these financial assets and financial liabilities.

Fair Value of Assets and Liabilities not carried at Fair Value

The fair value of assets and liabilities subsequently not carried at fair value include most loans, most deposits, certain securitization liabilities, most securities purchased under reverse repurchase agreements, most obligations relating to securities sold under repurchase agreements, and subordinated notes and debentures. For these instruments, fair values are calculated for disclosure purposes only, and the valuation techniques are disclosed above. In addition, the Bank has determined that the carrying value approximates the fair value for the following assets and liabilities as they are usually liquid floating rate financial instruments and are generally short term in nature: cash and due from banks, interest-bearing deposits with banks, securities purchased under reverse repurchase agreements, customers' liability under acceptances, amounts receivable from brokers, dealers, and clients, other assets, acceptances, obligations related to securities sold under repurchase agreements, amounts payable to brokers, dealers, and clients, and other liabilities.

Carrying Value and Fair Value of Financial Instruments not carried at Fair Value

The fair values in the following table exclude assets that are not financial instruments, such as land, buildings and equipment, as well as goodwill and other intangible assets, including customer relationships, which are of significant value to the Bank.

Financial Assets and Liabilities not carried at Fair Value[1,2]

(millions of Canadian dollars)

			As at	
	October 31, 2018[1]		October 31, 2017	
	Carrying value	**Fair value**	Carrying value	Fair value
FINANCIAL ASSETS				
Debt securities at amortized cost, net of allowance for credit losses				
Government and government-related securities	**$ 60,535**	**$ 59,948**	$ n/a	$ n/a
Other debt securities	**46,636**	**46,316**	n/a	n/a
Total debt securities at amortized cost, net of allowance for credit losses	**107,171**	**106,264**	n/a	n/a
Held-to-maturity securities				
Government and government-related securities	**n/a**	**n/a**	45,623	45,708
Other debt securities	**n/a**	**n/a**	25,740	25,719
Total held-to-maturity securities	**n/a**	**n/a**	71,363	71,427
Loans, net of allowance for loan losses	**646,393**	**642,542**	609,529	610,491
Debt securities classified as loans	**n/a**	**n/a**	3,062	3,156
Total loans, net of allowance for loan losses	**646,393**	**642,542**	612,591	613,647
Total financial assets not carried at fair value	**$ 753,564**	**$ 748,806**	$ 683,954	$ 685,074
FINANCIAL LIABILITIES				
Deposits	**$ 851,439**	**$ 846,148**	$ 832,824	$ 833,475
Securitization liabilities at amortized cost	**14,683**	**14,654**	16,076	16,203
Subordinated notes and debentures	**8,740**	**9,027**	9,528	10,100
Total financial liabilities not carried at fair value	**$ 874,862**	**$ 869,829**	$ 858,428	$ 859,778

1 Balances as at October 31, 2018 are prepared in accordance with IFRS 9. Prior period comparatives are based on IAS 39. Refer to Note 4 for further details.

2 This table excludes financial assets and liabilities where the carrying amount is a reasonable approximation of fair value.

Fair Value Hierarchy

IFRS requires disclosure of a three-level hierarchy for fair value measurements based upon the observability of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1: Fair value is based on quoted market prices for identical assets or liabilities that are traded in an active exchange market or highly liquid and actively traded in OTC markets.

Level 2: Fair value is based on observable inputs other than Level 1 prices, such as quoted market prices for similar (but not identical) assets or liabilities in active markets, quoted market prices for identical assets or liabilities in markets that are not active, and other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose value is determined using valuation techniques with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

Level 3: Fair value is based on non-observable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Financial instruments classified within Level 3 of the fair value hierarchy are initially fair valued at their transaction price, which is considered the best estimate of fair value. After initial measurement, the fair value of Level 3 assets and liabilities is determined using valuation models, discounted cash flow methodologies, or similar techniques.

The following table presents the levels within the fair value hierarchy for each of the assets and liabilities measured at fair value on a recurring basis as at October 31.

Fair Value Hierarchy for Assets and Liabilities Measured at Fair Value on a Recurring Basis

(millions of Canadian dollars)

	October 31, 2018[1]				As at October 31, 2017			
	Level 1	**Level 2**	**Level 3**	**Total[2]**	Level 1	Level 2	Level 3	Total[2]
FINANCIAL ASSETS AND COMMODITIES								
Trading loans, securities, and other[3]								
Government and government-related securities								
Canadian government debt								
Federal	**$ 127**	**$ 14,335**	**$ –**	**$ 14,462**	$ 390	$ 8,678	$ –	$ 9,068
Provinces	**–**	**7,535**	**3**	**7,538**	–	6,524	–	6,524
U.S. federal, state, municipal governments, and agencies debt	**–**	**19,732**	**–**	**19,732**	605	16,862	–	17,467
Other OECD government guaranteed debt	**–**	**3,324**	**–**	**3,324**	–	5,047	–	5,047
Mortgage-backed securities	**–**	**2,029**	**–**	**2,029**	–	1,906	–	1,906
Other debt securities								
Canadian issuers	**–**	**5,630**	**1**	**5,631**	–	3,337	6	3,343
Other issuers	**–**	**14,459**	**16**	**14,475**	–	10,007	8	10,015
Equity securities								
Common shares	**43,699**	**53**	**–**	**43,752**	31,921	21	–	31,942
Preferred shares	**33**	**26**	**–**	**59**	68	–	–	68
Trading loans	**–**	**10,990**	**–**	**10,990**	–	11,235	–	11,235
Commodities	**5,540**	**340**	**–**	**5,880**	7,139	132	–	7,271
Retained interests	**–**	**25**	**–**	**25**	–	32	–	32
	49,399	**78,478**	**20**	**127,897**	40,123	63,781	14	103,918
Non-trading financial assets at fair value through profit or loss[4]								
Securities	**176**	**2,095**	**408**	**2,679**	n/a	n/a	n/a	n/a
Loans	**–**	**1,317**	**19**	**1,336**	n/a	n/a	n/a	n/a
	176	**3,412**	**427**	**4,015**	n/a	n/a	n/a	n/a
Derivatives								
Interest rate contracts	**33**	**12,365**	**–**	**12,398**	21	15,324	–	15,345
Foreign exchange contracts	**24**	**39,647**	**4**	**39,675**	9	37,817	1	37,827
Credit contracts	**–**	**9**	**–**	**9**	–	34	–	34
Equity contracts	**–**	**3,170**	**453**	**3,623**	–	1,303	908	2,211
Commodity contracts	**144**	**1,112**	**35**	**1,291**	96	677	5	778
	201	**56,303**	**492**	**56,996**	126	55,155	914	56,195
Financial assets designated at fair value through profit or loss								
Securities[3]	**–**	**3,618**	**–**	**3,618**	220	3,699	113	4,032
	–	**3,618**	**–**	**3,618**	220	3,699	113	4,032
Financial assets at fair value through other comprehensive income								
Government and government-related securities								
Canadian government debt								
Federal	**–**	**12,731**	**–**	**12,731**	n/a	n/a	n/a	n/a
Provinces	**–**	**9,507**	**–**	**9,507**	n/a	n/a	n/a	n/a
U.S. federal, state, municipal governments, and agencies debt	**–**	**45,766**	**–**	**45,766**	n/a	n/a	n/a	n/a
Other OECD government guaranteed debt	**–**	**19,896**	**200**	**20,096**	n/a	n/a	n/a	n/a
Mortgage-backed securities	**–**	**6,633**	**–**	**6,633**	n/a	n/a	n/a	n/a
Other debt securities								
Asset-backed securities	**–**	**21,407**	**562**	**21,969**	n/a	n/a	n/a	n/a
Non-agency collateralized mortgage obligation portfolio	**–**	**472**	**–**	**472**	n/a	n/a	n/a	n/a
Corporate and other debt	**–**	**8,483**	**24**	**8,507**	n/a	n/a	n/a	n/a
Equity securities								
Common shares	**309**	**3**	**1,492**	**1,804**	n/a	n/a	n/a	n/a
Preferred shares	**235**	**–**	**135**	**370**	n/a	n/a	n/a	n/a
Loans	**–**	**2,745**	**–**	**2,745**	n/a	n/a	n/a	n/a
	544	**127,643**	**2,413**	**130,600**	n/a	n/a	n/a	n/a
Available-for-sale securities								
Government and government-related securities								
Canadian government debt								
Federal	**n/a**	**n/a**	**n/a**	**n/a**	–	16,225	–	16,225
Provinces	**n/a**	**n/a**	**n/a**	**n/a**	–	7,922	–	7,922
U.S. federal, state, municipal governments, and agencies debt	**n/a**	**n/a**	**n/a**	**n/a**	–	48,280	–	48,280
Other OECD government guaranteed debt	**n/a**	**n/a**	**n/a**	**n/a**	–	21,122	–	21,122
Mortgage-backed securities	**n/a**	**n/a**	**n/a**	**n/a**	–	8,812	–	8,812
Other debt securities								
Asset-backed securities	**n/a**	**n/a**	**n/a**	**n/a**	–	29,428	553	29,981
Non-agency collateralized mortgage obligation portfolio	**n/a**	**n/a**	**n/a**	**n/a**	–	1,715	–	1,715
Corporate and other debt	**n/a**	**n/a**	**n/a**	**n/a**	–	9,768	22	9,790
Equity securities								
Common shares[5,6]	**n/a**	**n/a**	**n/a**	**n/a**	341	3	1,572	1,916
Preferred shares	**n/a**	**n/a**	**n/a**	**n/a**	242	–	123	365
Debt securities reclassified from trading	**n/a**	**n/a**	**n/a**	**n/a**	–	2	275	277
	n/a	**n/a**	**n/a**	**n/a**	583	143,277	2,545	146,405
Securities purchased under reverse repurchase agreements	**–**	**3,920**	**–**	**3,920**	–	1,345	–	1,345

Fair Value Hierarchy for Assets and Liabilities Measured at Fair Value on a Recurring Basis (continued)

(millions of Canadian dollars)

	October 31, 2018[1]				As at October 31, 2017			
	Level 1	**Level 2**	**Level 3**	**Total[2]**	Level 1	Level 2	Level 3	Total[2]
FINANCIAL LIABILITIES								
Trading deposits	**$ –**	**$ 111,680**	**$ 3,024**	**$ 114,704**	$ –	$ 77,419	$ 2,521	$ 79,940
Derivatives								
Interest rate contracts	**24**	**9,646**	**63**	**9,733**	15	12,730	70	12,815
Foreign exchange contracts	**18**	**34,897**	**3**	**34,918**	10	33,599	–	33,609
Credit contracts	**–**	**386**	**–**	**386**	–	356	–	356
Equity contracts	**–**	**1,319**	**1,077**	**2,396**	–	1,999	1,801	3,800
Commodity contracts	**134**	**695**	**8**	**837**	97	534	3	634
	176	**46,943**	**1,151**	**48,270**	122	49,218	1,874	51,214
Securitization liabilities at fair value	**–**	**12,618**	**–**	**12,618**	–	12,757	–	12,757
Other financial liabilities designated at fair value through profit or loss	**–**	**2**	**14**	**16**	–	1	7	8
Obligations related to securities sold short[3]	**1,142**	**38,336**	**–**	**39,478**	2,068	33,414	–	35,482
Obligations related to securities sold under repurchase agreements	**–**	**3,797**	**–**	**3,797**	–	2,064	–	2,064

1 Balances as at October 31, 2018 are prepared in accordance with IFRS 9. Prior period comparatives have not been restated. Refer to Note 4 for further details.
2 Fair value is the same as carrying value.
3 Balances reflect the reduction of securities owned (long positions) by the amount of identical securities sold but not yet purchased (short positions).
4 Refer to Note 4 for further details on financial assets that were re-classified to non-trading as a result of adoption of IFRS 9.
5 As at October 31, 2017, includes Federal Reserve stock and Federal Home Loan Bank stock of $1.4 billion. These are redeemable by the issuer at cost which approximates fair value.
6 As at October 31, 2017, the carrying values of certain available-for-sale equity securities of $6 million are assumed to approximate fair value in the absence of quoted market prices in an active market and are excluded from the table above. As at October 31, 2018, these were included as FVOCI securities in the table above.

The Bank's policy is to record transfers of assets and liabilities between the different levels of the fair value hierarchy using the fair values as at the end of each reporting period. Assets are transferred between Level 1 and Level 2 depending on if there is sufficient frequency and volume in an active market.

During the year ended October 31, 2018, the Bank transferred $20 million securities from Non-trading financial assets at fair value through profit or loss from Level 1 to Level 2. During the year ended October 31, 2017, the Bank transferred $164 million and $48 million of treasury securities designated at fair value through profit or loss and Obligations related to securities sold short respectively from Level 1 to Level 2 as they are now off-the-run and traded less frequently.

Movements of Level 3 instruments

Significant transfers into and out of Level 3 occur mainly due to the following reasons:

- Transfers from Level 3 to Level 2 occur when techniques used for valuing the instrument incorporate significant observable market inputs or broker-dealer quotes which were previously not observable.
- Transfers from Level 2 to Level 3 occur when an instrument's fair value, which was previously determined using valuation techniques with significant observable market inputs, is now determined using valuation techniques with significant non-observable inputs.

Due to the unobservable nature of the inputs used to value Level 3 financial instruments there may be uncertainty about the valuation of these instruments. The fair value of Level 3 instruments may be drawn from a range of reasonably possible alternatives. In determining the appropriate levels for these unobservable inputs, parameters are chosen so that they are consistent with prevailing market evidence and management judgment.

The following tables reconcile changes in fair value of all assets and liabilities measured at fair value using significant Level 3 non-observable inputs for the years ended October 31.

Reconciliation of Changes in Fair Value for Level 3 Assets and Liabilities

(millions of Canadian dollars)

	Fair value as at November 1 2017[1]	Total realized and unrealized gains (losses)		Movements			Transfers		Fair value as at October 31 2018	Change in unrealized gains (losses) on instruments still held[5]
		Included in income[2]	Included in OCI[3]	Purchases	Issuances	Other[4]	Into Level 3	Out of Level 3		
FINANCIAL ASSETS										
Trading loans, securities, and other										
Government and government- related securities										
Canadian government debt										
Provinces	$ –	$ –	$ –	$ 1	$ –	$ –	$ 2	$ –	$ 3	$ –
Other debt securities										
Canadian issuers	6	–	–	–	–	(4)	1	(2)	1	(1)
Other issuers	8	(5)	–	46	–	(31)	172	(174)	16	(2)
	14	(5)	–	47	–	(35)	175	(176)	20	(3)
Non-trading financial assets at fair value through profit or loss										
Securities	305	60	–	54	–	(11)	–	–	408	51
Loans	15	(4)	–	8	–	–	–	–	19	(4)
	320	56	–	62	–	(11)	–	–	427	47
Financial assets at fair value through other comprehensive income										
Government and government- related securities										
Other OECD government guaranteed debt	203	15	(18)	–	–	–	–	–	200	(18)
Other debt securities										
Asset-backed securities	553	–	(2)	–	–	11	–	–	562	(2)
Corporate and other debt	95	12	2	–	–	(85)	–	–	24	2
Equity securities										
Common shares	1,469	–	(5)	23	–	5	–	–	1,492	(7)
Preferred shares	108	–	27	–	–	–	–	–	135	26
	$ 2,428	$ 27	$ 4	$ 23	$ –	$ (69)	$ –	$ –	$ 2,413	$ 1

	Fair value as at November 1 2017[1]	Total realized and unrealized losses (gains)		Movements			Transfers		Fair value as at October 31 2018	Change in unrealized losses (gains) on instruments still held[5]
		Included in income[2]	Included in OCI[3]	Purchases	Issuances	Other[4]	Into Level 3	Out of Level 3		
FINANCIAL LIABILITIES										
Trading deposits[6]	$ 2,521	$ (78)	$ –	$ (443)	$ 1,729	$ (685)	$ 46	$ (66)	$ 3,024	$ (122)
Derivatives[7]										
Interest rate contracts	70	(10)	–	–	–	3	–	–	63	(6)
Foreign exchange contracts	(1)	–	–	–	–	(1)	–	1	(1)	(3)
Equity contracts	893	(131)	–	(75)	196	(260)	–	1	624	(125)
Commodity contracts	(2)	(43)	–	–	–	18	–	–	(27)	(26)
	960	(184)	–	(75)	196	(240)	–	2	659	(160)
Other financial liabilities designated at fair value through profit or loss	7	14	–	–	117	(124)	–	–	14	11
Obligations related to securities sold short	–	–	–	–	–	(4)	4	–	–	–

1 Balances as at November 1, 2017 are prepared in accordance with IFRS 9. Refer to Note 4 for further details.
2 Gains (losses) on financial assets and liabilities are recognized in Net securities gains (losses), Trading income (loss), and Other income (loss) on the Consolidated Statement of Income.
3 Includes realized gains/losses transferred to retained earnings on disposal of equities designated at FVOCI. Refer to Note 7 for further details.
4 Consists of sales, settlements, and foreign exchange.
5 Changes in unrealized gains (losses) on financial assets at FVOCI (AFS under IAS 39) are recognized in AOCI.
6 Issuances and repurchases of trading deposits are reported on a gross basis.
7 As at October 31, 2018, consists of derivative assets of $0.5 billion (November 1, 2017 – $0.9 billion) and derivative liabilities of $1.2 billion (November 1, 2017 – $1.9 billion), which have been netted on this table for presentation purposes only.

Reconciliation of Changes in Fair Value for Level 3 Assets and Liabilities

(millions of Canadian dollars)

	Fair value as at November 1 2016	Total realized and unrealized gains (losses)		Movements			Transfers		Fair value as at October 31 2017	Change in unrealized gains (losses) on instruments still held[3]
		Included in income[1]	Included in OCI	Purchases	Issuances	Other[2]	Into Level 3	Out of Level 3		
FINANCIAL ASSETS										
Trading loans, securities, and other										
Government and government-related securities										
Canadian government debt										
Federal	$ 34	$ (2)	$ –	$ 3	$ –	$ (32)	$ –	$ (3)	$ –	$ –
Provinces	–	–	–	–	–	–	7	(7)	–	–
Other OECD government guaranteed debt	73	7	–	17	–	(58)	20	(59)	–	–
Other debt securities										
Canadian issuers	15	–	–	1	–	(15)	9	(4)	6	–
Other issuers	148	2	–	253	–	(312)	138	(221)	8	1
Equity securities										
Common shares	65	–	–	–	–	(65)	–	–	–	–
Retained interests	31	6	–	–	–	–	–	(37)	–	–
	366	13	–	274	–	(482)	174	(331)	14	1
Financial assets designated at fair value through profit or loss										
Securities	157	(3)	–	13	–	(54)	–	–	113	(3)
	157	(3)	–	13	–	(54)	–	–	113	(3)
Available-for-sale securities										
Government and government-related securities										
Other OECD government guaranteed debt	6	–	–	–	–	(6)	–	–	–	–
Other debt securities										
Asset-backed securities	–	–	–	553	–	–	–	–	553	–
Corporate and other debt	20	–	2	–	–	–	–	–	22	2
Equity securities										
Common shares	1,594	36	(26)	153	–	(185)	–	–	1,572	(26)
Preferred shares	98	6	26	4	–	(11)	–	–	123	26
Debt securities reclassified from trading	279	(2)	3	–	–	(3)	1	(3)	275	3
	$ 1,997	$ 40	$ 5	$ 710	$ –	$ (205)	$ 1	$ (3)	$ 2,545	$ 5

	Fair value as at November 1 2016	Total realized and unrealized losses (gains)		Movements			Transfers		Fair value as at October 31 2017	Change in unrealized losses (gains) on instruments still held[3]
		Included in income[1]	Included in OCI	Purchases	Issuances	Other[2]	Into Level 3	Out of Level 3		
FINANCIAL LIABILITIES										
Trading deposits[4]	$ 2,214	$ 212	$ –	$ (790)	$ 1,380	$ (448)	$ 33	$ (80)	$ 2,521	$ 195
Derivatives[5]										
Interest rate contracts	95	(20)	–	–	–	(5)	–	–	70	(20)
Foreign exchange contracts	(4)	4	–	–	–	–	(2)	1	(1)	(1)
Equity contracts	679	321	–	(73)	174	(208)	–	–	893	330
Commodity contracts	(5)	2	–	–	–	–	–	1	(2)	–
	765	307	–	(73)	174	(213)	(2)	2	960	309
Other financial liabilities designated at fair value through profit or loss	13	54	–	–	119	(179)	–	–	7	47
Obligations related to securities sold short	14	–	–	(14)	–	–	–	–	–	–

1 Gains (losses) on financial assets and liabilities are recognized in Net securities gains (losses), Trading income (loss), and Other income (loss) on the Consolidated Statement of Income.
2 Consists of sales, settlements, and foreign exchange.
3 Changes in unrealized gains (losses) on AFS securities are recognized in AOCI.
4 Issuances and repurchases of trading deposits are reported on a gross basis.
5 As at October 31, 2017, consists of derivative assets of $0.9 billion (November 1, 2016 – $0.7 billion) and derivative liabilities of $1.9 billion (November 1, 2016 – $1.5 billion), which have been netted on this table for presentation purposes only.

VALUATION OF ASSETS AND LIABILITIES CLASSIFIED AS LEVEL 3

Significant unobservable inputs in Level 3 positions

The following section discusses the significant unobservable inputs for Level 3 positions and assesses the potential effect that a change in each unobservable input may have on the fair value measurement.

Price Equivalent

Certain financial instruments, mainly debt and equity securities, are valued using price equivalents when market prices are not available, with fair value measured by comparison with observable pricing data from instruments with similar characteristics. For debt securities, the price equivalent is expressed in 'points', and represents a percentage of the par amount, and prices at the lower end of the range are generally a result of securities that are written down. For equity securities, the price equivalent is based on a percentage of a proxy price. There may be wide ranges depending on the liquidity of the securities. New issuances of debt and equity securities are priced at 100% of the issue price.

Credit Spread

Credit spread is a significant input used in the valuation of many derivatives. It is the primary reflection of the creditworthiness of a counterparty and represents the premium or yield return above the benchmark reference that a bond holder would require in order to allow for the credit quality difference between the entity and the reference benchmark. An increase/(decrease) in credit spread will (decrease)/increase the value of financial instrument. Credit spread may be negative where the counterparty is more credit worthy than the benchmark against which the spread is calculated. A wider credit spread represents decreasing creditworthiness.

Correlation

The movements of inputs are not necessarily independent from other inputs. Such relationships, where material to the fair value of a given instrument, are captured via correlation inputs into the pricing models. The Bank includes correlation between the asset class, as well as across asset classes. For example, price correlation is the relationship between prices of equity securities in equity basket derivatives, and quanto correlation is the relationship between instruments which settle in one currency and the underlying securities which are denominated in another currency.

Implied Volatility

Implied volatility is the value of the volatility of the underlying instrument which, when input in an option pricing model, such as Black-Scholes, will return a theoretical value equal to the current market price of the option. Implied volatility is a forward-looking and subjective measure, and differs from historical volatility because the latter is calculated from known past returns of a security.

Funding ratio

The funding ratio is a significant unobservable input required to value loan commitments issued by the Bank. The funding ratio represents an estimate of percentage of commitments that are ultimately funded by the Bank. The funding ratio is based on a number of factors such as observed historical funding percentages within the various lending channels and the future economic outlook, considering factors including, but not limited to, competitive pricing and fixed/variable mortgage rate gap. An increase/(decrease) in funding ratio will increase/(decrease) the value of the lending commitment in relationship to prevailing interest rates.

Earnings Multiple, Discount Rate, and Liquidity Discount

Earnings multiple, discount rate, and liquidity discount are significant inputs used when valuing certain equity securities and certain retained interests. Earnings multiples are selected based on comparable entities and a higher multiple will result in a higher fair value. Discount rates are applied to cash flow forecasts to reflect time value of money and the risks associated with the cash flows. A higher discount rate will result in a lower fair value. Liquidity discounts may be applied as a result of the difference in liquidity between the comparable entity and the equity securities being valued.

Currency-Specific Swap Curve

The fair value of foreign exchange contracts is determined using inputs such as foreign exchange spot rates and swap curves. Generally swap curves are observable, but there may be certain durations or currency-specific foreign exchange spot and currency-specific swap curves that are not observable.

Dividend Yield

Dividend yield is a key input for valuing equity contracts and is generally expressed as a percentage of the current price of the stock. Dividend yields can be derived from the repo or forward price of the actual stock being fair valued. Spot dividend yields can also be obtained from pricing sources, if it can be demonstrated that spot yields are a good indication of future dividends.

Inflation Rate Swap Curve

The fair value of inflation rate swap contracts is a swap between the interest rate curve and the inflation Index. The inflation rate swap spread is not observable and is determined using proxy inputs such as inflation index rates and Consumer Price Index (CPI) bond yields. Generally swap curves are observable; however, there may be instances where certain specific swap curves are not observable.

Valuation techniques and inputs used in the fair value measurement of Level 3 assets and liabilities

The following table presents the Bank's assets and liabilities recognized at fair value and classified as Level 3, together with the valuation techniques used to measure fair value, the significant inputs used in the valuation technique that are considered unobservable, and a range of values for those unobservable inputs. The range of values represents the highest and lowest inputs used in calculating the fair value.

Valuation Techniques and Inputs Used in the Fair Value Measurement of Level 3 Assets and Liabilities

							As at
			October 31, 2018		October 31, 2017		
	Valuation technique	**Significant unobservable inputs (Level 3)**	**Lower range**	**Upper range**	Lower range	Upper range	**Unit**
Government and government- related securities	**Market comparable**	**Bond price equivalent**	**76**	**172**	100	177	**points**
Other debt securities	**Market comparable**	**Bond price equivalent**	**–**	**104**	–	114	**points**
Equity securities[1]	**Market comparable**	**New issue price**	**n/a**	**n/a**	100	100	**%**
	Discounted cash flow	**Discount rate**	**6**	**9**	6	9	**%**
	EBITDA multiple	**Earnings multiple**	**5.0**	**20.5**	5.5	20.5	**times**
	Market comparable	**Price equivalent**	**84**	**117**	50	118	**%**
Non-trading financial assets at fair value through profit or loss	**Market comparable**	**New issue price**	**100**	**100**	n/a	n/a	**%**
	Discounted cash flow	**Discount rates**	**8**	**40**	n/a	n/a	**%**
	EBITDA multiple	**Earnings multiple**	**0.3**	**5.3**	n/a	n/a	**times**
	Market comparable	**Liquidity Discount**	**50**	**50**	n/a	n/a	**%**
	Price-based	**Net Asset Value**	**n/a**	**n/a**	n/a	n/a	
Other financial assets designated at fair value through profit or loss	**Price-based**	**Net Asset Value**	**n/a**	**n/a**	n/a	n/a	
Derivatives							
Interest rate contracts		**Currency-**					
	Swaption model	**specific volatility**	**15**	**346**	11	338	**%**
	Discounted cash flow	**Inflation rate swap curve**	**1**	**2**	1	2	**%**
	Option model	**Funding ratio**	**65**	**75**	55	75	**%**
Foreign exchange contracts		**Currency-specific**					
	Option model	**volatility**	**7**	**14**	7	10	**%**
Credit contracts	**Discounted cash flow**	**Credit spread**	**n/a**	**n/a**	40	40	**bps[2]**
Equity contracts	**Option model**	**Price correlation**	**1**	**96**	(9)	97	**%**
		Quanto correlation	**(65)**	**68**	(38)	17	**%**
		Dividend yield	**–**	**8**	–	8	**%**
		Equity volatility	**10**	**105**	8	74	**%**
	Market comparable	**New issue price**	**100**	**100**	n/a	n/a	**%**
Commodity contracts	**Option model**	**Quanto correlation**	**(66)**	**(46)**	(65)	(45)	**%**
		Swaption correlation	**n/a**	**n/a**	29	41	**%**
Trading deposits	**Option model**	**Price correlation**	**1**	**96**	(9)	97	**%**
		Quanto correlation	**(85)**	**68**	(38)	18	**%**
		Dividend yield	**–**	**13**	–	10	**%**
		Equity volatility	**8**	**131**	7	68	**%**
	Swaption model	**Currency-specific volatility**	**15**	**346**	11	338	**%**
Other financial liabilities designated at fair value through profit or loss	**Option model**	**Funding ratio**	**2**	**70**	5	67	**%**

1 As at October 31, 2018, common shares exclude the fair value of Federal Reserve stock and Federal Home Loan Bank stock of $1.4 billion (October 31, 2017 – $1.4 billion) which are redeemable by the issuer at cost which approximates fair value. These securities cannot be traded in the market, hence, these securities have not been subjected to the sensitivity analysis.

2 Basis points.

The following table summarizes the potential effect of using reasonably possible alternative assumptions for financial assets and financial liabilities held, that are classified in Level 3 of the fair value hierarchy as at October 31. For interest rate derivatives, the Bank performed a sensitivity analysis on the unobservable implied volatility. For credit derivative contracts, sensitivity was calculated on unobservable credit spreads using assumptions derived from the underlying bond position credit spreads. For equity derivatives, the sensitivity was calculated by using reasonably possible alternative assumptions by shocking dividends, correlation, or the price and volatility of the underlying equity instrument. For equity securities at fair value through other comprehensive income, the sensitivity was calculated based on an upward and downward shock of the fair value reported. For trading deposits, the sensitivity was calculated by varying unobservable inputs which may include volatility, credit spreads, and correlation.

Sensitivity Analysis of Level 3 Financial Assets and Liabilities

(millions of Canadian dollars)			*As at*	
	October 31, 2018		October 31, 2017	
	Impact to net assets		Impact to net assets	
	Decrease in fair value	**Increase in fair value**	Decrease in fair value	Increase in fair value
FINANCIAL ASSETS				
Non-trading financial assets at fair value through profit or loss				
Securities	**$ 46**	**$ 26**	$ n/a	$ n/a
Loans	**2**	**2**	n/a	n/a
	48	**28**		
Derivatives				
Equity contracts	**16**	**21**	12	10
Commodity contracts	**1**	**1**	–	–
	17	**22**	12	10
Financial assets designated at fair value through profit or loss				
Securities	**–**	**–**	6	6
	–	**–**	6	6
Financial assets at fair value through other comprehensive income				
Other debt securities				
Asset-backed securities	**40**	**40**	n/a	n/a
Corporate and other debt	**2**	**2**	n/a	n/a
Equity securities				
Common shares	**4**	**2**	n/a	n/a
Preferred shares	**26**	**7**	n/a	n/a
	72	**51**		
Available-for-sale securities				
Other debt securities				
Asset-backed securities	**n/a**	**n/a**	11	11
Corporate and other debt	**n/a**	**n/a**	2	2
Equity securities				
Common shares	**n/a**	**n/a**	26	8
Preferred shares	**n/a**	**n/a**	21	6
			60	27
FINANCIAL LIABILITIES				
Trading deposits	**18**	**26**	11	16
Derivatives				
Interest rate contracts	**15**	**12**	16	14
Equity contracts	**45**	**36**	20	22
	60	**48**	36	36
Other financial liabilities designated at fair value through profit or loss	**2**	**2**	1	1
Total	**$ 217**	**$ 177**	$ 126	$ 96

The best evidence of a financial instrument's fair value at initial recognition is its transaction price unless the fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument (that is, without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. Consequently, the difference between the fair value using other observable current market transactions or a valuation technique and the transaction price results in an unrealized gain or loss at initial recognition.

The difference between the transaction price at initial recognition and the value determined at that date using a valuation technique is not recognized in income until the significant non-observable inputs in the valuation technique used to value the instruments become observable. The following table summarizes the aggregate difference yet to be recognized in net income due to the difference between the transaction price and the amount determined using valuation techniques with significant non-observable market inputs at initial recognition.

(millions of Canadian dollars)	*For the years ended October 31*	
	2018	2017
Balance as at beginning of year	**$ 19**	$ 41
New transactions	**25**	35
Recognized in the Consolidated Statement of Income during the year	**(30)**	(57)
Balance as at end of year	**$ 14**	$ 19

FINANCIAL ASSETS DESIGNATED AT FAIR VALUE

Securities Designated at Fair Value through Profit or Loss

Certain securities supporting insurance reserves within the Bank's insurance underwriting subsidiaries have been designated at FVTPL to eliminate or significantly reduce an accounting mismatch. The actuarial valuation of the insurance reserve is measured using a discount factor which is based on the yield of the supporting invested assets, which includes the securities designated at FVTPL, with changes in the discount factor being recognized on the Consolidated Statement of Income. The unrealized gains or losses on securities designated at FVTPL are recognized on the Consolidated Statement of Income in the same period as gains or losses resulting from changes to the discount rate used to value the insurance liabilities.

In addition, certain debt securities are economically hedged with derivatives as doing so eliminates or significantly reduces an accounting mismatch. As a result, these debt securities have been designated at fair value through profit or loss. The derivatives are carried at fair value, with the change in fair value recognized in non-interest income.

Fair Value Hierarchy for Assets and Liabilities not carried at Fair Value

The following table presents the levels within the fair value hierarchy for each of the assets and liabilities not carried at fair value as at October 31, but for which fair value is disclosed.

Fair Value Hierarchy for Assets and Liabilities not carried at Fair Value [1]

(millions of Canadian dollars)

	October 31, 2018				As at October 31, 2017			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
ASSETS								
Debt securities at amortized cost, net of allowance for credit losses								
Government and government-related securities	**$ 119**	**$ 59,828**	**$ 1**	**$ 59,948**	$ n/a	$ n/a	$ n/a	$ n/a
Other debt securities	**–**	**43,826**	**2,490**	**46,316**	n/a	n/a	n/a	n/a
Total debt securities at amortized cost, net of allowance for credit losses	**119**	**103,654**	**2,491**	**106,264**	n/a	n/a	n/a	n/a
Held-to-maturity securities								
Government and government-related securities	**n/a**	**n/a**	**n/a**	**n/a**	–	45,708	–	45,708
Other debt securities	**n/a**	**n/a**	**n/a**	**n/a**	–	25,719	–	25,719
Total held-to-maturity securities	**n/a**	**n/a**	**n/a**	**n/a**	–	71,427	–	71,427
Loans, net of allowance for loan losses	**–**	**208,794**	**433,748**	**642,542**	–	204,695	405,796	610,491
Debt securities classified as loans	**n/a**	**n/a**	**n/a**	**n/a**	–	2,487	669	3,156
Total Loans	**–**	**208,794**	**433,748**	**642,542**	–	207,182	406,465	613,647
Total assets with fair value disclosures	**$ 119**	**$ 312,448**	**$ 436,239**	**$ 748,806**	$ –	$ 278,609	$ 406,465	$ 685,074
LIABILITIES								
Deposits	**$ –**	**$ 846,148**	**$ –**	**$ 846,148**	$ –	$ 833,475	$ –	$ 833,475
Securitization liabilities at amortized cost	**–**	**14,654**	**–**	**14,654**	–	16,203	–	16,203
Subordinated notes and debentures	**–**	**9,027**	**–**	**9,027**	–	10,100	–	10,100
Total liabilities with fair value disclosures	**$ –**	**$ 869,829**	**$ –**	**$ 869,829**	$ –	$ 859,778	$ –	$ 859,778

[1] This table excludes financial assets and liabilities where the carrying amount is a reasonable approximation of fair value.

NOTE 6: OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Bank enters into netting agreements with counterparties (such as clearing houses) to manage the credit risks associated primarily with repurchase and reverse repurchase transactions, securities borrowing and lending, and OTC and exchange-traded derivatives. These netting agreements and similar arrangements generally allow the counterparties to set-off liabilities against available assets received. The right to set-off is a legal right to settle or otherwise eliminate all or a portion of an amount due by applying against that amount an amount receivable from the other party. These agreements effectively reduce the Bank's credit exposure by what it would have been if those same counterparties were liable for the gross exposure on the same underlying contracts.

Netting arrangements are typically constituted by a master netting agreement which specifies the general terms of the agreement between the counterparties, including information on the basis of the netting calculation, types of collateral, and the definition of default and other termination events for transactions executed under the agreement. The master netting agreements contain the terms and conditions by which all (or as many as possible) relevant transactions between the counterparties are governed. Multiple individual transactions are subsumed under this general master netting agreement, forming a single legal contract under which the counterparties conduct their relevant mutual business. In addition to the mitigation of credit risk, placing individual transactions under a single master netting agreement that provides for netting of transactions in scope also helps to mitigate settlement risks associated with transacting in multiple jurisdictions or across multiple contracts. These arrangements include clearing agreements, global master repurchase agreements, and global master securities lending agreements.

In the normal course of business, the Bank enters into numerous contracts to buy and sell goods and services from various suppliers. Some of these contracts may have netting provisions that allow for the offset of various trade payables and receivables in the event of default of one of the parties. While these are not disclosed in the following table, the gross amount of all payables and receivables to and from the Bank's vendors is disclosed in the Other assets Note in accounts receivable and other items, and in the Other liabilities Note in accounts payable, accrued expenses, and other items.

The Bank also enters into regular way purchases and sales of stocks and bonds. Some of these transactions may have netting provisions that allow for the offset of broker payables and broker receivables related to these purchases and sales. While these are not disclosed in the following table, the amount of receivables are disclosed in Amounts receivable from brokers, dealers, and clients and payables are disclosed in Amounts payable to brokers, dealers, and clients.

The following table provides a summary of the financial assets and liabilities which are subject to enforceable master netting agreements and similar arrangements, including amounts not otherwise set off in the balance sheet, as well as financial collateral received to mitigate credit exposures for these financial assets and liabilities. The gross financial assets and liabilities are reconciled to the net amounts presented within the associated balance sheet line, after giving effect to transactions with the same counterparties that have been offset in the balance sheet. Related amounts and collateral received that are not offset on the balance sheet, but are otherwise subject to the same enforceable netting agreements and similar arrangements, are then presented to arrive at a net amount.

Offsetting Financial Assets and Financial Liabilities[1]

(millions of Canadian dollars)

As at

				October 31, 2018		
				Amounts subject to an enforceable master netting arrangement or similar agreement that are not offset in the Consolidated Balance Sheet[2,3]		
	Gross amounts of recognized financial instruments before balance sheet netting	**Gross amounts of recognized financial instruments offset in the Consolidated Balance Sheet**	**Net amount of financial instruments presented in the Consolidated Balance Sheet**	**Amounts subject to an enforceable master netting agreement**	**Collateral**	**Net Amount**
Financial Assets						
Derivatives[4]	**$ 59,661**	**$ 2,665**	**$ 56,996**	**$ 34,205**	**$ 11,678**	**$ 11,113**
Securities purchased under reverse repurchase agreements	**157,832**	**30,453**	**127,379**	**7,452**	**119,797**	**130**
Total	**217,493**	**33,118**	**184,375**	**41,657**	**131,475**	**11,243**
Financial Liabilities						
Derivatives	**50,935**	**2,665**	**48,270**	**34,205**	**12,127**	**1,938**
Obligations related to securities sold under repurchase agreements	**123,842**	**30,453**	**93,389**	**7,452**	**85,793**	**144**
Total	**$ 174,777**	**$ 33,118**	**$ 141,659**	**$ 41,657**	**$ 97,920**	**$ 2,082**

October 31, 2017

Financial Assets						
Derivatives	$ 82,219	$ 26,024	$ 56,195	$ 36,522	$ 9,731	$ 9,942
Securities purchased under reverse repurchase agreements	149,402	14,973	134,429	8,595	125,479	355
Total	231,621	40,997	190,624	45,117	135,210	10,297
Financial Liabilities						
Derivatives	77,238	26,024	51,214	36,522	12,571	2,121
Obligations related to securities sold under repurchase agreements	103,564	14,973	88,591	8,595	79,697	299
Total	$ 180,802	$ 40,997	$ 139,805	$ 45,117	$ 92,268	$ 2,420

1 Certain comparative amounts have been restated to conform with the presentation adopted in the current period.

2 Excess collateral as a result of overcollateralization has not been reflected in the table.

3 Includes amounts where the contractual set-off rights are subject to uncertainty under the laws of the relevant jurisdiction.

4 The decrease in gross amounts of recognized financial instruments before balance sheet netting and gross amounts of recognized financial instruments offset in the Consolidated Balance Sheet reflects rule changes adopted by certain central clearing counterparties that require or allow entities to elect to treat daily variation margin as settlement of the related derivative fair values. This change is accounted for prospectively effective January 2018.

NOTE 7: SECURITIES

Remaining Terms to Maturities of Securities

The remaining terms to contractual maturities of the securities held by the Bank are shown on the following table.

Securities Maturity Schedule

(millions of Canadian dollars)

	Remaining terms to maturities[1]							*As at*
							October 31 2018	October 31 2017
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years	With no specific maturity	Total	Total
Trading securities								
Government and government-related securities								
Canadian government debt								
Federal	$ 6,788	$ 2,526	$ 2,127	$ 1,901	$ 1,120	$ –	$ 14,462	$ 9,068
Provinces	1,223	1,040	1,166	1,540	2,569	–	7,538	6,524
U.S. federal, state, municipal governments, and agencies debt	1,641	2,081	2,948	6,274	6,788	–	19,732	17,467
Other OECD government-guaranteed debt	1,278	659	779	433	175	–	3,324	5,047
Mortgage-backed securities								
Residential	348	1,017	581	–	–	–	1,946	1,784
Commercial	6	7	11	59	–	–	83	122
	11,284	7,330	7,612	10,207	10,652	–	47,085	40,012
Other debt securities								
Canadian issuers	829	1,704	1,324	1,053	721	–	5,631	3,343
Other issuers	3,885	5,509	2,853	1,970	258	–	14,475	10,015
	4,714	7,213	4,177	3,023	979	–	20,106	13,358
Equity securities								
Common shares	–	–	–	–	–	43,752	43,752	31,942
Preferred shares	–	–	–	–	–	59	59	68
	–	–	–	–	–	43,811	43,811	32,010
Retained interests	–	2	9	14	–	–	25	32
Total trading securities	$ 15,998	$ 14,545	$ 11,798	$ 13,244	$ 11,631	$ 43,811	$ 111,027	$ 85,412
Securities designated at fair value through profit or loss								
Government and government-related securities								
Canadian government debt								
Federal	$ 30	$ –	$ –	$ –	$ 15	$ –	$ 45	$ 713
Provinces	63	–	71	216	104	–	454	718
U.S. federal, state, municipal governments, and agencies debt	–	127	–	–	–	–	127	–
Other OECD government-guaranteed debt	649	80	42	–	–	–	771	688
	742	207	113	216	119	–	1,397	2,119
Other debt securities								
Canadian issuers	13	376	770	450	–	–	1,609	1,188
Other issuers	238	237	137	–	–	–	612	725
	251	613	907	450	–	–	2,221	1,913
Total FVO securities	$ 993	$ 820	$ 1,020	$ 666	$ 119	$ –	$ 3,618	$ 4,032
Securities at fair value through other comprehensive income								
Government and government-related securities								
Canadian government debt								
Federal	$ 3,504	$ 5,614	$ 2,875	$ 290	$ 448	$ –	$ 12,731	$ n/a
Provinces	676	1,561	2,376	4,691	203	–	9,507	n/a
U.S. federal, state, municipal governments, and agencies debt	3,406	17,277	10,638	4,305	10,140	–	45,766	n/a
Other OECD government-guaranteed debt	6,991	6,138	6,643	324	–	–	20,096	n/a
Mortgage-backed securities	454	2,696	3,483	–	–	–	6,633	n/a
	15,031	33,286	26,015	9,610	10,791	–	94,733	n/a
Other debt securities								
Asset-backed securities	–	3,740	9,213	2,981	6,035	–	21,969	n/a
Non-agency collateralized mortgage obligation portfolio	–	–	–	–	472	–	472	n/a
Corporate and other debt	1,307	3,522	1,858	1,796	24	–	8,507	n/a
	1,307	7,262	11,071	4,777	6,531	–	30,948	n/a
Equity securities								
Common shares	–	–	–	–	–	1,804	1,804	n/a
Preferred shares	–	–	–	–	–	370	370	n/a
	–	–	–	–	–	2,174	2,174	n/a
Total securities at fair value through other comprehensive income	$ 16,338	$ 40,548	$ 37,086	$ 14,387	$ 17,322	$ 2,174	$ 127,855	$ n/a

Securities Maturity Schedule (continued)

(millions of Canadian dollars)

	Remaining terms to maturities[1]							As at October 31 2018	October 31 2017
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years	With no specific maturity	Total	Total
Available-for-sale securities								
Government and government-related securities								
Canadian government debt								
Federal	$ n/a	$ n/a	$ n/a	$ n/a	$ n/a	$ n/a	$ n/a	$ 16,225
Provinces	n/a	n/a	n/a	n/a	n/a	n/a	n/a	7,922
U.S. federal, state, municipal governments, and agencies debt	n/a	n/a	n/a	n/a	n/a	n/a	n/a	48,280
Other OECD government-guaranteed debt	n/a	n/a	n/a	n/a	n/a	n/a	n/a	21,122
Mortgage-backed securities	n/a	n/a	n/a	n/a	n/a	n/a	n/a	8,812
	n/a	n/a	n/a	n/a	n/a	n/a	n/a	102,361
Other debt securities								
Asset-backed securities	n/a	n/a	n/a	n/a	n/a	n/a	n/a	29,981
Non-agency collateralized mortgage obligation portfolio	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,715
Corporate and other debt	n/a	n/a	n/a	n/a	n/a	n/a	n/a	9,790
	n/a	n/a	n/a	n/a	n/a	n/a	n/a	41,486
Equity securities								
Common shares	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,922
Preferred shares	n/a	n/a	n/a	n/a	n/a	n/a	n/a	365
	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2,287
Debt securities reclassified from trading	n/a	n/a	n/a	n/a	n/a	n/a	n/a	277
Total available-for-sale securities	$ n/a	$ n/a	$ n/a	$ n/a	$ n/a	$ n/a	$ n/a	$ 146,411
Debt securities at amortized cost, net of allowance for credit losses								
Government and government-related securities								
Canadian government debt								
Federal	$ 1,364	$ 396	$ 1,136	$ 317	$ 1,709	$ –	$ 4,922	$ n/a
Provinces	10	–	176	596	–	–	782	n/a
U.S. federal, state, municipal governments, and agencies debt	1,606	4,837	6,211	11,053	5,441	–	29,148	n/a
Other OECD government guaranteed debt	8,960	7,529	7,519	1,675	–	–	25,683	n/a
	11,940	12,762	15,042	13,641	7,150	–	60,535	n/a
Other debt securities								
Asset-backed securities	332	3,787	5,738	5,096	8,756	–	23,709	n/a
Non-agency collateralized mortgage obligation portfolio	–	–	–	–	15,867	–	15,867	n/a
Other issuers	1,849	2,391	2,403	414	3	–	7,060	n/a
	2,181	6,178	8,141	5,510	24,626	–	46,636	n/a
Total debt securities at amortized cost, net of allowance for credit losses	$ 14,121	$ 18,940	$ 23,183	$ 19,151	$ 31,776	$ –	$ 107,171	$ n/a
Held-to-maturity securities								
Government and government-related securities								
Canadian government debt								
Federal	$ n/a	$ n/a	$ n/a	$ n/a	$ n/a	$ n/a	$ n/a	$ 661
U.S. federal, state, municipal governments, and agencies debt	n/a	n/a	n/a	n/a	n/a	n/a	n/a	22,531
Other OECD government guaranteed debt	n/a	n/a	n/a	n/a	n/a	n/a	n/a	22,431
	n/a	n/a	n/a	n/a	n/a	n/a	n/a	45,623
Other debt securities								
Asset-backed securities	n/a	n/a	n/a	n/a	n/a	n/a	n/a	8,837
Non-agency collateralized mortgage obligation portfolio	n/a	n/a	n/a	n/a	n/a	n/a	n/a	10,728
Other issuers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	6,175
	n/a	n/a	n/a	n/a	n/a	n/a	n/a	25,740
Total held-to-maturity securities	n/a	n/a	n/a	n/a	n/a	n/a	n/a	71,363
Total securities	$ 47,450	$ 74,853	$ 73,087	$ 47,448	$ 60,848	$ 45,985	$ 349,671	$ 307,218

1 Represents contractual maturities. Actual maturities may differ due to prepayment privileges in the applicable contract.

Unrealized Securities Gains (Losses)

The following table summarizes the unrealized gains and losses as at October 31.

Unrealized Securities Gains (Losses) for Securities at Fair Value Through Other Comprehensive Income (IAS 39 – Available-for-Sale Securities)

(millions of Canadian dollars)

	October 31, 2018				As at October 31, 2017			
	Cost/ amortized cost[1]	**Gross unrealized gains**	**Gross unrealized (losses)**	**Fair value**	Cost/ amortized cost[1]	Gross unrealized gains	Gross unrealized (losses)	Fair value
Securities at Fair Value Through Other Comprehensive Income (IAS 39 – Available-for-Sale Securities)								
Government and government-related securities								
Canadian government debt								
Federal	**$ 12,740**	**$ 38**	**$ (47)**	**$ 12,731**	$ 16,200	$ 53	$ (28)	$ 16,225
Provinces	**9,443**	**75**	**(11)**	**9,507**	7,859	66	(3)	7,922
U.S. federal, state, municipal governments, and agencies debt	**45,857**	**265**	**(356)**	**45,766**	48,082	310	(112)	48,280
Other OECD government guaranteed debt	**20,034**	**65**	**(3)**	**20,096**	21,067	69	(14)	21,122
Mortgage-backed securities	**6,575**	**59**	**(1)**	**6,633**	8,757	56	(1)	8,812
	94,649	**502**	**(418)**	**94,733**	101,965	554	(158)	102,361
Other debt securities								
Asset-backed securities	**21,901**	**87**	**(19)**	**21,969**	29,879	135	(33)	29,981
Non-agency collateralized mortgage obligation portfolio	**471**	**1**	**–**	**472**	1,706	9	–	1,715
Corporate and other debt	**8,534**	**31**	**(58)**	**8,507**	9,753	63	(26)	9,790
	30,906	**119**	**(77)**	**30,948**	41,338	207	(59)	41,486
Debt securities reclassified from trading	**n/a**	**n/a**	**n/a**	**n/a**	250	27	–	277
Total debt securities	**125,555**	**621**	**(495)**	**125,681**	143,553	788	(217)	144,124
Equity securities								
Common shares	**1,725**	**118**	**(39)**	**1,804**	1,821	114	(13)	1,922
Preferred shares	**376**	**20**	**(26)**	**370**	313	52	–	365
	2,101	**138**	**(65)**	**2,174**	2,134	166	(13)	2,287
Total securities at fair value through other comprehensive income	**$ 127,656**	**$ 759**	**$ (560)**	**$ 127,855**	$ 145,687	$ 954	$ (230)	$ 146,411

[1] Includes the foreign exchange translation of amortized cost balances at the period-end spot rate.

Equity Securities Designated at Fair Value Through Other Comprehensive Income

The Bank designated certain equity securities shown in the following table as equity securities at FVOCI under IFRS 9. The designation was made because the investments are held for purposes other than trading.

Equity Securities Designated at Fair Value Through Other Comprehensive Income

(millions of Canadian dollars)

	As at	For the year ended
	October 31, 2018	**October 31, 2018**
	Fair value	**Dividend income recognized**
Common shares	**$ 1,804**	**$ 71**
Preferred shares	**370**	**16**
Total	**$ 2,174**	**$ 87**

The Bank disposed of equity securities with a fair value of $22 million during the year ended October 31, 2018. The Bank realized a cumulative gain/(loss) of $2 million during the year ended October 31, 2018, on disposal of these equity securities and recognized dividend income of nil during the year ended October 31, 2018.

Net Securities Gains (Losses)

(millions of Canadian dollars)

	For the year ended	
	October 31 2018[1]	October 31 2017
Debt securities at amortized cost		
Net realized gains (losses)	**$ 76**	$ n/a
Debt securities at fair value through other comprehensive income		
Net realized gains (losses)	**35**	n/a
Held-to-maturity securities		
Net realized gains (losses)	**n/a**	(8)
Available-for-sale securities[2]		
Net realized gains (losses)	**n/a**	147
Impairment (losses)	**n/a**	(11)
Total	**$ 111**	$ 128

[1] Amounts for the year ended October 31, 2018 are prepared in accordance with IFRS 9. Prior period comparatives are based on IAS 39. Refer to Note 4 for further details.

[2] Under IFRS 9, realized gains (losses) on equity securities at FVOCI are no longer recognized in income, rather they are recognized in Retained earnings. Prior to the adoption of IFRS 9, realized gains (losses) from AFS equity securities were included in Net securities gain (loss).

Credit Quality of Debt Securities

The Bank evaluates non-retail credit risk on an individual borrower basis, using both a BRR and FRR, and this system is used to assess allnon-retail exposures, including debt securities. Refer to the shaded areas of the "Managing Risk" section of the 2018 MD&A for further details, as well as the mapping of the Bank's 21-point BRR scale to risk levels and external ratings.

The following table provides the gross carrying amounts of debt securities measured at amortized cost and debt securities at FVOCI by internal risk ratings for credit risk management purposes, presenting separately those debt securities that are subject to Stage 1, Stage 2, and Stage 3 allowances.

Debt Securities by Risk Ratings

(millions of Canadian dollars)

	As at October 31, 2018			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Debt securities				
Investment grade	**$ 230,488**	**$ –**	**$ n/a**	**$ 230,488**
Non-Investment grade	**2,140**	**54**	**n/a**	**2,194**
Watch and classified	**n/a**	**11**	**n/a**	**11**
Default	**n/a**	**n/a**	**234**	**234**
Total debt securities	**232,628**	**65**	**234**	**232,927**
Allowance for credit losses on debt securities at amortized cost	**1**	**4**	**70**	**75**
Debt securities, net of allowance	**$ 232,627**	**$ 61**	**$ 164**	**$ 232,852**

As at October 31, 2018, the allowance for credit losses on debt securities at FVOCI was $5 million, inclusive within the FVOCI balance. For the year ended October 31, 2018, the Bank reported $2 million recovery of credit losses on debt securities at amortized cost and $10 million of provision for credit losses on debt securities at FVOCI.

The difference between probability-weighted ECL and base ECL on debt securities at FVOCI and at amortized cost at October 31, 2018, was insignificant. Refer to Note 3 for further details.

NOTE 8: LOANS, IMPAIRED LOANS, AND ALLOWANCE FOR CREDIT LOSSES

Credit Quality of Loans

In the retail portfolio, including individuals and small businesses, the Bank manages exposures on a pooled basis, using predictive credit scoring techniques. For non-retail exposures, each borrower is assigned a BRR that reflects the PD of the borrower using proprietary industry and sector-specific risk models and expert judgement. Refer to the shaded areas of the "Managing Risk" section of the 2018 MD&A for further details, as well as the mapping of PD ranges to risk levels for retail exposures and TD's 21-point BRR scale to risk levels and external ratings for non-retail exposures.

The following table provides the gross carrying amounts of loans and credit risk exposures on loan commitments and financial guarantee contracts by internal risk ratings for credit risk management purposes, presenting separately those that are subject to Stage 1, Stage 2, and Stage 3 allowances.

Loans by Risk Ratings[1]

(millions of Canadian dollars)

	As at October 31, 2018			
	Stage 1	Stage 2	Stage 3	Total
Residential mortgages[2,3,4]				
Low Risk	$ 168,690	$ 32	$ n/a	$ 168,722
Normal Risk	47,821	176	n/a	47,997
Medium Risk	5,106	267	n/a	5,373
High Risk	892	1,264	317	2,473
Default	n/a	n/a	392	392
Total	222,509	1,739	709	224,957
Allowance for loan losses	24	34	47	105
Loans, net of allowance	222,485	1,705	662	224,852
Consumer instalment and other personal[5]				
Low Risk	87,906	983	n/a	88,889
Normal Risk	48,008	1,190	n/a	49,198
Medium Risk	23,008	1,063	n/a	24,071
High Risk	6,158	2,386	817	9,361
Default	n/a	n/a	514	514
Total	165,080	5,622	1,331	172,033
Allowance for loan losses	574	349	178	1,101
Loans, net of allowance	164,506	5,273	1,153	170,932
Credit card				
Low Risk	7,234	11	n/a	7,245
Normal Risk	9,780	66	n/a	9,846
Medium Risk	11,347	246	n/a	11,593
High Risk	4,435	1,445	333	6,213
Default	n/a	n/a	121	121
Total	32,796	1,768	454	35,018
Allowance for loan losses	379	283	341	1,003
Loans, net of allowance	32,417	1,485	113	34,015
Business and government[2,3,4]				
Investment grade or Low/Normal Risk	118,414	57	n/a	118,471
Non-Investment grade or Medium Risk	108,678	5,272	n/a	113,950
Watch and classified or High Risk	666	3,746	97	4,509
Default	n/a	n/a	563	563
Total	227,758	9,075	660	237,493
Allowance for loan losses	651	551	120	1,322
Loans, net of allowance	227,107	8,524	540	236,171
Total loans	648,143	18,204	3,154	669,501
Total Allowance for loan losses	1,628	1,217	686	3,531
Total loans, net of allowance	$ 646,515	$ 16,987	$ 2,468	$ 665,970

Loans by Risk Ratings[1] (continued)

(millions of Canadian dollars)

	As at October 31, 2018			
	Stage 1	Stage 2	Stage 3	Total
Off-balance sheet credit instruments				
Retail Exposures[6]				
Low Risk	$ 246,575	$ 2,576	$ n/a	$ 249,151
Normal Risk	51,961	1,129	n/a	53,090
Medium Risk	12,298	469	n/a	12,767
High Risk	1,765	638	n/a	2,403
Default	n/a	n/a	n/a	n/a
Non-Retail Exposures[7]				
Investment grade	167,993	323	n/a	168,316
Non-Investment grade	60,002	2,309	n/a	62,311
Watch and classified	13	1,949	n/a	1,962
Default	n/a	n/a	n/a	n/a
Total off-balance sheet credit instruments	540,607	9,393	n/a	550,000
Allowance for off-balance sheet credit instruments	550	479	n/a	1,029
Total off-balance sheet credit instruments, net of allowance	540,057	8,914	n/a	548,971
Acquired credit-impaired loans	n/a	n/a	453	453
Allowance for loan losses	n/a	n/a	18	18
Acquired credit-impaired loans, net of allowance for loan losses	$ n/a	$ n/a	$ 435	$ 435

1 Includes loans that are measured at FVOCI and customers' liability under acceptances.
2 As at October 31, 2018, impaired loans with a balance of $124 million did not have a related allowance for loan losses. An allowance was not required for these loans as the balance relates to loans where the realizable value of the collateral exceeded the loan amount.
3 Excludes trading loans and non-trading loans at FVTPL with a fair value of $11 billion and $1 billion, respectively, as at October 31, 2018.
4 Includes insured mortgages of $95 billion as at October 31, 2018.
5 Includes Canadian government-insured real estate personal loans of $14 billion as at October 31, 2018.
6 As at October 31, 2018, includes $302 billion of personal lines of credit and credit card lines, which are unconditionally cancellable at the Bank's discretion at any time.
7 As at October 31, 2018, includes $37 billion of the undrawn component of uncommitted credit and liquidity facilities.

The following table presents the Bank's loans, impaired loans, and related allowance for credit losses under IAS 39.

Loans, Impaired Loans, and Allowance for Loan Losses

(millions of Canadian dollars)

	As at October 31, 2017								
	Gross loans					Allowance for loan losses[1]			
	Neither past due nor impaired	Past due but not impaired	Impaired[2]	Total	Counter-party specific	Individually insignificant impaired loans	Incurred but not identified loan losses	Total allowance for loan losses	Net loans
Residential mortgages[3,4,5]	$ 218,653	$ 2,382	$ 750	$ 221,785	$ –	$ 42	$ 36	$ 78	$ 221,707
Consumer instalment and other personal[6]	149,473	6,258	1,312	157,043	–	147	656	803	156,240
Credit card	30,783	1,800	424	33,007	–	335	929	1,264	31,743
Business and government[3,4,5]	198,893	1,173	599	200,665	134	29	1,294	1,457	199,208
	$ 597,802	$ 11,613	$ 3,085	$ 612,500	$ 134	$ 553	$ 2,915	$ 3,602	$ 608,898
Debt securities classified as loans				3,209	126	–	20	146	3,063
Acquired credit-impaired loans				665	3	32	–	35	630
Total				$ 616,374	$ 263	$ 585	$ 2,935	$ 3,783	$ 612,591

1 Excludes allowance for off-balance sheet instruments.
2 As at October 31, 2017, impaired loans exclude $0.6 billion of gross impaired debt securities classified as loans.
3 Excludes trading loans with a fair value of $11 billion as at October 31, 2017, and amortized cost of $11 billion as at October 31, 2017.
4 Includes insured mortgages of $106 billion as at October 31, 2017.
5 As at October 31, 2017, impaired loans with a balance of $99 million did not have a related allowance for loan losses. An allowance was not required for these loans as the balance relates to loans that are insured or loans where the realizable value of the collateral exceeded the loan amount.
6 Includes Canadian government-insured real estate personal loans of $16 billion as at October 31, 2017.

The following table presents information related to the Bank's impaired loans as at October 31.

Impaired Loans[1]

(millions of Canadian dollars)

	October 31, 2018				As at October 31, 2017			
	Unpaid principal balance[2]	**Carrying value**	**Related allowance for credit losses**	**Average gross impaired loans**	Unpaid principal balance[2]	Carrying value	Related allowance for credit losses	Average gross impaired loans
Residential mortgages	**$ 776**	**$ 709**	**$ 47**	**$ 726**	$ 790	$ 750	$ 42	$ 801
Consumer instalment and other personal	**1,465**	**1,331**	**178**	**1,325**	1,477	1,312	147	1,349
Credit card	**454**	**454**	**341**	**422**	424	424	335	391
Business and government	**726**	**660**	**120**	**580**	687	599	163	706
Total	**$ 3,421**	**$ 3,154**	**$ 686**	**$ 3,053**	$ 3,378	$ 3,085	$ 687	$ 3,247

1 Balances as at October 31, 2018 exclude ACI loans. As at October 31, 2017, balances exclude both ACI loans and debt securities classified as loans.
2 Represents contractual amount of principal owed.

The changes to the Bank's allowance for loan losses, as at and for the year ended October 31, 2018 are shown in the following tables.

Allowance for Loan Losses – Residential Mortgages

(millions of Canadian dollars)

	Stage 1	**Stage 2**	**Stage 3**	**Acquired credit-impaired loans**	**Total**
Allowance for loan losses as at November 1, 2017	**$ 24**	**$ 26**	**$ 45**	**$ 12**	**$ 107**
Provision for credit losses					
Transfer to Stage 1 [1]	**24**	**(23)**	**(1)**	**–**	**–**
Transfer to Stage 2	**(4)**	**8**	**(4)**	**–**	**–**
Transfer to Stage 3	**–**	**(9)**	**9**	**–**	**–**
	20	**(24)**	**4**	**–**	**–**
Net remeasurement due to transfers [2]	**(14)**	**6**	**–**	**–**	**(8)**
New originations or purchases [3]	**14**	**n/a**	**n/a**	**–**	**14**
Net repayments [4]	**(1)**	**(1)**	**(1)**	**(4)**	**(7)**
Derecognition of financial assets (excluding disposals and write-offs) [5]	**(3)**	**(2)**	**(4)**	**–**	**(9)**
Changes to risk, parameters, and models [6]	**(16)**	**29**	**29**	**(5)**	**37**
	–	**8**	**28**	**(9)**	**27**
Other changes					
Disposals	**–**	**–**	**–**	**–**	**–**
Foreign exchange and other adjustments	**–**	**–**	**2**	**2**	**4**
Write-offs	**–**	**–**	**(31)**	**–**	**(31)**
Recoveries	**–**	**–**	**3**	**–**	**3**
	–	**–**	**(26)**	**2**	**(24)**
Total allowance for loan losses as at October 31, 2018	**$ 24**	**$ 34**	**$ 47**	**$ 5**	**$ 110**

1 Transfers represent stage transfer movements prior to ECLs remeasurement.
2 Represents the remeasurement between twelve-month and lifetime ECLs due to stage transfers, excluding the change to risk, parameters, and models.
3 Represents the increase in the allowance resulting from loans that were newly originated, purchased, or renewed.
4 Represents the changes in the allowance related to cash flow changes associated with new draws or repayments on loans outstanding.
5 Represents the decrease in the allowance resulting from loans that were fully repaid and excludes the decrease associated with loans that were disposed or fully written off.
6 Represents the change in the allowance related to changes in risk including changes to macroeconomic factors, level of risk, associated parameters, and models.

Allowance for Loan Losses – Consumer Instalment and Other Personal

(millions of Canadian dollars)	Stage 1	Stage 2	Stage 3	Acquired credit-impaired loans	Total
Allowance for loan losses, including off-balance sheet instruments, as at November 1, 2017	$ 529	$ 355	$ 166	$ 5	$ 1,055
Provision for credit losses					
Transfer to Stage 1 [1]	303	(285)	(18)	–	–
Transfer to Stage 2	(114)	152	(38)	–	–
Transfer to Stage 3	(21)	(172)	193	–	–
	168	(305)	137	–	–
Net remeasurement due to transfers [1]	(125)	139	11	–	25
New originations or purchases [1]	322	n/a	n/a	–	322
Net draws (repayments) [1]	(49)	(24)	(11)	(4)	(88)
Derecognition of financial assets (excluding disposals and write-offs) [1]	(126)	(97)	(45)	–	(268)
Changes to risk, parameters, and models [1]	(127)	321	744	–	938
	63	34	836	(4)	929
Other changes					
Disposals	–	–	–	–	–
Foreign exchange and other adjustments	7	3	1	–	11
Write-offs	–	–	(1,076)	(1)	(1,077)
Recoveries	–	–	251	2	253
	7	3	(824)	1	(813)
Balance as at October 31, 2018	599	392	178	2	1,171
Less: Allowance for off-balance sheet instruments [2]	25	43	–	–	68
Total allowance for loan losses as at October 31, 2018	$ 574	$ 349	$ 178	$ 2	$ 1,103

1 For explanations regarding this line item, refer to the "Allowance for Loan Losses – Residential Mortgages" table in this Note.
2 The allowance for loan losses for off-balance sheet instruments is recorded in Other liabilities on the Consolidated Balance Sheet.

Allowance for Loan Losses – Credit Card

(millions of Canadian dollars)	Stage 1	Stage 2	Stage 3 [1]	Total
Allowance for loan losses, including off-balance sheet instruments, as at November 1, 2017	$ 763	$ 521	$ 321	$ 1,605
Provision for credit losses				
Transfer to Stage 1 [2]	590	(521)	(69)	–
Transfer to Stage 2	(192)	259	(67)	–
Transfer to Stage 3	(38)	(475)	513	–
	360	(737)	377	–
Net remeasurement due to transfers [2]	(209)	249	63	103
New originations or purchases [2]	171	n/a	n/a	171
Net draws (repayments) [2]	125	(51)	39	113
Derecognition of financial assets (excluding disposals and write-offs) [2]	(102)	(106)	(371)	(579)
Changes to risk, parameters, and models [2]	(276)	705	1,168	1,597
	69	60	1,276	1,405
Other changes				
Disposals	(21)	(12)	(8)	(41)
Foreign exchange and other adjustments	8	11	7	26
Write-offs	–	–	(1,515)	(1,515)
Recoveries	–	–	260	260
	(13)	(1)	(1,256)	(1,270)
Balance as at October 31, 2018	819	580	341	1,740
Less: Allowance for off-balance sheet instruments [3]	440	297	–	737
Total allowance for loan losses as at October 31, 2018	$ 379	$ 283	$ 341	$ 1,003

1 Credit cards are considered impaired and migrate to Stage 3 when they are 90 days past due and written off at 180 days past due. Refer to Note 2 for further details.
2 For explanations regarding this line item, refer to the "Allowance for Loan Losses – Residential Mortgages" table in this Note.
3 The allowance for loan losses for off-balance sheet instruments is recorded in Other liabilities on the Consolidated Balance Sheet.

Allowance for Loan Losses – Business and Government [1]

(millions of Canadian dollars)	Stage 1	Stage 2	Stage 3	Acquired credit-impaired loans	Total
Allowance for loan losses, including off-balance sheet instruments, as at November 1, 2017	$ 706	$ 627	$ 174	$ 18	$1,525
Provision for credit losses					
Transfer to Stage 1 [2]	133	(129)	(4)	–	–
Transfer to Stage 2	(106)	114	(8)	–	–
Transfer to Stage 3	(6)	(56)	62	–	–
	21	(71)	50	–	–
Net remeasurement due to transfers [2]	(38)	68	5	–	35
New originations or purchases [2]	467	n/a	n/a	–	467
Net draws (repayments) [2]	(4)	(26)	(25)	(2)	(57)
Derecognition of financial assets (excluding disposals and write-offs) [2]	(338)	(365)	(54)	(3)	(760)
Changes to risk, parameters, and models [2]	(89)	447	76	(8)	426
	19	53	52	(13)	111
Other changes					
Disposals	–	–	(5)	–	(5)
Foreign exchange and other adjustments	11	10	(6)	(7)	8
Write-offs	–	–	(154)	(1)	(155)
Recoveries	–	–	59	14	73
	11	10	(106)	6	(79)
Balance as at October 31, 2018	736	690	120	11	1,557
Less: Allowance for off-balance sheet instruments [3]	85	139	–	–	224
Total allowance for loan losses as at October 31, 2018	$ 651	$ 551	$ 120	$ 11	$1,333

1 Includes the allowance for credit losses related to customers' liability under acceptances.
2 For explanations regarding this line item, refer to the "Allowance for Loan Losses – Residential Mortgages" table in this Note.
3 The allowance for loan losses for off-balance sheet instruments is recorded in Other liabilities on the Consolidated Balance Sheet.

The allowance for credit losses on all remaining financial assets in scope for IFRS 9 is not significant.

The changes to the Bank's allowance for credit losses under IAS 39, as at and for the year ended October 31, 2017, are shown in the following table.

Allowance for Credit Losses

(millions of Canadian dollars)	Balance as at November 1 2016	Provision for credit losses	Write-offs	Recoveries	Disposals	Foreign exchange and other adjustments	Balance as at October 31 2017
Counterparty-specific allowance							
Business and government	$ 189	$ (19)	$ (75)	$ 48	$ –	$ (9)	$ 134
Debt securities classified as loans	206	(2)	(9)	–	(63)	(6)	126
Total counterparty-specific allowance excluding acquired credit-impaired loans	395	(21)	(84)	48	(63)	(15)	260
Acquired credit-impaired loans[1]	4	(4)	–	17	–	(14)	3
Total counterparty-specific allowance	399	(25)	(84)	65	(63)	(29)	263
Collectively assessed allowance for individually insignificant impaired loans							
Residential mortgages	49	29	(41)	6	–	(1)	42
Consumer instalment and other personal	166	788	(1,070)	267	–	(4)	147
Credit card	290	1,173	(1,372)	252	–	(8)	335
Business and government	30	59	(91)	30	–	1	29
Total collectively assessed allowance for individually insignificant impaired loans excluding acquired credit-impaired loans	535	2,049	(2,574)	555	–	(12)	553
Acquired credit-impaired loans[1]	58	(34)	(1)	5	–	4	32
Total collectively assessed allowance for individually insignificant impaired loans	593	2,015	(2,575)	560	–	(8)	585
Collectively assessed allowance for incurred but not identified credit losses							
Residential mortgages	48	(11)	–	–	–	(1)	36
Consumer instalment and other personal	685	17	–	–	–	(13)	689
Credit card	1,169	91	–	–	–	(29)	1,231
Business and government	1,424	140	–	–	–	(38)	1,526
Debt securities classified as loans	55	(11)	–	–	(20)	(4)	20
Total collectively assessed allowance for incurred but not identified credit losses	3,381	226	–	–	(20)	(85)	3,502
Allowance for credit losses							
Residential mortgages	97	18	(41)	6	–	(2)	78
Consumer instalment and other personal	851	805	(1,070)	267	–	(17)	836
Credit card	1,459	1,264	(1,372)	252	–	(37)	1,566
Business and government	1,643	180	(166)	78	–	(46)	1,689
Debt securities classified as loans	261	(13)	(9)	–	(83)	(10)	146
Total allowance for credit losses excluding acquired credit-impaired loans	4,311	2,254	(2,658)	603	(83)	(112)	4,315
Acquired credit-impaired loans[1]	62	(38)	(1)	22	–	(10)	35
Total allowance for credit losses	4,373	2,216	(2,659)	625	(83)	(122)	4,350
Less: Allowance for off-balance sheet instruments[2]	500	79	–	–	–	(12)	567
Allowance for loan losses	$ 3,873	$ 2,137	$ (2,659)	$ 625	$ (83)	$ (110)	$ 3,783

1 Includes all Federal Deposit Insurance Corporation (FDIC) covered loans and other ACI loans.

2 The allowance for credit losses for off-balance sheet instruments is recorded in Other liabilities on the Consolidated Balance Sheet.

FORWARD-LOOKING INFORMATION

Relevant macroeconomic factors are incorporated in the risk parameters as appropriate. Additional macroeconomic factors that are industry-specific or segment-specific are also incorporated where relevant. The key macroeconomic variables that are incorporated in determining ECLs include regional unemployment rates for all retail exposures and regional housing price index for residential mortgages and home equity lines of credit. For business and government loans, the key macroeconomic variables include gross domestic product, unemployment rates, interest rates, and credit spreads. Refer to Note 2 for a discussion on how forward-looking information is considered in determining whether there has been a significant increase in credit risk and in the measurement of ECLs.

Forward-looking macroeconomic forecasts are generated by TD Economics as part of the ECL process: A base economic forecast is accompanied with upside and downside estimates of realistically possible economic conditions. All economic forecasts are updated quarterly for each variable on a regional basis where applicable and incorporated as relevant into the quarterly modelling of base, upside and downside risk parameters used in the calculation of ECL scenarios and probability-weighted ECL. The macroeconomic variable estimations are statistically derived relative to the base forecast based on the historical distribution of each variable.

Select macroeconomic variables are projected over the forecast period, and they could have a material impact in determining ECLs. As the forecast period increases, information about the future becomes less readily available and projections are anchored on assumptions around structural relationships between economic parameters that are inherently much less certain. The following table represents the average values of the macroeconomic variables over the next twelve months and the remaining 4-year forecast period for the base forecast and 5-year forecast period for the upside and downside estimations.

Macroeconomic Variables

	Base Forecasts		Downside	Upside
	Next 12 months[1]	Remaining 4-year period[1]	5-year period[1]	5-year period[1]
Unemployment rate (%)				
Canada	6.0	6.0	7.4	5.5
United States	3.7	3.9	5.7	3.5
Real gross domestic product (GDP) (annual % change)				
Canada	2.3	1.7	1.1	2.3
United States	2.9	1.8	1.3	2.3
Home prices (annual % change)				
Canada (average home price)[2]	3.4	3.4	0.3	4.9
United States (CoreLogic HPI)[3]	5.1	4.0	2.7	4.9
Central bank policy interest rate (%)				
Canada	1.88	2.47	1.74	2.80
United States	2.88	2.97	2.25	3.66
U.S. 10-year treasury yield (%)	3.20	3.13	2.39	4.43
U.S. 10-year BBB spread (%)	1.80	1.80	2.02	1.58
Exchange rate (U.S. dollar/Canadian dollar)	0.79	0.80	0.75	0.85

1 The numbers represent average values for the quoted periods.
2 The average home price is the average transacted sale price of homes sold via the Multiple Listing Service (MLS); data is collected by the Canadian Real Estate Association (CREA).
3 The CoreLogic home price index (HPI) is a repeat-sales index which tracks increases and decreases in the same home's sales price over time.

SENSITIVITY OF ALLOWANCE FOR CREDIT LOSSES

The allowance for credit losses is sensitive to the inputs used in internally developed models, macroeconomic variables in the forward-looking forecasts and respective probability weightings in determining the probability-weighted ECL, and other factors considered when applying expert credit judgment. Changes in these inputs, assumptions, models, and judgments would have an impact on the assessment for significant increase in credit risk and the measurement of ECLs.

The following table presents the base ECL scenario compared to the probability-weighted ECL derived from using three ECL scenarios for performing loans and off-balance sheet instruments. The difference reflects the impact of deriving multiple scenarios around the base ECL and resultant change in ECL due tonon-linearity and sensitivity to using macroeconomic forecasts.

Change from Base to Probability-Weighted ECL

(millions of Canadian dollars, except as noted)	As at October 31, 2018
Probability-weighted ECL	$ 3,874
Base ECL	3,775
Difference – in amount	$ 99
Difference – in percentage	2.6 %

The allowance for credit losses for performing loans and off-balance sheet instruments consists of an aggregate amount of Stage 1 and Stage 2 probability-weighted ECL which are twelve-month ECLs and lifetime ECLs respectively. Transfers from Stage 1 to Stage 2 ACLs result from a significant increase in credit risk since initial recognition of the loan. The following table presents the estimated impact of staging on ACL for performing loans and off-balance sheet instruments if they were all calculated using twelve-month ECLs compared to the current aggregate probability-weighted ECL, holding all risk profiles constant.

Incremental Lifetime ECL Impact

(millions of Canadian dollars)	As at October 31, 2018
Aggregate Stage 1 and 2 probability-weighted ECL	$ 3,874
All performing loans and off-balance sheet instruments using 12-month ECL	3,441
Incremental lifetime ECL impact	$ 433

FORECLOSED ASSETS
Foreclosed assets are repossessed non-financial assets where the Bank gains title, ownership, or possession of individual properties, such as real estate properties, which are managed for sale in an orderly manner with the proceeds used to reduce or repay any outstanding debt. The Bank does not generally occupy foreclosed properties for its business use. The Bank predominantly relies on third-party appraisals to determine the carrying value of foreclosed assets. Foreclosed assets held-for-sale were $81 million as at October 31, 2018 (October 31, 2017 – $78 million), and were recorded in Other assets on the Consolidated Balance Sheet.

LOANS PAST DUE BUT NOT IMPAIRED
A loan is classified as past due when a borrower has failed to make a payment by the contractual due date. The following table summarizes loans that are contractually past due but not impaired as at October 31.

Loans Past Due but not Impaired [1,2]

(millions of Canadian dollars)

	October 31, 2018				As at October 31, 2017			
	1-30 days	31-60 days	61-89 days	Total	1-30 days	31-60 days	61-89 days	Total
Residential mortgages	$ 1,471	$ 358	$ 101	$ 1,930	$ 1,852	$ 419	$ 111	$ 2,382
Consumer instalment and other personal	5,988	811	241	7,040	5,257	781	220	6,258
Credit card	1,403	340	213	1,956	1,278	323	199	1,800
Business and government	1,314	444	28	1,786	1,007	133	33	1,173
Total	$ 10,176	$ 1,953	$ 583	$ 12,712	$ 9,394	$ 1,656	$ 563	$ 11,613

1 Includes loans that are measured at FVOCI.
2 Balances as at October 31, 2018 exclude ACI loans. As at October 31, 2017, the balances exclude both ACI loans and debt securities classified as loans.

MODIFIED FINANCIAL ASSETS
The amortized cost of financial assets with lifetime allowance that were modified during the year ended October 31, 2018 was $408 million before modification, with insignificant modification gain or loss. As at October 31, 2018, there have been no significant modified financial assets for which the loss allowance has changed from lifetime to twelve-month expected credit losses.

COLLATERAL
As at October 31, 2018, the collateral held against total gross impaired loans represents 81% of total gross impaired loans. The fair value ofnon-financial collateral is determined at the origination date of the loan. A revaluation of non-financial collateral is performed if there has been a significant change in the terms and conditions of the loan and/or the loan is considered impaired. Management considers the nature of the collateral, seniority ranking of the debt, and loan structure in assessing the value of collateral. These estimated cash flows are reviewed at least annually, or more frequently when new information indicates a change in the timing or amount expected to be received.

NOTE 9: TRANSFERS OF FINANCIAL ASSETS

LOAN SECURITIZATIONS
The Bank securitizes loans through structured entity or non-structured entity third parties. Most loan securitizations do not qualify for derecognition since in most circumstances, the Bank continues to be exposed to substantially all of the prepayment, interest rate, and/or credit risk associated with the securitized financial assets and has not transferred substantially all of the risk and rewards of ownership of the securitized assets. Where loans do not qualify for derecognition, they are not derecognized from the balance sheet, retained interests are not recognized, and a securitization liability is recognized for the cash proceeds received. Certain transaction costs incurred are also capitalized and amortized using EIRM.

The Bank securitizes insured residential mortgages under the National Housing Act Mortgage-Backed Securities (NHA MBS) program sponsored by the Canada Mortgage and Housing Corporation (CMHC). The MBS that are created through the NHA MBS program are sold to the Canada Housing Trust (CHT) as part of the CMB program, sold to third-party investors, or are held by the Bank. The CHT issues CMB to third-party investors and uses resulting proceeds to purchase NHA MBS from the Bank and other mortgage issuers in the Canadian market. Assets purchased by the CHT are comingled in a single trust from which CMB are issued. The Bank continues to be exposed to substantially all of the risks of the underlying mortgages, through the retention of a seller swap which transfers principal and interest payment risk on the NHA MBS back to the Bank in return for coupon paid on the CMB issuance and as such, the sales do not qualify for derecognition.

The Bank securitizes U.S. originated residential mortgages with U.S. government agencies which qualify for derecognition from the Bank's Consolidated Balance Sheet. As part of the securitization, the Bank retains the right to service the transferred mortgage loans. The MBS that are created through the securitization are typically sold to third-party investors.

The Bank also securitizes personal loans and business and government loans to entities which may be structured entities. These securitizations may give rise to derecognition of the financial assets depending on the individual arrangement of each transaction.

In addition, the Bank transfers credit card receivables, consumer instalment and other personal loans to structured entities that the Bank consolidates. Refer to Note 10 for further details.

The following table summarizes the securitized asset types that did not qualify for derecognition, along with their associated securitization liabilities as at October 31.

Financial Assets Not Qualifying for Derecognition Treatment as Part of the Bank 's Securitization Programs

(millions of Canadian dollars)

	As at October 31, 2018		As at October 31, 2017	
	Fair value	**Carrying amount**	Fair value	Carrying amount
Nature of transaction				
Securitization of residential mortgage loans	**$ 23,124**	**$ 23,334**	$ 24,986	$ 24,985
Other financial assets transferred related to securitization [1]	**4,230**	**4,235**	3,964	3,969
Total	**27,354**	**27,569**	28,950	28,954
Associated liabilities[2]	**$ (27,272)**	**$ (27,301)**	$ (28,960)	$ (28,833)

1 Includes asset-backed securities, asset-backed commercial paper (ABCP), cash, repurchase agreements, and Government of Canada securities used to fulfill funding requirements of the Bank's securitization structures after the initial securitization of mortgage loans.

2 Includes securitization liabilities carried at amortized cost of $15 billion as at October 31, 2018 (October 31, 2017 – $16 billion), and securitization liabilities carried at fair value of $13 billion as at October 31, 2018 (October 31, 2017 – $13 billion).

Other Financial Assets Not Qualifying for Derecognition

The Bank enters into certain transactions where it transfers previously recognized commodities and financial assets, such as, debt and equity securities, but retains substantially all of the risks and rewards of those assets. These transferred assets are not derecognized and the transfers are accounted for as financing transactions. The most common transactions of this nature are repurchase agreements and securities lending agreements, in which the Bank retains substantially all of the associated credit, price, interest rate, and foreign exchange risks and rewards associated with the assets.

The following table summarizes the carrying amount of financial assets and the associated transactions that did not qualify for derecognition, as well as their associated financial liabilities as at October 31.

Other Financial Assets Not Qualifying for Derecognition

(millions of Canadian dollars)

	As at October 31 2018	October 31 2017
Carrying amount of assets		
Nature of transaction		
Repurchase agreements[1,2]	**$ 24,333**	$ 20,482
Securities lending agreements	**27,124**	22,015
Total	**51,457**	42,497
Carrying amount of associated liabilities[2]	**$ 24,701**	$ 20,264

1 Includes $2.0 billion, as at October 31, 2018, of assets related to repurchase agreements or swaps that are collateralized by physical precious metals (October 31, 2017 – $2.1 billion).

2 Associated liabilities are all related to repurchase agreements.

TRANSFERS OF FINANCIAL ASSETS QUALIFYING FOR DERECOGNITION

Transferred financial assets that are derecognized in their entirety where the Bank has a continuing involvement

Continuing involvement may arise if the Bank retains any contractual rights or obligations subsequent to the transfer of financial assets. Certain business and government loans securitized by the Bank are derecognized from the Bank's Consolidated Balance Sheet. In instances where the Bank fully derecognizes business and government loans, the Bank may be exposed to the risks of transferred loans through a retained interest. As at October 31, 2018, the fair value of retained interests was $25 million (October 31, 2017 – $32 million). There are no expected credit losses on the retained interests of the securitized business and government loans as the underlying mortgages are all government insured. A gain or loss on sale of the loans is recognized immediately in other income after considering the effect of hedge accounting on the assets sold, if applicable. The amount of the gain or loss recognized depends on the previous carrying values of the loans involved in the transfer, allocated between the assets sold and the retained interests based on their relative fair values at the date of transfer. For the year ended October 31, 2018, the trading income recognized on the retained interest was nil (October 31, 2017 – $15 million).

Certain portfolios of U.S. residential mortgages originated by the Bank are sold and derecognized from the Bank's Consolidated Balance Sheet. In certain instances, the Bank has a continuing involvement to service those loans. As at October 31, 2018, the carrying value of these servicing rights was $39 million (October 31, 2017 – $31 million) and the fair value was $57 million (October 31, 2017 – $40 million). A gain or loss on sale of the loans is recognized immediately in other income. The gain (loss) on sale of the loans for the year ended October 31, 2018, was $18 million (October 31, 2017 – $21 million).

NOTE 10: STRUCTURED ENTITIES

The Bank uses structured entities for a variety of purposes including: (1) to facilitate the transfer of specified risks to clients; (2) as financing vehicles for itself or for clients; or (3) to segregate assets on behalf of investors. The Bank is typically restricted from accessing the assets of the structured entity under the relevant arrangements.

The Bank is involved with structured entities that it sponsors, as well as entities sponsored by third-parties. Factors assessed when determining if the Bank is the sponsor of a structured entity include whether the Bank is the predominant user of the entity; whether the entity's branding or marketing identity is linked with the Bank; and whether the Bank provides an implicit or explicit guarantee of the entity's performance to investors or other third parties. The Bank is not considered to be the sponsor of a structured entity if it only provides arm's-length services to the entity, for example, by acting as administrator, distributor, custodian, or loan servicer. Sponsorship of a structured entity may indicate that the Bank had power over the entity at inception; however, this is not sufficient to determine if the Bank consolidates the entity. Regardless of whether or not the Bank sponsors an entity, consolidation is determined on a case-by-case basis.

SPONSORED STRUCTURED ENTITIES
The following section outlines the Bank's involvement with key sponsored structured entities.

Securitizations
The Bank securitizes its own assets and facilitates the securitization of client assets through structured entities, such as conduits, which issue ABCP or other securitization entities which issue longer-dated term securities. Securitizations are an important source of liquidity for the Bank, allowing it to diversify its funding sources and to optimize its balance sheet management approach. The Bank has no rights to the assets as they are owned by the securitization entity.

The Bank sponsors both single-seller and multi-seller securitization conduits. Depending on the specifics of the entity, the variable returns absorbed through ABCP may be significantly mitigated by variable returns retained by the sellers. The Bank provides liquidity facilities to certain single-seller and multi-seller conduits for the benefit of ABCP investors which are structured as loan facilities between the Bank, as the sole liquidity lender, and the Bank-sponsored trusts. If a trust experiences difficulty issuing ABCP due to illiquidity in the commercial market, the trust may draw on the loan facility, and use the proceeds to pay maturing ABCP. The liquidity facilities can only be drawn if preconditions are met ensuring that the Bank does not provide credit enhancement through the loan facilities to the conduit. The Bank's exposure to the variable returns of these conduits from its provision of liquidity facilities and any related commitments is mitigated by the sellers' continued exposure to variable returns, as described below. The Bank provides administration and securities distribution services to its sponsored securitization conduits, which may result in it holding an investment in the ABCP issued by these entities. In some cases, the Bank may also provide credit enhancements or may transact derivatives with securitization conduits. The Bank earns fees from the conduits which are recognized when earned.

The Bank sells assets to single-seller conduits which it controls and consolidates. Control results from the Bank's power over the entity's key economic decisions, predominantly, the mix of assets sold into the conduit and exposure to the variable returns of the transferred assets, usually through a derivative or the provision of credit mitigation in the form of cash reserves, over-collateralization, or guarantees over the performance of the entity's portfolio of assets.

Multi-seller conduits provide customers with alternate sources of financing through the securitization of their assets. These conduits are similar to single-seller conduits except that assets are received from more than one seller and comingled into a single portfolio of assets. The Bank is typically deemed to have power over the entity's key economic decisions, namely, the selection of sellers and related assets sold as well as other decisions related to the management of risk in the vehicle. Sellers of assets in multi-seller conduits typically continue to be exposed to the variable returns of their portion of transferred assets, through derivatives or the provision of credit mitigation. The Bank's exposure to the variable returns of multi-seller conduits from its provision of liquidity facilities and any related commitments is mitigated by the sellers' continued exposure to variable returns from the entity. While the Bank may have power over multi-seller conduits, it is not exposed to significant variable returns and does not consolidate such entities.

Investment Funds and Other Asset Management Entities
As part of its asset management business, the Bank creates investment funds and trusts (including mutual funds), enabling it to provide its clients with a broad range of diversified exposure to different risk profiles, in accordance with the client's risk appetite. Such entities may be actively managed or may be passively directed, for example, through the tracking of a specified index, depending on the entity's investment strategy. Financing for these entities is obtained through the issuance of securities to investors, typically in the form of fund units. Based on each entity's specific strategy and risk profile, the proceeds from this issuance are used by the entity to purchase a portfolio of assets. An entity's portfolio may contain investments in securities, derivatives, or other assets, including cash. At the inception of a new investment fund or trust, the Bank will typically invest an amount of seed capital in the entity, allowing it to establish a performance history in the market. Over time, the Bank sells its seed capital holdings to third-party investors, as the entity's AUM increases. As a result, the Bank's holding of seed capital investment in its own sponsored investment funds and trusts is typically not significant to the Consolidated Financial Statements. Aside from any seed capital investments, the Bank's interest in these entities is generally limited to fees earned for the provision of asset management services. The Bank does not typically provide guarantees over the performance of these funds.

The Bank also sponsors the TD Mortgage Fund (the "Fund"), which is a mutual fund containing a portfolio of Canadian residential mortgages sold by the Bank into the Fund. The Bank has a put option with the Fund under which it is required to repurchase defaulted mortgage loans at their carrying amount from the Fund. The Bank's exposure under this put option is mitigated as the mortgages in the Fund are collateralized and government guaranteed. In addition to the put option, the Bank provides a liquidity facility to the Fund for the benefit of fund unit investors. Under the liquidity facility, the Bank is obligated to repurchase mortgages at their fair value to enable the Fund to honour unit-holder redemptions in the event that the Fund experiences a liquidity event.

As disclosed in Note 27, on April 22, 2016, the Fund was discontinued and merged with another mutual fund managed by the Bank. The mortgages held by the Fund were not merged into the other mutual fund and as a result of the Fund's discontinuation, the mortgages were repurchased from the Fund at a fair value of $155 million. Prior to the discontinuation of the Fund, during the year ended October 31, 2016, the fair value of the mortgages repurchased from the Fund as a result of a liquidity event was $21 million. Although the Bank had power over the Fund, the Fund was not consolidated by the Bank prior to its discontinuation as the Bank did not absorb a significant proportion of variable returns. The variability related primarily to the credit risk of the underlying mortgages which are government guaranteed.

The Bank is typically considered to have power over the key economic decisions of sponsored asset management entities; however, it does not consolidate an entity unless it is also exposed to significant variable returns of the entity. This determination is made on a case-by-case basis, in accordance with the Bank's consolidation policy.

Financing Vehicles
The Bank may use structured entities to provide a cost-effective means of financing its operations, including raising capital or obtaining funding. These structured entities include: (1) TD Capital Trust III and TD Capital Trust IV (together the "CaTS Entities") and (2) TD Covered Bond (Legislative) Guarantor Limited Partnership (the "Covered Bond Entity").

The CaTS Entities issued innovative capital securities which currently count as Tier 1 Capital of the Bank, but, under Basel III, are considerednon-qualifying capital instruments and are subject to the Basel III phase-out rules. The proceeds from these issuances were invested in assets purchased from the Bank which generate income for distribution to investors. The Bank is considered to have decision-making power over the key economic activities of the CaTS Entities; however, it does not consolidate an entity unless it is also exposed to significant variable returns of the entity. The Bank is exposed to the risks and returns from certain CaTS Entities as it holds the residual risks in those entities, typically through retaining all the voting securities of the entity. Where the entity's portfolio of assets are exposed to risks which are not related to the Bank's own credit risk, the Bank is considered to be exposed to significant variable returns of the entity and consolidates the entity. However, certain CaTS Entities hold assets which are only exposed to the Bank's own credit risk. In this case, the Bank does not absorb significant variable returns of the entity as it is ultimately exposed only to its own credit risk, and does not consolidate. Refer to Note 20 for further details.

The Bank issues, or has issued, debt under its covered bond program where the principal and interest payments of the notes are guaranteed by the Covered Bond Entity. The Bank sold a portfolio of assets to the Covered Bond Entity and provided a loan to the Covered Bond Entity to facilitate the purchase. The Bank is restricted from accessing the Covered Bond Entity's assets under the relevant agreement. Investors in the Bank's covered bonds may have recourse to the Bank

should the assets of the Covered Bond Entity be insufficient to satisfy the covered bond liabilities. The Bank consolidates the Covered Bond Entity as it has power over the key economic activities and retains all the variable returns in this entity.

THIRD-PARTY SPONSORED STRUCTURED ENTITIES

In addition to structured entities sponsored by the Bank, the Bank is also involved with structured entities sponsored by third parties. Key involvement with third-party sponsored structured entities is described in the following section.

Third-party Sponsored Securitization Programs

The Bank participates in the securitization program of government-sponsored structured entities, including the CMHC, a Crown corporation of the Government of Canada, and similar U.S. government-sponsored entities. The CMHC guarantees CMB issued through the CHT.

The Bank is exposed to the variable returns in the CHT, through its retention of seller swaps resulting from its participation in the CHT program. The Bank does not have power over the CHT as its key economic activities are controlled by the Government of Canada. The Bank's exposure to the CHT is included in the balance of residential mortgage loans as noted in Note 9, and is not disclosed in the table accompanying this Note.

The Bank participates in the securitization programs sponsored by U.S. government agencies. The Bank is not exposed to significant variable returns from these agencies and does not have power over the key economic activities of the agencies, which are controlled by the U.S. government.

Investment Holdings and Derivatives

The Bank may hold interests in third-party structured entities, predominantly in the form of direct investments in securities or partnership interests issued by those structured entities, or through derivatives transacted with counterparties which are structured entities. Investments in, and derivatives with, structured entities are recognized on the Bank's Consolidated Balance Sheet. The Bank does not typically consolidate third-party structured entities where its involvement is limited to investment holdings and/or derivatives as the Bank would not generally have power over the key economic decisions of these entities.

Financing Transactions

In the normal course of business, the Bank may enter into financing transactions with third-party structured entities including commercial loans, reverse repurchase agreements, prime brokerage margin lending, and similar collateralized lending transactions. While such transactions expose the Bank to the structured entities' counterparty credit risk, this exposure is mitigated by the collateral related to these transactions. The Bank typically has neither power nor significant variable returns due to financing transactions with structured entities and would not generally consolidate such entities. Financing transactions with third-party sponsored structured entities are included on the Bank's Consolidated Financial Statements and have not been included in the table accompanying this Note.

Arm's-length Servicing Relationships

In addition to the involvement outlined above, the Bank may also provide services to structured entities on anarm's-length basis, for example as sub-advisor to an investment fund or asset servicer. Similarly, the Bank's asset management services provided to institutional investors may include transactions with structured entities. As a consequence of providing these services, the Bank may be exposed to variable returns from these structured entities, for example, through the receipt of fees or short-term exposure to the structured entity's securities. Any such exposure is typically mitigated by collateral or some other contractual arrangement with the structured entity or its sponsor. The Bank generally has neither power nor significant variable returns from the provision of arm's-length services to a structured entity and, consequently does not consolidate such entities. Fees and other exposures through servicing relationships are included on the Bank's Consolidated Financial Statements and have not been included in the table accompanying this Note.

INVOLVEMENT WITH CONSOLIDATED STRUCTURED ENTITIES

Securitizations

The Bank securitizes consumer instalment, and other personal loans through securitization entities, predominantly single-seller conduits. These conduits are consolidated by the Bank based on the factors described above. Aside from the exposure resulting from its involvement as seller and sponsor of consolidated securitization conduits described above, including the liquidity facilities provided, the Bank has no contractual or non-contractual arrangements to provide financial support to consolidated securitization conduits. The Bank's interests in securitization conduits generally rank senior to interests held by other parties, in accordance with the Bank's investment and risk policies. As a result, the Bank has no significant obligations to absorb losses before other holders of securitization issuances.

Other Structured Consolidated Structured Entities

Depending on the specific facts and circumstances of the Bank's involvement with structured entities, the Bank may consolidate asset management entities, financing vehicles, or third-party sponsored structured entities, based on the factors described above. Aside from its exposure resulting from its involvement as sponsor or investor in the structured entities as previously discussed, the Bank does not typically have other contractual or non-contractual arrangements to provide financial support to these consolidated structured entities.

INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

The following table presents information related to the Bank's unconsolidated structured entities. Unconsolidated structured entities include both TD and third-party sponsored entities. Securitizations include holdings in TD-sponsored multi-seller conduits, as well as third-party sponsored mortgage and asset-backed securitizations, including government-sponsored agency securities such as CMBs, and U.S. government agency issuances. Investment Funds and Trusts include holdings in third-party funds and trusts, as well as holdings in TD-sponsored asset management funds and trusts and commitments to certain U.S. municipal funds. Amounts in Other are predominantly related to investments in community-based U.S. tax-advantage entities described in Note 12. These holdings do not result in the consolidation of these entities as TD does not have power over these entities.

Carrying Amount and Maximum Exposure to Unconsolidated Structured Entities

(millions of Canadian dollars)

	October 31, 2018				As at October 31, 2017			
	Securitizations	Investment funds and trusts	Other	Total	Securitizations	Investment funds and trusts	Other	Total
FINANCIAL ASSETS								
Trading loans, securities, and other	$ 9,460	$ 719	$ 11	$ 10,190	$ 7,395	$ 609	$ 14	$ 8,018
Non-trading financial assets at fair value through profit or loss	1,810	367	–	2,177	n/a	n/a	n/a	n/a
Derivatives[1]	–	826	–	826	–	13	–	13
Financial assets designated at fair value through profit or loss	–	3	–	3	–	163	30	193
Financial assets at fair value through other comprehensive income	47,575	1,262	–	48,837	n/a	n/a	n/a	n/a
Available-for-sale securities	n/a	n/a	n/a	n/a	63,615	2,622	–	66,237
Debt securities at amortized cost, net of allowance for credit losses	68,736	–	–	68,736	n/a	n/a	n/a	n/a
Held-to-maturity securities	n/a	n/a	n/a	n/a	42,095	–	–	42,095
Loans	2,438	–	–	2,438	4,174	–	–	4,174
Other	6	–	2,897	2,903	8	–	2,872	2,880
Total assets	130,025	3,177	2,908	136,110	117,287	3,407	2,916	123,610
FINANCIAL LIABILITIES								
Derivatives[1]	–	59	–	59	–	493	–	493
Obligations related to securities sold short	2,937	629	–	3,566	2,330	1,005	–	3,335
Total liabilities	2,937	688	–	3,625	2,330	1,498	–	3,828
Off-balance sheet exposure[2]	16,172	3,450	1,164	20,786	14,702	3,094	935	18,731
Maximum exposure to loss from involvement with unconsolidated structured entities	$ 143,260	$ 5,939	$ 4,072	$ 153,271	$ 129,659	$ 5,003	$ 3,851	$ 138,513
Size of sponsored unconsolidated structured entities[3]	$ 10,216	$ 11,162	$ 1,750	$ 23,128	$ 13,020	$ 1,860	$ 1,750	$ 16,630

1 Derivatives primarily subject to vanilla interest rate or foreign exchange risk are not included in these amounts as those derivatives are designed to align the structured entity's cash flows with risks absorbed by investors and are not predominantly designed to expose the Bank to variable returns created by the entity.

2 For the purposes of this disclosure, off-balance sheet exposure represents the notional value of liquidity facilities, guarantees, or other off-balance sheet commitments without considering the effect of collateral or other credit enhancements.

3 The size of sponsored unconsolidated structured entities is provided based on the most appropriate measure of size for the type of entity: (1) The par value of notes issued by securitization conduits and similar liability issuers; (2) the total AUM of investment funds and trusts; and (3) the total fair value of partnership or equity shares in issue for partnerships and similar equity issuers.

Sponsored Unconsolidated Structured Entities in which the Bank has no Significant Investment at the End of the Period

Sponsored unconsolidated structured entities in which the Bank has no significant investment at the end of the period are predominantly investment funds and trusts created for the asset management business. The Bank would not typically hold investments, with the exception of seed capital, in these structured entities. However, the Bank continues to earn fees from asset management services provided to these entities, some of which could be based on the performance of the fund. Fees payable are generally senior in the entity's priority of payment and would also be backed by collateral, limiting the Bank's exposure to loss from these entities. The Bank's non-interest income received from its involvement with these asset management entities was $1.9 billion (October 31, 2017 – $1.8 billion) for the year ended October 31, 2018. The total AUM in these entities as at October 31, 2018, was $196.1 billion (October 31, 2017 – $196.8 billion). Any assets transferred by the Bank during the period are co-mingled with assets obtained from third parties in the market. Except as previously disclosed, the Bank has no contractual or non-contractual arrangements to provide financial support to unconsolidated structured entities.

NOTE 11: DERIVATIVES

DERIVATIVE PRODUCT TYPES AND RISK EXPOSURES

The majority of the Bank's derivative contracts are OTC transactions that are bilaterally negotiated between the Bank and the counterparty to the contract. The remainder are exchange-traded contracts transacted through organized and regulated exchanges and consist primarily of certain options and futures.

The Bank's derivative transactions relate to trading and non-trading activities. The purpose of derivatives held for non-trading activities is primarily for managing interest rate, foreign exchange, and equity risk related to the Bank's funding, lending, investment activities, and other asset/liability management activities. The Bank's risk management strategy for these risks is discussed in shaded sections of the 'Managing Risk' section of the MD&A. The Bank also enters into derivative transactions to economically hedge certain exposures that do not otherwise qualify for hedge accounting, or where hedge accounting is not considered feasible.

Where hedge accounting is applied, only a specific or a combination of risk components are hedged, including benchmark interest rate, foreign exchange rate, and equity price components. All these risk components are observable in the relevant market environment and the change in the fair value or the variability in cash flows attributable to these risk components can be reliably measured for hedged items.

Where the derivatives are in hedge relationships, the main sources of ineffectiveness can be attributed to differences between hedging instruments and hedged items:

- Differences in fixed rates, when contractual coupons of the fixed rate hedged items are designated;
- Differences in the discounting factors, when hedging derivatives are collateralized and discounted using Overnight Indexed Swaps (OIS) curves, which are not applied to the fixed rate hedged items;
- CRVA on the hedging derivatives; and
- Mismatch in critical terms such as tenor and timing of cash flows between hedging instruments and hedged items.

To mitigate a portion of the ineffectiveness, the Bank designates the benchmark risk component of contractual cash flows of hedged items and executes hedging derivatives with high quality counterparties. The majority of the Bank's hedging derivatives are collateralized.

Interest Rate Derivatives

Interest rate swaps are OTC contracts in which two counterparties agree to exchange cash flows over a period of time based on rates applied to a specified notional amount. A typical interest rate swap would require one counterparty to pay a fixed market interest rate in exchange for a variable market interest rate determined from time to time, with both calculated on a specified notional amount. No exchange of principal amount takes place. Certain interest rate swaps are transacted and settled through a clearing house which acts as a central counterparty.

Forward rate agreements are OTC contracts that effectively fix a future interest rate for a period of time. A typical forward rate agreement provides that at a pre-determined future date, a cash settlement will be made between the counterparties based upon the difference between a contracted rate and a market rate to be determined in the future, calculated on a specified notional amount. No exchange of principal amount takes place.

Interest rate options are contracts in which one party (the purchaser of an option) acquires from another party (the writer of an option), in exchange for a premium, the right, but not the obligation, either to buy or sell, on a specified future date or series of future dates or within a specified time, a specified financial instrument at a contracted price. The underlying financial instrument will have a market price which varies in response to changes in interest rates. In managing the Bank's interest rate exposure, the Bank acts as both a writer and purchaser of these options. Options are transacted both OTC and through exchanges. Interest rate futures are standardized contracts transacted on an exchange. They are based upon an agreement to buy or sell a specified quantity of a financial instrument on a specified future date, at a contracted price. These contracts differ from forward rate agreements in that they are in standard amounts with standard settlement dates and are transacted on an exchange.

The Bank uses interest rate swaps to hedge its exposure to benchmark interest rate risk by modifying the repricing or maturity characteristics of existing and/or forecasted assets and liabilities, including funding and investment activities. These swaps are designated in either fair value hedge against fixed rate asset/liability or cash flow hedge against floating rate asset/liability. For fair value hedges, the Bank assesses and measures the hedge effectiveness based on the change in the fair value or cash flows of the derivative hedging instrument relative to the change in the fair value or cash flows of the hedged item attributable to benchmark interest rate risk. For cash flow hedges, the Bank uses the hypothetical derivative having terms that identically match the critical terms of the hedged item as the proxy for measuring the change in fair value or cash flows of the hedged item.

Foreign Exchange Derivatives

Foreign exchange forwards are OTC contracts in which one counterparty contracts with another to exchange a specified amount of one currency for a specified amount of a second currency, at a future date or range of dates.

Swap contracts comprise foreign exchange swaps and cross-currency interest rate swaps. Foreign exchange swaps are transactions in which a foreign currency is simultaneously purchased in the spot market and sold in the forward market, or vice-versa. Cross-currency interest rate swaps are transactions in which counterparties exchange principal and interest cash flows in different currencies over a period of time. These contracts are used to manage currency and/or interest rate exposures.

Foreign exchange futures contracts are similar to foreign exchange forward contracts but differ in that they are in standard currency amounts with standard settlement dates and are transacted on an exchange.

Where hedge accounting is applied, the Bank assesses and measures the hedge effectiveness based on the change in the fair value of the hedging instrument relative to translation gains and losses of net investment in foreign operations or the change in cash flows of the foreign currency denominated asset/liability attributable to foreign exchange risk, using the hypothetical derivative method.

The Bank uses non-derivative instruments such as foreign currency deposit liabilities and derivative instruments such as cross-currency swaps and foreign exchange forwards to hedge its foreign currency exposure. These hedging instruments are designated in either net investment hedges or cash flow hedges.

Credit Derivatives

The Bank uses credit derivatives such as credit default swaps (CDS) and total return swaps in managing risks of the Bank's corporate loan portfolio and other cash instruments. Credit risk is the risk of loss if a borrower or counterparty in a transaction fails to meet its agreed payment obligations. The Bank uses credit derivatives to mitigate industry concentration and borrower-specific exposure as part of the Bank's portfolio risk management techniques. The credit, legal, and other risks associated with these transactions are controlled through well established procedures. The Bank's policy is to enter into these transactions with investment grade financial institutions. Credit risk to these counterparties is managed through the same approval, limit, and monitoring processes that is used for all counterparties to which the Bank has credit exposure.

Credit derivatives are OTC contracts designed to transfer the credit risk in an underlying financial instrument (usually termed as a reference asset) from one counterparty to another. The most common credit derivatives are CDS (referred to as option contracts) and total return swaps (referred to as swap contracts). In option contracts, an option purchaser acquires credit protection on a reference asset or group of assets from an option writer in exchange for a premium. The option purchaser may pay the agreed premium at inception or over a period of time. The credit protection compensates the option purchaser for deterioration in value of the reference asset or group of assets upon the occurrence of certain credit events such as bankruptcy, or changes in specified credit rating or credit index. Settlement may be cash based or physical, requiring the delivery of the reference asset to the option writer. In swap contracts, one counterparty agrees to pay or receive from the other cash amounts based on changes in the value of a reference asset or group of assets, including any returns such as interest earned on these assets in exchange for amounts that are based on prevailing market funding rates. These cash settlements are made regardless of whether there is a credit event.

Other Derivatives

The Bank also transacts in equity and commodity derivatives in both the exchange and OTC markets.

Equity swaps are OTC contracts in which one counterparty agrees to pay, or receive from the other, cash amounts based on changes in the value of a stock index, a basket of stocks or a single stock. These contracts sometimes include a payment in respect of dividends.

Equity options give the purchaser of the option, for a premium, the right, but not the obligation, to buy from or sell to the writer of an option, an underlying stock index, basket of stocks or single stock at a contracted price. Options are transacted both OTC and through exchanges.

Equity index futures are standardized contracts transacted on an exchange. They are based on an agreement to pay or receive a cash amount based on the difference between the contracted price level of an underlying stock index and its corresponding market price level at a specified future date. There is no actual delivery of stocks that comprise the underlying index. These contracts are in standard amounts with standard settlement dates.

Commodity contracts include commodity forwards, futures, swaps, and options, such as precious metals and energy-related products in both OTC and exchange markets.

Where hedge accounting is applied, the Bank uses equity forwards and total return swaps to hedge its exposure to equity price risk. These derivatives are designated as cash flow hedges. The Bank assesses and measures the hedge effectiveness based on the change in the fair value of the hedging instrument relative to the change in the cash flows of the hedged item attributable to movement in equity price, using the hypothetical derivative method.

Fair Value of Derivatives

(millions of Canadian dollars)	**October 31, 2018**		October 31, 2017	
	Fair value as at balance sheet date		Fair value as at balance sheet date	
	Positive	**Negative**	Positive	Negative
Derivatives held or issued for trading purposes				
Interest rate contracts				
Futures	**$ –**	**$ –**	$ 1	$ –
Forward rate agreements	**37**	**39**	69	72
Swaps	**9,931**	**7,229**	13,861	11,120
Options written	**–**	**566**	–	326
Options purchased	**516**	**–**	358	–
Total interest rate contracts	**10,484**	**7,834**	14,289	11,518
Foreign exchange contracts				
Futures	**–**	**–**	–	–
Forward contracts	**17,638**	**15,943**	16,461	14,589
Swaps	**–**	**–**	–	–
Cross-currency interest rate swaps	**18,489**	**15,692**	16,621	15,619
Options written	**–**	**543**	–	310
Options purchased	**486**	**–**	330	–
Total foreign exchange contracts	**36,613**	**32,178**	33,412	30,518
Credit derivative contracts				
Credit default swaps – protection purchased	**–**	**230**	–	250
Credit default swaps – protection sold	**9**	**1**	34	1
Total credit derivative contracts	**9**	**231**	34	251
Other contracts				
Equity contracts	**2,537**	**1,362**	534	2,093
Commodity contracts	**1,291**	**837**	778	634
Total other contracts	**3,828**	**2,199**	1,312	2,727
Fair value – trading	**50,934**	**42,442**	49,047	45,014
Derivatives held or issued for non-trading purposes				
Interest rate contracts				
Forward rate agreements	**2**	**–**	1	–
Swaps	**1,893**	**1,898**	1,023	1,296
Options written	**–**	**1**	–	1
Options purchased	**19**	**–**	32	–
Total interest rate contracts	**1,914**	**1,899**	1,056	1,297
Foreign exchange contracts				
Forward contracts	**333**	**327**	647	639
Swaps	**–**	**–**	–	–
Cross-currency interest rate swaps	**2,729**	**2,413**	3,768	2,452
Total foreign exchange contracts	**3,062**	**2,740**	4,415	3,091
Credit derivative contracts				
Credit default swaps – protection purchased	**–**	**155**	–	105
Total credit derivative contracts	**–**	**155**	–	105
Other contracts				
Equity contracts	**1,086**	**1,034**	1,677	1,707
Total other contracts	**1,086**	**1,034**	1,677	1,707
Fair value – non-trading	**6,062**	**5,828**	7,148	6,200
Total fair value	**$ 56,996**	**$ 48,270**	$ 56,195	$ 51,214

The following table distinguishes derivatives held or issued for non-trading purposes between those that have been designated in qualifying hedge accounting relationships and those which have not been designated in qualifying hedge accounting relationships as at October 31.

Fair Value of Non-Trading Derivatives[1,2]

(millions of Canadian dollars)

											As at
											October 31, 2018
	Derivative Assets					**Derivative Liabilities**					
	Fair value	**Cash flow**	**Derivatives in qualifying hedging relationships – Net investment**	**Derivatives not in qualifying hedging relationships**	**Total**	**Fair value**	**Cash flow**	**Derivatives in qualifying hedging relationships – Net investment**	**Derivatives not in qualifying hedging relationships**	**Total**
Derivatives held or issued for non-trading purposes										
Interest rate contracts	**$ 1,050**	**$ (62)**	**$ 4**	**$ 922**	**$ 1,914**	**$ 858**	**$ 187**	**$ –**	**$ 854**	**$ 1,899**
Foreign exchange contracts	**–**	**2,948**	**4**	**110**	**3,062**	**–**	**2,399**	**314**	**27**	**2,740**
Credit derivative contracts	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**155**	**155**
Other contracts	**–**	**594**	**–**	**492**	**1,086**	**–**	**–**	**–**	**1,034**	**1,034**
Fair value – non-trading	**$ 1,050**	**$ 3,480**	**$ 8**	**$ 1,524**	**$ 6,062**	**$ 858**	**$ 2,586**	**$ 314**	**$ 2,070**	**$ 5,828**
										October 31, 2017
Derivatives held or issued for non-trading purposes										
Interest rate contracts	$ 494	$ (250)	$ –	$ 812	$ 1,056	$ 56	$ 777	$ 12	$ 452	$ 1,297
Foreign exchange contracts	–	4,376	2	37	4,415	–	2,733	316	42	3,091
Credit derivative contracts	–	–	–	–	–	–	–	–	105	105
Other contracts	–	760	–	917	1,677	–	5	–	1,702	1,707
Fair value – non-trading	$ 494	$ 4,886	$ 2	$ 1,766	$ 7,148	$ 56	$ 3,515	$ 328	$ 2,301	$ 6,200

1 Certain comparative amounts have been reclassified to conform with the presentation adopted in the current period.

2 Certain derivatives assets qualify to be offset with certain derivative liabilities on the Consolidated Balance Sheet. Refer to Note 6 for further details.

Fair Value Hedges

The following table presents the effects of fair value hedges on the Consolidated Balance Sheet and the Consolidated Statement of Income.

Fair Value Hedges

(millions of Canadian dollars)

						For the year ended or as at October 31, 2018
	Change in value of hedged items for ineffectiveness measurement	**Change in fair value of hedging instruments for ineffectiveness measurement**	**Hedge ineffectiveness**	**Carrying amounts for hedged items**	**Accumulated amount of fair value hedge adjustments on hedged items**	**Accumulated amount of fair value hedge adjustments on de-designated hedged items**
Assets[1]						
Interest rate risk						
Debt securities at amortized cost	**$ (501)**	**$ 507**	**$ 6**	**$ 30,032**	**$ (618)**	**$ –**
Financial assets at fair value through other comprehensive income	**(1,874)**	**1,869**	**(5)**	**86,804**	**(2,699)**	**(172)**
Loans	**(792)**	**792**	**–**	**45,157**	**(726)**	**(8)**
Total assets	**(3,167)**	**3,168**	**1**	**161,993**	**(4,043)**	**(180)**
Liabilities[1]						
Interest rate risk						
Deposits	**2,182**	**(2,179)**	**3**	**93,150**	**(2,301)**	**(4)**
Securitization liabilities at amortized cost	**71**	**(73)**	**(2)**	**4,960**	**(52)**	**–**
Subordinated notes and debentures	**112**	**(112)**	**–**	**4,027**	**(230)**	**(143)**
Total liabilities	**2,365**	**(2,364)**	**1**	**102,137**	**(2,583)**	**(147)**
Total	**$ (802)**	**$ 804**	**$ 2**			
Total for the year ended October 31, 2017	$ (933)	$ 914	$ (19)			
Total for the year ended October 31, 2016	(4)	23	19			

1 The Bank has portfolios of fixed rate financial assets and liabilities whereby the notional amount changes frequently due to originations, issuances, maturities and prepayments. The interest rate risk hedges on these portfolios are rebalanced dynamically.

Cash Flow Hedges and Net Investment Hedges

The following table presents the effects of cash flow hedges and net investment hedges on the Bank's Consolidated Statement of Income and the Consolidated Statement of Comprehensive Income.

Cash Flow and Net Investment Hedges

(millions of Canadian dollars)

	For the year ended October 31, 2018					
	Change in value of hedged items for ineffectiveness measurement	Change in fair value of hedging instruments for ineffectiveness measurement	Hedge ineffectiveness	Hedging gains (losses) recognized in other comprehensive income[1]	Amount reclassified from accumulated other comprehensive income (loss) to earnings[1]	Net change in other comprehensive income (loss)[1]
Cash flow hedges[2]						
Interest rate risk						
Assets[3]	**$ 2,744**	**$ (2,747)**	**$ (3)**	**$ (2,687)**	**$ 382**	**$ (3,069)**
Liabilities[3]	**(159)**	**160**	**1**	**159**	**(47)**	**206**
Foreign exchange risk[4,5]						
Assets[6]	**(121)**	**121**	**–**	**269**	**462**	**(193)**
Liabilities[6]	**(328)**	**328**	**–**	**93**	**(156)**	**249**
Equity price risk						
Liabilities	**(66)**	**66**	**–**	**66**	**97**	**(31)**
Total cash flow hedges	**$ 2,070**	**$ (2,072)**	**$ (2)**	**$ (2,100)**	**$ 738**	**$ (2,838)**
Total for the year ended October 31, 2017			$ (2)	$ (2,229)	$ 1,077	
Total for the year ended October 31, 2016			(11)	1,448	1,285	
Net investment hedges	**$ 392**	**$ (392)**	**$ –**	**$ (392)**	**$ –**	**$ (392)**
Total for the year ended October 31, 2017			$ –	$ 890	$ (8)	
Total for the year ended October 31, 2016			–	36	–	

1 Effects on other comprehensive income are presented on a pre-tax basis.
2 During the years ended October 31, 2018 and October 31, 2017, there were no instances where forecasted hedged transactions failed to occur.
3 Assets and liabilities include forecasted interest cash flows on loans, deposits, and securitization liabilities.
4 For non-derivative instruments designated as hedging foreign exchange risk, fair value change is measured as the gains and losses due to spot foreign exchange movements.
5 Cross-currency swaps may be used to hedge foreign exchange risk or a combination of interest rate risk and foreign exchange risk in a single hedging relationship. These hedges are disclosed in the above risk category (foreign exchange risk).
6 Assets and liabilities include principal and interest cash flows on foreign denominated securities, loans, deposits, other liabilities, and subordinated notes and debentures.

Reconciliation of Accumulated Other Comprehensive Income (Loss)[1,2]

(millions of Canadian dollars)

	For the year ended October 31, 2018				
	Accumulated other comprehensive income (loss) at beginning of year	Net changes in other comprehensive income (loss)	Accumulated other comprehensive income (loss) at end of year	Accumulated other comprehensive income (loss) on designated hedges	Accumulated other comprehensive income (loss) on de-designated hedges
Cash flow hedges					
Interest rate risk					
Assets	**$ (533)**	**$ (3,069)**	**$ (3,602)**	**$ (2,420)**	**$ (1,182)**
Liabilities	**(260)**	**206**	**(54)**	**175**	**(229)**
Foreign exchange risk					
Assets	**(243)**	**(193)**	**(436)**	**(436)**	**–**
Liabilities	**434**	**249**	**683**	**683**	**–**
Equity price risk	**51**	**(31)**	**20**	**20**	**–**
Total cash flow hedges	**$ (551)**	**$ (2,838)**	**$ (3,389)**	**$ (1,978)**	**$ (1,411)**
Net investment hedges					
Foreign translation risk	**$ (5,297)**	**$ (392)**	**$ (5,689)**	**$ (5,689)**	**$ –**

1 The Accumulated other comprehensive income (loss) is presented on a pre-tax basis.
2 Excludes the Bank's equity in the AOCI of an investment in TD Ameritrade.

The following table indicates the periods when hedged cash flows in designated cash flow hedge accounting relationships are expected to occur as at October 31, 2017.

Hedged Cash Flows

(millions of Canadian dollars)

	As at October 31, 2017					
	Within 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 year to 10 years	Over 10 years	Total
Cash flow hedges						
Cash inflows	$ 15,674	$ 18,375	$ 9,856	$ 3,048	$ 85	$ 47,038
Cash outflows	(18,249)	(20,458)	(14,388)	(6,831)	–	(59,926)
Net cash flows	$ (2,575)	$ (2,083)	$ (4,532)	$ (3,783)	$ 85	$ (12,888)

NOTIONAL AMOUNTS

The notional amounts are not recorded as assets or liabilities as they represent the face amount of the contract to which a rate or price is applied to determine the amount of cash flows to be exchanged. Notional amounts do not represent the potential gain or loss associated with the market risk nor indicative of the credit risk associated with derivative financial instruments.

The following table discloses the notional amount of over-the-counter and exchange-traded derivatives.

Over-the-Counter and Exchange-Traded Derivatives

(millions of Canadian dollars)

							As at
						October 31 2018	October 31 2017
				Trading			
	Over-the-Counter[1]						
	Clearing house[2]	**Non clearing house**	**Exchange-traded**	**Total**	**Non-trading[3]**	**Total**	Total
Notional							
Interest rate contracts							
Futures	$ –	$ –	$ 575,825	$ 575,825	$ –	$ 575,825	$ 445,848
Forward rate agreements	919,623	51,056	–	970,679	225	970,904	528,945
Swaps	7,580,152	444,065	–	8,024,217	1,418,487	9,442,704	7,377,368
Options written	–	79,649	121,246	200,895	53	200,948	108,135
Options purchased	–	70,201	154,683	224,884	2,891	227,775	126,785
Total interest rate contracts	8,499,775	644,971	851,754	9,996,500	1,421,656	11,418,156	8,587,081
Foreign exchange contracts							
Futures	–	–	24	24	–	24	3
Forward contracts	–	1,796,542	–	1,796,542	29,140	1,825,682	1,484,952
Swaps	–	6	–	6	–	6	–
Cross-currency interest rate swaps	–	688,980	–	688,980	96,966	785,946	674,533
Options written	–	34,090	–	34,090	–	34,090	22,272
Options purchased	–	32,655	–	32,655	–	32,655	22,713
Total foreign exchange contracts	–	2,552,273	24	2,552,297	126,106	2,678,403	2,204,473
Credit derivative contracts							
Credit default swaps – protection purchased	9,665	202	–	9,867	2,745	12,612	12,227
Credit default swaps – protection sold	987	135	–	1,122	–	1,122	1,694
Total credit derivative contracts	10,652	337	–	10,989	2,745	13,734	13,921
Other contracts							
Equity contracts	–	57,736	57,161	114,897	30,430	145,327	142,404
Commodity contracts	150	33,161	39,882	73,193	–	73,193	47,798
Total other contracts	150	90,897	97,043	188,090	30,430	218,520	190,202
Total	$ 8,510,577	$ 3,288,478	$ 948,821	$ 12,747,876	$ 1,580,937	$ 14,328,813	$ 10,995,677

1 Collateral held under a Credit Support Annex to help reduce counterparty credit risk is in the form of high quality and liquid assets such as cash and high quality government securities. Acceptable collateral is governed by the Collateralized Trading Policy.

2 Derivatives executed through a central clearing house reduces settlement risk due to the ability to net settle offsetting positions for capital purposes and therefore receive preferential capital treatment compared to those settled with non-central clearing house counterparties.

3 Includes $1,244 billion of over-the-counter derivatives that are transacted with clearing houses (October 31, 2017 – $1,173 billion) and $337 billion of over-the-counter derivatives that are transacted with non-clearing houses (October 31, 2017 – $310 billion) as at October 31, 2018. There were no exchange-traded derivatives both as at October 31, 2018 and October 31, 2017.

The following table distinguishes the notional amount of derivatives held or issued for non-trading purposes between those that have been designated in qualifying hedge accounting relationships and those which have not been designated in qualifying hedge accounting relationships.

Notional of Non-Trading Derivatives

(millions of Canadian dollars)

					As at October 31, 2018
	Derivatives in qualifying hedging relationships				
Derivatives held or issued for hedging (non-trading) purposes	**Fair value**	**Cash flow[1]**	**Net investment[1]**	**Derivatives not in qualifying hedging relationships**	**Total**
Interest rate contracts	$ 282,718	$ 214,969	$ 1,646	$ 922,323	$ 1,421,656
Foreign exchange contracts	–	113,183	1,249	11,674	126,106
Credit derivative contracts	–	–	–	2,745	2,745
Other contracts	–	2,058	–	28,372	30,430
Total notional non-trading	$ 282,718	$ 330,210	$ 2,895	$ 965,114	$ 1,580,937

1 Certain cross-currency swaps are executed using multiple derivatives, including interest rate swaps. These derivatives are used to hedge foreign exchange rate risk in cash flow hedges and net investment hedges.

The following table discloses the notional principal amount of over-the-counter derivatives and exchange-traded derivatives based on their contractual terms to maturity.

Derivatives by Term-to-Maturity

(millions of Canadian dollars)

					As at
				October 31 2018	October 31 2017
	Remaining term-to-maturity				
Notional Principal	**Within 1 year**	**Over 1 year to 5 years**	**Over 5 years**	**Total**	Total
Interest rate contracts					
Futures	**$ 455,257**	**$ 120,528**	**$ 40**	**$ 575,825**	$ 445,848
Forward rate agreements	**689,173**	**281,731**	**–**	**970,904**	528,945
Swaps	**4,010,167**	**4,155,482**	**1,277,055**	**9,442,704**	7,377,368
Options written	**159,621**	**33,151**	**8,176**	**200,948**	108,135
Options purchased	**184,334**	**35,811**	**7,630**	**227,775**	126,785
Total interest rate contracts	**5,498,552**	**4,626,703**	**1,292,901**	**11,418,156**	8,587,081
Foreign exchange contracts					
Futures	**24**	**–**	**–**	**24**	3
Forward contracts	**1,772,289**	**49,765**	**3,628**	**1,825,682**	1,484,952
Swaps	**6**	**–**	**–**	**6**	–
Cross-currency interest rate swaps	**196,829**	**437,096**	**152,021**	**785,946**	674,533
Options written	**28,443**	**5,647**	**–**	**34,090**	22,272
Options purchased	**27,241**	**5,414**	**–**	**32,655**	22,713
Total foreign exchange contracts	**2,024,832**	**497,922**	**155,649**	**2,678,403**	2,204,473
Credit derivative contracts					
Credit default swaps – protection purchased	**1,289**	**4,466**	**6,857**	**12,612**	12,227
Credit default swaps – protection sold	**41**	**663**	**418**	**1,122**	1,694
Total credit derivative contracts	**1,330**	**5,129**	**7,275**	**13,734**	13,921
Other contracts					
Equity contracts	**106,905**	**37,652**	**770**	**145,327**	142,404
Commodity contracts	**61,563**	**11,284**	**346**	**73,193**	47,798
Total other contracts	**168,468**	**48,936**	**1,116**	**218,520**	190,202
Total	**$ 7,693,182**	**$ 5,178,690**	**$ 1,456,941**	**$ 14,328,813**	$ 10,995,677

The following table discloses the notional amount and average price of derivative instruments designated in qualifying hedge accounting relationships.

Hedging Instruments by Term-to-Maturity

(millions of Canadian dollars, except as noted)

As at

	October 31, 2018			
Notional	**Within 1 year**	**Over 1 year to 5 years**	**Over 5 years**	**Total**
Interest rate risk				
Interest rate swaps				
Notional – pay fixed	**$ 38,837**	**$ 57,774**	**$ 84,933**	**$ 181,544**
Average fixed interest rate %	**1.62**	**2.09**	**1.92**	
Notional – received fixed	**36,872**	**63,997**	**111,144**	**212,013**
Average fixed interest rate %	**1.83**	**2.15**	**2.12**	
Total notional – interest rate risk	**75,709**	**121,771**	**196,077**	**393,557**
Foreign exchange risk[1]				
Forward contracts				
Notional – USD/CAD	**1,329**	**281**	**–**	**1,610**
Average FX forward rate	**1.26**	**1.27**	**n/a**	
Notional – EUR/CAD	**4,169**	**11,211**	**1,903**	**17,283**
Average FX forward rate	**1.54**	**1.59**	**1.73**	
Notional – other	**1,249**	**–**	**–**	**1,249**
Cross-currency swaps[2,3]				
Notional – USD/CAD	**10,868**	**36,298**	**2,321**	**49,487**
Average FX rate	**1.24**	**1.28**	**1.32**	
Notional – EUR/CAD	**–**	**13,694**	**3,355**	**17,049**
Average FX rate	**n/a**	**1.50**	**1.47**	
Notional – GBP/CAD	**673**	**3,281**	**–**	**3,954**
Average FX rate	**2.02**	**1.71**	**n/a**	
Notional – other currency pairs[4]	**12,626**	**10,838**	**335**	**23,799**
Total notional – foreign exchange risk	**30,914**	**75,603**	**7,914**	**114,431**
Equity Price Risk				
Notional – equity forward contracts	**2,058**	**–**	**–**	**2,058**
Total notional	**$ 108,681**	**$ 197,374**	**$ 203,991**	**$ 510,046**

1 Foreign currency denominated deposit liabilities are also used to hedge foreign exchange risk. As at October 31, 2018, the carrying value of these non-derivative hedging instruments was $15.3 billion designated under net investment hedges.

2 Cross-currency swaps may be used to hedge foreign exchange risk or a combination of interest rate risk and foreign exchange risk in a single hedge relationship. Both these types of hedges are disclosed under the Foreign exchange risk as the risk category.

3 Certain cross-currency swaps are executed using multiple derivatives, including interest rate swaps. The notional amount of these interest rate swaps, excluded from the above, is $105.8 billion as at October 31, 2018.

4 Includes derivatives executed to manage non-trading foreign currency exposures, when more than one currency is involved prior to hedging to the Canadian dollar, when the functional currency of the entity is not the Canadian dollar, or when the currency pair is not a significant exposure for the Bank.

DERIVATIVE-RELATED RISKS

Market Risk

Derivatives, in the absence of any compensating upfront cash payments, generally have no market value at inception. They obtain value, positive or negative, as relevant interest rates, foreign exchange rates, equity, commodity or credit prices or indices change, such that the previously contracted terms of the derivative transactions have become more or less favourable than what can be negotiated under current market conditions for contracts with the same terms and the same remaining period to expiry.

The potential for derivatives to increase or decrease in value as a result of the foregoing factors is generally referred to as market risk. This market risk is managed by senior officers responsible for the Bank's trading and non-trading businesses and is monitored independently by the Bank's Risk Management group.

Credit Risk

Credit risk on derivatives, also known as counterparty credit risk, is the risk of a financial loss occurring as a result of the failure of a counterparty to meet its obligation to the Bank. The Capital Markets Risk Management group is responsible for implementing and ensuring compliance with credit policies established by the Bank for the management of derivative credit exposures.

Derivative-related credit risks are subject to the same credit approval, limit and monitoring standards that are used for managing other transactions that create credit exposure. This includes evaluating the creditworthiness of counterparties, and managing the size, diversification and maturity structure of the portfolios. The Bank actively engages in risk mitigation strategies through the use of multi-product derivative master netting agreements, collateral and other risk mitigation techniques. Master netting agreements reduce risk to the Bank by allowing the Bank to close out and net transactions with counterparties subject to such agreements upon the occurrence of certain events. The effect of these master netting agreements is shown in the following table. Also shown in this table, is the current replacement cost, which is the positive fair value of all outstanding derivatives. The credit equivalent amount is the sum of the current replacement cost and the potential future exposure, which is calculated by applying factors supplied by OSFI to the notional principal amount of the derivatives. The risk-weighted amount is determined by applying standard measures of counterparty credit risk to the credit equivalent amount.

Credit Exposure of Derivatives

(millions of Canadian dollars)

	October 31, 2018			October 31, 2017		
	Current replacement cost	**Credit equivalent amount**	**Risk-weighted amount**	Current replacement cost	Credit equivalent amount	Risk-weighted amount
Interest rate contracts						
Forward rate agreements	**$ 21**	**$ 56**	**$ 15**	$ 22	$ 202	$ 86
Swaps	**11,630**	**15,557**	**4,193**	13,516	17,710	6,493
Options purchased	**508**	**776**	**299**	370	433	167
Total interest rate contracts	**12,159**	**16,389**	**4,507**	13,908	18,345	6,746
Foreign exchange contracts						
Forward contracts	**17,605**	**35,543**	**4,247**	16,816	32,408	4,156
Cross-currency interest rate swaps	**21,218**	**40,942**	**7,012**	20,388	37,415	7,041
Options purchased	**486**	**1,029**	**212**	330	685	153
Total foreign exchange contracts	**39,309**	**77,514**	**11,471**	37,534	70,508	11,350
Other contracts						
Credit derivatives	**3**	**358**	**145**	5	360	148
Equity contracts	**3,043**	**7,383**	**920**	1,553	5,152	952
Commodity contracts	**1,101**	**2,546**	**514**	645	1,779	371
Total other contracts	**4,147**	**10,287**	**1,579**	2,203	7,291	1,471
Total derivatives	**55,615**	**104,190**	**17,557**	53,645	96,144	19,567
Less: impact of master netting agreements	**34,205**	**54,039**	**11,464**	36,522	54,970	13,606
Total derivatives after netting	**21,410**	**50,151**	**6,093**	17,123	41,174	5,961
Less: impact of collateral	**8,884**	**9,602**	**1,173**	6,889	7,672	1,141
Net derivatives	**12,526**	**40,549**	**4,920**	10,234	33,502	4,820
Qualifying Central Counterparty (QCCP) Contracts	**155**	**14,332**	**2,058**	1,566	16,322	1,864
Total	**$ 12,681**	**$ 54,881**	**$ 6,978**	$ 11,800	$ 49,824	$ 6,684

Current Replacement Cost of Derivatives

(millions of Canadian dollars, except as noted)

	Canada[1]		United States[1]		Other international[1]		Total	
By sector	**October 31 2018**	October 31 2017	**October 31 2018**	October 31 2017	**October 31 2018**	October 31 2017	**October 31 2018**	October 31 2017
Financial	**$ 29,608**	$ 32,494	**$ 930**	$ 2,355	**$ 7,104**	$ 5,159	**$ 37,642**	$ 40,008
Government	**9,737**	7,031	**102**	16	**4,704**	3,420	**14,543**	10,467
Other	**1,995**	1,811	**359**	433	**1,076**	926	**3,430**	3,170
Current replacement cost	**$ 41,340**	$ 41,336	**$ 1,391**	$ 2,804	**$ 12,884**	$ 9,505	**$ 55,615**	$ 53,645
Less: impact of master netting agreements and collateral							**43,089**	43,411
Total current replacement cost							**$ 12,526**	$ 10,234

By location of risk[2]	**October 31 2018**	October 31 2017	**October 31 2018 % mix**	October 31 2017 % mix
Canada	**$ 3,898**	$ 3,749	**31.1 %**	36.6 %
United States	**4,887**	3,312	**39.0**	32.4
Other international				
United Kingdom	**487**	712	**3.9**	7.0
Europe – other	**2,183**	1,671	**17.4**	16.3
Other	**1,071**	790	**8.6**	7.7
Total Other international	**3,741**	3,173	**29.9**	31.0
Total current replacement cost	**$ 12,526**	$ 10,234	**100.0 %**	100.0 %

1 Based on geographic location of unit responsible for recording revenue.
2 After impact of master netting agreements and collateral.

Certain of the Bank's derivative contracts are governed by master derivative agreements having provisions that may permit the Bank's counterparties to require, upon the occurrence of a certain contingent event: (1) the posting of collateral or other acceptable remedy such as assignment of the affected contracts to an acceptable counterparty; or (2) settlement of outstanding derivative contracts. Most often, these contingent events are in the form of a downgrade of the senior debt rating of the Bank, either as counterparty or as guarantor of one of the Bank's subsidiaries. At October 31, 2018, the aggregate net liability position of those contracts would require: (1) the posting of collateral or other acceptable remedy totalling $300 million (October 31, 2017 – $193 million) in the event of a one-notch or two-notch downgrade in the Bank's senior debt rating; and (2) funding totalling $10 million (October 31, 2017 – $26 million) following the termination and settlement of outstanding derivative contracts in the event of a one-notch or two-notch downgrade in the Bank's senior debt rating.

Certain of the Bank's derivative contracts are governed by master derivative agreements having credit support provisions that permit the Bank's counterparties to call for collateral depending on the net mark-to-market exposure position of all derivative contracts governed by that master derivative agreement. Some of these agreements may permit the Bank's counterparties to require, upon the downgrade of the credit rating of the Bank, to post additional collateral. As at October 31, 2018, the fair value of all derivative instruments with credit risk related contingent features in a net liability position was $8 billion (October 31, 2017 – $9 billion). The Bank has posted $10 billion (October 31, 2017 – $13 billion) of collateral for this exposure in the normal course of business. As at October 31, 2018, the impact of a one-notch downgrade in the Bank's credit rating would require the Bank to post an additional $38 million (October 31, 2017 – $121 million) of collateral to that posted in the normal course of business. A two-notch down grade in the Bank's credit rating would require the Bank to post an additional $44 million (October 31, 2017 – $156 million) of collateral to that posted in the normal course of business.

NOTE 12: INVESTMENT IN ASSOCIATES AND JOINT VENTURES

INVESTMENT IN TD AMERITRADE HOLDING CORPORATION

The Bank has significant influence over TD Ameritrade Holding Corporation (TD Ameritrade) and accounts for its investment in TD Ameritrade using the equity method. The Bank's equity share in TD Ameritrade's earnings, excluding dividends, is reported on a one-month lag basis. The Bank takes into account changes in the subsequent period that would significantly affect the results.

As at October 31, 2018, the Bank's reported investment in TD Ameritrade was 41.61% (October 31, 2017 – 41.27%) of the outstanding shares of TD Ameritrade with a fair value of $16 billion (US$12 billion) (October 31, 2017 – $15 billion (US$12 billion)) based on the closing price of US$51.72 (October 31, 2017 – US$49.99) on the New York Stock Exchange.

During the year ended October 31, 2018, TD Ameritrade repurchased 5.5 million shares (for the year ended October 31, 2017 – nil million shares). Pursuant to the Stockholders Agreement in relation to the Bank's equity investment in TD Ameritrade, if stock repurchases by TD Ameritrade cause the Bank's ownership percentage to exceed 45%, the Bank is required to use reasonable efforts to sell or dispose of such excess stock, subject to the Bank's commercial judgment as to the optimal timing, amount, and method of sales with a view to maximizing proceeds from such sales. However, in the event that stock repurchases by TD Ameritrade cause the Bank's ownership percentage to exceed 45%, the Bank has no absolute obligation to reduce its ownership percentage to 45%. In addition, stock repurchases by TD Ameritrade cannot result in the Bank's ownership percentage exceeding 47%.

In connection with TD Ameritrade's acquisition of Scottrade Financial Services, Inc. (Scottrade) on September 18, 2017, TD Ameritrade issued 38.8 million shares, of which the Bank purchased 11.1 million pursuant to its pre-emptive rights. The Bank purchased the shares at a price of US$36.12. As a result of the share issuance, the Bank's common stock ownership percentage in TD Ameritrade decreased and the Bank realized a dilution gain of $204 million recorded in Other Income on the Consolidated Statement of Income. Refer to Note 13 for a discussion on the acquisition of Scottrade Bank.

Pursuant to the Stockholders Agreement in relation to the Bank's equity investment in TD Ameritrade, the Bank has the right to designate five of twelve members of TD Ameritrade's Board of Directors. The Bank's designated directors currently include the Bank's Group President and Chief Executive Officer and four independent directors of TD or TD's U.S. subsidiaries.

TD Ameritrade has no significant contingent liabilities to which the Bank is exposed. During the years ended October 31, 2018, and October 31, 2017, TD Ameritrade did not experience any significant restrictions to transfer funds in the form of cash dividends, or repayment of loans or advances.

The condensed financial statements of TD Ameritrade, based on its consolidated financial statements, are included in the following tables.

Condensed Consolidated Balance Sheets[1]

(millions of Canadian dollars)	*As at*	
	September 30 2018	September 30 2017
Assets		
Receivables from brokers, dealers, and clearing organizations	**$ 1,809**	$ 1,721
Receivables from clients, net	**29,773**	22,127
Other assets, net	**17,811**	25,985
Total assets	**$ 49,393**	$ 49,833
Liabilities		
Payable to brokers, dealers, and clearing organizations	**$ 3,923**	$ 3,230
Payable to clients	**30,126**	32,391
Other liabilities	**4,809**	4,862
Total liabilities	**38,858**	40,483
Stockholders' equity[2]	**10,535**	9,350
Total liabilities and stockholders' equity	**$ 49,393**	$ 49,833

1 Customers' securities are reported on a settlement date basis whereas the Bank reports customers' securities on a trade date basis.

2 The difference between the carrying value of the Bank's investment in TD Ameritrade and the Bank's share of TD Ameritrade's stockholders' equity is comprised of goodwill, other intangibles, and the cumulative translation adjustment.

Condensed Consolidated Statements of Income

(millions of Canadian dollars, except as noted)	For the years ended September 30		
	2018	2017	2016
Revenues			
Net interest revenue	**$ 1,635**	$ 903	$ 789
Fee-based and other revenue	**5,365**	3,923	3,623
Total revenues	**7,000**	4,826	4,412
Operating expenses			
Employee compensation and benefits	**1,992**	1,260	1,111
Other	**2,434**	1,639	1,553
Total operating expenses	**4,426**	2,899	2,664
Other expense (income)	**142**	95	70
Pre-tax income	**2,432**	1,832	1,678
Provision for income taxes	**535**	686	563
Net income[1,2]	**$ 1,897**	$ 1,146	$ 1,115
Earnings per share – basic (Canadian dollars)	**$ 3.34**	$ 2.17	$ 2.10
Earnings per share – diluted (Canadian dollars)	**3.32**	2.16	2.09

1 The Bank's equity share of net income of TD Ameritrade is based on the published consolidated financial statements of TD Ameritrade after converting into Canadian dollars and is subject to adjustments relating to the amortization of certain intangibles.

2 The Bank's equity share in TD Ameritrade earnings for the year ended October 31, 2018 includes a net favourable adjustment of $41 million (US$32 million) primarily representing the Bank's share of TD Ameritrade's remeasurement of its deferred income tax balances as a result of the reduction in the U.S. federal corporate income tax rate.

INVESTMENT IN IMMATERIAL ASSOCIATES OR JOINT VENTURES

Except for TD Ameritrade as disclosed above, no associate or joint venture was individually material to the Bank as of October 31, 2018, or October 31, 2017. The carrying amount of the Bank's investment in individually immaterial associates and joint ventures during the period was $3 billion (October 31, 2017 – $3 billion).

Individually immaterial associates and joint ventures consisted predominantly of investments in private funds or partnerships that make equity investments, provide debt financing or support community-based tax-advantaged investments. The investments in these entities generate a return primarily through the realization of U.S. federal and state income tax credits, including Low Income Housing Tax Credits, New Markets Tax Credits, and Historic Tax Credits.

The Bank recorded an impairment loss during the year ended October 31, 2018 of $89 million representing the immediate impact of lower future tax deductions on Low Income Housing Tax Credit (LIHTC) investments as a result of the reduction in the U.S. federal corporate tax rate, which was recorded in Other income (loss) on the Consolidated Statement of Income. This impairment loss does not include losses taken upon tax credit-related investments including LIHTC on a normal course basis. Refer to Note 25 for further details on the reduction of the U.S. federal corporate tax rate.

NOTE 13: SIGNIFICANT ACQUISITIONS AND DISPOSALS

Acquisition of Scottrade Bank

On September 18, 2017, the Bank acquired 100% of the outstanding equity of Scottrade Bank, a federal savings bank wholly-owned by Scottrade, for cash consideration of approximately $1.6 billion (US$1.4 billion). Scottrade Bank merged with TD Bank, N.A. In connection with the acquisition, TD agreed to accept sweep deposits from Scottrade clients, expanding the Bank's existing sweep deposit activities. The acquisition is consistent with the Bank's U.S. strategy.

The acquisition was accounted for as a business combination under the purchase method. Goodwill of $34 million reflects the excess of the consideration paid over the fair value of the identifiable net assets. Goodwill is deductible for tax purposes. The results of the acquisition have been consolidated with the Bank's results and are reported in the U.S. Retail segment. For the year ended October 31, 2017, the contribution of Scottrade Bank to the Bank's revenue and net income was not significant nor would it have been significant if the acquisition had occurred as of November 1, 2016.

The following table presents the estimated fair values of the assets and liabilities acquired as of the date of acquisition.

Fair Value of Identifiable Net Assets Acquired

(millions of Canadian dollars)	**Amount**
Assets acquired	
Cash and due from banks	$ 750
Securities	14,474
Loans	5,284
Other assets	149
	20,657
Less: Liabilities assumed	
Deposits	18,992
Other liabilities	57
Fair value of identifiable net assets acquired	1,608
Goodwill	34
Total purchase consideration	$ 1,642

NOTE 14: GOODWILL AND OTHER INTANGIBLES

The recoverable amount of the Bank's CGUs is determined from internally developed valuation models that consider various factors and assumptions such as forecasted earnings, growth rates, price-earnings multiples, discount rates and terminal multiples. Management is required to use judgment in estimating the recoverable amount of CGUs, and the use of different assumptions and estimates in the calculations could influence the determination of the existence of impairment and the valuation of goodwill. Management believes that the assumptions and estimates used are reasonable and supportable. Where possible, fair values generated internally are compared to relevant market information. The carrying amounts of the Bank's CGUs are determined by management using risk based capital models to adjust net assets and liabilities by CGU. These models consider various factors including market risk, credit risk and operational risk, including investment capital (comprised of goodwill and other intangibles). Any capital not directly attributable to the CGUs is held within the Corporate segment. As at the date of the last impairment test, the amount of capital was approximately $15.4 billion and primarily related to treasury assets and excess capital managed within the Corporate segment. The Bank's capital oversight committees provide oversight to the Bank's capital allocation methodologies.

Key Assumptions

The recoverable amount of each CGU or group of CGUs has been determined based on its estimated value-in-use. In assessing value-in-use, estimated future cash flows based on the Bank's internal forecast are discounted using an appropriate pre-tax discount rate.

The following were the key assumptions applied in the goodwill impairment testing:

Discount Rate

The pre-tax discount rates used reflect current market assessments of the risks specific to each group of CGUs and are dependent on the risk profile and capital requirements of each group of CGUs.

Terminal Multiple

The earnings included in the goodwill impairment testing for each operating segment were based on the Bank's internal forecast, which projects expected cash flows over the next five years. The pre-tax terminal multiple for the period after the Bank's internal forecast was derived from observable terminal multiples of comparable financial institutions and ranged from 9 times to 14 times.

In considering the sensitivity of the key assumptions discussed above, management determined that a reasonable change in any of the above would not result in the recoverable amount of any of the groups of CGUs to be less than their carrying amount.

Goodwill by Segment

(millions of Canadian dollars)	Canadian Retail	U.S. Retail[2]	Wholesale Banking	Total
Carrying amount of goodwill as at November 1, 2016	$ 2,337	$ 14,175	$ 150	$ 16,662
Additions	–	34	10	44
Foreign currency translation adjustments and other	(34)	(516)	–	(550)
Carrying amount of goodwill as at October 31, 2017	2,303	13,693	160	16,156
Additions	**82**	**–**	**–**	**82**
Foreign currency translation adjustments and other	**18**	**280**	**–**	**298**
Carrying amount of goodwill as at October 31, 2018[1]	**$ 2,403**	**$ 13,973**	**$ 160**	**$ 16,536**
Pre-tax discount rates				
2017	9.1–10.7 %	10.1–10.5 %	12.2 %	
2018	**9.7–10.7**	**10.1–11.8**	**12.2**	

1 Accumulated impairment as at October 31, 2018, was nil (October 31, 2017 – nil).

2 Goodwill predominantly relates to U.S. personal and commercial banking.

OTHER INTANGIBLES

The following table presents details of other intangibles as at October 31.

Other Intangibles

(millions of Canadian dollars)	Core deposit intangibles	Credit card related intangibles	Internally generated software	Other software	Other intangibles	Total
Cost						
As at November 1, 2016	$ 2,623	$ 762	$ 2,266	$ 387	$ 675	$ 6,713
Additions	–	–	576	82	74	732
Disposals	–	–	(93)	(16)	(58)	(167)
Fully amortized intangibles	–	–	(171)	(142)	(110)	(423)
Foreign currency translation adjustments and other	(100)	(6)	(29)	(3)	(16)	(154)
As at October 31, 2017	2,523	756	2,549	308	565	6,701
Additions	**–**	**–**	**567**	**87**	**14**	**668**
Disposals	**–**	**–**	**(82)**	**(2)**	**–**	**(84)**
Fully amortized intangibles	**–**	**–**	**(275)**	**(89)**	**–**	**(364)**
Foreign currency translation adjustments and other	**52**	**3**	**1**	**(4)**	**7**	**59**
As at October 31, 2018	**$ 2,575**	**$ 759**	**$ 2,760**	**$ 300**	**$ 586**	**$ 6,980**
Amortization and impairment						
As at November 1, 2016	$ 2,225	$ 356	$ 786	$ 261	$ 446	$ 4,074
Disposals	–	–	(91)	(16)	(58)	(165)
Impairment losses	–	–	1	–	–	1
Amortization charge for the year	121	90	368	80	44	703
Fully amortized intangibles	–	–	(171)	(142)	(110)	(423)
Foreign currency translation adjustments and other	(86)	(4)	(5)	(3)	(9)	(107)
As at October 31, 2017	2,260	442	888	180	313	4,083
Disposals	**–**	**–**	**(11)**	**(2)**	**–**	**(13)**
Impairment losses	**–**	**–**	**–**	**5**	**–**	**5**
Amortization charge for the year	**96**	**98**	**423**	**78**	**44**	**739**
Fully amortized intangibles	**–**	**–**	**(275)**	**(89)**	**–**	**(364)**
Foreign currency translation adjustments and other	**48**	**2**	**6**	**12**	**3**	**71**
As at October 31, 2018	**$ 2,404**	**$ 542**	**$ 1,031**	**$ 184**	**$ 360**	**$ 4,521**
Net Book Value:						
As at October 31, 2017	$ 263	$ 314	$ 1,661	$ 128	$ 252	$ 2,618
As at October 31, 2018	**171**	**217**	**1,729**	**116**	**226**	**2,459**

NOTE 15: LAND, BUILDINGS, EQUIPMENT, AND OTHER DEPRECIABLE ASSETS

The following table presents details of the Bank's land, buildings, equipment, and other depreciable assets as at October 31.

Land, Buildings, Equipment, and Other Depreciable Assets

(millions of Canadian dollars)	Land	Buildings	Computer equipment	Furniture, fixtures, and other depreciable assets	Leasehold improvements	Total
Cost						
As at November 1, 2016	$ 1,012	$ 3,349	$ 859	$ 1,320	$ 1,858	$ 8,398
Additions	–	168	153	145	114	580
Disposals	(2)	(19)	(21)	(30)	(31)	(103)
Fully depreciated assets	–	(73)	(122)	(101)	(48)	(344)
Foreign currency translation adjustments and other	(41)	(110)	(16)	(49)	(9)	(225)
As at October 31, 2017	969	3,315	853	1,285	1,884	8,306
Additions	**2**	**164**	**141**	**134**	**160**	**601**
Disposals	**(5)**	**(37)**	**(13)**	**(44)**	**(33)**	**(132)**
Fully depreciated assets	**–**	**(90)**	**(143)**	**(69)**	**(57)**	**(359)**
Foreign currency translation adjustments and other	**5**	**26**	**(9)**	**9**	**39**	**70**
As at October 31, 2018	**$ 971**	**$ 3,378**	**$ 829**	**$ 1,315**	**$ 1,993**	**$ 8,486**
Accumulated depreciation and impairment/losses						
As at November 1, 2016	$ –	$ 1,147	$ 406	$ 566	$ 797	$ 2,916
Depreciation charge for the year	–	132	175	142	154	603
Disposals	–	(15)	(22)	(29)	(30)	(96)
Impairment losses	–	–	–	–	–	–
Fully depreciated assets	–	(73)	(122)	(101)	(48)	(344)
Foreign currency translation adjustments and other	–	(40)	(4)	(26)	(16)	(86)
As at October 31, 2017	–	1,151	433	552	857	2,993
Depreciation charge for the year	**–**	**120**	**170**	**128**	**158**	**576**
Disposals	**–**	**(14)**	**(13)**	**(22)**	**(32)**	**(81)**
Impairment losses	**–**	**–**	**–**	**–**	**–**	**–**
Fully depreciated assets	**–**	**(90)**	**(143)**	**(69)**	**(57)**	**(359)**
Foreign currency translation adjustments and other	**–**	**6**	**2**	**16**	**9**	**33**
As at October 31, 2018	**$ –**	**$ 1,173**	**$ 449**	**$ 605**	**$ 935**	**$ 3,162**
Net Book Value:						
As at October 31, 2017	$ 969	$ 2,164	$ 420	$ 733	$ 1,027	$ 5,313
As at October 31, 2018	**971**	**2,205**	**380**	**710**	**1,058**	**5,324**

NOTE 16: OTHER ASSETS

Other Assets

(millions of Canadian dollars)	*As at*	
	October 31 2018	October 31 2017
Accounts receivable and other items	**$ 8,938**	$ 7,932
Accrued interest	**2,343**	1,945
Current income tax receivable	**1,614**	832
Defined benefit asset	**113**	13
Insurance-related assets, excluding investments	**1,638**	1,536
Prepaid expenses	**950**	1,006
Total	**$ 15,596**	$ 13,264

NOTE 17: DEPOSITS

Demand deposits are those for which the Bank does not have the right to require notice prior to withdrawal. These deposits are in general chequing accounts.

Notice deposits are those for which the Bank can legally require notice prior to withdrawal. These deposits are in general savings accounts.

Term deposits are those payable on a fixed date of maturity purchased by customers to earn interest over a fixed period. The terms are from one day to ten years. The deposits are generally term deposits, guaranteed investment certificates, senior debt, and similar instruments. The aggregate amount of term deposits in denominations of $100,000 or more as at October 31, 2018, was $293 billion (October 31, 2017 – $258 billion).

Certain deposit liabilities are classified as Trading deposits on the Consolidated Balance Sheet and accounted for at fair value with the change in fair value recognized on the Consolidated Statement of Income.

Deposits

(millions of Canadian dollars) *As at*

	By Type			By Country			October 31 2018	October 31 2017
	Demand	Notice	Term	Canada	United States	International	Total	Total
Personal	$ 13,493	$ 411,087	$ 53,064	$ 218,772	$ 258,834	$ 38	$ 477,644	$ 468,155
Banks[1]	7,873	55	8,784	13,080	866	2,766	16,712	25,887
Business and government[2]	76,093	130,372	150,618	261,282	93,398	2,403	357,083	338,782
Trading[1]	–	–	114,704	54,563	39,358	20,783	114,704	79,940
Total	$ 97,459	$ 541,514	$ 327,170	$ 547,697	$ 392,456	$ 25,990	$ 966,143	$ 912,764
Non-interest-bearing deposits included above								
In domestic offices							$ 42,402	$ 39,547
In foreign offices							54,488	52,915
Interest-bearing deposits included above								
In domestic offices							505,295	443,395
In foreign offices							362,890	371,728
U.S. federal funds deposited[1]							1,068	5,179
Total[2,3]							$ 966,143	$ 912,764

1 Includes deposits and advances with the Federal Home Loan Bank.

2 As at October 31, 2018, includes $36 billion relating to covered bondholders (October 31, 2017 – $29 billion) and $2 billion (October 31, 2017 – $2 billion) due to TD Capital Trust IV.

3 As at October 31, 2018, includes deposits of $548 billion (October 31, 2017 – $522 billion) denominated in U.S. dollars and $55 billion (October 31, 2017 – $44 billion) denominated in other foreign currencies.

Term Deposits by Remaining Term-to-Maturity

(millions of Canadian dollars) *As at*

	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years	October 31 2018 Total	October 31 2017 Total
Personal	$ 32,928	$ 10,222	$ 9,601	$ 197	$ 78	$ 38	$ 53,064	$ 50,507
Banks	8,773	–	–	–	3	8	8,784	18,616
Business and government	66,492	21,345	31,416	9,605	13,760	8,000	150,618	142,942
Trading	109,256	1,183	1,122	981	1,157	1,005	114,704	79,940
Total	$ 217,449	$ 32,750	$ 42,139	$ 10,783	$ 14,998	$ 9,051	$ 327,170	$ 292,005

Term Deposits due within a Year

(millions of Canadian dollars) *As at*

	Within 3 months	Over 3 months to 6 months	Over 6 months to 12 months	October 31 2018 Total	October 31 2017 Total
Personal	$ 11,424	$ 7,541	$ 13,963	$ 32,928	$ 30,793
Banks	8,440	255	78	8,773	18,602
Business and government	38,177	7,033	21,282	66,492	69,139
Trading	53,482	31,081	24,693	109,256	76,266
Total	$ 111,523	$ 45,910	$ 60,016	$ 217,449	$ 194,800

NOTE 18: OTHER LIABILITIES

Other Liabilities[1]

(millions of Canadian dollars)

	As at	
	October 31 2018	October 31 2017
Accounts payable, accrued expenses, and other items	**$ 4,958**	$ 4,492
Accrued interest	**1,283**	988
Accrued salaries and employee benefits	**3,344**	3,348
Cheques and other items in transit	**454**	2,060
Current income tax payable	**84**	82
Deferred tax liabilities	**175**	178
Defined benefit liability	**1,747**	2,463
Liabilities related to structured entities	**5,627**	5,835
Other financial liabilities designated at fair value through profit or loss	**16**	8
Provisions	**1,502**	1,016
Total	**$ 19,190**	$ 20,470

1 Certain comparative amounts have been reclassified to conform with the presentation adopted in the current period.

NOTE 19: SUBORDINATED NOTES AND DEBENTURES

Subordinated notes and debentures are direct unsecured obligations of the Bank or its subsidiaries and are subordinated in right of payment to the claims of depositors and certain other creditors. Redemptions, cancellations, exchanges, and modifications of subordinated debentures qualifying as regulatory capital are subject to the consent and approval of OSFI.

Subordinated Notes and Debentures

(millions of Canadian dollars, except as noted)

				As at	
Maturity date	**Interest rate (%)**	**Reset spread (%)**	**Earliest par redemption date**	**October 31 2018**	October 31 2017
July 9, 2023	5.828[1]	2.550[1]	July 9, 2018[2]	**$ –**	$ 650
May 26, 2025	9.150	n/a	–	**198**	199
June 24, 2025[3]	2.692[1]	1.210[1]	June 24, 2020	**1,474**	1,492
September 30, 2025[3]	2.982[1]	1.830[1]	September 30, 2020	**982**	987
September 14, 2028[3]	3.589[1]	1.060[1]	September 14, 2023[4]	**1,711**	–
July 25, 2029[3]	3.224[1]	1.250[1]	July 25, 2024	**1,427**	1,460
March 4, 2031[3]	4.859[1]	3.490[1]	March 4, 2026	**1,124**	1,164
September 15, 2031[3]	3.625[5]	2.205[5]	September 15, 2026	**1,824**	1,776
December 18, 2106	5.763[6]	1.990[6]	December 18, 2017[7]	**–**	1,800
Total				**$ 8,740**	$ 9,528

1 Interest rate is for the period to but excluding the earliest par redemption date, and thereafter, it will be reset at a rate of 3-month Bankers' Acceptance rate plus the reset spread noted.

2 On July 9, 2018, the Bank redeemed all of its outstanding $650 million 5.828% subordinated debentures due July 9, 2023, at a redemption price of 100% of the principal amount plus accrued and unpaid interest.

3 Non-viability contingent capital (NVCC). The subordinated notes and debentures qualify as regulatory capital under OSFI's Capital Adequacy Requirements (CAR) guideline. If a NVCC conversion were to occur in accordance with the NVCC Provisions, the maximum number of common shares that could be issued based on the formula for conversion set out in the respective prospectus supplements, assuming there are no declared and unpaid interest on the respective subordinated notes, as applicable, would be 450 million for the 2.692% subordinated debentures due June 24, 2025, 300 million for the 2.982% subordinated debentures due September 30, 2025, 525 million for the 3.589% subordinated debentures due September 14, 2028, 450 million for the 3.224% subordinated debentures due July 25, 2029, 375 million for the 4.859% subordinated debentures due March 4, 2031 and assuming a Canadian to U.S. dollar exchange rate of 1.00, 450 million for the 3.625% subordinated debentures due September 15, 2031.

4 On September 14, 2018, the Bank issued $1.75 billion of NVCC medium term notes constituting subordinated indebtedness of the Bank (the "Notes"). The Notes will bear interest at a fixed rate of 3.589% per annum (paid semi-annually) until September 14, 2023, and at the three-month Bankers' Acceptance rate plus 1.06% thereafter (paid quarterly) until maturity on September 14, 2028. With the prior approval of OSFI, the Bank may, at its option, redeem the Notes on or after September 14, 2023, in whole or in part, at par plus accrued and unpaid interest. Not more than 60 nor less than 30 days' notice is required to be given to the Notes' holders for such redemptions.

5 Interest rate is for the period to but excluding the earliest par redemption date, and thereafter, it will be reset at a rate of 5-year Mid-Swap Rate plus the reset spread noted.

6 Interest rate is for the period to but excluding the earliest par redemption date, and thereafter, it will be reset every 5 years at a rate of 5-year Government of Canada yield plus the reset spread noted.

7 On December 18, 2017, the Bank redeemed all of its outstanding $1.8 billion 5.763% subordinated debentures due December 18, 2106, at a redemption price of 100% of the principal amount.

The total change in subordinated notes and debentures for the year ended October 31, 2018 primarily relates to the issuance and redemption of subordinated debentures, foreign exchange translation, and the basis adjustment for fair value hedges.

REPAYMENT SCHEDULE

The aggregate remaining maturities of the Bank's subordinated notes and debentures are as follows:

Maturities

(millions of Canadian dollars)	As at	
	October 31 2018	October 31 2017
Within 1 year	**$ –**	$ –
Over 1 year to 3 years	**–**	–
Over 3 years to 4 years	**–**	–
Over 4 years to 5 years	**–**	–
Over 5 years	**8,740**	9,528
Total	**$ 8,740**	$ 9,528

NOTE 20: CAPITAL TRUST SECURITIES

The Bank issued innovative capital securities through two structured entities: TD Capital Trust III (Trust III) and TD Capital Trust IV (Trust IV).

TD CAPITAL TRUST III SECURITIES – SERIES 2008

On September 17, 2008, Trust III, a closed-end trust, issued TD Capital Trust III Securities – Series 2008 (TD CaTS III). The proceeds from the issuance were invested in trust assets purchased from the Bank. Each TD CaTS III may be automatically exchanged, without the consent of the holders, into 40 non-cumulative Class A First Preferred Shares, Series A9 of the Bank on the occurrence of certain events. TD CaTS III are reported on the Consolidated Balance Sheet as Non-controlling interests in subsidiaries because the Bank consolidates Trust III.

On November 26, 2018, Trust III announced its intention to redeem all of the outstanding TD CaTS III on December 31, 2018.

TD CAPITAL TRUST IV NOTES – SERIES 1 TO 3

On January 26, 2009, Trust IV issued TD Capital Trust IV Notes – Series 1 due June 30, 2108 (TD CaTS IV – 1) and TD Capital Trust IV Notes – Series 2 due June 30, 2108 (TD CaTS IV – 2) and on September 15, 2009, issued TD Capital Trust IV Notes – Series 3 due June 30, 2108 (TD CaTS IV – 3, and collectively TD CaTS IV Notes). The proceeds from the issuances were invested in bank deposit notes. Each TD CaTS IV – 1 and TD CaTS IV – 2 may be automatically exchanged into non-cumulative Class A First Preferred Shares, Series A10 of the Bank and each TD CaTS IV – 3 may be automatically exchanged into non-cumulative Class A First Preferred Shares, Series A11 of the Bank, in each case, without the consent of the holders, on the occurrence of certain events. On each interest payment date in respect of which certain events have occurred, holders of TD CaTS IV Notes will be required to invest interest paid on such TD CaTS IV Notes in a new series of non-cumulative Class A First Preferred Shares of the Bank. The Bank does not consolidate Trust IV because it does not absorb significant returns of Trust IV as it is ultimately exposed only to its own credit risk. Therefore, TD CaTS IV Notes are not reported on the Bank's Consolidated Balance Sheet but the deposit notes issued to Trust IV are reported in Deposits on the Consolidated Balance Sheet. Refer to Notes 10 and 17 for further details.

TD announced on February 7, 2011, that, based on OSFI's February 4, 2011 Advisory which outlined OSFI's expectations regarding the use of redemption rights triggered by regulatory event clauses in non-qualifying capital instruments, it expects to exercise a regulatory event redemption right only in 2022 in respect of the TD Capital Trust IV Notes – Series 2 outstanding at that time. As of October 31, 2018, there was $450 million (October 31, 2017 – $450 million) in principal amount of TD Capital Trust IV Notes – Series 2 issued and outstanding.

Capital Trust Securities

(millions of Canadian dollars, except as noted)

	Thousands of units	Distribution/Interest payment dates	Annual yield	Redemption date: At the option of the issuer	As at October 31 2018	As at October 31 2017
Included in Non-controlling interests in subsidiaries on the Consolidated Balance Sheet						
TD Capital Trust III Securities – Series 2008	1,000	June 30, Dec. 31	7.243 %[1]	Dec. 31, 2013[2]	**$ 993**	$ 983
TD CaTS IV Notes issued by Trust IV						
TD Capital Trust IV Notes – Series 1	550	June 30, Dec. 31	9.523 %[3]	June 30, 2014[4]	**550**	550
TD Capital Trust IV Notes – Series 2	450	June 30, Dec. 31	10.000 %[5]	June 30, 2014[4]	**450**	450
TD Capital Trust IV Notes – Series 3	750	June 30, Dec. 31	6.631 %[6]	Dec. 31, 2014[4]	**750**	750
	1,750				**$ 1,750**	$ 1,750

1 From and including September 17, 2008, to but excluding December 31, 2018, and thereafter at a rate of one half of the sum of 6-month Bankers' Acceptance rate plus 4.30%.

2 On the redemption date and on any distribution date thereafter, Trust III may, with regulatory approval, redeem TD CaTS III in whole, without the consent of the holders.

3 From and including January 26, 2009, to but excluding June 30, 2019. Starting on June 30, 2019, and on every fifth anniversary thereafter, the interest rate will reset to equal the then 5-year Government of Canada yield plus 10.125%.

4 On or after the redemption date, Trust IV may, with regulatory approval, redeem the TD CaTS IV – 1, TD CaTS IV – 2 or TD CaTS IV – 3, respectively, in whole or in part, without the consent of the holders. Due to the phase-out of non-qualifying instruments under OSFI's CAR guideline, the Bank expects to exercise a regulatory event redemption right in 2022 in respect of the TD CaTS IV – 2 outstanding at that time.

5 From and including January 26, 2009, to but excluding June 30, 2039. Starting on June 30, 2039, and on every fifth anniversary thereafter, the interest rate will reset to equal the then 5-year Government of Canada yield plus 9.735%.

6 From and including September 15, 2009, to but excluding June 30, 2021. Starting on June 30, 2021, and on every fifth anniversary thereafter, the interest rate will reset to equal the then 5-year Government of Canada yield plus 4.0%.

NOTE 21: EQUITY

COMMON SHARES

The Bank is authorized by its shareholders to issue an unlimited number of common shares, without par value, for unlimited consideration. The common shares are not redeemable or convertible. Dividends are typically declared by the Board of Directors of the Bank on a quarterly basis and the amount may vary from quarter to quarter.

PREFERRED SHARES

The Bank is authorized by its shareholders to issue, in one or more series, an unlimited number of Class A First Preferred Shares, without nominal or par value. Non-cumulative preferential dividends are payable quarterly, as and when declared by the Board of Directors of the Bank. Preferred shares issued after January 1, 2013, include NVCC Provisions, necessary for the preferred shares to qualify as regulatory capital under OSFI's CAR guideline. NVCC Provisions require the conversion of the preferred shares into a variable number of common shares of the Bank if OSFI determines that the Bank is, or is about to become, non-viable and that after conversion of all non-common capital instruments, the viability of the Bank is expected to be restored, or if the Bank has accepted or agreed to accept a capital injection or equivalent support from a federal or provincial government without which the Bank would have been determined by OSFI to be non-viable.

The following table summarizes the shares issued and outstanding and treasury shares held as at October 31.

Common and Preferred Shares Issued and Outstanding and Treasury Shares Held

(millions of shares and millions of Canadian dollars)	October 31, 2018		October 31, 2017	
	Number of shares	**Amount**	Number of shares	Amount
Common Shares				
Balance as at beginning of year	**1,842.5**	**$ 20,931**	1,857.6	$ 20,711
Proceeds from shares issued on exercise of stock options	**2.9**	**152**	3.0	148
Shares issued as a result of dividend reinvestment plan	**5.0**	**366**	4.9	329
Purchase of shares for cancellation	**(20.0)**	**(228)**	(23.0)	(257)
Balance as at end of year – common shares	**1,830.4**	**$ 21,221**	1,842.5	$ 20,931
Preferred Shares – Class A				
Series S[1]	**–**	**$ –**	5.4	$ 135
Series T[2]	**–**	**–**	4.6	115
Series Y[3]	**–**	**–**	5.5	137
Series Z[4]	**–**	**–**	4.5	113
Series 1[5]	**20.0**	**500**	20.0	500
Series 3[5]	**20.0**	**500**	20.0	500
Series 5[5]	**20.0**	**500**	20.0	500
Series 7[5]	**14.0**	**350**	14.0	350
Series 9[5]	**8.0**	**200**	8.0	200
Series 11[5]	**6.0**	**150**	6.0	150
Series 12[5]	**28.0**	**700**	28.0	700
Series 14[5]	**40.0**	**1,000**	40.0	1,000
Series 16[5]	**14.0**	**350**	14.0	350
Series 18[5]	**14.0**	**350**	–	–
Series 20[5]	**16.0**	**400**	–	–
Balance as at end of year – preferred shares	**200.0**	**$ 5,000**	190.0	$ 4,750
Treasury shares – common[6]				
Balance as at beginning of year	**2.9**	**$ (176)**	0.4	$ (31)
Purchase of shares	**110.6**	**(8,295)**	148.3	(9,654)
Sale of shares	**(111.4)**	**8,327**	(145.8)	9,509
Balance as at end of year – treasury shares – common	**2.1**	**$ (144)**	2.9	$ (176)
Treasury shares – preferred[6]				
Balance as at beginning of year	**0.3**	**$ (7)**	0.2	$ (5)
Purchase of shares	**5.2**	**(129)**	7.3	(175)
Sale of shares	**(5.2)**	**129**	(7.2)	173
Balance as at end of year – treasury shares – preferred	**0.3**	**$ (7)**	0.3	$ (7)

1 On July 31, 2018, the Bank redeemed all of its 5.4 million outstanding Class A First Preferred Shares, Series S ("Series S Shares"), at the redemption price of $25.00 per Series S Share, for total redemption costs of approximately $135 million.

2 On July 31, 2018, the Bank redeemed all of its 4.6 million outstanding Class A First Preferred Shares, Series T ("Series T Shares"), at the redemption price of $25.00 per Series T Share, for total redemption costs of approximately $115 million.

3 On October 31, 2018, the Bank redeemed all of its 5.5 million outstanding Class A First Preferred Shares, Series Y ("Series Y Shares"), at a redemption price of $25.00 per Series Y Share, for total redemption costs of approximately $137 million.

4 On October 31, 2018, the Bank redeemed all of its 4.5 million outstanding Class A First Preferred Shares, Series Z ("Series Z Shares"), at a redemption price of $25.00 per Series Z Share, for total redemption costs of approximately $113 million.

5 NVCC Series 1, 3, 5, 7, 9, 11, 12, 14, 16, 18, and 20 Preferred Shares qualify as regulatory capital under OSFI's CAR guideline. If a NVCC conversion were to occur in accordance with the NVCC Provisions, the maximum number of common shares that could be issued based on the formula for conversion set out in the respective terms and conditions applicable to each Series of shares, assuming there are no declared and unpaid dividends on the respective Series of shares at the time of conversion, as applicable, would be 100 million, 100 million, 100 million, 70 million, 40 million, 30 million, 140 million, 200 million, 70 million, 70 million, and 80 million, respectively.

6 When the Bank purchases its own shares as part of its trading business, they are classified as treasury shares and the cost of these shares is recorded as a reduction in equity.

Preferred Shares Terms and Conditions

	Issue date	Annual yield (%)[1]	Reset spread (%)[1]	Next redemption/ conversion date[1]	Convertible into[1]
NVCC Fixed Rate Preferred Shares					
Series 11	July 21, 2015	4.9	n/a	October 31, 2020[2]	n/a
NVCC Rate Reset Preferred Shares[3]					
Series 1	June 4, 2014	3.9	2.24	October 31, 2019	Series 2
Series 3	July 31, 2014	3.8	2.27	July 31, 2019	Series 4
Series 5	December 16, 2014	3.75	2.25	January 31, 2020	Series 6
Series 7	March 10, 2015	3.6	2.79	July 31, 2020	Series 8
Series 9	April 24, 2015	3.7	2.87	October 31, 2020	Series 10
Series 12	January 14, 2016	5.5	4.66	April 30, 2021	Series 13
Series 14	September 8, 2016	4.85	4.12	October 31, 2021	Series 15
Series 16	July 14, 2017	4.50	3.01	October 31, 2022	Series 17
Series 18	March 14, 2018	4.70	2.70	April 30, 2023	Series 19
Series 20	September 13, 2018	4.75	2.59	October 31, 2023	Series 21

1 Non-cumulative preferred dividends for each Series are payable quarterly, as and when declared by the Board of Directors. The dividend rate of the Rate Reset Preferred Shares will reset on the next redemption/conversion date and every five years thereafter to equal the then five-year Government of Canada bond yield plus the reset spread noted. Rate Reset Preferred Shares are convertible to the corresponding Series of Floating Rate Preferred Shares, and vice versa. If converted into a Series of Floating Rate Preferred Shares, the dividend rate for the quarterly period will be equal to the then 90-day Government of Canada Treasury bill yield plus the reset spread noted.

2 Subject to regulatory consent, redeemable on or after October 31, 2020, at a redemption price of $26.00, and thereafter, at a declining redemption price.

3 Subject to regulatory consent, redeemable on the redemption date noted and every five years thereafter, at $25 per share. Convertible on the conversion date noted and every five years thereafter if not redeemed. If converted, the holders have the option to convert back to the original Series of preferred shares every five years.

NORMAL COURSE ISSUER BID

As approved by the Board on November 28, 2018, the Bank announced its intention to amend its normal course issuer bid (NCIB) for up to an additional 20 million of its common shares, subject to the approval of OSFI and the Toronto Stock Exchange (TSX). The timing and amount of any purchases under the program are subject to regulatory approvals and to management discretion based on factors such as market conditions and capital adequacy.

On April 19, 2018, the Bank announced that the TSX and OSFI approved the Bank's previously announced NCIB to repurchase for cancellation up to 20 million of the Bank's common shares. During the year ended October 31, 2018, the Bank repurchased 20 million common shares under its NCIB at an average price of $75.07 per share for a total amount of $1.5 billion.

The Bank had repurchased 22.98 million common shares under its previous NCIB announced in March 2017, as amended in September 2017, at an average price of $60.78 per share for a total amount of $1.4 billion.

DIVIDEND REINVESTMENT PLAN

The Bank offers a dividend reinvestment plan for its common shareholders. Participation in the plan is optional and under the terms of the plan, cash dividends on common shares are used to purchase additional common shares. At the option of the Bank, the common shares may be issued from the Bank's treasury at an average market price based on the last five trading days before the date of the dividend payment, with a discount of between 0% to 5% at the Bank's discretion, or from the open market at market price. During the year, 5.0 million common shares at a discount of 0% were issued from the Bank's treasury (2017 – 4.9 million common shares at a discount of 0%) under the dividend reinvestment plan.

DIVIDEND RESTRICTIONS

The Bank is prohibited by the *Bank Act* from declaring dividends on its preferred or common shares if there are reasonable grounds for believing that the Bank is, or the payment would cause the Bank to be, in contravention of the capital adequacy and liquidity regulations of the *Bank Act* or directions of OSFI. The Bank does not anticipate that this condition will restrict it from paying dividends in the normal course of business.

The Bank is also restricted from paying dividends in the event that either Trust III or Trust IV fails to pay semi-annual distributions or interest in full to holders of their respective trust securities, TD CaTS III and TD CaTS IV Notes. In addition, the ability to pay dividends on common shares without the approval of the holders of the outstanding preferred shares is restricted unless all dividends on the preferred shares have been declared and paid or set apart for payment. Currently, these limitations do not restrict the payment of dividends on common shares or preferred shares.

NON-CONTROLLING INTERESTS IN SUBSIDIARIES

The following are included in non-controlling interests in subsidiaries of the Bank.

(millions of Canadian dollars)	*As at*	
	October 31 2018	October 31 2017
TD Capital Trust III Securities – Series 2008 [1]	**$ 993**	$ 983
Total	**993**	983

1 Refer to Note 20 for a description of the TD Capital Trust III securities.

NOTE 22: INSURANCE

INSURANCE REVENUE AND EXPENSES

Insurance revenue and expenses are presented on the Consolidated Statement of Income under insurance revenue and insurance claims and related expenses, respectively, net of impact of reinsurance. This includes the results of property and casualty insurance, life and health insurance, as well as reinsurance assumed and ceded in Canada and internationally.

Insurance Revenue and Insurance Claims and Related Expenses

(millions of Canadian dollars)	*For the years ended October 31*		
	2018	2017	2016
Insurance Revenue			
Earned Premiums			
Gross	**$ 4,398**	$ 4,132	$ 4,226
Reinsurance ceded	**915**	915	933
Net earned premiums	**3,483**	3,217	3,293
Fee income and other revenue[1]	**562**	543	503
Insurance Revenue	**4,045**	3,760	3,796
Insurance Claims and Related Expenses			
Gross	2,676	2,381	3,086
Reinsurance ceded	**232**	135	624
Insurance Claims and Related Expenses	**$ 2,444**	$ 2,246	$ 2,462

1 Ceding commissions received and paid are included within fee income and other revenue. Ceding commissions paid and netted against fee income in 2018 were $130 million (2017 – $127 million; 2016 – $142 million).

RECONCILIATION OF CHANGES IN INSURANCE LIABILITIES

Insurance-related liabilities are comprised of provision for unpaid claims (section (a) below), unearned premiums (section (b) below) and other liabilities (section (c) below).

(a) Movement in Provision for Unpaid Claims

The following table presents movements in the property and casualty insurance provision for unpaid claims during the year.

Movement in Provision for Unpaid Claims

(millions of Canadian dollars)	**October 31, 2018**			October 31, 2017		
	Gross	**Reinsurance/ Other recoverable**	**Net**	Gross	Reinsurance/ Other recoverable	Net
Balance as at beginning of year	**$ 4,965**	**$ 192**	**$ 4,773**	$ 5,214	$ 388	$ 4,826
Claims costs for current accident year	**2,673**	**42**	**2,631**	2,425	–	2,425
Prior accident years claims development (favourable) unfavourable	**(460)**	**(6)**	**(454)**	(370)	(52)	(318)
Increase (decrease) due to changes in assumptions:						
Discount rate	**(78)**	**–**	**(78)**	(83)	1	(84)
Provision for adverse deviation	**(19)**	**(1)**	**(18)**	(11)	(6)	(5)
Claims and related expenses	**2,116**	**35**	**2,081**	1,961	(57)	2,018
Claims paid during the year for:						
Current accident year	**(1,238)**	**(15)**	**(1,223)**	(1,052)	–	(1,052)
Prior accident years	**(1,023)**	**(44)**	**(979)**	(1,153)	(134)	(1,019)
	(2,261)	**(59)**	**(2,202)**	(2,205)	(134)	(2,071)
Increase (decrease) in reinsurance/ other recoverables	**(8)**	**(8)**	**–**	(5)	(5)	–
Balance as at end of year	**$ 4,812**	**$ 160**	**$ 4,652**	$ 4,965	$ 192	$ 4,773

(b) Movement in Unearned Premiums

The following table presents movements in the property and casualty insurance unearned premiums during the year.

Movement in Provision for Unearned Premiums

(millions of Canadian dollars)	**October 31, 2018**			October 31, 2017		
	Gross	**Reinsurance**	**Net**	Gross	Reinsurance	Net
Balance as at beginning of year	**$ 1,581**	**$ –**	**$ 1,581**	$ 1,575	$ –	$ 1,575
Written premiums	**3,185**	**114**	**3,071**	2,993	92	2,901
Earned premiums	**(3,092)**	**(95)**	**(2,997)**	(2,987)	(92)	(2,895)
Balance as at end of year	**$ 1,674**	**$ 19**	**$ 1,655**	$ 1,581	$ –	$ 1,581

(c) Other Movements in Insurance Liabilities

Other insurance liabilities were $212 million as at October 31, 2018 (October 31, 2017 – $229 million). The decrease of $17 million (2017 – decrease of $28 million) is mainly due to changes in life and health insurance actuarial assumptions.

PROPERTY AND CASUALTY CLAIMS DEVELOPMENT

The following table shows the estimates of cumulative claims incurred, including IBNR, with subsequent developments during the periods and together with cumulative payments to date. The original reserve estimates are evaluated monthly for redundancy or deficiency. The evaluation is based on actual payments in full or partial settlement of claims and current estimates of claims liabilities for claims still open or claims still unreported.

Incurred Claims by Accident Year

(millions of Canadian dollars)

	Accident Year										
	2009 and prior	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
Net ultimate claims cost at end of accident year	$ 3,699	$ 1,742	$ 1,724	$ 1,830	$ 2,245	$ 2,465	$ 2,409	$ 2,438	$ 2,425	$ 2,631	
Revised estimates											
One year later	3,721	1,764	1,728	1,930	2,227	2,334	2,367	2,421	2,307	–	
Two years later	3,820	1,851	1,823	1,922	2,191	2,280	2,310	2,334	–	–	
Three years later	3,982	1,921	1,779	1,885	2,158	2,225	2,234	–	–	–	
Four years later	4,128	1,926	1,768	1,860	2,097	2,147	–	–	–	–	
Five years later	4,100	1,931	1,739	1,818	2,047	–	–	–	–	–	
Six years later	4,137	1,904	1,702	1,793	–	–	–	–	–	–	
Seven years later	4,097	1,884	1,696	–	–	–	–	–	–	–	
Eight years later	4,068	1,883	–	–	–	–	–	–	–	–	
Nine years later	4,055	–	–	–	–	–	–	–	–	–	
Current estimates of cumulative claims	4,055	1,883	1,696	1,793	2,047	2,147	2,234	2,334	2,307	2,631	
Cumulative payments to date	(3,907)	(1,816)	(1,621)	(1,651)	(1,826)	(1,783)	(1,657)	(1,568)	(1,425)	(1,223)	
Net undiscounted provision for unpaid claims	148	67	75	142	221	364	577	766	882	1,408	$ 4,650
Effect of discounting											(412)
Provision for adverse deviation											414
Net provision for unpaid claims											$ 4,652

SENSITIVITY TO INSURANCE RISK

A variety of assumptions are made related to the future level of claims, policyholder behaviour, expenses and sales levels when products are designed and priced, as well as when actuarial liabilities are determined. Such assumptions require a significant amount of professional judgment. The insurance claims provision is sensitive to certain assumptions. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process. Actual experience may differ from the assumptions made by the Bank.

For property and casualty insurance, the main assumption underlying the claims liability estimates is that past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim, and claim numbers based on the observed development of earlier years and expected loss ratios. Claims liabilities estimates are based on various quantitative and qualitative factors including the discount rate, the margin for adverse deviation, reinsurance, trends in claims severity and frequency, and other external drivers.

Qualitative and other unforeseen factors could negatively impact the Bank's ability to accurately assess the risk of the insurance policies that the Bank underwrites. In addition, there may be significant lags between the occurrence of an insured event and the time it is actually reported to the Bank and additional lags between the time of reporting and final settlements of claims.

The following table outlines the sensitivity of the Bank's property and casualty insurance claims liabilities to reasonably possible movements in the discount rate, the margin for adverse deviation, and the frequency and severity of claims, with all other assumptions held constant. Movements in the assumptions may be non-linear.

Sensitivity of Critical Assumptions – Property and Casualty Insurance Contract Liabilities

(millions of Canadian dollars)

	October 31, 2018		As at October 31, 2017	
	Impact on net income (loss) before income taxes	**Impact on equity**	Impact on net income (loss) before income taxes	Impact on equity
Impact of a 1% change in key assumptions				
Discount rate				
Increase in assumption	**$ 121**	**$ 88**	$ 117	$ 85
Decrease in assumption	**(129)**	**(95)**	(125)	(91)
Margin for adverse deviation				
Increase in assumption	**(45)**	**(33)**	(46)	(34)
Decrease in assumption	**45**	**33**	46	34
Impact of a 5% change in key assumptions				
Frequency of claims				
Increase in assumption	**$ (41)**	**$ (30)**	$ (31)	$ (23)
Decrease in assumption	**41**	**30**	31	23
Severity of claims				
Increase in assumption	**(210)**	**(153)**	(218)	(159)
Decrease in assumption	**210**	**153**	218	159

For life and health insurance, the processes used to determine critical assumptions are as follows:

- Mortality, morbidity, and lapse assumptions are based on industry and historical company data.
- Expense assumptions are based on an annually updated expense study that is used to determine expected expenses for future years.
- Asset reinvestment rates are based on projected earned rates, and liabilities are calculated using the Canadian Asset Liability Method (CALM).

A sensitivity analysis for possible movements in the life and health insurance business assumptions was performed and the impact is not significant to the Bank's Consolidated Financial Statements.

CONCENTRATION OF INSURANCE RISK

Concentration risk is the risk resulting from large exposures to similar risks that are positively correlated.

Risk associated with automobile, residential and other products may vary in relation to the geographical area of the risk insured. Exposure to concentrations of insurance risk, by type of risk, is mitigated by ceding these risks through reinsurance contracts, as well as careful selection and implementation of underwriting strategies, which is in turn largely achieved through diversification by line of business and geographical areas. For automobile insurance, legislation is in place at a provincial level and this creates differences in the benefits provided among the provinces.

As at October 31, 2018, for the property and casualty insurance business, 66.2% of net written premiums were derived from automobile policies (October 31, 2017 – 65.9%) followed by residential with 33.3% (October 31, 2017 – 33.6%). The distribution by provinces show that business is mostly concentrated in Ontario with 55.0% of net written premiums (October 31, 2017 – 55.7%). The Western provinces represented 30.4% (October 31, 2017 – 30.0%), followed by the Atlantic provinces with 8.5% (October 31, 2017 – 8.3%), and Québec at 6.0% (October 31, 2017 – 6.0%).

Concentration risk is not a major concern for the life and health insurance business as it does not have a material level of regional specific characteristics like those exhibited in the property and casualty insurance business. Reinsurance is used to limit the liability on a single claim. Concentration risk is further limited by diversification across uncorrelated risks. This limits the impact of a regional pandemic and other concentration risks. To improve understanding of exposure to this risk, a pandemic scenario is tested annually.

NOTE 23: SHARE-BASED COMPENSATION

STOCK OPTION PLAN

The Bank maintains a stock option program for certain key employees. Options on common shares are periodically granted to eligible employees of the Bank under the plan for terms of ten years and vest over a four-year period. These options provide holders with the right to purchase common shares of the Bank at a fixed price equal to the closing market price of the shares on the day prior to the date the options were issued. Under this plan, 18.0 million common shares have been reserved for future issuance (October 31, 2017 – 19.8 million). The outstanding options expire on various dates to December 12, 2027. The following table summarizes the Bank's stock option activity and related information, adjusted to reflect the impact of the stock dividend on a retrospective basis, for the years ended October 31.

Stock Option Activity

(millions of shares and Canadian dollars)	2018		2017		2016	
	Number of shares	**Weighted-average exercise price**	Number of shares	Weighted-average exercise price	Number of shares	Weighted-average exercise price
Number outstanding, beginning of year	**14.3**	**$ 48.17**	15.4	$ 44.18	18.4	$ 40.65
Granted	**1.9**	**72.64**	2.0	65.75	2.5	53.15
Exercised	**(3.0)**	**41.21**	(3.0)	38.59	(4.9)	35.21
Forfeited/cancelled	**(0.1)**	**60.46**	(0.1)	54.58	(0.6)	48.29
Number outstanding, end of year	**13.1**	**$ 53.12**	14.3	$ 48.17	15.4	$ 44.18
Exercisable, end of year	**4.7**	**$ 40.61**	5.4	$ 38.00	5.5	$ 37.19

The weighted-average share price for the options exercised in 2018 was $74.99 (2017 – $67.79; 2016 – $54.69).

The following table summarizes information relating to stock options outstanding and exercisable as at October 31, 2018.

Range of Exercise Prices

(millions of shares and Canadian dollars)	Options outstanding			Options exercisable	
	Number of shares outstanding	**Weighted-average remaining contractual life (years)**	**Weighted-average exercise price**	**Number of shares exercisable**	**Weighted-average exercise price**
$32.99 – $36.64	**2.1**	**2.4**	**36.06**	**2.1**	**36.06**
$40.54 – $47.59	**2.6**	**4.5**	**44.27**	**2.6**	**44.27**
$52.46 – $53.15	**4.6**	**6.5**	**52.80**	**–**	**–**
$65.75	**1.9**	**8.0**	**65.75**	**–**	**–**
$72.64	**1.9**	**9.0**	**72.64**	**–**	**–**

For the year ended October 31, 2018, the Bank recognized compensation expense for stock option awards of $11.5 million (October 31, 2017 – $14.8 million; October 31, 2016 – $6.5 million). For the year ended October 31, 2018, 1.9 million (October 31, 2017 – 2.0 million; October 31, 2016 – 2.5 million) options were granted by the Bank at a weighted-average fair value of $6.28 per option (2017 – $5.81 per option; 2016 – $4.93 per option).

The following table summarizes the assumptions used for estimating the fair value of options for the twelve months ended October 31.

Assumptions Used for Estimating the Fair Value of Options

(in Canadian dollars, except as noted)	2018	2017	2016
Risk-free interest rate	**1.71 %**	1.24 %	1.00 %
Expected option life	**6.3 years**	6.3 years	6.3 years
Expected volatility[1]	**13.91 %**	14.92 %	15.82 %
Expected dividend yield	**3.50 %**	3.47 %	3.45 %
Exercise price/share price	**$ 72.64**	$ 65.75	$ 53.15

[1] Expected volatility is calculated based on the average daily volatility measured over a historical period corresponding to the expected option life.

OTHER SHARE-BASED COMPENSATION PLANS

The Bank operates restricted share unit and performance share unit plans which are offered to certain employees of the Bank. Under these plans, participants are awarded share units equivalent to the Bank's common shares that generally vest over three years. During the vesting period, dividend equivalents accrue to the participants in the form of additional share units. At the maturity date, the participant receives cash representing the value of the share units. The final number of performance share units will vary from 80% to 120% of the number of units outstanding at maturity (consisting of initial units awarded plus additional units in lieu of dividends) based on the Bank's total shareholder return relative to the average of a peer group of large financial institutions. The number of such share units outstanding under these plans as at October 31, 2018, was 23 million (2017 – 25 million).

The Bank also offers deferred share unit plans to eligible employees and non-employee directors. Under these plans, a portion of the participant's annual incentive award may be deferred, or in the case of non-employee directors, a portion of their annual compensation may be delivered as share units equivalent to the Bank's common shares. The deferred share units are not redeemable by the participant until termination of employment or directorship. Once these conditions are met, the deferred share units must be redeemed for cash no later than the end of the next calendar year. Dividend equivalents accrue to the participants in the form of additional units. As at October 31, 2018, 6.2 million deferred share units were outstanding (October 31, 2017 – 6.4 million).

Compensation expense for these plans is recorded in the year the incentive award is earned by the plan participant. Changes in the value of these plans are recorded, net of the effects of related hedges, on the Consolidated Statement of Income. For the year ended October 31, 2018, the Bank recognized compensation expense, net of the effects of hedges, for these plans of $509 million (2017 – $490 million; 2016 – $467 million). The compensation expense recognized before the effects of hedges was $607 million (2017 – $917 million; 2016 – $720 million). The carrying amount of the liability relating to these plans, based on the closing share price, was $2.1 billion at October 31, 2018 (October 31, 2017 – $2.2 billion), and is reported in Other liabilities on the Consolidated Balance Sheet.

EMPLOYEE OWNERSHIP PLAN

The Bank also operates a share purchase plan available to Canadian employees. Employees can contribute any amount of their eligible earnings (net of source deductions), subject to an annual cap of 10% of salary to the Employee Ownership Plan. For participating employees below the level of Vice President, the Bank matches 100% of the first $250 of employee contributions each year and the remainder of employee contributions at 50% to an overall maximum of 3.5% of the employee's eligible earnings or $2,250, whichever comes first. The Bank's contributions vest once an employee has completed two years of continuous service

with the Bank. For the year ended October 31, 2018, the Bank's contributions totaled $72 million (2017 – $70 million; 2016 – $66 million) and were expensed as salaries and employee benefits. As at October 31, 2018, an aggregate of 20 million common shares were held under the Employee Ownership Plan (October 31, 2017 – 20 million). The shares in the Employee Ownership Plan are purchased in the open market and are considered outstanding for computing the Bank's basic and diluted earnings per share. Dividends earned on the Bank's common shares held by the Employee Ownership Plan are used to purchase additional common shares for the Employee Ownership Plan in the open market.

NOTE 24: EMPLOYEE BENEFITS

DEFINED BENEFIT PENSION AND OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS

The Bank's principal pension plans, consisting of The Pension Fund Society of The Toronto-Dominion Bank (the "Society") and the TD Pension Plan (Canada) (TDPP), are defined benefit plans for Canadian Bank employees. The Society was closed to new members on January 30, 2009, and the TDPP commenced on March 1, 2009. Benefits under the principal pension plans are determined based upon the period of plan participation and the average salary of the member in the best consecutive five years in the last ten years of combined plan membership. Effective December 31, 2018, the defined benefit portion of the TDPP will be closed to new employees hired after that date. All new permanent employees hired in Canada on or after January 1, 2019 will be eligible to join the defined contribution portion of the TDPP after one year of service.

Funding for the Bank's principal pension plans is provided by contributions from the Bank and members of the plans. In accordance with legislation, the Bank contributes amounts, as determined on an actuarial basis, to the plans and has the ultimate responsibility for ensuring that the liabilities of the plans are adequately funded over time. The Bank's contributions to the principal pension plans during 2018 were $355 million (2017 – $565 million). The 2018 and 2017 contributions were made in accordance with the actuarial valuation reports for funding purposes as at October 31, 2017 and October 31, 2016, respectively, for both of the principal pension plans. The next valuation date for funding purposes is as at October 31, 2018, for both of the principal pension plans.

The Bank also provides certain post-retirement benefits, which are generally unfunded. Post-retirement benefit plans, where offered, generally include health care and dental benefits. Employees must meet certain age and service requirements to be eligible for post-retirement benefits and are generally required to pay a portion of the cost of the benefits. Effective June 1, 2017, the Bank's principal non-pension post-retirement benefit plan was closed to new employees hired on or after that date.

INVESTMENT STRATEGY AND ASSET ALLOCATION

The primary objective of each of the Society and the TDPP is to achieve a rate of return that meets or exceeds the change in value of the plan's respective liabilities over rolling five-year periods. The investments of the Society and the TDPP are managed with the primary objective of providing reasonable rates of return, consistent with available market opportunities, consideration of plan liabilities, prudent portfolio management, and levels of risk commensurate with the return expectations and asset mix policy as set out by the risk budget of 7% and 15% surplus volatility, respectively. The investment policies for the principal pension plans generally do not apply to the Pension Enhancement Account (PEA) assets, which are invested at the members' discretion in certain mutual and pooled funds.

Public debt instruments of both the Society and the TDPP must meet or exceed a credit rating ofBBB- at the time of purchase. There are no limitations on the maximum amount allocated to each credit rating above BBB+ for the total public debt portfolio.

With respect to the Society's public debt portfolio, up to 15% of the total fund can be invested in a bond mandate subject to the following constraints:

- Debt instruments rated BBB+ to BBB- must not exceed 25%;
- Asset-backed securities must have a minimum credit rating of AAA and not exceed 25% of the mandate;
- Debt instruments of non-government entities must not exceed 80%;
- Debt instruments of foreign government entities must not exceed 20%;
- Debt instruments of either a single non-government or single foreign government entity must not exceed 10%; and
- Debt instruments issued by the Government of Canada, provinces of Canada, or municipalities must not exceed 100%, 75%, or 10%, respectively.

Also with respect to the Society's public debt portfolio, up to 13% of the total fund can be invested in a bond mandate subject to the following constraints:

- Debt instruments rated BBB+ to BBB- must not exceed 50%;
- Asset-backed securities must have a minimum credit rating of AAA and not exceed 25% of the mandate; and
- Limitation of 10% for any one issuer.

The remainder of the Society's public debt portfolio is not permitted to invest in debt instruments of non-government entities.

The TDPP is not permitted to invest in debt instruments of non-government entities.

The equity portfolios of both the Society and the TDPP are broadly diversified primarily across small to large capitalization quality companies and income trusts with no individual holding exceeding 10% of the equity portfolio or 10% of the outstanding securities of any one company or income trust at any time. Foreign equities are permitted to be included to further diversify the portfolio. A maximum of 10% of a total fund may be invested in emerging market equities.

For both the Society and the TDPP, derivatives can be utilized, provided they are not used to create financial leverage, but rather for risk management purposes. Both the Society and the TDPP are also permitted to invest in other alternative investments, such as private equity, infrastructure equity, and real estate.

The asset allocations by asset category for the principal pension plans are as follows:

Plan Asset Allocation

(millions of Canadian dollars except as noted)			Society[1]				TDPP[1]	
	Acceptable	% of		Fair value	Acceptable	% of		Fair value
As at October 31, 2018	**range**	**total**	**Quoted**	**Unquoted**	**range**	**total**	**Quoted**	**Unquoted**
Debt	**40-70 %**	**55 %**	**$ –**	**$ 2,885**	**25-50 %**	**34 %**	**$ –**	**$ 497**
Equity	**24-42**	**34**	**897**	**869**	**30-65**	**58**	**396**	**470**
Alternative investments[2]	**6-35**	**11**	**–**	**551**	**3-25**	**8**	**–**	**122**
Other[3]	**n/a**	**n/a**	**–**	**(107)**	**n/a**	**n/a**	**–**	**63**
Total		**100 %**	**$ 897**	**$ 4,198**		**100 %**	**$ 396**	**$ 1,152**
As at October 31, 2017								
Debt	40-70 %	57 %	$ –	$ 2,903	25-56 %	36 %	$ –	$ 484
Equity	24-42	35	1,248	511	30-65	59	324	478
Alternative investments[2]	0-35	8	42	376	0-20	5	–	68
Other[3]	n/a	n/a	–	46	n/a	n/a	–	56
Total		100 %	$ 1,290	$ 3,836		100 %	$ 324	$ 1,086
As at October 31, 2016								
Debt	40-70 %	62 %	$ –	$ 2,962	25-56 %	43 %	$ –	$ 413
Equity	24-42	33	1,165	407	44-65	56	51	488
Alternative investments[2]	0-35	5	31	208	0-20	1	–	11
Other[3]	n/a	n/a	–	43	n/a	n/a	–	44
Total		100 %	$ 1,196	$ 3,620		100 %	$ 51	$ 956

1 The principal pension plans invest in investment vehicles which may hold shares or debt issued by the Bank.
2 The principal pension plans' alternative investments primarily include private equity, infrastructure, and real estate funds, none of which are invested in the Bank and its affiliates.
3 Consists mainly of PEA assets, interest and dividends receivable, and amounts due to and due from brokers for securities traded but not yet settled.

RISK MANAGEMENT PRACTICES

The principal pension plans' investments include financial instruments which are exposed to various risks. These risks include market risk (including foreign currency, interest rate, inflation, price risks, credit spread and credit risk), and liquidity risk. Key material risks faced by all plans are a decline in interest rates or credit spreads, which could increase the defined benefit obligation by more than the change in the value of plan assets, or from longevity risk (that is, lower mortality rates).

Asset-liability matching strategies are focused on obtaining an appropriate balance between earning an adequate return and having changes in liability values being hedged by changes in asset values.

The principal pension plans manage these financial risks in accordance with the *Pension Benefits Standards Act, 1985*, applicable regulations, as well as both the principal pension plans' Statement of Investment Policies and Procedures (SIPP) and the Management Operating Policies and Procedures (MOPP). The following are some specific risk management practices employed by the principal pension plans:

- Monitoring credit exposure of counterparties;
- Monitoring adherence to asset allocation guidelines;
- Monitoring asset class performance against benchmarks; and
- Monitoring the return on the plans' assets relative to the plans' liabilities.

The Bank's principal pension plans are overseen by a single retirement governance structure established by the Human Resources Committee of the Bank's Board of Directors. The governance structure utilizes retirement governance committees who have responsibility to oversee plan operations and investments, acting in a fiduciary capacity. Strategic, material plan changes require the approval of the Bank's Board of Directors.

OTHER PENSION AND RETIREMENT PLANS

CT Pension Plan

As a result of the acquisition of CT Financial Services Inc. (CT), the Bank sponsors a defined benefit pension plan. The defined benefit plan was closed to new members after May 31, 1987. However, plan members were permitted to continue in the plan for future service. Funding for the plan is provided by contributions from the Bank and members of the plan.

TD Bank, N.A. Retirement Plans

TD Bank, N.A. and its subsidiaries maintain a defined contribution 401(k) plan covering all employees. The contributions to the plan for the year ended October 31, 2018, were $134 million (October 31, 2017 – $124 million; October 31, 2016 – $121 million), which included core and matching contributions. Annual expense is equal to the Bank's contributions to the plan.

TD Bank, N.A. also has frozen defined benefit retirement plans covering certain legacy TD Banknorth and TD Auto Finance (legacy Chrysler Financial) employees. TD Bank, N.A. also has closed post-retirement benefit plans, which include limited medical coverage and life insurance benefits, covering certain TD Auto Finance (legacy Chrysler Financial) employees.

Supplemental Employee Retirement Plans

Supplemental employee retirement plans for eligible employees are not funded by the Bank.

The following table presents the financial position of the Bank's principal pension plans, the principal non-pension post-retirement benefit plan, and the Bank's significant other pension and retirement plans.

Employee Benefit Plans' Obligations, Assets and Funded Status

(millions of Canadian dollars, except as noted)	Principal pension plans			Principal non-pension post-retirement benefit plan[1]			Other pension and retirement plans[2]		
	2018	2017	2016	**2018**	2017	2016	**2018**	2017	2016
Change in projected benefit obligation									
Projected benefit obligation at beginning of year	**$ 7,082**	$ 6,805	$ 5,377	**$ 558**	$ 568	$ 553	**$ 2,750**	$ 2,863	$ 2,743
Obligations included due to The Retirement Benefit Plan merger [3]	**6**	–	–	**–**	–	–	**–**	–	–
Service cost – benefits earned	**407**	439	331	**15**	16	17	**10**	11	10
Interest cost on projected benefit obligation	**217**	196	191	**18**	17	21	**96**	95	105
Remeasurement (gain) loss – financial	**(969)**	(148)	1,179	**(42)**	–	(9)	**(190)**	(27)	259
Remeasurement (gain) loss – demographic	**–**	25	–	**–**	(42)	–	**(8)**	13	(11)
Remeasurement (gain) loss – experience	**22**	(15)	8	**2**	15	2	**14**	1	(12)
Members' contributions	**104**	80	66	**–**	–	–	**–**	–	–
Benefits paid	**(330)**	(291)	(347)	**(16)**	(16)	(16)	**(137)**	(138)	(265)
Change in foreign currency exchange rate	**–**	–	–	**–**	–	–	**31**	(68)	45
Past service cost (credit) [4]	**–**	(9)	–	**–**	–	–	**3**	–	(11)
Projected benefit obligation as at October 31	**6,539**	7,082	6,805	**535**	558	568	**2,569**	2,750	2,863
Change in plan assets									
Plan assets at fair value at beginning of year	**6,536**	5,823	5,327	**–**	–	–	**1,855**	1,895	1,910
Assets included due to The Retirement Benefit Plan merger [3]	**10**	–	–	**–**	–	–	**–**	–	–
Interest income on plan assets	**209**	174	195	**–**	–	–	**66**	64	74
Remeasurement gain (loss) – return on plan assets less interest income	**(231)**	195	207	**–**	–	–	**(109)**	59	40
Members' contributions	**104**	80	66	**–**	–	–	**–**	–	–
Employer's contributions	**355**	565	384	**16**	16	16	**37**	37	101
Benefits paid	**(330)**	(291)	(347)	**(16)**	(16)	(16)	**(137)**	(138)	(265)
Change in foreign currency exchange rate	**–**	–	–	**–**	–	–	**27**	(58)	39
Defined benefit administrative expenses	**(10)**	(10)	(9)	**–**	–	–	**(6)**	(4)	(4)
Plan assets at fair value as at October 31	**6,643**	6,536	5,823	**–**	–	–	**1,733**	1,855	1,895
Excess (deficit) of plan assets at fair value over projected benefit obligation	**104**	(546)	(982)	**(535)**	(558)	(568)	**(836)**	(895)	(968)
Effect of asset limitation and minimum funding requirement	**–**	–	–	**–**	–	–	**(13)**	–	–
Net defined benefit asset (liability)	**104**	(546)	(982)	**(535)**	(558)	(568)	**(849)**	(895)	(968)
Annual expense									
Net employee benefits expense includes the following:									
Service cost – benefits earned	**407**	439	331	**15**	16	17	**10**	11	10
Net interest cost (income) on net defined benefit liability (asset)	**8**	22	(4)	**18**	17	21	**30**	31	31
Past service cost (credit) [4]	**–**	(9)	–	**–**	–	–	**3**	–	(11)
Defined benefit administrative expenses	**10**	10	9	**–**	–	–	**4**	4	7
Total expense	**$ 425**	$ 462	$ 336	**$ 33**	$ 33	$ 38	**$ 47**	$ 46	$ 37
Actuarial assumptions used to determine the projected benefit obligation as at October 31 (percentage)									
Weighted-average discount rate for projected benefit obligation	**4.10 %**	3.60 %	3.52 %	**4.10 %**	3.60 %	3.60 %	**4.37 %**	3.74 %	3.65 %
Weighted-average rate of compensation increase	**2.54**	2.54	2.66	**3.00**	3.00	3.25	**1.03**	1.14	1.18

1 The rate of increase for health care costs for the next year used to measure the expected cost of benefits covered for the principal non-pension post-retirement benefit plan is 4.28%. The rate is assumed to decrease gradually to 2.49% by the year 2040 and remain at that level thereafter.

2 Includes Canada Trust (CT) defined benefit pension plan, TD Banknorth defined benefit pension plan, TD Auto Finance retirement plans, and supplemental employee retirement plans. Other employee benefit plans operated by the Bank and certain of its subsidiaries are not considered material for disclosure purposes. The TD Banknorth defined benefit pension plan was frozen as of December 31, 2008, and no service credits can be earned after that date. Certain TD Auto Finance defined benefit pension plans were frozen as of April 1, 2012, and no service credits can be earned after March 31, 2012.

3 During 2018, The Retirement Benefit Plan of The Toronto-Dominion Bank (the "RBP") was deemed to be merged with the Society and previously undisclosed obligations and assets of the RBP are now included for the current year.

4 Includes a settlement gain of $12 million related to a portion of the TDAF defined benefit pension plan that was settled during 2016.

During the year ended October 31, 2019, the Bank expects to contribute $352 million to its principal pension plans, $18 million to its principal non-pension post-retirement benefit plan, and $39 million to its other pension and retirement plans. Future contribution amounts may change upon the Bank's review of its contribution levels during the year.

Assumptions related to future mortality which have been used to determine the defined benefit obligation and net benefit cost are as follows:

Assumed Life Expectancy at Age 65

(number of years)	Principal pension plans			Principal non-pension post-retirement benefit plan			Other pension and retirement plans		
									As at October 31
	2018	2017	2016	**2018**	2017	2016	**2018**	2017	2016
Male aged 65 at measurement date	**23.3**	23.2	22.1	**23.3**	23.2	22.1	**22.1**	21.8	21.4
Female aged 65 at measurement date	**24.1**	24.0	24.0	**24.1**	24.0	24.0	**23.7**	23.4	23.4
Male aged 40 at measurement date	**24.5**	24.5	23.4	**24.5**	24.5	23.4	**23.0**	22.9	22.5
Female aged 40 at measurement date	**25.2**	25.2	25.1	**25.2**	25.2	25.1	**24.8**	25.1	25.0

The weighted-average duration of the defined benefit obligation for the Bank's principal pension plans, principal non-pension post-retirement benefit plan, and other pension and retirement plans at the end of the reporting period are 15 years (2017 – 15 years, 2016 – 16 years), 17 years (2017 – 18 years, 2016 – 17 years), and 12 years (2017 – 13 years, 2016 – 13 years), respectively.

The following table provides the sensitivity of the projected benefit obligation for the Bank's principal pension plans, the principal non-pension post-retirement benefit plan, and the Bank's significant other pension and retirement plans to actuarial assumptions considered significant by the Bank. These include discount rate, life expectancy, rates of compensation increase, and health care cost initial trend rates, as applicable. For each sensitivity test, the impact of a reasonably possible change in a single factor is shown with other assumptions left unchanged.

Sensitivity of Significant Actuarial Assumptions

(millions of Canadian dollars, except as noted)

	As at October 31, 2018 Obligation		
	Principal pension plans	**Principal non-pension post-retirement benefit plan**	**Other pension and retirement plans**
Impact of an absolute change in significant actuarial assumptions			
Discount rate			
1% decrease in assumption	**$ 1,092**	**$ 93**	**$ 336**
1% increase in assumption	**(847)**	**(73)**	**(274)**
Rates of compensation increase			
1% decrease in assumption	**(233)**	**n/a[1]**	**–**
1% increase in assumption	**232**	**n/a[1]**	**–**
Life expectancy			
1 year decrease in assumption	**(130)**	**(16)**	**(75)**
1 year increase in assumption	**128**	**16**	**74**
Health care cost initial trend rate			
1% decrease in assumption	**n/a**	**(71)**	**(4)**
1% increase in assumption	**n/a**	**90**	**5**

1 An absolute change in this assumption is immaterial.

The Bank recognized the following amounts on the Consolidated Balance Sheet.

Amounts Recognized in the Consolidated Balance Sheet

(millions of Canadian dollars)

	As at		
	October 31 2018	October 31 2017	October 31 2016
Other assets			
Principal pension plans	**$ 104**	$ –	$ –
Other pension and retirement plans	**3**	7	3
Other employee benefit plans[1]	**6**	6	8
Total other assets	**113**	13	11
Other liabilities			
Principal pension plans	**–**	546	982
Principal non-pension post-retirement benefit plan	**535**	558	568
Other pension and retirement plans	**852**	902	971
Other employee benefit plans[1]	**360**	457	490
Total other liabilities	**1,747**	2,463	3,011
Net amount recognized	**$ (1,634)**	$ (2,450)	$ (3,000)

1 Consists of other defined benefit pension and other post-employment benefit plans operated by the Bank and its subsidiaries that are not considered material for disclosure purposes.

The Bank recognized the following amounts in the Consolidated Statement of Other Comprehensive Income.

Amounts Recognized in the Consolidated Statement of Other Comprehensive Income [1]

(millions of Canadian dollars)

	For the years ended		
	October 31 2018	October 31 2017	October 31 2016
Actuarial gains (losses) recognized in Other Comprehensive Income			
Principal pension plans	**$ 720**	$ 333	$ (980)
Principal non-pension post-retirement benefit plan	**40**	27	7
Other pension and retirement plans	**60**	72	(193)
Other employee benefit plans[2]	**45**	22	(56)
Total actuarial gains (losses) recognized in Other Comprehensive Income	**$ 865**	$ 454	$ (1,222)

1 Amounts are presented on pre-tax basis.

2 Consists of other defined benefit pension and other post-employment benefit plans operated by the Bank and its subsidiaries that are not considered material for disclosure purposes.

NOTE 25: INCOME TAXES

The provision for (recovery of) income taxes is comprised of the following:

Provision for (Recovery of) Income Taxes

(millions of Canadian dollars)	For the years ended October 31		
	2018	2017	2016
Provision for income taxes – Consolidated Statement of Income			
Current income taxes			
Provision for (recovery of) income taxes for the current period	**$ 2,873**	$ 2,073	$ 2,106
Adjustments in respect of prior years and other	**(76)**	5	(66)
Total current income taxes	**2,797**	2,078	2,040
Deferred income taxes			
Provision for (recovery of) deferred income taxes related to the origination and reversal of temporary differences	**76**	215	50
Effect of changes in tax rates	**302**	13	2
Adjustments in respect of prior years and other	**7**	(53)	51
Total deferred income taxes	**385**	175	103
Total provision for income taxes – Consolidated Statement of Income	**3,182**	2,253	2,143
Provision for (recovery of) income taxes – Statement of Other Comprehensive Income			
Current income taxes	**(48)**	261	57
Deferred income taxes	**(701)**	(755)	(229)
	(749)	(494)	(172)
Income taxes – other non-income related items including business combinations and other adjustments			
Current income taxes	**(3)**	29	26
Deferred income taxes	**(2)**	–	(5)
	(5)	29	21
Total provision for (recovery of) income taxes	**2,428**	1,788	1,992
Current income taxes			
Federal	**1,491**	1,115	1,003
Provincial	**1,055**	797	693
Foreign	**200**	456	427
	2,746	2,368	2,123
Deferred income taxes			
Federal	**(244)**	(233)	(171)
Provincial	**(160)**	(156)	(116)
Foreign	**86**	(191)	156
	(318)	(580)	(131)
Total provision for (recovery of) income taxes	**$ 2,428**	$ 1,788	$ 1,992

1 Certain comparative amounts have been reclassified to conform with the presentation adopted in the current period.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the *Tax Cuts and Jobs Act* (the "U.S. Tax Act"), which made broad and complex changes to the U.S. tax code.

The reduction of the U.S. federal corporate tax rate enacted by the U.S. Tax Act resulted in an adjustment during 2018 to the Bank's U.S. deferred tax assets and liabilities to the lower base rate of 21%. The impact for the year ended October 31, 2018 was a reduction in the value of the Bank's net deferred tax assets resulting in a $366 million income tax expense recorded in the Provision for (recovery of) income taxes on the Consolidated Statement of Income, a $22 million deferred income tax benefit recorded in OCI and a $12 million deferred income tax expense recorded in retained earnings.

The impact of the U.S. Tax Act on the Bank's statutory and effective tax rate is outlined in the following table as part of the Rate differentials on international operations.

Reconciliation to Statutory Income Tax Rate

(millions of Canadian dollars, except as noted)	**2018**		2017		2016	
Income taxes at Canadian statutory income tax rate	**$ 3,648**	**26.5 %**	$ 3,262	26.5 %	$ 2,819	26.5 %
Increase (decrease) resulting from:						
Dividends received	**(142)**	**(1.0)**	(498)	(4.0)	(233)	(2.2)
Rate differentials on international operations	**(343)**	**(2.5)**	(515)	(4.2)	(439)	(4.1)
Other – net	**19**	**0.1**	4	–	(4)	(0.1)
Provision for income taxes and effective income tax rate	**$ 3,182**	**23.1 %**	$ 2,253	18.3 %	$ 2,143	20.1 %

The Canada Revenue Agency (CRA) and Alberta are denying certain dividend deductions claimed by the Bank. In September 2018, Alberta reassessed the Bank for $15 million of income tax for the years 2011 to 2013. In June 2018, the CRA reassessed the Bank for approximately $198 million of additional income tax and interest in respect of its 2013 taxation year. To date, the Bank has been reassessed for approximately $553 million of income tax and interest for the years 2011 to 2013. The Bank expects the CRA and Alberta to reassess the subsequent years on the same basis and that Québec will also reassess all open years. The Bank is of the view that its tax filing positions were appropriate and intends to challenge all reassessments.

Deferred tax assets and liabilities comprise of the following:

Deferred Tax Assets and Liabilities

(millions of Canadian dollars)	As at	
	October 31 2018	October 31 2017
Deferred tax assets		
Allowance for credit losses	**$ 845**	$ 924
Securities	**920**	215
Trading loans	**54**	90
Employee benefits	**739**	814
Pensions	**59**	269
Losses available for carry forward	**94**	131
Tax credits	**326**	22
Other	**92**	144
Total deferred tax assets	**3,129**	2,609
Deferred tax liabilities		
Land, buildings, equipment, and other depreciable assets	**223**	7
Deferred (income) expense	**12**	(83)
Intangibles	**163**	244
Goodwill	**94**	122
Total deferred tax liabilities	**492**	290
Net deferred tax assets	**2,637**	2,319
Reflected on the Consolidated Balance Sheet as follows:		
Deferred tax assets	**2,812**	2,497
Deferred tax liabilities [1]	**175**	178
Net deferred tax assets	**$ 2,637**	$ 2,319

1 Included in Other liabilities on the Consolidated Balance Sheet.

The amount of temporary differences, unused tax losses, and unused tax credits for which no deferred tax asset is recognized on the Consolidated Balance Sheet was $806 million as at October 31, 2018 (October 31, 2017 – $633 million), of which $2 million (October 31, 2017 – $2 million) is scheduled to expire within five years.

Certain taxable temporary differences associated with the Bank's investments in subsidiaries, branches and associates, and interests in joint ventures did not result in the recognition of deferred tax liabilities as at October 31, 2018. The total amount of these temporary differences was $61 billion as at October 31, 2018 (October 31, 2017 – $55 billion).

The movement in the net deferred tax asset for the years ended October 31 was as follows:

Deferred Income Tax Expense (Recovery)

(millions of Canadian dollars)	2018				2017			
	Consolidated statement of income	**Other comprehensive income**	**Business combinations and other**	**Total**	Consolidated statement of income	Other comprehensive income	Business combinations and other	Total
Deferred income tax expense (recovery)								
Allowance for credit losses	**$ 79**	**$ –**	**$ –**	**$ 79**	$ (59)	$ –	$ –	$ (59)
Land, buildings, equipment, and other depreciable assets	**216**	**–**	**–**	**216**	36	–	–	36
Deferred (income) expense	**95**	**–**	**–**	**95**	(52)	–	–	(52)
Trading loans	**36**	**–**	**–**	**36**	24	–	–	24
Pensions	**(20)**	**230**	**–**	**210**	27	128	–	155
Employee benefits	**61**	**14**	**–**	**75**	20	7	–	27
Losses available for carry forward	**37**	**–**	**–**	**37**	23	–	–	23
Tax credits	**(304)**	**–**	**–**	**(304)**	143	–	–	143
Other deferred tax assets	**54**	**–**	**(2)**	**52**	202	–	–	202
Securities	**240**	**(945)**	**–**	**(705)**	(118)	(890)	–	(1,008)
Intangible assets	**(81)**	**–**	**–**	**(81)**	(87)	–	–	(87)
Goodwill	**(28)**	**–**	**–**	**(28)**	16	–	–	16
Total deferred income tax expense (recovery)	**$ 385**	**$ (701)**	**$ (2)**	**$ (318)**	$ 175	$ (755)	$ –	$ (580)

NOTE 26: EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period.

Diluted earnings per share is calculated using the same method as basic earnings per share except that certain adjustments are made to net income attributable to common shareholders and the weighted-average number of shares outstanding for the effects of all dilutive potential common shares that are assumed to be issued by the Bank.

The following table presents the Bank's basic and diluted earnings per share for the years ended October 31.

Basic and Diluted Earnings Per Share

(millions of Canadian dollars, except as noted)	For the years ended October 31		
	2018	2017	2016
Basic earnings per share			
Net income attributable to common shareholders	**$ 11,048**	$ 10,203	$ 8,680
Weighted-average number of common shares outstanding (millions)	**1,835.4**	1,850.6	1,853.4
Basic earnings per share (Canadian dollars)	**$ 6.02**	$ 5.51	$ 4.68
Diluted earnings per share			
Net income attributable to common shareholders	**$ 11,048**	$ 10,203	$ 8,680
Net income available to common shareholders including impact of dilutive securities	**11,048**	10,203	8,680
Weighted-average number of common shares outstanding (millions)	**1,835.4**	1,850.6	1,853.4
Effect of dilutive securities			
Stock options potentially exercisable (millions) [1]	**4.1**	4.2	3.4
Weighted-average number of common shares outstanding – diluted (millions)	**1,839.5**	1,854.8	1,856.8
Diluted earnings per share (Canadian dollars)[1]	**$ 6.01**	$ 5.50	$ 4.67

1 For the years ended October 31, 2018, October 31, 2017, and October 31, 2016, no outstanding options were excluded from the computation of diluted earnings per share.

NOTE 27: PROVISIONS, CONTINGENT LIABILITIES, COMMITMENTS, GUARANTEES, PLEDGED ASSETS, AND COLLATERAL

PROVISIONS

The following table summarizes the Bank's provisions.

Provisions

(millions of Canadian dollars)

	Restructuring[1]	Litigation and Other	Total
Balance as at November 1, 2017	**$ 117**	**$ 332**	**$ 449**
Additions	**84**	**158**	**242**
Amounts used	**(72)**	**(121)**	**(193)**
Release of unused amounts	**(11)**	**(24)**	**(35)**
Foreign currency translation adjustments and other	**3**	**7**	**10**
Balance as at October 31, 2018, before allowance for credit losses for off-balance sheet instruments	**$ 121**	**$ 352**	**$ 473**
Add: allowance for credit losses for off-balance sheet instruments[2]			**1,029**
Balance as at October 31, 2018			**$1,502**

1 Includes provisions for onerous lease contracts.
2 Refer to Note 8 for further details.

LITIGATION

In the ordinary course of business, the Bank and its subsidiaries are involved in various legal and regulatory actions. The Bank establishes legal provisions when it becomes probable that the Bank will incur a loss and the amount can be reliably estimated. The Bank also estimates the aggregate range of reasonably possible losses (RPL) in its legal and regulatory actions (that is, those which are neither probable nor remote), in excess of provisions. As at October 31, 2018, the Bank's RPL is from zero to approximately $763 million. This range does not include potential punitive damages and interest and also does not include matters for which an estimate cannot currently be made, including actions that are in preliminary stages and certain matters where no specific amount has been claimed. The Bank's provisions and RPL represent the Bank's best estimates based upon currently available information for actions for which estimates can be made, but there are a number of factors that could cause the Bank's provisions and/or RPL to be significantly different from its actual or reasonably possible losses. For example, the Bank's estimates involve significant judgment due to the varying stages of the proceedings, the existence of multiple defendants in many proceedings whose share of liability has yet to be determined, the numerous yet-unresolved issues in many of the proceedings, some of which are beyond the Bank's control and/or involve novel legal theories and interpretations, the attendant uncertainty of the various potential outcomes of such proceedings, and the fact that the underlying matters will change from time to time. In addition, some actions seek very large or indeterminate damages.

In management's opinion, based on its current knowledge and after consultation with counsel, the ultimate disposition of these actions, individually or in the aggregate, will not have a material adverse effect on the consolidated financial condition or the consolidated cash flows of the Bank. However, because of the factors listed above, as well as other uncertainties inherent in litigation and regulatory matters, there is a possibility that the ultimate resolution of legal or regulatory actions may be material to the Bank's consolidated results of operations for any particular reporting period.

Stanford Litigation – The Bank was named as a defendant in Rotstain v. Trustmark National Bank, et al., a putative class action lawsuit in the United States District Court for the Northern District of Texas related to a US$7.2 billion Ponzi scheme perpetrated by R. Allen Stanford, the owner of Stanford International Bank, Limited (SIBL), an offshore bank based in Antigua. Plaintiffs purport to represent a class of investors in SIBL-issued certificates of deposit. The Bank provided certain correspondent banking services to SIBL. Plaintiffs allege that the Bank and four other banks aided and abetted or conspired with Mr. Stanford to commit fraud and that the bank defendants received fraudulent transfers from SIBL by collecting fees for providing certain services.

The Official Stanford Investors Committee (OSIC), a court-approved committee representing investors, received permission to intervene in the lawsuit and has brought similar claims against all the bank defendants.

The court denied in part and granted in part the Bank's motion to dismiss the lawsuit on April 21, 2015. The court also entered a class certification scheduling order requiring the parties to conduct discovery and submit briefing regarding class certification. The class certification motion was fully submitted on October 26, 2015. The class plaintiffs filed an amended complaint asserting certain additional state law claims against the Bank on June 23, 2015. The Bank's motion to dismiss the newly amended complaint in its entirety was fully submitted on August 18, 2015. On April 22, 2016, the Bank filed a motion to reconsider the

court's April 2015 dismissal decision with respect to certain claims by OSIC under the Texas Uniform Fraudulent Transfer Act based on an intervening change in the law announced by the Texas Supreme Court on April 1, 2016. On July 28, 2016, the court issued a decision denying defendants' motions to dismiss the class plaintiffs' complaint and to reconsider with respect to OSIC's complaint. The Bank filed its answer to the class plaintiffs' complaint on August 26, 2016. OSIC filed an amended intervenor complaint against the Bank on November 4, 2016 and the Bank filed its answer to this amended complaint on December 19, 2016.

On November 7, 2017, the Court issued a decision denying the class certification motion. The court found that the plaintiffs failed to show that common issues of fact would predominate given the varying sales presentations they allegedly received.

On November 21, 2017, the class plaintiffs filed a Rule 23(f) petition seeking permission to appeal the District Court's denial of class certification to the United States Court of Appeals for the Fifth Circuit. The Bank filed an opposition to the class plaintiffs' petition on December 4, 2017. The Fifth Circuit denied the class plaintiffs' petition on April 20, 2018.

The Bank is also a defendant in two cases filed in the Ontario Superior Court of Justice: (1) Wide & Dickson v. The Toronto-Dominion Bank, an action filed by the Joint Liquidators of SIBL appointed by the Eastern Caribbean Supreme Court, and (2) Dynasty Furniture Manufacturing Ltd., et al. v. The Toronto-Dominion Bank, an action filed by five investors in certificates of deposits sold by Stanford. The suits assert that the Bank acted negligently and provided knowing assistance to SIBL's fraud. The court denied the Bank's motion for summary judgment in the Joint Liquidators case to dismiss the action based on the applicable statute of limitations on November 9, 2015, and designated the limitations issues to be addressed as part of a future trial on the merits. The two cases filed in the Ontario Superior Court of Justice are being managed jointly, and discovery is ongoing.

Overdraft Litigation – TD Bank, N.A. was named as a defendant in eleven putative nationwide class actions challenging the overdraft practices of TD Bank, N.A. from August 16, 2010 to the present and the overdraft practices of Carolina First Bank prior to its merger into TD Bank, N.A. in September 2010.

These actions have been consolidated for pretrial proceedings as MDL 2613 in the United States District Court for the District of South Carolina: *In re TD Bank, N.A. Debit Card Overdraft Fee Litigation*, No. 6:15-MN-02613 (D.S.C.). On December 10, 2015, TD Bank, N.A.'s motion to dismiss the consolidated class action was granted in part and denied in part. Discovery, briefing, and a hearing on class certification were complete as of May 24, 2017. On January 5, 2017, TD Bank, N.A. was named as a defendant in a twelfth class action complaint challenging an overdraft practice that was already the subject of the consolidated amended class action complaint. This action was consolidated into MDL 2613, and dismissed by the Court. The plaintiff in that complaint has filed a notice of appeal with the Fourth Circuit.

On December 5, 2017, TD Bank, N.A. was named as a defendant in a thirteenth class action complaint challenging the Bank's overdraft practices. The new action, which was transferred to MDL 2613, concerns the Bank's treatment of certain transactions as "recurring" for overdraft purposes. The Bank has moved to dismiss the claims.

On February 22, 2018, the Court issued an order certifying a class as to certain claims and denying certification as to others. The United States Court of Appeals for the Fourth Circuit denied the Bank's 23(f) petition seeking permission to appeal certain portions of the District Court's order.

Credit Card Fees – Between 2011 and 2013, seven proposed class actions were commenced, five of which remain in British Columbia, Alberta, Saskatchewan, Ontario and Québec: Coburn and Watson's Metropolitan Home v. Bank of America Corporation, et al.; Macaronies Hair Club v. BOFA Canada Bank, et al.; Hello Baby Equipment Inc. v. BOFA Canada Bank, et al.; Bancroft-Snell, et al. v. Visa Canada Corporation, et al.; and 9085-4886 Québec Inc. v. Visa Canada Corporation, et al. Subject to court approval of certain settlements, the remaining defendants in each action are the Bank and several other financial institutions. The plaintiff class members are Canadian merchants who accept payment for products and services by Visa Canada Corporation (Visa) and/or MasterCard International Incorporated (MasterCard) (collectively, the "Networks"). While there is some variance, in most of the actions it is alleged that, from March 2001 to the present, the Networks conspired with their issuing banks and acquirers to fix excessive fees and that certain rules have the effect of increasing the merchant fees. The five actions that remain include claims of civil conspiracy, breach of the Competition Act, interference with economic relations, and unjust enrichment. Plaintiffs seek general and punitive damages. In the lead case proceeding in British Columbia, the decision to partially certify the action as a class proceeding was released on March 27, 2014. The certification decision was appealed by both plaintiff class representatives and defendants. The appeal hearing took place in December 2014 and the decision was released on August 19, 2015. While both the plaintiffs and defendants succeeded in part on their respective appeals, the class period for the plaintiffs' key claims was shortened significantly. At a hearing in October 2016, the plaintiffs sought to amend their claims to reinstate the extended class period. The plaintiffs' motion to amend their claims to reinstate the extended class period was denied by the motions judge and subsequently by the B.C. Court of Appeal. The plaintiffs have sought and were refused leave to appeal to the Supreme Court of Canada. The trial of the British Columbia action is currently scheduled to proceed in October 2019. In Québec, the motion for authorization proceeded on November 6-7, 2017 and the matter was authorized on similar grounds and for a similar period as in British Columbia. The plaintiffs appealed this decision with a date to be set by the court.

Consumer Class Actions – The Bank, along with several other Canadian financial institutions, is a defendant in a number of matters brought by consumers alleging provincial and/or national class claims in connection with various fees, interest rate calculations, and credit decisions. The cases are in various stages of maturity. In one matter, the Bank is the sole defendant. Trial in that case has been scheduled for November 2020.

COMMITMENTS

Credit-related Arrangements

In the normal course of business, the Bank enters into various commitments and contingent liability contracts. The primary purpose of these contracts is to make funds available for the financing needs of customers. The Bank's policy for requiring collateral security with respect to these contracts and the types of collateral security held is generally the same as for loans made by the Bank.

Financial and performance standby letters of credit represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties and they carry the same credit risk, recourse, and collateral security requirements as loans extended to customers. Refer to the Guarantees section in this Note for further details.

Documentary and commercial letters of credit are instruments issued on behalf of a customer authorizing a third party to draw drafts on the Bank up to a certain amount subject to specific terms and conditions. The Bank is at risk for any drafts drawn that are not ultimately settled by the customer, and the amounts are collateralized by the assets to which they relate.

Commitments to extend credit represent unutilized portions of authorizations to extend credit in the form of loans and customers' liability under acceptances. A discussion on the types of liquidity facilities the Bank provides to its securitization conduits is included in Note 10.

The values of credit instruments reported as follows represent the maximum amount of additional credit that the Bank could be obligated to extend should contracts be fully utilized.

Credit Instruments

(millions of Canadian dollars)	As at October 31 2018	As at October 31 2017
Financial and performance standby letters of credit	**$ 26,431**	$ 23,723
Documentary and commercial letters of credit	**197**	198
Commitments to extend credit[1]		
Original term-to-maturity of one year or less	**50,028**	41,587
Original term-to-maturity of more than one year	**134,148**	115,692
Total	**$ 210,804**	$ 181,200

1 Commitments to extend credit exclude personal lines of credit and credit card lines, which are unconditionally cancellable at the Bank's discretion at any time.

In addition, as at October 31, 2018, the Bank is committed to fund $205 million (October 31, 2017 – $123 million) of private equity investments.

Long-term Commitments or Leases

The Bank has obligations under long-term non-cancellable leases for premises and equipment. Future minimum operating lease commitments for premises and for equipment, where the annual rental is in excess of $100 thousand, is estimated at $948 million for 2019; $902 million for 2020, $815 million for 2021, $733 million for 2022, $640 million for 2023, $3,229 million for 2024, and thereafter.

Future minimum finance lease commitments where the annual payment is in excess of $100 thousand, is estimated at $26 million for 2019; $12 million for 2020, $8 million for 2021, $5 million for 2022, $4 million for 2023, $5 million for 2024, and thereafter.

The premises and equipment net rental expense, included under Non-interest expenses in the Consolidated Statement of Income, was $1.1 billion for the year ended October 31, 2018 (October 31, 2017 – $1.1 billion; October 31, 2016 – $1.1 billion).

PLEDGED ASSETS AND COLLATERAL

In the ordinary course of business, securities and other assets are pledged against liabilities or contingent liabilities, including repurchase agreements, securitization liabilities, covered bonds, obligations related to securities sold short, and securities borrowing transactions. Assets are also deposited for the purposes of participation in clearing and payment systems and depositories or to have access to the facilities of central banks in foreign jurisdictions, or as security for contract settlements with derivative exchanges or other derivative counterparties.

Details of assets pledged against liabilities and collateral assets held or repledged are shown in the following table:

Sources and Uses of Pledged Assets and Collateral[1]

(millions of Canadian dollars)	As at October 31 2018	As at October 31 2017
Sources of pledged assets and collateral		
Bank assets		
Cash and due from banks	**$ 1,219**	$ 442
Interest-bearing deposits with banks	**3,301**	3,329
Loans	**83,637**	75,682
Securities	**83,370**	74,511
Other assets	**1,278**	635
	172,805	154,599
Third-party assets[2]		
Collateral received and available for sale or repledging	**243,168**	215,678
Less: Collateral not repledged	**(57,845)**	(61,328)
	185,323	154,350
	358,128	308,949
Uses of pledged assets and collateral[3]		
Derivatives	**8,083**	7,905
Obligations related to securities sold under repurchase agreements	**105,665**	94,945
Securities borrowing and lending	**85,544**	61,856
Obligations related to securities sold short	**39,007**	35,281
Securitization	**32,067**	33,527
Covered bond	**38,033**	30,273
Clearing systems, payment systems, and depositories	**7,540**	5,686
Foreign governments and central banks	**1,390**	1,222
Other	**40,799**	38,254
Total	**$ 358,128**	$ 308,949

1 Certain comparative amounts have been restated to conform with the presentation adopted in the current period.
2 Includes collateral received from reverse repurchase agreements, securities borrowing, margin loans, and other client activity.
3 Includes $43.9 billion of on-balance sheet assets that the Bank has pledged and that the counterparty can subsequently repledge as at October 31, 2018 (October 31, 2017 – $39.3 billion).

ASSETS SOLD WITH RECOURSE

In connection with its securitization activities, the Bank typically makes customary representations and warranties about the underlying assets which may result in an obligation to repurchase the assets. These representations and warranties attest that the Bank, as the seller, has executed the sale of assets in good faith, and in compliance with relevant laws and contractual requirements. In the event that they do not meet these criteria, the loans may be required to be repurchased by the Bank.

GUARANTEES
The following types of transactions represent the principal guarantees that the Bank has entered into.

Assets Sold With Contingent Repurchase Obligations
The Bank sells mortgage loans, which it continues to service, to the TD Mortgage Fund (the "Fund"), a mutual fund managed by the Bank. As part of its responsibilities, the Bank has an obligation to repurchase mortgage loans when they default or if the Fund experiences a liquidity event such that it does not have sufficient cash to honour unit-holder redemptions. On April 22, 2016, the Fund was discontinued and merged with another mutual fund managed by the Bank. The mortgages held by the Fund were not merged into the other mutual fund and as a result of the Fund's discontinuation, the mortgages were repurchased from the Fund at a fair value of $155 million. Prior to the discontinuation of the Fund, during the year ended October 31, 2016, the fair value of the mortgages repurchased from the Fund as a result of a liquidity event was $21 million. For further details on the Bank's involvement with the Fund, refer to Note 10.

Credit Enhancements
The Bank guarantees payments to counterparties in the event that third-party credit enhancements supporting asset pools are insufficient.

Indemnification Agreements
In the normal course of operations, the Bank provides indemnification agreements to various counterparties in transactions such as service agreements, leasing transactions, and agreements relating to acquisitions and dispositions. Under these agreements, the Bank is required to compensate counterparties for costs incurred as a result of various contingencies such as changes in laws and regulations and litigation claims. The nature of certain indemnification agreements prevent the Bank from making a reasonable estimate of the maximum potential amount that the Bank would be required to pay such counterparties.

The Bank also indemnifies directors, officers, and other persons, to the extent permitted by law, against certain claims that may be made against them as a result of their services to the Bank or, at the Bank's request, to another entity.

The following table summarizes as at October 31, the maximum potential amount of future payments that could be made under guarantees without consideration of possible recoveries under recourse provisions or from collateral held or pledged.

Maximum Potential Amount of Future Payments

(millions of Canadian dollars)	*As at*	
	October 31 2018	October 31 2017
Financial and performance standby letters of credit	**$ 26,431**	$ 23,723
Assets sold with contingent repurchase obligations	**12**	15
Total	**$ 26,443**	$ 23,738

NOTE 28: RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to directly or indirectly control the other party or exercise significant influence over the other party in making financial or operational decisions. The Bank's related parties include key management personnel, their close family members and their related entities, subsidiaries, associates, joint ventures, and post-employment benefit plans for the Bank's employees.

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL, THEIR CLOSE FAMILY MEMBERS, AND THEIR RELATED ENTITIES
Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Bank, directly or indirectly. The Bank considers certain of its officers and directors to be key management personnel. The Bank makes loans to its key management personnel, their close family members, and their related entities on market terms and conditions with the exception of banking products and services for key management personnel, which are subject to approved policy guidelines that govern all employees.

As at October 31, 2018, $149 million (October 31, 2017 – $180 million) of related party loans were outstanding from key management personnel, their close family members, and their related entities.

COMPENSATION
The remuneration of key management personnel was as follows:

Compensation

(millions of Canadian dollars)	*For the years ended October 31*		
	2018	2017	2016
Short-term employee benefits	**$ 34**	$ 33	$ 25
Post-employment benefits	**3**	3	3
Share-based payments	**37**	32	32
Total	**$ 74**	$ 68	$ 60

In addition, the Bank offers deferred share and other plans to non-employee directors, executives, and certain other key employees. Refer to Note 23 for further details.

In the ordinary course of business, the Bank also provides various banking services to associated and other related corporations on terms similar to those offered to non-related parties.

TRANSACTIONS WITH SUBSIDIARIES, TD AMERITRADE, AND SYMCOR INC.

Transactions between the Bank and its subsidiaries meet the definition of related party transactions. If these transactions are eliminated on consolidation, they are not disclosed as related party transactions.

Transactions between the Bank, TD Ameritrade, and Symcor Inc. (Symcor) also qualify as related party transactions. There were no significant transactions between the Bank, TD Ameritrade, and Symcor during the year ended October 31, 2018, other than as described in the following sections and in Note 12.

Other Transactions with TD Ameritrade and Symcor

(1) TRANSACTIONS WITH TD AMERITRADE HOLDING CORPORATION

The Bank is party to an insured deposit account (IDA) agreement with TD Ameritrade, pursuant to which the Bank makes available to clients of TD Ameritrade, FDIC-insured money market deposit accounts as either designated sweep vehicles or as non-sweep deposit accounts. TD Ameritrade provides marketing and support services with respect to the IDA. The Bank paid fees of $1.9 billion during the year ended October 31, 2018 (October 31, 2017 – $1.5 billion; October 31, 2016 – $1.2 billion) to TD Ameritrade related to deposit accounts. The amount paid by the Bank is based on the average insured deposit balance of $140 billion for the year ended October 31, 2018 (October 31, 2017 – $124 billion; October 31, 2016 – $112 billion) with a portion of the amount tied to the actual yield earned by the Bank on the investments, less the actual interest paid to clients of TD Ameritrade, and the balance tied to an agreed rate of return. The Bank earns a servicing fee of 25 bps on the aggregate average daily balance in the sweep accounts (subject to adjustment based on a specified formula).

As at October 31, 2018, amounts receivable from TD Ameritrade were $137 million (October 31, 2017 – $68 million). As at October 31, 2018, amounts payable to TD Ameritrade were $174 million (October 31, 2017 – $167 million).

The Bank and other financial institutions provided TD Ameritrade with unsecured revolving loan facilities. The total commitment provided by the Bank was $338 million, which was undrawn as at October 31, 2018, and October 31, 2017.

(2) TRANSACTIONS WITH SYMCOR

The Bank has one-third ownership in Symcor, a Canadian provider of business process outsourcing services offering a diverse portfolio of integrated solutions in item processing, statement processing and production, and cash management services. The Bank accounts for Symcor's results using the equity method of accounting. During the year ended October 31, 2018, the Bank paid $86 million (October 31, 2017 – $93 million; October 31, 2016 – $97 million) for these services. As at October 31, 2018, the amount payable to Symcor was $14 million (October 31, 2017 – $15 million).

The Bank and two other shareholder banks have also provided a $100 million unsecured loan facility to Symcor which was undrawn as at October 31, 2018, and October 31, 2017.

NOTE 29: SEGMENTED INFORMATION

For management reporting purposes, the Bank reports its results under three key business segments: Canadian Retail, which includes the results of the Canadian personal and commercial banking businesses, Canadian credit cards, TD Auto Finance Canada, and Canadian wealth and insurance businesses; U.S. Retail, which includes the results of the U.S. personal and business banking operations, U.S. credit cards, TD Auto Finance U.S., U.S. wealth business, and the Bank's investment in TD Ameritrade; and Wholesale Banking. The Bank's other activities are grouped into the Corporate segment.

Canadian Retail is comprised of Canadian personal and commercial banking, which provides financial products and services to personal, small business, and commercial customers, TD Auto Finance Canada, the Canadian credit card business, the Canadian wealth business, which provides investment products and services to institutional and retail investors, and the insurance business. U.S. Retail is comprised of the personal and business banking operations in the U.S. operating under the brand TD Bank, America's Most Convenient Bank®, primarily in the Northeast and Mid-Atlantic regions and Florida, and the U.S. wealth business, including Epoch and the Bank's equity investment in TD Ameritrade. Wholesale banking provides a wide range of capital markets, investment banking, and corporate banking products and services, including underwriting and distribution of new debt and equity issues, providing advice on strategic acquisitions and divestitures, and meeting the daily trading, funding, and investment needs of the Bank's clients. The Bank's other activities are grouped into the Corporate segment. The Corporate segment includes the effects of certain asset securitization programs, treasury management, the collectively assessed allowance for incurred but not identified credit losses in Canadian Retail and Wholesale Banking, elimination of taxable equivalent adjustments and other management reclassifications, corporate level tax items, and residual unallocated revenue and expenses.

The results of each business segment reflect revenue, expenses, and assets generated by the businesses in that segment. Due to the complexity of the Bank, its management reporting model uses various estimates, assumptions, allocations, and risk-based methodologies for funds transfer pricing, inter-segment revenue, income tax rates, capital, indirect expenses and cost transfers to measure business segment results. The basis of allocation and methodologies are reviewed periodically to align with management's evaluation of the Bank's business segments. Transfer pricing of funds is generally applied at market rates. Inter-segment revenue is negotiated between each business segment and approximates the fair value of the services provided. Income tax provision or recovery is generally applied to each segment based on a statutory tax rate and may be adjusted for items and activities unique to each segment. Amortization of intangibles acquired as a result of business combinations is included in the Corporate segment. Accordingly, net income for business segments is presented before amortization of these intangibles.

Non-interest income is earned by the Bank primarily through investment and securities services, credit fees, trading income, service charges, card services, and insurance revenues. Revenues from investment and securities services are earned predominantly in the Canadian Retail segment with the remainder earned in Wholesale Banking and U.S. Retail. Revenues from credit fees are primarily earned in the Wholesale Banking and Canadian Retail segments. Trading income is earned within Wholesale Banking. Both service charges and card services revenue are mainly earned in the U.S. Retail and Canadian Retail segments. Insurance revenue is earned in the Canadian Retail segment.

Net interest income within Wholesale Banking is calculated on a taxable equivalent basis (TEB), which means that the value ofnon-taxable or tax-exempt income, including dividends, is adjusted to its equivalent before-tax value. Using TEB allows the Bank to measure income from all securities and loans consistently and makes for a more meaningful comparison of net interest income with similar institutions. The TEB adjustment reflected in Wholesale Banking is reversed in the Corporate segment.

The Bank purchases CDS to hedge the credit risk in Wholesale Banking's corporate lending portfolio. These CDS do not qualify for hedge accounting treatment and are measured at fair value with changes in fair value recognized in current period's earnings. The related loans are accounted for at amortized cost. Management believes that this asymmetry in the accounting treatment between CDS and loans would result in periodic profit and loss volatility which is not indicative of the economics of the corporate loan portfolio or the underlying business performance in Wholesale Banking. As a result, these CDS are accounted for on an accrual basis in Wholesale Banking and the gains and losses on these CDS, in excess of the accrued cost, are reported in the Corporate segment.

The Bank changed its trading strategy with respect to certain trading debt securities and reclassified these securities from trading to the available-for-sale category under IAS 39 (classified as fair value through other comprehensive income under IFRS 9) effective August 1, 2008. These debt securities are economically hedged, primarily with CDS and interest rate swap contracts which are recorded on a fair value basis with changes in fair value recorded in the period's earnings. As a result, the derivatives were accounted for on an accrual basis in Wholesale Banking and the gains and losses related to the derivatives in excess of the accrued amounts were reported in the Corporate segment. Adjusted results of the Bank in prior periods exclude the gains and losses of the derivatives in excess of the accrued amount. Effective February 1, 2017, the total gains and losses as a result of changes in fair value of these derivatives are recorded in Wholesale Banking.

Upon adoption of IFRS 9, the current period provision for credit losses related to performing (Stage 1 and Stage 2) and impaired (Stage 3) financial assets, loan commitments, and financial guarantees are recorded within the respective segment. Under IAS 39, and prior to November 1, 2017, the provision for credit losses related to the collectively assessed allowance for incurred but not identified credit losses that related to Canadian Retail and Wholesale Banking segments was recorded in the Corporate segment.

The following table summarizes the segment results for the years ended October 31.

Results by Business Segment[1]

(millions of Canadian dollars)

	For the years ended October 31				
					2018
	Canadian Retail	**U.S. Retail**	**Wholesale Banking[2,3]**	**Corporate[2,3]**	**Total**
Net interest income (loss)	**$ 11,576**	**$ 8,176**	**$ 1,150**	**$ 1,337**	**$ 22,239**
Non-interest income (loss)	**11,137**	**2,768**	**2,309**	**381**	**16,595**
Total revenue[4]	**22,713**	**10,944**	**3,459**	**1,718**	**38,834**
Provision for (recovery of) credit losses	**998**	**917**	**3**	**562**	**2,480**
Insurance claims and related expenses	**2,444**	**–**	**–**	**–**	**2,444**
Non-interest expenses	**9,473**	**6,100**	**2,067**	**2,497**	**20,137**
Income (loss) before income taxes	**9,798**	**3,927**	**1,389**	**(1,341)**	**13,773**
Provision for (recovery of) income taxes	**2,615**	**432**	**335**	**(200)**	**3,182**
Equity in net income of an investment in TD Ameritrade	**–**	**693**	**–**	**50**	**743**
Net income (loss)	**$ 7,183**	**$ 4,188**	**$ 1,054**	**$ (1,091)**	**$ 11,334**
Total assets as at October 31	**$ 433,960**	**$ 417,292**	**$ 425,909**	**$ 57,742**	**$ 1,334,903**

					2017
Net interest income (loss)	$ 10,611	$ 7,486	$ 1,804	$ 946	$ 20,847
Non-interest income (loss)	10,451	2,735	1,467	649	15,302
Total revenue[4]	21,062	10,221	3,271	1,595	36,149
Provision for (recovery of) credit losses	986	792	(28)	466	2,216
Insurance claims and related expenses	2,246	–	–	–	2,246
Non-interest expenses	8,934	5,878	1,929	2,625	19,366
Income (loss) before income taxes	8,896	3,551	1,370	(1,496)	12,321
Provision for (recovery of) income taxes	2,371	671	331	(1,120)	2,253
Equity in net income of an investment in TD Ameritrade	–	442	–	7	449
Net income (loss)	$ 6,525	$ 3,322	$ 1,039	$ (369)	$ 10,517
Total assets as at October 31	$ 404,444	$ 403,937	$ 406,138	$ 64,476	$ 1,278,995

					2016
Net interest income (loss)	$ 9,979	$ 7,093	$ 1,685	$ 1,166	$ 19,923
Non-interest income (loss)	10,230	2,366	1,345	451	14,392
Total revenue	20,209	9,459	3,030	1,617	34,315
Provision for (recovery of) credit losses	1,011	744	74	501	2,330
Insurance claims and related expenses	2,462	–	–	–	2,462
Non-interest expenses	8,557	5,693	1,739	2,888	18,877
Income (loss) before income taxes	8,179	3,022	1,217	(1,772)	10,646
Provision for (recovery of) income taxes	2,191	498	297	(843)	2,143
Equity in net income of an investment in TD Ameritrade	–	435	–	(2)	433
Net income (loss)	$ 5,988	$ 2,959	$ 920	$ (931)	$ 8,936
Total assets as at October 31	$ 383,011	$ 388,749	$ 342,478	$ 62,729	$ 1,176,967

1 The retailer program partners' share of revenues and credit losses is presented in the Corporate segment, with an offsetting amount (representing the partners' net share) recorded in Non-interest expenses, resulting in no impact to Corporate reported Net income (loss). The Net income (loss) included in the U.S. Retail segment includes only the portion of revenue and credit losses attributable to the Bank under the agreements.

2 Net interest income within Wholesale Banking is calculated on a TEB. The TEB adjustment reflected in Wholesale Banking is reversed in the Corporate segment.

3 Effective February 1, 2017, the total gains and losses as a result of changes in fair value of the CDS and interest rate swap contracts hedging the reclassified financial assets at FVOCI (AFS securities under IAS 39) portfolio are recorded in Wholesale Banking. Previously, these derivatives were accounted for on an accrual basis in Wholesale Banking and the gains and losses related to the derivatives, in excess of the accrued costs were reported in Corporate segment.

4 Effective fiscal 2017, the impact from certain treasury and balance sheet management activities relating to the U.S. Retail segment is recorded in the Corporate segment.

RESULTS BY GEOGRAPHY

For reporting of geographic results, segments are grouped into Canada, United States, and Other international. Transactions are primarily recorded in the location responsible for recording the revenue or assets. This location frequently corresponds with the location of the legal entity through which the business is conducted and the location of the customer.

(millions of Canadian dollars)	*For the years ended October 31*			*As at October 31*
			2018	**2018**
	Total revenue	**Income before income taxes**	**Net income**	**Total assets**
Canada	**$ 23,279**	**$ 8,886**	**$ 6,523**	**$ 713,677**
United States	**13,751**	**3,768**	**2,993**	**514,263**
Other international	**1,804**	**1,119**	**1,818**	**106,963**
Total	**$ 38,834**	**$ 13,773**	**$ 11,334**	**$ 1,334,903**
			2017	2017
Canada	$ 20,862	$ 7,250	$ 5,660	$ 648,924
United States	13,371	3,677	3,075	515,478
Other international	1,916	1,394	1,782	114,593
Total	$ 36,149	$ 12,321	$ 10,517	$ 1,278,995
			2016	2016
Canada	$ 20,374	$ 6,760	$ 5,133	$ 632,215
United States	12,217	2,873	2,436	462,330
Other international	1,724	1,013	1,367	82,422
Total	$ 34,315	$ 10,646	$ 8,936	$ 1,176,967

NOTE 30: INTEREST INCOME AND EXPENSE

The following table presents interest income and interest expense by basis of accounting measurement. Please refer to Note 2 for the type of instruments measured at amortized cost and FVOCI under IFRS 9 and IAS 39.

(millions of Canadian dollars)			*For the year ended*
	October 31, 2018[1]		October 31, 2017
	Interest income	**Interest expense**	Interest income	Interest expense
Measured at amortized cost	**$ 26,051**	**$ 9,286**	$ 22,596	$ 6,204
Measured at FVOCI	**4,588**	**–**	3,426	–
	30,639	**9,286**	26,022	6,204
Not measured at amortized cost or FVOCI [2]	**5,783**	**4,897**	3,810	2,781
Total	**$ 36,422**	**$ 14,183**	$ 29,832	$ 8,985

1 Amounts for the year ended October 31, 2018 are prepared in accordance with IFRS 9. Prior period comparatives are based on IAS 39. Refer to Note 2 for further details.

2 Includes interest income, interest expense, and dividend income for financial instruments that are measured or designated at fair value through profit or loss and equities designated at fair value through other comprehensive income.

NOTE 31: CREDIT RISK

Concentration of credit risk exists where a number of borrowers or counterparties are engaged in similar activities, are located in the same geographic area or have comparable economic characteristics. Their ability to meet contractual obligations may be similarly affected by changing economic, political or other conditions. The Bank's portfolio could be sensitive to changing conditions in particular geographic regions.

Concentration of Credit Risk

(millions of Canadian dollars, except as noted)					*As at*	
	Loans and customers' liability under acceptances[1,2]		**Credit Instruments[3,4]**		**Derivative financial instruments[5,6]**	
	October 31 2018	October 31 2017	**October 31 2018**	October 31 2017	**October 31 2018**	October 31 2017
Canada[7]	**67 %**	66 %	**40 %**	42 %	**24 %**	29 %
United States[8]	**32**	33	**57**	55	**31**	26
United Kingdom	**–**	–	**1**	1	**15**	17
Europe – other	**–**	–	**1**	1	**24**	21
Other international	**1**	1	**1**	1	**6**	7
Total	**100 %**	100 %	**100 %**	100 %	**100 %**	100 %
	$ 666,405	$ 629,888	**$ 210,804**	$ 181,200	**$ 55,615**	$ 53,645

1 Of the total loans and customers' liability under acceptances, the only industry segment which equalled or exceeded 5% of the total concentration as at October 31, 2018, was: real estate 9% (October 31, 2017 – 10%).

2 Includes loans that are measured at fair value through other comprehensive income.

3 As at October 31, 2018, the Bank had commitments and contingent liability contracts in the amount of $211 billion (October 31, 2017 – $181 billion). Included are commitments to extend credit totalling $184 billion (October 31, 2017 – $157 billion), of which the credit risk is dispersed as detailed in the table above.

4 Of the commitments to extend credit, industry segments which equalled or exceeded 5% of the total concentration were as follows as at October 31, 2018: financial institutions 19% (October 31, 2017 – 19%); pipelines, oil and gas 10% (October 31, 2017 – 10%); power and utilities 9% (October 31, 2017 – 10%); automotive 9% (October 31, 2017 – 7%); telecommunications, cable, and media 7% (October 31, 2017 – 6%); sundry manufacturing and wholesale 7% (October 31, 2017 – 7%); professional and other services 6% (October 31, 2017 – 6%); non-residential real estate development 5% (October 31, 2017 – 5%); government, public sector entities, and education 5% (October 31, 2017 – 5%).

5 As at October 31, 2018, the current replacement cost of derivative financial instruments amounted to $56 billion (October 31, 2017 – $54 billion). Based on the location of the ultimate counterparty, the credit risk was allocated as detailed in the table above. The table excludes the fair value of exchange traded derivatives.

6 The largest concentration by counterparty type was with financial institutions (including non-banking financial institutions), which accounted for 68% of the total as at October 31, 2018 (October 31, 2017 – 75%). The second largest concentration was with governments, which accounted for 26% of the total as at October 31, 2018 (October 31, 2017 – 20%). No other industry segment exceeded 5% of the total.

7 Debt securities classified as loans were 0.4% as at October 31, 2017, of the total loans and customers' liability under acceptances. Debt securities classified as loans are reclassified as Debt securities at amortized cost under IFRS 9.

8 Debt securities classified as loans were 0.1% as at October 31, 2017, of the total loans and customers' liability under acceptances. Debt securities classified as loans are reclassified as Debt securities at amortized cost under IFRS 9.

The following table presents the maximum exposure to credit risk of financial instruments, before taking account of any collateral held or other credit enhancements.

Gross Maximum Credit Risk Exposure

(millions of Canadian dollars)		*As at*
	October 31 2018	October 31 2017
Cash and due from banks	**$ 4,735**	$ 3,971
Interest-bearing deposits with banks	**30,720**	51,185
Securities[1]		
Financial assets designated at fair value through profit or loss		
Government and government-insured securities	**1,397**	2,119
Other debt securities	**2,221**	1,913
Trading		
Government and government-insured securities	**47,085**	40,012
Other debt securities	**20,106**	13,358
Retained interest	**25**	32
Non-trading securities at fair value through profit or loss		
Government and government-insured securities	**–**	n/a
Other debt securities	**2,340**	n/a
Securities at fair value through other comprehensive income		
Government and government-insured securities	**94,733**	n/a
Other debt securities	**30,948**	n/a
Available-for-sale		
Government and government-insured securities	**n/a**	102,361
Other debt securities	**n/a**	41,763
Debt securities at amortized cost		
Government and government-insured securities	**60,535**	n/a
Other debt securities	**46,636**	n/a
Held-to-maturity		
Government and government-insured securities	**n/a**	45,623
Other debt securities	**n/a**	25,740
Securities purchased under reverse purchase agreements	**127,379**	134,429
Derivatives[2]	**101,525**	70,120
Loans		
Residential mortgages	**225,081**	221,990
Consumer instalment and other personal	**170,976**	156,293
Credit card	**34,015**	31,743
Business and government	**216,321**	199,503
Debt securities classified as loans	**n/a**	3,062
Trading loans	**10,990**	11,235
Non-trading loans at fair value through profit or loss	**1,336**	n/a
Loans at fair value through other comprehensive income	**2,745**	n/a
Customers' liability under acceptances	**17,267**	17,297
Amounts receivable from brokers, dealers, and clients	**26,940**	29,971
Other assets	**5,886**	4,556
Total assets	**1,281,942**	1,208,276
Credit instruments[3]	**210,804**	181,200
Unconditionally cancellable commitments to extend credit relating to personal lines of credit and credit card lines	**301,752**	290,123
Total credit exposure	**$ 1,794,498**	$ 1,679,599

1 Excludes equity securities.

2 The gross maximum credit exposure for derivatives is based on the credit equivalent amount less the impact of certain master netting arrangements. The amounts exclude exchange traded derivatives and non-trading credit derivatives. Refer to Note 11 for further details.

3 The balance represents the maximum amount of additional funds that the Bank could be obligated to extend should the contracts be fully utilized. The actual maximum exposure may differ from the amount reported above. Refer to Note 27 for further details.

NOTE 32: REGULATORY CAPITAL

The Bank manages its capital under guidelines established by OSFI. The regulatory capital guidelines measure capital in relation to credit, market, and operational risks. The Bank has various capital policies, procedures, and controls which it utilizes to achieve its goals and objectives.

The Bank's capital management objectives are:

- To be an appropriately capitalized financial institution as determined by:
  - the Bank's Risk Appetite Statement;
  - capital requirements defined by relevant regulatory authorities; and
  - the Bank's internal assessment of capital requirements consistent with the Bank's risk profile and risk tolerance levels.
- To have the most economically achievable weighted-average cost of capital, consistent with preserving the appropriate mix of capital elements to meet targeted capitalization levels.
- To ensure ready access to sources of appropriate capital, at reasonable cost, in order to:
  - insulate the Bank from unexpected events; or
  - support and facilitate business growth and/or acquisitions consistent with the Bank's strategy and risk appetite.

- To support strong external debt ratings, in order to manage the Bank's overall cost of funds and to maintain accessibility to required funding.

These objectives are applied in a manner consistent with the Bank's overall objective of providing a satisfactory return on shareholders' equity.

Basel III Capital Framework

Capital requirements of the Basel Committee on Banking Supervision (BCBS) are commonly referred to as Basel III. Under Basel III, Total Capital consists of three components, namely Common Equity Tier 1 (CET1), Additional Tier 1, and Tier 2 Capital. Risk sensitive regulatory capital ratios are calculated by dividing CET1, Tier 1, and Total Capital by their respective risk-weighted assets (RWA), inclusive of any minimum requirements outlined under the regulatory floor. In 2015, Basel III also implemented a non-risk sensitive leverage ratio to act as a supplementary measure to the risk-sensitive capital requirements. The objective of the leverage ratio is to constrain the build-up of excess leverage in the banking sector. The leverage ratio is calculated by dividing Tier 1 Capital by leverage ratio exposure which is primarily comprised of on-balance sheet assets with adjustments made to derivative and securities financing transaction exposures, and credit equivalent amounts of off-balance sheet exposures.

Capital Position and Capital Ratios

The Basel framework allows qualifying banks to determine capital levels consistent with the way they measure, manage, and mitigate risks. It specifies methodologies for the measurement of credit, market, and operational risks. The Bank uses the advanced approaches for the majority of its portfolios. Effective the third quarter of 2016, OSFI approved the Bank to calculate the majority of the retail portfolio credit RWA in the U.S. Retail segment using the AIRB approach. The remaining assets in the U.S. Retail segment continue to use the standardized approach for credit risk.

For accounting purposes, IFRS is followed for consolidation of subsidiaries and joint ventures. For regulatory capital purposes, insurance subsidiaries are deconsolidated and reported as a deduction from capital. Insurance subsidiaries are subject to their own capital adequacy reporting, such as OSFI's Minimum Continuing Capital Surplus Requirements and Minimum Capital Test. Currently, for regulatory capital purposes, all the entities of the Bank are either consolidated or deducted from capital and there are no entities from which surplus capital is recognized.

Some of the Bank's subsidiaries are individually regulated by either OSFI or other regulators. Many of these entities have minimum capital requirements which they must maintain and which may limit the Bank's ability to extract capital or funds for other uses.

During the year ended October 31, 2018, the Bank complied with the OSFI Basel III guideline related to capital ratios and the leverage ratio. Effective January 1, 2016, OSFI's target CET1, Tier 1, and Total Capital ratios for Canadian banks designated as D-SIBs includes a 1% common equity capital surcharge bringing the targets to 8%, 9.5%, and 11.5%, respectively. In addition, on June 25, 2018, OSFI provided greater transparency related to previously undisclosed Pillar 2 CET1 capital buffers through the introduction of the public Domestic Stability Buffer (DSB) which is held by D-SIBs against Pillar 2 risks. The current buffer is set at 1.5% of total risk-weighted assets (RWA) and must be met with CET1 Capital, effectively raising the CET1 target to 9.5%. Effective the second quarter of 2018, the Bank is no longer constrained by the regulatory floor as a result of implementing OSFI's revised capital floor requirements.

OSFI has provided IFRS transitional provisions for the leverage ratio (as previously with the ACM), which allows for the exclusion of assets securitized and sold through CMHC-sponsored programs prior to March 31, 2010, from the calculation.

The following table summarizes the Bank's regulatory capital position as at October 31.

Regulatory Capital Position

(millions of Canadian dollars, except as noted)	*As at*	
	October 31 2018	October 31 2017
Capital		
Common Equity Tier 1 Capital	**$ 52,389**	$ 46,628
Tier 1 Capital	**59,735**	53,751
Total Capital	**70,434**	65,038
Risk-weighted assets used in the calculation of capital ratios [1,2]		
Common Equity Tier 1 Capital	**$ 435,632**	$ 435,750
Tier 1 Capital	**435,780**	435,750
Total Capital	**435,927**	435,750
Capital and leverage ratios		
Common Equity Tier 1 Capital ratio [1,2]	**12.0 %**	10.7 %
Tier 1 Capital ratio [1,2]	**13.7**	12.3
Total Capital ratio [1,2]	**16.2**	14.9
Leverage ratio	**4.2**	3.9

1 In accordance with the final CAR guideline, the Credit Valuation Adjustment (CVA) capital charge is being phased in until the first quarter of 2019. 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 scalars were 72%, 77%, and 81%, respectively.

2 As at October 31, 2017, RWA for all ratios were the same due to the regulatory floor which was based on Basel I risk weights. As at October 31, 2018, the regulatory floor is based on Basel II standardized risk weights and is no longer triggered resulting in a separate RWA for each ratio due to the CVA scalar.

NOTE 33: RISK MANAGEMENT

The risk management policies and procedures of the Bank are provided in the MD&A. The shaded sections of the "Managing Risk" section of the MD&A relating to market, liquidity, and insurance risks are an integral part of the 2018 Consolidated Financial Statements.

NOTE 34: INFORMATION ON SUBSIDIARIES

The following is a list of the directly or indirectly held significant subsidiaries.

SIGNIFICANT SUBSIDIARIES[1]

(millions of Canadian dollars)			As at October 31, 2018
North America	**Address of Head or Principal Office[2]**	**Description**	**Carrying value of shares owned by the Bank[3]**
Meloche Monnex Inc.	Montreal, Québec	Holding Company	**$ 1,379**
Security National Insurance Company	Montreal, Québec	Insurance Company	
Primmum Insurance Company	Toronto, Ontario	Insurance Company	
TD Direct Insurance Inc.	Toronto, Ontario	Insurance Company	
TD General Insurance Company	Toronto, Ontario	Insurance Company	
TD Home and Auto Insurance Company	Toronto, Ontario	Insurance Company	
TD Asset Management Inc.	Toronto, Ontario	Investment Counselling and Portfolio Management	**328**
TD Waterhouse Private Investment Counsel Inc.	Toronto, Ontario	Investment Counselling and Portfolio Management	
TD Auto Finance (Canada) Inc.	Toronto, Ontario	Automotive Finance Entity	**2,344**
TD Auto Finance Services Inc.	Toronto, Ontario	Automotive Finance Entity	**1,350**
TD Group US Holdings LLC	Wilmington, Delaware	Holding Company	**68,903**
Toronto Dominion Holdings (U.S.A.), Inc.	New York, New York	Holding Company	
TD Prime Services LLC	New York, New York	Securities Dealer	
TD Securities (USA) LLC	New York, New York	Securities Dealer	
Toronto Dominion (Texas) LLC	New York, New York	Financial Services Entity	
Toronto Dominion (New York) LLC	New York, New York	Financial Services Entity	
Toronto Dominion Capital (U.S.A.), Inc.	New York, New York	Small Business Investment Company	
Toronto Dominion Investments, Inc.	New York, New York	Merchant Banking and Investments	
TD Bank US Holding Company	Cherry Hill, New Jersey	Holding Company	
Epoch Investment Partners, Inc.	New York, New York	Investment Counselling and Portfolio Management	
TDAM USA Inc.	New York, New York	Investment Counselling and Portfolio Management	
TD Bank USA, National Association	Cherry Hill, New Jersey	U.S. National Bank	
TD Bank, National Association	Cherry Hill, New Jersey	U.S. National Bank	
TD Auto Finance LLC	Farmington Hills, Michigan	Automotive Finance Entity	
TD Equipment Finance, Inc.	Cherry Hill, New Jersey	Financial Services Entity	
TD Private Client Wealth LLC	New York, New York	Broker-dealer and Registered Investment Advisor	
TD Wealth Management Services Inc.	Cherry Hill, New Jersey	Insurance Agency	
TD Luxembourg International Holdings	Luxembourg, Luxembourg	Holding Company	
TD Ameritrade Holding Corporation[4]	Omaha, Nebraska	Securities Dealer	
TD Investment Services Inc.	Toronto, Ontario	Mutual Fund Dealer	**26**
TD Life Insurance Company	Toronto, Ontario	Insurance Company	**70**
TD Mortgage Corporation	Toronto, Ontario	Deposit-Taking Entity	**9,201**
TD Pacific Mortgage Corporation	Vancouver, British Columbia	Deposit-Taking Entity	
The Canada Trust Company	Toronto, Ontario	Trust, Loans, and Deposit-Taking Entity	
TD Securities Inc.	Toronto, Ontario	Investment Dealer and Broker	**2,191**
TD Vermillion Holdings Limited	Toronto, Ontario	Holding Company	**21,520**
TD Financial International Ltd.	Hamilton, Bermuda	Holding Company	
TD Reinsurance (Barbados) Inc.	St. James, Barbados	Reinsurance Company	
Toronto Dominion International Inc.	St. James, Barbados	Intragroup Lending Company	
TD Waterhouse Canada Inc.	Toronto, Ontario	Investment Dealer	**2,799**
International			
TD Bank N.V.	Amsterdam, The Netherlands	Dutch Bank	**434**
TD Ireland Unlimited Company	Dublin, Ireland	Holding Company	**319**
TD Global Finance Unlimited Company	Dublin, Ireland	Securities Dealer	
TD Securities (Japan) Co. Ltd.	Tokyo, Japan	Securities Dealer	**9**
Toronto Dominion Australia Limited	Sydney, Australia	Securities Dealer	**99**
Toronto Dominion Investments B.V.	London, England	Holding Company	**1,078**
TD Bank Europe Limited	London, England	UK Bank	
Toronto Dominion Holdings (U.K.) Limited	London, England	Holding Company	
TD Securities Limited	London, England	Securities Dealer	
Toronto Dominion (South East Asia) Limited	Singapore, Singapore	Financial Institution	**817**

1 Unless otherwise noted, The Toronto-Dominion Bank, either directly or through its subsidiaries, owns 100% of the entity and/or 100% of any issued and outstanding voting securities and non-voting securities of the entities listed.

2 Each subsidiary is incorporated or organized in the country in which its head or principal office is located, with the exception of Toronto Dominion Investments B.V., a company incorporated in The Netherlands, but with its principal office in the United Kingdom.

3 Carrying amounts are prepared for purposes of meeting the disclosure requirements of Section 308 (3)(a)(ii) of the *Bank Act*. Intercompany transactions may be included herein which are eliminated for consolidated financial reporting purposes. Certain amounts have been adjusted to conform with the presentation adopted in the current period.

4 As at October 31, 2018, the Bank's reported investment in TD Ameritrade Holding Corporation was 41.61% (October 31, 2017 – 41.27%) of the outstanding shares of TD Ameritrade Holding Corporation. TD Luxembourg International Holdings and its ownership of TD Ameritrade Holding Corporation is included given the significance of the Bank's investment in TD Ameritrade Holding Corporation.

SUBSIDIARIES WITH RESTRICTIONS TO TRANSFER FUNDS

Certain of the Bank's subsidiaries have regulatory requirements to fulfill, in accordance with applicable law, in order to transfer funds, including paying dividends to, repaying loans to, or redeeming subordinated debentures issued to, the Bank. These customary requirements include, but are not limited to:

- Local regulatory capital and/or surplus adequacy requirements;
- Basel requirements under Pillar 1 and Pillar 2;
- Local regulatory approval requirements; and
- Local corporate and/or securities laws.

As at October 31, 2018, the net assets of subsidiaries subject to regulatory or capital adequacy requirements was $79.8 billion (October 31, 2017 – $77.2 billion), before intercompany eliminations.

In addition to regulatory requirements outlined above, the Bank may be subject to significant restrictions on its ability to use the assets or settle the liabilities of members of its group. Key contractual restrictions may arise from the provision of collateral to third parties in the normal course of business, for example through secured financing transactions; assets securitized which are not subsequently available for transfer by the Bank; and assets transferred into other consolidated and unconsolidated structured entities. The impact of these restrictions has been disclosed in Notes 9 and 27.

Aside from non-controlling interests disclosed in Note 21, there were no significant restrictions on the ability of the Bank to access or use the assets or settle the liabilities of subsidiaries within the group as a result of protective rights of non-controlling interests.

NOTE 35: SIGNIFICANT AND SUBSEQUENT EVENTS, AND PENDING ACQUISITIONS

Acquisition of Greystone Managed Investments Inc.

On November 1, 2018, the Bank acquired 100% of the outstanding equity of Greystone Capital Management Inc., the parent company of Greystone Managed Investments Inc. (Greystone) for consideration of $817 million, of which $475 million was paid in cash and $342 million was paid in the Bank's common shares. The value of 4.7 million common shares issued as consideration was based on the volume weighted-average market price of the Bank's common shares over the 10 trading day period immediately preceding the fifth business day prior to the acquisition date and was recorded based on market price at close. Common shares of $167 million issued to employee shareholders in respect of the purchase price will be held in escrow for two years post-acquisition, subject to their continued employment, and will be recorded as a compensation expense over the two-year escrow period.

The acquisition is accounted for as a business combination under the purchase method. As at November 1, 2018, the acquisition contributed $169 million of assets and $55 million of liabilities. The excess of accounting consideration over the fair value of the identifiable net assets is allocated to customer relationship intangibles of $140 million, deferred tax liability of $37 million and goodwill of $433 million. Goodwill is not deductible for tax purposes. The results of the acquisition will be consolidated from the acquisition date and reported in the Canadian Retail segment. The purchase price allocation is subject to refinement and may be adjusted to reflect new information about facts and circumstances that existed at the acquisition date during the measurement period.

Agreement for Air Canada Credit Card Loyalty Program

On November 26, 2018, the Bank finalized a long-term loyalty program agreement (the "Loyalty Agreement") with Air Canada. Under the terms of the Loyalty Agreement, the Bank will become the primary credit card issuer for Air Canada’s new loyalty program when it launches in 2020 through to 2030. The Loyalty Agreement was finalized in conjunction with Air Canada entering into a definitive share purchase agreement with Aimia Inc. ("Aimia") for the acquisition of Aimia Canada Inc., which operates the Aeroplan loyalty business (the "Transaction"), for an aggregate purchase price of $450 million in cash and the assumption of approximately $1.9 billion of Aeroplan Miles liability. The closing of the Transaction is subject to the satisfaction of certain conditions, including receipt of Aimia shareholder approval and customary regulatory approvals. The Loyalty Agreement will become effective upon the closing of the Transaction and TD Aeroplan cardholders will become members of Air Canada’s new loyalty program and their miles will be transitioned when Air Canada’s new loyalty program launches in 2020.

If the proposed Transaction is completed, the Bank will pay $622 million plus applicable sales tax to Air Canada, of which $547 million ($446 million after sales and income taxes) will be recognized as an expense during the first quarter of 2019 to be reported in the Canadian Retail segment, and $75 million will be recognized as an intangible asset amortized over the Loyalty Agreement term. In addition, the Bank will prepay $308 million plus applicable sales tax for the future purchase of loyalty points over a ten year period. The Bank also expects to incur additional pre-tax costs of approximately $100 million over two years to build the functionality required to facilitate the new program.

Normal Course Issuer Bid

As approved by the Board on November 28, 2018, the Bank announced its intention to amend its normal course issuer bid (NCIB) for up to an additional 20 million of its common shares, subject to the approval of OSFI and the TSX. The timing and amount of any purchases under the program are subject to regulatory approvals and to management discretion based on factors such as market conditions and capital adequacy.

Redemption of TD CaTS III Securities

On November 26, 2018, TD Capital Trust III announced its intention to redeem all of the outstanding TD Capital Trust III Securities – Series 2008 (TD CaTS III) on December 31, 2018, at a redemption price per TD CaTS III of $1,000, plus the unpaid distribution payable on the redemption date of December 31, 2018.

Exhibit 99.4

RETURN ON ASSETS, DIVIDEND PAYOUTS, AND EQUITY TO ASSETS RATIOS[1,2]

	For the three months ended				*For the year ended*		
	October 31 2018	July 31 2018	April 30 2018	January 31 2018	**October 31 2018**	October 31 2017	October 31 2016
Return on Assets – reported[3]	**0.86 %**	0.92 %	0.92 %	0.72 %	**0.86 %**	0.84 %	0.76 %
Return on Assets – adjusted[4]	**0.89**	0.93	0.97	0.91	**0.92**	0.85	0.79
Dividend Payout Ratio – reported[5]	**42.3**	40.5	43.4	48.4	**43.4**	42.6	46.1
Dividend Payout Ratio – adjusted[6]	**41.1**	40.2	41.3	38.4	**40.3**	42.3	44.3
Equity to Asset Ratio[7]	**5.8**	5.9	5.9	5.9	**5.9**	6.1	6.1

1 Calculated pursuant to the U.S. Securities and Exchange Commission Industry Guide 3.

2 The Bank's financial results are prepared in accordance with International Financial Reporting Standards (IFRS), the current generally accepted accounting principles (GAAP). The Bank refers to results prepared in accordance with IFRS as "reported" results. The Bank also utilizes non-GAAP financial measures referred to as "adjusted" results to assess each of its businesses and to measure overall Bank performance. Please refer to the "Financial Results Overview" section in the Bank's 2018 Management's Discussion and Analysis (www.td.com/investor) for further explanation on reported and adjusted results, a list of the items of note, and a reconciliation of non-GAAP measures.

3 Calculated as reported net income available to common shareholders and non-controlling interests (NCI) in subsidiaries divided by average total assets.

4 Calculated as adjusted net income available to common shareholders and NCI in subsidiaries divided by average total assets.

5 Calculated as dividends declared per common share divided by reported basic earnings per share.

6 Calculated as dividends declared per common share divided by adjusted basic earnings per share.

7 Calculated as average total equity (including NCI in subsidiaries) divided by average total assets.

Exhibit 99.5

CONTRACTUAL OBLIGATIONS BY REMAINING MATURITY[1]

(millions of Canadian dollars)

	Within 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 years	October 31 2018 Total	October 31 2017 Total
Deposits[2,3]	$ 747,072	$ 68,926	$ 28,064	$ 8,071	$ 852,133	$ 833,062
Securitization liabilities						
Securitization liabilities at fair value	2,166	3,777	4,821	2,077	12,841	12,780
Securitization liabilities at amortization cost	6,203	3,117	2,552	2,997	14,869	16,152
Subordinated notes and debentures	–	–	–	9,129	9,129	9,807
Liability for preferred shares	–	–	–	35	35	34
Structured entity liabilities	2,446	2,523	658	–	5,627	5,835
Contractual interest payments[4,5]	3,646	4,278	2,070	3,246	13,240	10,267
Operating lease commitments	948	1,717	1,373	3,229	7,267	7,440
Capital lease commitments	26	20	9	5	60	89
Network service agreements	16	30	–	–	46	–
Automated teller machines	161	267	97	12	537	436
Contact centre technology	26	–	–	–	26	30
Software licensing and equipment maintenance	305	395	218	116	1,034	392
Total	$ 763,015	$ 85,050	$ 39,862	$ 28,917	$ 916,844	$ 896,324

1 Amounts are presented on an undiscounted basis.

2 As the timing of demand deposits and notice deposits is non-specific and callable by the depositor, obligations have been included as within one year.

3 Amounts include trading deposits which are carried at fair value and include basis adjustments if the deposit is in a hedge accounting relationship. Accrued and contractual interest payments are also included.

4 Amounts include accrued and future estimated interest obligations on term deposits, securitization liabilities, subordinated notes and debentures, and asset-backed commercial paper based on applicable interest and foreign exchange rates as at October 31, 2018, and October 31, 2017, respectively. Amounts exclude returns on instruments where the Bank's payment obligation is based on the performance of equity linked indices.

5 Interest obligations on subordinated notes and debentures are calculated according to their contractual maturity date. Refer to Note 19 to the Bank's 2018 Consolidated Financial Statements for additional details.

Exhibit 99.6

Code of Ethics

The *TD Bank Group Code of Conduct and Ethics for Employees and Directors* is incorporated by reference to the Form 6-K filed with the SEC on February 9, 2018.

Exhibit 99.7

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our Firm under the caption “Experts” and to the use in this Annual Report on Form 40-F of our reports dated November 28, 2018, with respect to the consolidated balance sheet of The Toronto-Dominion Bank (the “Bank”) as at October 31, 2018 and 2017, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the years in the three-year period ended October 31, 2018, and the effectiveness of internal control over financial reporting of the Bank as at October 31, 2018.

We also consent to the incorporation by reference of our reports dated November 28, 2018 in the following Registration Statements of the Bank:

1) Registration Statement (Form F-3 No. 333-83232),
2) Registration Statement (Form F-3 No. 333-211718),
3) Registration Statement (Form S-8 No. 333-12948),
4) Registration Statement (Form S-8 No. 333-120815),
5) Registration Statement (Form S-8 No. 333-142253),
6) Registration Statement (Form S-8 No. 333-150000),
7) Registration Statement (Form S-8 No. 333-167234), and
8) Registration Statement (Form S-8 No. 333-169721).

/s/Ernst & Young LLP
Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
November 29, 2018

Exhibit 99.8

Certification Pursuant to Section 302 of the U.S. Sarbanes-Oxley Act of 2002

I, Bharat Masrani, certify that:

1. I have reviewed this annual report on Form 40-F of The Toronto-Dominion Bank;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: November 29, 2018

/s/ Bharat Masrani
Bharat Masrani
Group President and Chief Executive Officer

Certification Pursuant to Section 302 of the U.S. Sarbanes-Oxley Act of 2002

I, Riaz Ahmed, certify that:

1. I have reviewed this annual report on Form 40-F of The Toronto-Dominion Bank;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: November 29, 2018

/s/ Riaz Ahmed
Riaz Ahmed
Group Head and Chief Financial Officer

Exhibit 99.9

Certification Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the U.S. Sarbanes-Oxley Act of 2002

In connection with the Annual Report of The Toronto-Dominion Bank (the "Bank") on Form 40-F for the year ended October 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bharat Masrani, Group President and Chief Executive Officer of the Bank, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Bank.

Date: November 29, 2018

/s/ Bharat Masrani
Bharat Masrani
Group President and Chief Executive Officer

Certification Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the U.S. Sarbanes-Oxley Act of 2002

In connection with the Annual Report of The Toronto-Dominion Bank (the "Bank") on Form 40-F for the year ended October 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Riaz Ahmed, Group Head and Chief Financial Officer of the Bank, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Bank.

Date: November 29, 2018

/s/ Riaz Ahmed
Riaz Ahmed
Group Head and Chief Financial Officer