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, 2014** 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	1,846,242,603
Class A First Preferred Shares, Series P	10,000,000
Class A First Preferred Shares, Series Q	8,000,000
Class A First Preferred Shares, Series R	10,000,000
Non-Cumulative 5-Year Rate Reset Preferred Shares, Series S	5,387,491
Non-Cumulative Floating Rate Preferred Shares, Series T	4,612,509
Non-Cumulative 5-Year Rate Reset Preferred Shares, Series Y	5,481,853
Non-Cumulative Floating Rate Preferred Shares, Series Z	4,518,147
Non-Cumulative 5-Year Rate Reset Preferred Shares, Series 1	20,000,000
Non-Cumulative 5-Year Rate Reset Preferred Shares, Series 3	20,000,000

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 and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted 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 and post such files).

Yes ☐ No ☐

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 *Independent Auditors' Report of Registered Public Accounting Firm to Shareholders – Report on Internal Control under Standards of the Public Company Accounting Oversight Board (United States)* included in Exhibit 99.3: 2014 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 Officers – Audit Committee* included in Exhibit 99.1**:** Annual Information Form dated December 3, 2014 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 Finance, Sourcing and Corporate Communications and Chief Financial Officer, and Senior Vice President and 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 January 23, 2014, 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 the addition of new wording at: a) Section 2C – *Gifts and Entertainment* – to address concerns and increase transparency around employees attending out-of-town events; b) Section 2G – *Due Diligence* – new section to reinforce that employees must follow established due diligence procedures when committing TD to a loan or other business transaction; c) Section 4 – *Protecting Confidential Information* – to provide general guidance to employees with regard to protecting confidential information, with reference to applicable policies and laws; d) Section 4B – *Protecting Employee Information* – to reinforce the importance of exercising care and discretion with employee information; and e) Section 6C - *Physical Security* – new section to refer to key elements of TD's updated Physical Security Program. In addition to these changes, certain other editorial, technical, 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, 2014 to the Registrant's Group President and Chief Executive Officer, Group Head Finance, Sourcing and Corporate Communications and Chief Financial Officer, and Senior Vice President and 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 Officers – Pre-Approval Policies and Shareholders' Auditor Service Fees* included in Exhibit 99.1: Annual Information Form dated December 3, 2014 is incorporated by reference herein.

Pre-Approval Policy for Audit and Non-Audit Services

The disclosure provided under the heading *Directors and Officers – Pre-Approval Policies and Shareholders' Auditor Service Fees* included in Exhibit 99.1: Annual Information Form dated December 3, 2014 is incorporated by reference herein.

During the fiscal year ended October 31, 2014, 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 Officers – Audit Committee* included in Exhibit 99.1: Annual Information Form dated December 3, 2014 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/ Norie C. Campbell*
Name:	Norie C. Campbell
Title:	General Counsel
Date:	December 4, 2014

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 December 3, 2014
99.2	Management's Discussion and Analysis
99.3	2014 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

Exhibit 99.1



The Toronto-Dominion Bank

ANNUAL INFORMATION FORM

December 3, 2014

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, 2014 (the "2014 MD&A") and are incorporated by reference into this AIF.

	Page Reference	Page / Incorporated by Reference From	
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Unless otherwise specified, this AIF presents information as at October 31, 2014.

Caution Regarding Forward-Looking Statements

From time to time, the Bank makes written and/or oral forward-looking statements, including in this document, in other filings with Canadian regulators or the U.S. Securities and Exchange Commission, 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, including in the Management's Discussion and Analysis ("2014 MD&A") under the heading “Economic Summary and Outlook”, for each business segment under headings “Business Outlook and Focus for 2015”, and in other statements regarding the Bank’s objectives and priorities for 2015 and beyond and strategies to achieve them, and the Bank’s anticipated financial performance. Forward-looking statements are typically identified by words such as “will”, “should”, “believe”, “expect”, “anticipate”, “intend”, “estimate”, “plan”, “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 such differences include: credit, market (including equity, commodity, foreign exchange, and interest rate), liquidity, operational (including technology), 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 key priorities, including to successfully complete acquisitions and strategic plans and 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 current laws and regulations; the overall difficult litigation environment, including in the U.S.; increased competition, including through internet and mobile banking; changes to the Bank’s credit ratings; changes in currency and interest rates; increased funding costs for credit due to market illiquidity and competition for funding; changes to accounting policies and methods used by the Bank; 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 see the “Risk Factors and Management” section of the 2014 MD&A, as may be updated in subsequently filed quarterly reports to shareholders and news releases (as applicable) related to any transactions discussed under the heading “Significant Events” 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 2014 MD&A under the headings “Economic Summary and Outlook”, and for each business segment, “Business Outlook and Focus for 2015”, each as 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, 2014, 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 23 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 9.4 million active online and mobile customers. TD had CDN$945 billion in assets on October 31, 2014. The Toronto-Dominion Bank trades under the symbol "TD" on each of the Toronto Stock Exchange and the New York Stock Exchange.

For additional information on TD’s businesses, see the descriptions provided below and on pages 17 to 31 of the 2014 MD&A.

Developments in the Canadian Business

On December 1, 2011, the Bank acquired substantially all of the credit card portfolio of MBNA Canada, a wholly-owned subsidiary of Bank of America Corporation, as well as certain other assets and liabilities for cash consideration of $6,839 million.

On August 5, 2013, the Bank completed the acquisition of substantially all of the consumer private label credit card portfolio of HSBC Retail Services Limited, an indirect wholly-owned subsidiary of HSBC Holdings plc.

On November 12, 2013, TD Waterhouse Canada Inc., a subsidiary of the Bank, completed the sale of the Bank’s institutional services business, known as TD Waterhouse Institutional Services, to a subsidiary of National Bank of Canada.

On December 27, 2013, the Bank, Aimia Inc. ("Aimia"), and the Canadian Imperial Bank of Commerce ("CIBC") closed a transaction under which the Bank acquired approximately 50% of CIBC's existing Aeroplan credit card portfolio, which primarily included accounts held by customers who did not have an existing retail banking relationship with CIBC. The Bank became the primary credit card issuer for Aeroplan, a loyalty program owned by Aimia, on January 1, 2014.

Development of TD Bank, America's Most Convenient Bank®

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 1,300 convenient locations located from Maine to Florida. TD Bank, N.A. is a wholly-owned subsidiary of the Bank.

On March 13, 2013, the Bank, through its subsidiary TD Bank USA, N.A., acquired substantially all of Target Corporation's ("Target") existing U.S. Visa and private label credit card portfolios, with a gross outstanding balance of US$5.8 billion. TD Bank USA, N.A. also entered into a seven-year program agreement under which it became the exclusive issuer of Target-branded Visa and private label consumer credit cards to Target's U.S. customers.

On March 27, 2013, the Bank acquired 100% of the outstanding equity of Epoch Holding Corporation, including its wholly-owned subsidiary Epoch Investment Partners, Inc. ("Epoch"), a New York-based asset management firm. Epoch was acquired for cash consideration of US$674 million.

Investment in TD Ameritrade

The Bank has an investment in TD Ameritrade Holding Corporation ("TD Ameritrade"), a leading provider of securities brokerage services and related technology-based financial services to retail investors, traders and independent registered investment advisors. TD Ameritrade provides its services predominantly through the Internet, a national branch network and relationships with independent registered investment advisors. TD Ameritrade is a U.S. publicly-traded company and its common shares are listed on the New York Stock Exchange. As of October 31, 2014, the Bank owned approximately 40.97% 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.

DESCRIPTION OF THE BUSINESS

Descriptions of TD's significant business segments and related information are provided on pages 3 and 17 to 31 of the 2014 MD&A.

Average Number of Employees

TD had an average of 81,137 full-time equivalent employees for fiscal 2014.

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 65 to 99 of the 2014 MD&A, which is incorporated by reference.

DIVIDENDS

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

Type of Shares	2014	2013	2012
Common Shares[1]	$1.84	$1.62	$1.45
Preferred Shares			
Series O[2]	$1.21	$1.21	$1.21
Series P	$1.31	$1.31	$1.31
Series Q	$1.40	$1.40	$1.40
Series R	$1.40	$1.40	$1.40
Series S[3]	$0.84	$1.15	$1.25
Series T[3]	$0.63	$0.16	–
Series Y[4]	$0.89	$1.28	$1.28
Series Z[4]	$0.65	–	–
Series AA[5]	$0.31	$1.25	$1.25
Series AC[5]	$0.35	$1.40	$1.40
Series AE[6]	$0.78	$1.56	$1.56
Series AG[6]	$0.78	$1.56	$1.56
Series AI[7]	$1.17	$1.56	$1.56
Series AK[7]	$1.17	$1.56	$1.56
Series 1[8]	$0.40	–	–
Series 3[9]	$0.24	–	–

Notes:

1 The common share dividend amounts disclosed in the chart have been adjusted to reflect the issuance of additional common shares as a result of the Bank's January 31, 2014 stock dividend of one common share per each issued and outstanding common share, which had the same effect as a two-for-one stock split.

2 On October 31, 2014, the Bank redeemed all of its 17 million outstanding Class A First Preferred Shares, Series O.

3 On July 31, 2013, the Bank converted 4.6 million of its 10 million Non-Cumulative 5-Year Rate Reset Preferred Shares, Series S on a one-for-one basis into Non-Cumulative Floating Rate Preferred Shares, Series T of the Bank.

4 On October 31, 2013, the Bank converted 4.5 million of its 10 million Non-Cumulative 5-Year Rate Reset Preferred Shares, Series Y, on a one-for-one basis, into Non-Cumulative Floating Rate Preferred Shares, Series Z of the Bank.

5 On January 31, 2014, the Bank redeemed all of its 10 million outstanding Non-Cumulative 5-Year Rate Reset Preferred Shares, Series AA and all of its 8.8 million outstanding Non-Cumulative 5-Year Rate Reset Preferred Shares, Series AC.

6 On April 30, 2014, the Bank redeemed all of its 12 million outstanding Non-Cumulative 5-Year Rate Reset Preferred Shares, Series AE and all of its 15 million outstanding Non-Cumulative 5-Year Rate Reset Preferred Shares, Series AG.

7 On July 31, 2014, the Bank redeemed all of its 11 million outstanding Non-Cumulative 5-Year Rate Reset Preferred Shares, Series AI and all of its 14 million outstanding Non-Cumulative 5-Year Rate Reset Preferred Shares, Series AK.

8 On June 4, 2014, the Bank issued 20 million Non-Cumulative 5-Year Rate Reset Preferred Shares, Series 1.

9 On July 31, 2014, the Bank issued 20 million Non-Cumulative 5-Year Rate Reset Preferred Shares, Series 3.

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

TD Ameritrade declared a US$0.12 per share quarterly cash dividend on its common stock during each quarter of its 2014 fiscal year. TD Ameritrade also declared and paid a US$0.50 per share special cash dividend on its common stock during the first quarter of its 2014 fiscal year. On October 28, 2014, TD Ameritrade declared a US$0.15 per share quarterly cash dividend on its common stock for the first quarter of its 2015 fiscal year, payable on November 20, 2014 to all holders of record of TD Ameritrade common stock as of November 6, 2014, 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 Capital under Basel III, non-common capital instruments issued by the Bank after January 1, 2013, including Preferred Shares (as 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 for the Bank and reduce access to capital markets. Rating downgrades may also affect the Bank’s ability to enter into normal course derivative transactions and/or require the Bank to post additional collateral for the benefit of its trading counterparties. 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 a one-notch downgrade 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 88 of the 2014 MD&A.

As at October 31, 2014

	DBRS	Moody's Investors Service	Standard & Poor's
Long Term Debt (deposits)	AA	Aa1	AA-
Short Term Debt (deposits)	R-1 (high)	P-1	A-1+
Tier 2B Subordinated Debt	AA (low)	A1	A
Tier 2A Subordinated Debt		A2	A-
Preferred Shares	Pfd-2 (high)	A3	P-2 (high)
Preferred Shares (Non-viability Contingent Capital)	Pfd-2	A3	P-2
Outlook	Stable	Negative	Negative

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 obligations 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.
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. 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.

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 which an original maturity of thirteen months or less and reflect the likelihood of a default on contractually promised payments. 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 Standard & Poor's on its public website

A Standard & Poor's 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 commitment on the obligation is very strong. An 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 commitment on the obligation is still strong. 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 Standard & Poor's. 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 Standard & Poor's 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. A Standard & Poor's 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 Standard & Poor's. 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 in the past year is set out in the tables below:

	TORONTO STOCK EXCHANGE							
	Common Shares[1]	Preferred Shares (Series O – Y)						
		Series O[2]	Series P	Series Q	Series R	Series S	Series T	Series Y
November 2013								
High Price($)	49.23	25.66	26.37	26.65	26.68	25.29	25.22	25.59
Low Price($)	47.39	25.15	25.89	26.17	26.15	24.62	25.11	24.85
Volume('000)	55,035	242	51	95	89	82	496	263
December 2013								
High Price($)	50.28	25.75	26.34	26.56	26.67	25.51	25.20	25.50
Low Price($)	46.87	25.15	25.90	26.27	26.26	24.87	25.02	24.95
Volume('000)	70,658	154	65	70	201	83	342	108
January 2014								
High Price($)	49.73	25.45	26.18	26.42	26.35	25.32	25.20	25.29
Low Price($)	47.81	24.82	25.56	25.89	25.93	24.68	24.56	24.79
Volume('000)	69,320	199	131	87	74	108	308	338
February 2014								
High Price($)	50.44	25.42	26.02	26.12	26.20	25.00	25.09	25.24
Low Price($)	47.35	25.15	25.77	25.93	26.02	24.70	24.70	24.77
Volume('000)	50,906	202	114	82	147	198	96	303
March 2014								
High Price($)	52.00	25.65	26.22	26.44	26.46	25.22	25.09	25.49
Low Price($)	49.67	25.30	25.96	26.06	26.22	24.89	24.78	25.11
Volume('000)	52,893	164	85	78	93	120	150	485
April 2014								
High Price($)	52.83	25.73	26.50	26.57	26.71	25.60	25.20	25.65
Low Price($)	50.60	25.25	25.85	26.16	26.28	25.06	24.70	25.21
Volume('000)	39,709	139	251	208	109	144	241	253
May 2014								
High Price($)	54.07	25.80	26.58	26.59	26.82	25.62	25.43	25.87
Low Price($)	51.35	25.25	26.26	26.30	26.40	24.85	25.08	25.10
Volume('000)	38,406	365	77	314	236	133	84	107
June 2014								
High Price($)	55.47	25.76	26.45	26.50	26.64	25.40	25.45	25.55
Low Price($)	53.77	25.30	26.17	26.25	26.34	24.92	25.07	25.11
Volume('000)	47,344	162	66	77	218	215	76	118
July 2014								
High Price($)	57.68	25.60	26.50	26.47	26.58	25.50	25.44	25.59
Low Price($)	54.60	25.27	25.92	26.12	26.20	25.08	25.20	25.35
Volume('000)	45,972	115	82	62	60	50	63	214

	TORONTO STOCK EXCHANGE							
	Common Shares[1]	Preferred Shares (Series O – Y)						
		Series O[2]	Series P	Series Q	Series R	Series S	Series T	Series Y
August 2014								
High Price($)	58.20	25.45	26.40	26.32	26.46	25.49	25.69	25.60
Low Price($)	55.31	25.22	25.96	26.26	26.26	25.31	25.20	25.41
Volume('000)	41,747	79	76	46	47	51	55	44
September 2014								
High Price($)	57.97	25.35	26.14	26.49	26.45	25.99	25.71	25.71
Low Price($)	54.37	25.15	25.85	26.12	26.29	25.22	25.20	25.43
Volume('000)	60,075	535	172	222	101	38	81	52
October 2014								
High Price($)	55.74	25.32	26.10	26.35	26.45	25.44	25.52	25.53
Low Price($)	50.11	24.97	25.65	25.92	26.00	25.15	25.26	25.25
Volume('000)	64,275	581	94	61	55	232	52	52

Notes:

1 The common share amounts disclosed in the chart have been adjusted to reflect the issuance of additional common shares as a result of the Bank's January 31, 2014 stock dividend of one common share per each issued and outstanding common share, which had the same effect as a two-for-one stock split.

2 On October 31, 2014, the Bank redeemed all of its 17 million outstanding Class A First Preferred Shares, Series O.

	TORONTO STOCK EXCHANGE								
	Preferred Shares (Series Z – 3)								
	Series Z	Series AA[1]	Series AC[1]	Series AE[2]	Series AG[2]	Series AI[3]	Series AK[3]	Series 1[4]	Series 3[5]
November 2013									
High Price($)	25.25	25.35	25.34	25.62	25.64	25.97	25.91	–	–
Low Price($)	24.98	25.12	25.18	25.42	25.42	25.62	25.65	–	–
Volume('000)	949	187	152	198	271	132	208	–	–
December 2013									
High Price($)	25.23	25.35	25.65	25.62	25.65	25.80	25.84	–	–
Low Price($)	25.02	25.21	25.28	25.43	25.40	25.60	25.62	–	–
Volume('000)	122	223	310	123	272	198	135	–	–
January 2014									
High Price($)	25.19	25.29	25.32	25.65	25.64	25.84	25.87	–	–
Low Price($)	24.80	24.97	24.97	25.20	25.20	25.43	25.41	–	–
Volume('000)	231	455	244	355	465	193	175	–	–
February 2014									
High Price($)	24.98	–	–	25.33	25.35	25.59	25.60	–	–
Low Price($)	24.75	–	–	25.23	25.23	25.40	25.44	–	–
Volume('000)	71	–	–	160	104	464	171	–	–
March 2014									
High Price($)	24.95	–	–	25.50	25.44	25.68	25.69	–	–
Low Price($)	24.66	–	–	25.28	25.27	25.48	25.52	–	–
Volume('000)	74	–	–	471	436	257	234	–	–
April 2014									
High Price($)	25.29	–	–	25.40	25.45	25.72	25.69	–	–
Low Price($)	24.82	–	–	24.97	24.97	25.25	25.25	–	–
Volume('000)	109	–	–	396	584	125	362	–	–

	TORONTO STOCK EXCHANGE								
	Preferred Shares (Series Z – 3)								
	Series Z	Series AA[1]	Series AC[1]	Series AE[2]	Series AG[2]	Series AI[3]	Series AK[3]	Series 1[4]	Series 3[5]
May 2014									
High Price($)	25.43	–	–	–	–	25.38	25.37	–	–
Low Price($)	25.10	–	–	–	–	25.28	25.29	–	–
Volume('000)	66	–	–	–	–	222	284	–	–
June 2014									
High Price($)	25.40	–	–	–	–	25.41	25.44	25.38	–
Low Price($)	24.97	–	–	–	–	25.28	25.29	24.85	–
Volume('000)	67	–	–	–	–	279	920	2,708	–
July 2014									
High Price($)	25.36	–	–	–	–	25.42	25.43	25.60	25.08
Low Price($)	25.01	–	–	–	–	24.98	24.98	25.26	24.99
Volume('000)	53	–	–	–	–	648	695	1,473	1,013
August 2014									
High Price($)	25.57	–	–	–	–	–	–	25.46	25.25
Low Price($)	25.18	–	–	–	–	–	–	25.27	24.99
Volume('000)	81	–	–	–	–	–	–	267	1,878
September 2014									
High Price($)	25.64	–	–	–	–	–	–	25.40	25.29
Low Price($)	25.31	–	–	–	–	–	–	25.20	25.05
Volume('000)	59	–	–	–	–	–	–	329	894
October 2014									
High Price($)	25.69	–	–	–	–	–	–	25.43	25.36
Low Price($)	25.30	–	–	–	–	–	–	24.97	24.95
Volume('000)	40	–	–	–	–	–	–	522	604

Notes:

1 On January 31, 2014, the Bank redeemed all of its 10 million outstanding Non-Cumulative 5-Year Rate Reset Preferred Shares, Series AA and all of its 8.8 million outstanding Non-Cumulative 5-Year Rate Reset Preferred Shares, Series AC.

2 On April 30, 2014, the Bank redeemed all of its 12 million outstanding Non-Cumulative 5-Year Rate Reset Preferred Shares, Series AE and all of its 15 million outstanding Non-Cumulative 5-Year Rate Reset Preferred Shares, Series AG.

3 On July 31, 2014, the Bank redeemed all of its 11 million outstanding Non-Cumulative 5-Year Rate Reset Preferred Shares, Series AI and all of its 14 million outstanding Non-Cumulative 5-Year Rate Reset Preferred Shares, Series AK.

4 On June 4, 2014, the Bank issued 20 million Non-Cumulative 5-Year Rate Reset Preferred Shares, Series 1.

5 On July 31, 2014, the Bank issued 20 million Non-Cumulative 5-Year Rate Reset Preferred Shares, Series 3.

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, 2014.

DIRECTORS AND OFFICERS

Directors and Board Committees of the Bank

The following table sets forth, as at December 3, 2014, 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
John L. Bragg Chairman, President and Co-Chief Executive Officer, Oxford Frozen Foods Limited (food manufacturers) Collingwood, Nova Scotia, Canada	October 2004
Amy W. Brinkley Consultant, AWB Consulting, LLC (risk management and executive advising consulting firm) Charlotte, North Carolina, U.S.A.	September 2010
Colleen A. Goggins Corporate Director, and former Worldwide Chairman, Consumer Group, Johnson & Johnson Princeton, New Jersey, U.S.A.	March 2012
Mary Jo Haddad* Corporate Director and former President and Chief Executive Officer The Hospital for Sick Children Oakville, Ontario, Canada ** Ms. Haddad was appointed to the Board on December 3, 2014*	December 2014
David E. Kepler Executive Vice President, The Dow Chemical Company (chemicals, plastics and advanced materials manufacturer) Sanford, Michigan, U.S.A.	December 2013
Henry H. Ketcham Executive Chairman, West Fraser Timber Co. Ltd. (integrated forest products company) Vancouver, British Columbia, Canada	January 1999
Brian M. Levitt Chairman of the Board, The Toronto-Dominion Bank, and Vice-Chair, Osler, Hoskin & Harcourt LLP (law firm) Lac Brome, Quebec, Canada	December 2008
Alan N. MacGibbon Vice-Chair, Osler, Hoskin & Harcourt LLP (law firm) Oakville, Ontario, Canada	April 2014
Harold H. MacKay Counsel, MacPherson Leslie & Tyerman LLP (law firm) Regina, Saskatchewan, Canada	November 2004

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 Former President and Chief Executive Officer, Rogers Communications Inc. Toronto, Ontario, Canada	April 2008
Wilbur J. Prezzano Corporate Director, and retired Vice Chairman, Eastman Kodak Company Charleston, South Carolina, U.S.A.	April 2003
Helen K. Sinclair Chief Executive Officer, BankWorks Trading Inc. (broadcast and webcast services provider) Toronto, Ontario, Canada	June 1996

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

Ms. Goggins was the Worldwide Chairman, Consumer Group at Johnson & Johnson prior to March 2011. Ms. Haddad was the President and Chief Executive Officer of The Hospital for Sick Children prior to January 2014. Mr. Kepler was Executive Vice President, Business Services, Chief Sustainability Officer and Chief Information Officer at The Dow Chemical Company prior to October 2014. Mr. Ketcham was Chairman and Chief Executive Officer of West Fraser Timber Co. Ltd. prior to March 2013. Mr. Levitt was Non-Executive Co-Chair at Osler, Hoskin & Harcourt LLP from September 2012 to July 2014, Counsel at Osler, Hoskin & Harcourt LLP from January 2011 to September 2012, and Co-Chair at Osler, Hoskin & Harcourt LLP prior to January 2011. Prior to becoming Vice-Chair of Osler, Hoskin & Harcourt LLP in July 2014, Mr. MacGibbon was Senior Counsel to Deloitte LLP (Canada) from June 2012 to December 2013, and Managing Partner and Chief Executive of Deloitte LLP (Canada) prior to June 2012; Mr. MacGibbon was also Global Managing Director, Quality, Strategy and Communications of Deloitte Touche Tohmatsu Limited from June 2011 to September 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.

Each director will hold office until the next annual meeting of shareholders of the Bank, which is scheduled for March 26, 2015. 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 December 3, 2014 and each Committee's key responsibilities.

Committee	Members	Key Responsibilities
Corporate Governance Committee	Brian M. Levitt (Chair) William E. Bennett Harold H. MacKay Karen E. Maidment Wilbur J. Prezzano	**Responsibility for corporate governance of TD:** • Set the criteria for selecting new directors and the Board's approach to director independence; • Identify individuals qualified to become Board members and recommend to the Board the director nominees for the next annual meeting of shareholders; • Develop and, where appropriate, 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 TD; • Review and recommend the compensation of the non-management directors of TD; • Satisfy itself that TD communicates effectively with its shareholders, other interested parties and the public through a responsive communication policy; • Facilitate the evaluation of the Board and Committees; and • Oversee an orientation program for new directors and continuing education for directors.
Human Resources Committee	Wilbur J. Prezzano (Chair) Amy W. Brinkley Mary Jo Haddad Henry H. Ketcham Brian M. Levitt Nadir H. Mohamed Helen K. Sinclair	**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 TD'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 in consultation with independent advisors; • Oversee a robust talent planning process that provides succession planning for the CEO role and other senior roles. Review candidates for CEO and recommend the best candidate to the Board as part of the succession planning process for the position of CEO and periodically review TD's organization structure for alignment with business objectives and succession planning requirements; • Oversee the selection, evaluation, development and compensation of other members of senior management; and • Produce a report on compensation for the benefit of shareholders, which is published in TD's annual proxy circular, and review, as appropriate, any other related major public disclosures concerning compensation.

Committee	Members	Key Responsibilities
Risk Committee	Karen E. Maidment (Chair) William E. Bennett Amy W. Brinkley Colleen A. Goggins David E. Kepler Harold H. MacKay Helen K. Sinclair	**Supervising the management of risk of TD:** • 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 TD is exposed; • Review and recommend TD's Risk Appetite Statement and related metrics for approval by the Board and monitor TD's major risks as set out in the Enterprise Risk Framework; • Review TD's risk profile against risk appetite metrics; and • Provide a forum for "big-picture" analysis of an enterprise view of risk including considering trends and emerging risks.
Audit Committee	William E. Bennett* (Chair) John L. Bragg Alan N. MacGibbon* Karen E. Maidment* Irene R. Miller*	**Supervising the quality and integrity of TD's financial reporting:** • Oversee reliable, accurate and clear financial reporting to shareholders; • Oversee internal controls – the necessary checks and balances must be in place; • Be directly responsible for the selection, compensation, retention and oversight of the work of the shareholders' auditor – the shareholders' auditor reports directly to this Committee; • Listen to the shareholders' auditor, chief auditor, chief compliance officer and global anti-money laundering officer, and evaluate the effectiveness and independence of each; • Oversee the establishment and maintenance of processes that ensure TD is in compliance with the laws and regulations that apply to it as well as its own policies; • Act as the Audit Committee and Conduct Review Committee for certain subsidiaries of TD that are federally-regulated financial institutions and insurance companies; and • Receive reports on and approve, if appropriate, certain transactions with related parties.

** 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: William E. Bennett (chair), John L. Bragg, Alan N. MacGibbon, Karen E. Maidment and Irene R. Miller. 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 and MacGibbon and Mses. Maidment and 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 Chair of the Bank's Audit Committee. Mr. 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 currently serves as chair of the audit committees of the boards of TD Bank US Holding Company (the holding company of TD Bank, N.A. and TD Bank USA, N.A.) and Capital Power Corporation, and previously served as chair of the audit committee of the board of 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.

John L. Bragg is President, Founder and Co-Chief Executive Officer of Oxford Frozen Foods Limited and the owner and founder of Bragg Communications Inc. Mr. Bragg holds a Bachelor of Commerce degree and a Bachelor of Education degree from Mount Allison University.

Alan N. MacGibbon is Vice-Chair of Osler, Hoskin & Harcourt, LLP. Previously he was the Global Managing Director, Quality, Strategy and Communications for Deloitte Touche Tohmatsu Limited from June 2011 to September 2013. He was also the Managing Partner and Chief Executive of Deloitte LLP (Canada) from 2004 to June 2012, and Senior Counsel to Deloitte LLP (Canada) from June 2012 to December 2013. 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.

Karen E. Maidment is a Corporate Director and former Chief Financial and Administrative Officer of BMO Financial Group. Ms. Maidment is the chair of the audit and risk committee of the board of TransAlta Corporation and a member of the audit and risk committee of the board of TD Ameritrade. She holds an undergraduate degree in commerce from McMaster University, is a Chartered Professional Accountant, a Chartered Accountant, and a Fellow of the Chartered Professional Accountants Ontario. Ms. Maidment 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 the chair of the audit and control committee of the board of Inditex S.A., and previously served as chair of the audit committees 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.

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; 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, 2014, 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, Insurance, Credit Cards, and Enterprise Strategy, TD Bank Group	Oakville, Ontario, Canada
Norie C. Campbell	Group Head, Legal, Compliance, Anti-Money Laundering, Financial Crimes and Fraud Management, Enterprise Projects and General Counsel, TD Bank Group	Toronto, Ontario, Canada
Mark R. Chauvin	Group Head and Chief Risk Officer, TD Bank Group	Burlington, Ontario, Canada
W. Edmund Clark	Group President and Chief Executive Officer, TD Bank Group (until his retirement on October 31, 2014)	Toronto, Ontario, Canada
Theresa L. Currie	Group Head, Direct Channels, Technology, Marketing, and People Strategies, TD Bank Group	Toronto, Ontario, Canada
Robert E. Dorrance	Group Head, Wholesale Banking, TD Bank Group and Chairman, Chief Executive Officer and President, TD Securities	Toronto, Ontario, Canada
Timothy D. Hockey	Group Head, Canadian Banking, Auto Finance, and Wealth Management, TD Bank Group and President and Chief Executive Officer, TD Canada Trust	Toronto, Ontario, Canada
Colleen M. Johnston	Group Head, Finance, Sourcing and Corporate Communications, and Chief Financial Officer, TD Bank Group	Toronto, Ontario, Canada
Bharat B. Masrani	Group President and Chief Executive Officer, TD Bank Group (effective November 1, 2014)	Toronto, Ontario, Canada
Frank J. McKenna	Deputy Chair, TD Bank Group	Toronto, Ontario, Canada
Michael B. Pedersen	Group Head, U.S. Banking, TD Bank Group and President and Chief Executive Officer, TD Bank US Holding Company, TD Bank, N.A. and TD Bank USA, N.A.	Bryn Mawr, Pennsylvania, U.S.A.

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 July 1, 2013, Mr. Ahmed was Group Head, Corporate Development, Enterprise Strategy and Treasury, Corporate Office, TD Bank Group from May 27, 2010 to July 1, 2013, and Executive Vice President, Corporate Development, Group Strategy and Treasury and Balance Sheet Management, Corporate Office, TD Bank Financial Group prior to May 27, 2010.

Prior to commencing her current Group Head role on November 1, 2014, Ms. Campbell was 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, Legal, Corporate Office and General Counsel, TD Bank Group from November 1, 2011 to April 15, 2013, and Senior Vice President, Legal, Corporate Office and Assistant General Counsel, TD Bank Financial Group prior to November 1, 2011.

Prior to becoming a Group Head on May 27, 2010, Mr. Chauvin was Executive Vice President, Risk Management and Chief Risk Officer, Corporate Office, TD Bank Financial Group.

Prior to commencing her current Group Head role on November 1, 2014, Ms. Currie was Group Head, Direct Channels, Marketing, Corporate Shared Services, and People Strategies, TD Bank Group from April 15, 2013 to October 31, 2014, Group Head, Direct Channels, Corporate and People Strategies, Corporate Office, TD Bank Group from July 4, 2011 to April 15, 2013, Group Head, Marketing, Corporate and People Strategies, Corporate Office, TD Bank Group from November 1, 2010 to July 4, 2011, Group Head, Marketing, Corporate and Public Affairs, and People Strategies, Corporate Office, TD Bank Financial Group from May 27, 2010 to November 1, 2010 and Executive Vice President, Human Resource and Corporate and Public Affairs, Corporate Office, TD Bank Financial Group prior to May 27, 2010.

Prior to commencing his current Group Head role on July 1, 2013, Mr. Hockey was Group Head, Canadian Banking, Auto Finance and Credit Cards, TD Bank Group and President and Chief Executive Officer, TD Canada Trust from October 3, 2011 to July 1, 2013, and Group Head, Canadian Banking and TD Auto Finance, TD Bank Group and President and Chief Executive Officer, TD Canada Trust prior to October 3, 2011.

Prior to commencing her current Group Head role on April 15, 2013, Ms. Johnston was Group Head, Finance and Chief Financial Officer, Corporate Office, TD Bank Group.

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 was 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 his current Group Head role on July 1, 2013, Mr. Pedersen was Group Head, Wealth Management, Insurance, and Corporate Shared Services, TD Bank Group from July 4, 2011 to July 1, 2013, Group Head, Wealth Management, Direct Channels, and Corporate Shared Services, TD Bank Group from November 1, 2010 to July 4, 2011, Group Head, Corporate Operations and Direct Channels, TD Bank Financial Group from May 27, 2010 to November 1, 2010 and Group Head, Corporate Operations, TD Bank Financial Group prior to May 27, 2010.

Shareholdings of Directors and Executive Officers

To the knowledge of the Bank, as at October 31, 2014, 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 3,245,398 of the Bank's common shares, representing approximately 0.18% 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 December 3, 2014:

(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.

Pre-Approval Policies and Shareholders' Auditor Service Fees

The Bank's Audit Committee has implemented a policy restricting the services that may be provided by the shareholders' independent external auditor and the fees paid to the shareholders' independent external auditor. Any service to be provided by the shareholders' auditor must be permitted by law and by the policy, and must be pre-approved by the Audit Committee pursuant to the policy, along with the associated fees for those services. The policy provides for the annual pre-approval of specific types of services, together with the maximum amount of the fees that may be paid for such services, pursuant to policies and procedures adopted by the Audit Committee, and gives detailed guidance to management as to the specific services that are eligible for such annual pre-approval. All other services and the associated fees must also be specifically pre-approved by the Audit Committee as they arise throughout the year. In making its determination regarding services to be provided by the shareholders' auditor, the Audit Committee considers the compliance with the policy and the provision of services in the context of avoiding impact on auditor independence. This includes considering applicable regulatory requirements and guidance, and whether the provision of the services would place the auditor in a position to audit its own work, result in the auditor acting in the role of the Bank's management or place the auditor in an advocacy role on behalf of the Bank. By law, the shareholders' auditor may not provide certain services to the Bank or its subsidiaries. Four times a year, the services performed by the shareholders' auditor on a year-to-date basis, and details of any proposed assignments are presented to the Audit Committee for consideration and pre-approval, if appropriate.

Fees paid to the Bank's current shareholders' independent external auditor, EY, for the past three fiscal years are detailed in the table below.

	Fees paid to Ernst & Young LLP		
(thousands of Canadian dollars)	**2014**	**2013**	**2012**
Audit fees	$21,424	$19,649	$20,445
Audit-related fees	1,540	1,915	1,501
Tax fees	4,859	3,588	2,851
All other fees	1,073	933	976
Total	**$28,896**	**$26,085**	**$25,773**

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.

Audit-related fees are fees for assurance and related services that are performed by the shareholders' auditor. These services include employee benefit plan audits, accounting and tax consultations, and attest services in connection with mergers, acquisitions and divestitures, including audit procedures related to opening balance sheet and purchase price allocation, application and general control reviews, attest services not required by statute or regulation, translation of financial statements and reports in connection with the audit or review, interpretation of financial accounting, tax and reporting standards, and information technology advisory services.

Tax fees comprise income and commodity tax compliance generally involving the preparation of original and amended tax returns and claims for refund, tax advice, including assistance with tax audits, appeals and rulings plus tax advice related to mergers, acquisitions and financing structures, electronic and paper based tax knowledge publications, and tax planning, including transfer pricing matters.

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 audits of charitable organizations, reports on control procedures at a service organization, audit services for certain special purpose entities administered by the Bank, SEC-registered fund audits, benchmark studies, database services for tax compliance, 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 29 of the Annual Financial Statements for the year ended October 31, 2014.

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, the Bank paid administrative filing fees relating to late filings to the Ontario Securities Commission (the "OSC") in the aggregate amount of $6,000 and TD Investment Services Inc. paid an administrative filing fee relating to late filings to the OSC in the aggregate amount of $5,000.*

* 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.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the best of our knowledge, the Bank confirms that, as at December 3, 2014, 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

CST Trust Company
P.O. Box 700, Station B
Montréal, Québec 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@canstockta.com
Website: www.canstockta.com

Co-transfer Agent and Registrar

Computershare
P.O. Box 30170
College Station, Texas 77842-3170

or

211 Quality Circle, Suite 210
College Station, Texas 77845

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

INTERESTS OF EXPERTS

The Consolidated Financial Statements of the Bank for the year ended October 31, 2014 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 Independent Auditors' Report of Registered Public Accounting Firm to Shareholders - Report on Financial Statements and Report on Internal Control Under Standards of the Public Company Accounting Oversight Board (United States). 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, 2014.

Appendix "A"

Intercorporate Relationships

PRINCIPAL SUBSIDIARIES[1]

(millions of Canadian dollars)		As at October 31, 2014
North America	Address of Head or Principal Office[2]	Carrying value of shares owned by the Bank
Meloche Monnex Inc.	Montreal, Quebec	$ 1,548
Security National Insurance Company	Montreal, Quebec	
Primmum Insurance Company	Toronto, Ontario	
TD Direct Insurance Inc.	Toronto, Ontario	
TD General Insurance Company	Toronto, Ontario	
TD Home and Auto Insurance Company	Toronto, Ontario	
TD Asset Management Inc.	Toronto, Ontario	563
TD Waterhouse Private Investment Counsel Inc.	Toronto, Ontario	
TD Auto Finance (Canada) Inc.	Toronto, Ontario	1,404
TD Auto Finance Services Inc.	Toronto, Ontario	1,310
TD Equipment Finance Canada Inc.	Oakville, Ontario	4
TD Financing Services Home Inc.	Toronto, Ontario	41
TD Financing Services Inc.	Toronto, Ontario	126
TD Investment Services Inc.	Toronto, Ontario	21
TD Life Insurance Company[3]	Toronto, Ontario	184
TD Mortgage Corporation	Toronto, Ontario	11,193
TD Pacific Mortgage Corporation	Vancouver, British Columbia	
The Canada Trust Company	Toronto, Ontario	
TD Securities Inc.	Toronto, Ontario	1,707
TD US P & C Holdings ULC	Calgary, Alberta	31,241
TD Bank US Holding Company	Cherry Hill, New Jersey	
Epoch Investment Partners, Inc.	New York, New York	
TD Bank USA, National Association	Wilmington, Delaware	
TD Bank, National Association	Wilmington, Delaware	
TD Auto Finance LLC	Farmington Hills, Michigan	
TD Equipment Finance, Inc.	Cherry Hill, New Jersey	
TD Private Client Wealth LLC	New York, New York	
TD Wealth Management Services Inc.	Cherry Hill, New Jersey	
TD Vermillion Holdings ULC	Calgary, Alberta	19,354
TD Financial International Ltd.	Hamilton, Bermuda	
Canada Trustco International Limited	St. James, Barbados	
TD Reinsurance (Barbados) Inc.	St. James, Barbados	
Toronto Dominion International Inc.	St. James, Barbados	
TD Waterhouse Canada Inc.	Toronto, Ontario	2,057
TDAM USA Inc.	Wilmington, Delaware	6
Toronto Dominion Holdings (U.S.A.), Inc.	New York, New York	2,001
TD Holdings II Inc.	New York, New York	
TD Securities (USA) LLC	New York, New York	
Toronto Dominion (Texas) LLC	New York, New York	
Toronto Dominion (New York) LLC	New York, New York	
Toronto Dominion Capital (U.S.A.), Inc.	New York, New York	
International		
NatWest Personal Financial Management Limited	Leeds, England	119
NatWest Stockbrokers Limited	Leeds, England	
TD Bank International S.A.	Luxembourg, Luxembourg	49
TD Bank N.V.	Amsterdam, The Netherlands	288
TD Ireland	Dublin, Ireland	1,039
TD Global Finance	Dublin, Ireland	
TD Luxembourg International Holdings	Luxembourg, Luxembourg	5,569
TD Ameritrade Holding Corporation (40.97%)[4]	Omaha, Nebraska	
TD Wealth Holdings (UK) Limited	Leeds, England	124
TD Direct Investing (Europe) Limited	Leeds, England	
Toronto Dominion Australia Limited	Sydney, Australia	224
Toronto Dominion Investments B.V.	London, England	1,106
TD Bank Europe Limited	London, England	
Toronto Dominion Holdings (U.K.) Limited	London, England	
TD Securities Limited	London, England	
Toronto Dominion (South East Asia) Limited	Singapore, Singapore	928

[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] On November 1, 2014, CT Financial Assurance Company amalgamated with TD Life Insurance Company.

[4] TD Ameritrade Holding Corporation is not a subsidiary of the Bank as the Bank does not control it. 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 ~ ~

Main Responsibilities:

- overseeing reliable, accurate and clear financial reporting to shareholders
- overseeing internal controls - the necessary checks and balances must be in place
- directly responsible for the selection, compensation, retention and oversight of the work of the shareholders' auditor – the shareholders' auditor reports directly to the Committee
- listening to the shareholders' auditor, chief auditor, chief compliance officer and global anti-money laundering officer, and evaluating the effectiveness and independence of each
- overseeing the establishment and maintenance of processes that ensure the Bank is in compliance with the laws and regulations that apply to it as well as its own policies
- acting as the audit committee and conduct review committee for certain subsidiaries of the Bank that are federally-regulated financial institutions and insurance companies
- receiving reports on and approving, if appropriate, certain transactions with related parties

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, 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 shall serve until their successors are duly appointed. 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 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 and access any officer, employee or agent of the Bank appropriate to 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 Global Anti-Money Laundering 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.

All non-management directors who are not members of the Committee have a standing invitation to attend meetings of the Committee but may not vote. Additionally, the Committee may invite to its meetings any director, member of management and 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, 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, where appropriate but at least annually, discussion with management and the shareholders' auditor of significant issues regarding accounting principles, practices, 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 department 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 such as the use of variable interest entities and special purpose vehicles, 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, major changes to the Bank's accounting and financial reporting policies as suggested by management, the shareholders' auditor, or the internal audit department;

- establishing regular systems of reporting to the Committee by each of management, the shareholders' auditor and the internal audit department 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 preparation, presentation and integrity of the Bank's financial statements and for maintaining 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, including reviewing and approving the mandates of the internal audit division and the Chief Auditor at least annually. 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 periodic updates;
- confirm the appointment and dismissal of the Chief Auditor;
- 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;
- annually convey its view of the performance of the Chief Auditor to the Chief Executive Officer as input into the compensation approval process;
- review and discuss regular reports prepared by the Chief Auditor and other information provided to fulfill its oversight responsibilities, including all information outlined in regulatory guidance, together with management's response and follow-up on outstanding issues, as necessary, including proactive consideration of whether deficiencies in one area may be present in other areas;
- provide a forum for the Chief Auditor to have unfettered access to the Committee to raise any internal audit 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 function, 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 review and evaluate the performance, qualifications, skills, resources (amount and type) and independence of the shareholders' auditor, including the lead partners, and annually 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. 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;
- review the shareholders' auditor's processes for assuring the quality of their audit services, including any 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 Canadian Institute of Chartered Accountants and the Public Company Accounting Oversight Board and the requirements 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;

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

- 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.

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, on a periodic basis, a formal written statement 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 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;

- review the results of a third-party independent review of Finance Department effectiveness conducted on a five-year cycle;

- 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.

Conduct Review and Related Party Transactions

The Committee shall be responsible for conduct review and oversight of related party transactions (except the approval of Bank officer related party credit facilities which are reviewed by the Human Resources Committee and the approval of Bank director related party credit facilities which are reviewed by the Risk Committee, as required), including satisfying itself that procedures and practices are established by management as required by the *Bank Act* (Canada)*, Trust and Loans Companies Act (Canada), the Insurance Companies Act (Canada)* , and *the International Financial Reporting Standards (specifically, IAS 24 – Related Party Disclosures),* relating to conduct review and related party transactions and monitoring compliance with those procedures and their effectiveness from time to time.

Business Conduct and Ethical Behaviour

The Committee shall monitor compliance with policies in respect of ethical personal and business conduct, including the Bank's Disclosure of Information and Complaint Procedures; Anti-Bribery and Anti-Corruption Policy; and Code of Conduct and Ethics and the conflicts of interest procedures included therein, including approving, where appropriate, any waiver from the Bank's Code of Conduct and Ethics to be granted for the benefit of any director or executive officer of the Bank.

Compliance

The Committee shall oversee the establishment and maintenance of processes and policies that 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 and the legislative compliance management processes;

- establishing procedures in accordance with regulatory requirements for the receipt, retention and treatment of complaints received by the Bank on accounting, internal accounting controls or auditing matters, and receiving reports on such complaints and submissions as required under the applicable policy;

- reviewing an annual report from the Chief Risk Officer regarding examinations of the Bank conducted by OSFI, and following up with management on the status of recommendations and suggestions, as appropriate; and

- 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.

Compliance Department

The Committee shall oversee the Compliance Department of the Bank and the execution of its mandate, including reviewing and approving its annual plan, including its budget and resources, and any significant changes to the annual plan and/or methodology. The Committee shall satisfy itself that the Compliance Department is sufficiently independent to perform its responsibilities. In addition, the Committee shall:

- 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 function;
- review the results of a third-party independent review of Compliance Department effectiveness conducted on a five-year cycle;
- 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;
- regularly review and discuss reports prepared by the Chief Compliance Officer for the Audit Committee 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 Compliance Officer to have unfettered access to the Committee to raise any compliance issues or issues with respect to the relationship and interaction among the Compliance Department, management and/or regulators.

Anti-Money Laundering / Anti-Terrorist Financing

The Committee shall oversee and monitor the establishment, maintenance and ongoing effectiveness of the Anti-Money Laundering / Anti-Terrorist Financing ("AML/ATF") 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 Global Anti-Money Laundering 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 an annual report from the Chief Auditor regarding the results of effectiveness testing of the AML Program, 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/ATF 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 a third-party independent review of AML Department effectiveness conducted on a five-year cycle;

- annually review and approve the mandate of the Global AML Department and the mandate of the Global Anti-Money Laundering Officer;
- confirm the appointment and dismissal of the Global Anti-Money Laundering Officer;
- annually convey its view of the performance of the Global Anti-Money Laundering Officer to the Chief Executive Officer as input into the compensation approval process;
- regularly review and discuss reports prepared by the Global Anti-Money Laundering Officer for the Audit Committee on the design and operation of the AML/ATF 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 Global Anti-Money Laundering 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 and conduct review committee for certain Canadian subsidiaries of the Bank that are federally-regulated financial institutions and insurance companies, including meeting on an annual basis with the appointed actuaries of the subsidiaries of the Bank that are federally-regulated insurance companies without management present;
- establishing procedures in accordance with regulatory requirements for confidential, anonymous submissions of concerns regarding questionable accounting or auditing matters, and receiving reports on such complaints and submissions as required under the applicable policy;
- reviewing with the Bank's general counsel any legal matter arising from litigation, asserted claims or regulatory noncompliance that could have a material impact on the Bank's financial condition.
- performing such other functions and tasks as may be mandated by regulatory requirements applicable to audit committees and conduct review committees or delegated by the Board;
- conducting an annual evaluation of the Committee to assess its contribution and effectiveness in fulfilling its mandate;
- reviewing and assessing the adequacy of this Charter at least annually and submitting this Charter to the Corporate Governance Committee for review and recommendation to the Board for approval upon amendment;
- 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.

Posted February 2014

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, 2014, 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, 2014. This MD&A is dated December 3, 2014. 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 reclassified to conform to the presentation adopted in the current year.

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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 makes written and/or oral forward-looking statements, including in this document, in other filings with Canadian regulators or the U.S. Securities and Exchange Commission, 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, including in the Management's Discussion and Analysis ("2014 MD&A") under the heading "Economic Summary and Outlook", for each business segment under headings "Business Outlook and Focus for 2015", and in other statements regarding the Bank's objectives and priorities for 2015 and beyond and strategies to achieve them, and the Bank's anticipated financial performance. Forward-looking statements are typically identified by words such as "will", "should", "believe", "expect", "anticipate", "intend", "estimate", "plan", "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 such differences include: credit, market (including equity, commodity, foreign exchange, and interest rate), liquidity, operational (including technology), 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 key priorities, including to successfully complete acquisitions and strategic plans and 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 current laws and regulations; the overall difficult litigation environment, including in the U.S.; increased competition, including through internet and mobile banking; changes to the Bank's credit ratings; changes in currency and interest rates; increased funding costs for credit due to market illiquidity and competition for funding; changes to accounting policies and methods used by the Bank; 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 see the "Risk Factors and Management" section of the 2014 MD&A, as may be updated in subsequently filed quarterly reports to shareholders and news releases (as applicable) related to any transactions discussed under the heading "Significant Events" 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 2014 MD&A under the headings "Economic Summary and Outlook", and for each business segment, "Business Outlook and Focus for 2015", each as 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.

FINANCIAL RESULTS OVERVIEW

Corporate Overview

The Toronto-Dominion Bank and its subsidiaries are collectively known as TD Bank Group. TD is the sixth largest bank in North America by branches and serves more than 23 million customers in three key businesses operating in a number of locations in financial centres around the globe: Canadian Retail, U.S. Retail and Wholesale Banking. TD also ranks among the world's leading online financial services firms, with approximately 9.4 million active online and mobile customers. TD had $945 billion in assets as at October 31, 2014. 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 overall Bank performance. To arrive at adjusted results, the Bank removes "items of note", net of income taxes, 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 2. As explained, adjusted results are different 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 implemented new and amended standards under IFRS (New IFRS Standards and Amendments) which required retrospective application, effective in fiscal 2014. As a result, certain comparative amounts have been restated. For more information refer to Note 4 of the 2014 Consolidated Financial Statements.

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

TABLE 1: OPERATING RESULTS – REPORTED

(millions of Canadian dollars)

	2014	2013	2012
Net interest income	**$ 17,584**	$ 16,074	$ 15,026
Non-interest income	**12,377**	11,185	10,520
Total revenue	**29,961**	27,259	25,546
Provision for credit losses	**1,557**	1,631	1,795
Insurance claims and related expenses	**2,833**	3,056	2,424
Non-interest expenses	**16,496**	15,069	14,016
Income before income taxes and equity in net income of an investment in associate	**9,075**	7,503	7,311
Provision for income taxes	**1,512**	1,135	1,085
Equity in net income of an investment in associate, net of income taxes	**320**	272	234
Net income – reported	**7,883**	6,640	6,460
Preferred dividends	**143**	185	196
Net income available to common shareholders and non-controlling interests in subsidiaries	**$ 7,740**	$ 6,455	$ 6,264
Attributable to:			
Non-controlling interests	**$ 107**	$ 105	$ 104
Common shareholders	**7,633**	6,350	6,160

TABLE 2 : NON-GAAP FINANCIAL MEASURES – RECONCILIATION OF ADJUSTED TO REPORTED NET INCOME

(millions of Canadian dollars)

	2014	2013	2012
Operating results – adjusted			
Net interest income[1]	**$ 17,584**	$ 16,074	$ 15,062
Non-interest income[2]	**12,097**	11,114	10,615
Total revenue	**29,681**	27,188	25,677
Provision for credit losses[3]	**1,582**	1,606	1,903
Insurance claims and related expenses	**2,833**	3,056	2,424
Non-interest expenses[4]	**15,863**	14,390	13,180
Income before income taxes and equity in net income of an investment in associate	**9,403**	8,136	8,170
Provision for income taxes[5]	**1,649**	1,326	1,397
Equity in net income of an investment in associate, net of income taxes [6]	**373**	326	291
Net income – adjusted	**8,127**	7,136	7,064
Preferred dividends	**143**	185	196
Net income available to common shareholders and non-controlling interests in subsidiaries – adjusted	**7,984**	6,951	6,868
Attributable to:			
Non-controlling interests in subsidiaries, net of income taxes	**107**	105	104
Net income available to common shareholders – adjusted	**7,877**	6,846	6,764
Adjustments for items of note, net of income taxes			
Amortization of intangibles[7]	**(246)**	(232)	(238)
Integration charges and direct transaction costs relating to the acquisition of the credit card portfolio of MBNA Canada[8]	**(125)**	(92)	(104)
Fair value of derivatives hedging the reclassified available-for-sale securities portfolio [9]	**43**	57	(89)
Set-up, conversion and other one-time costs related to affinity relationship with Aimia and acquisition of Aeroplan Visa credit card accounts[10]	**(131)**	(20)	–
Impact of Alberta flood on the loan portfolio [11]	**19**	(19)	–
Gain on sale of TD Waterhouse Institutional Services[12]	**196**	–	–
Litigation and litigation-related charge/reserve [13]	**–**	(100)	(248)
Restructuring charges[14]	**–**	(90)	–
Impact of Superstorm Sandy[15]	**–**	–	(37)
Integration charges, direct transaction costs, and changes in fair value of contingent consideration relating to the Chrysler Financial acquisition[16]	**–**	–	(17)
Reduction of allowance for incurred but not identified credit losses [17]	**–**	–	120
Positive impact due to changes in statutory income tax rates [18]	**–**	–	18
Fair value of credit default swaps hedging the corporate loan book, net of provision for credit losses [19]	**–**	–	–
Integration charges and direct transaction costs relating to U.S. Retail acquisitions [20]	**–**	–	(9)
Total adjustments for items of note	**(244)**	(496)	(604)
Net income available to common shareholders – reported	**$ 7,633**	$ 6,350	$ 6,160

1 Adjusted net interest income excludes the following item of note: 2012 – $36 million ($27 million after tax) of certain charges against revenue related to promotional-rate card origination activities, as explained in footnote 8.

2 Adjusted non-interest income excludes the following items of note: $49 million gain due to change in fair value of derivatives hedging the reclassified available-for-sale (AFS) securities portfolio, as explained in footnote 9; $231 million gain due to the sale of TD Waterhouse Institutional Services, as explained in footnote 12; 2013 – $71 million gain due to change in fair value of derivatives hedging the reclassified AFS securities portfolio; 2012 – $2 million loss due to change in fair value of credit default swaps (CDS) hedging the corporate loan book, as explained in footnote 19; $89 million loss due to change in fair value of derivatives hedging the reclassified AFS securities portfolio; $3 million loss due to change in fair value of contingent consideration relating to Chrysler Financial, as explained in footnote 16, $1 million loss due to the impact of Superstorm Sandy, as explained in footnote 15.

3 Adjusted provision for credit losses (PCL) excludes the following items of note: $25 million release of the provision for the impact of the Alberta flood on the loan portfolio, as explained in footnote 11; 2013 – $25 million due to the impact of the Alberta flood on the loan portfolio; 2012 – $162 million in adjustments to allowance for incurred but not identified credit losses in Canadian Retail, as explained in footnote 17; $54 million due to the impact of Superstorm Sandy, as explained in footnote 15.

4 Adjusted non-interest expenses exclude the following items of note: $286 million amortization of intangibles, as explained in footnote 7; $169 million of integration charges relating to the acquisition of the credit card portfolio of MBNA Canada, as explained in footnote 8; $178 million of costs in relation to the affinity relationship with Aimia and acquisition of Aeroplan credit card accounts, as explained in footnote 10; 2013 – $272 million amortization of intangibles; $125 million of integration charges and direct transaction costs relating to the acquisition of the MBNA Canada credit card portfolio; $127 million of litigation and litigation-related charges, as explained in footnote 13; $129 million due to the initiatives to reduce costs, as explained in footnote 14; $27 million of set-up costs in preparation for the affinity relationship with Aimia Inc. with respect to Aeroplan credit cards; 2012 – $277 million amortization of intangibles; $11 million of integration charges related to U.S. Retail acquisitions, as explained in footnote 20; $24 million of integration charges and direct transaction costs relating to the Chrysler Financial acquisition, as explained in footnote 16; $104 million of integration charges and direct transaction costs relating to the acquisition of the MBNA Canada credit card portfolio; $413 million of litigation and litigation related charges; $7 million due to the impact of Superstorm Sandy, as explained in footnote 15.

5 For a reconciliation between reported and adjusted provision for income taxes, see the 'Non-GAAP Financial Measures – Reconciliation of Reported to Adjusted Provision for Income Taxes' table in the "Income Taxes" section of this document.

6 Adjusted equity in net income of an investment in associate excludes the following items of note: $53 million amortization of intangibles, as explained in footnote 7; 2013 – $54 million amortization of intangibles; 2012 – $57 million amortization of intangibles.

7 Amortization of intangibles relate primarily to the TD Banknorth acquisition in 2005 and its privatization in 2007, the acquisitions by TD Banknorth of Hudson United Bancorp in 2006 and Interchange Financial Services in 2007, the Commerce acquisition in 2008, the amortization of intangibles included in equity in net income of TD Ameritrade, the acquisition of the credit card portfolio of MBNA Canada in 2012, the acquisition of Target Corporation's U.S. credit card portfolio in 2013, the Epoch Investment Partners, Inc. acquisition in 2013, and to the acquired Aeroplan credit card portfolio in 2014. Amortization of software is recorded in amortization of intangibles; however, amortization of software is not included for purposes of items of note, which only includes amortization of intangibles acquired as a result of asset acquisitions and business combinations.

8 As a result of the acquisition of the credit card portfolio of MBNA Canada, as well as certain other assets and liabilities, the Bank incurred integration charges. Integration charges consist of costs related to information technology, employee retention, external professional consulting charges, marketing (including customer communication and rebranding), integration related travel, employee severance costs, consulting, and training. The Bank's integration charges related to the MBNA acquisition were higher than what were anticipated when the transaction was first announced. The elevated spending was primarily due to additional costs incurred (other than the amounts capitalized) to build out technology platforms for the business. Integration charges related to this acquisition were incurred by the Canadian Retail segment. The fourth quarter of 2014 is the last quarter Canadian Retail included any further MBNA-related integration charges as an item of note.

9 During 2008, as a result of deterioration in markets and severe dislocation in the credit market, the Bank changed its trading strategy with respect to certain trading debt securities. Since the Bank no longer intended to actively trade in these debt securities, the Bank reclassified these debt securities from trading to the AFS category effective August 1, 2008. As part of the Bank's trading strategy, these debt securities are economically hedged, primarily with CDS and interest rate swap contracts. This includes foreign exchange translation exposure related to the debt securities portfolio and the derivatives hedging it. These derivatives are not eligible for reclassification and are recorded on a fair value basis with changes in fair value recorded in the period's earnings. Management believes that this asymmetry in the accounting treatment between derivatives and the reclassified debt securities results in volatility in earnings from period to period that is not indicative of the economics of the underlying business performance in Wholesale Banking. The Bank may from time to time replace securities within the portfolio to best utilize the initial, matched fixed term funding. As a result, the derivatives are accounted for on an accrual basis in Wholesale Banking and the gains and losses related to the derivatives in excess of the accrued amounts are reported in the Corporate segment. Adjusted results of the Bank exclude the gains and losses of the derivatives in excess of the accrued amount.

10 On December 27, 2013, the Bank acquired approximately 50% of the existing Aeroplan credit card portfolio from the Canadian Imperial Bank of Commerce (CIBC) and on January 1, 2014, the Bank became the primary issuer of Aeroplan Visa credit cards. The Bank incurred program set-up, conversion and other one-time costs related to the acquisition of the portfolio and related affinity agreement, consisting of information technology, external professional consulting, marketing, training, and program management as well as a commercial subsidy payment of $127 million ($94 million after tax) payable to CIBC. These costs are included as an item of note in the Canadian Retail segment. The third quarter of 2014 was the last quarter Canadian Retail included any further set-up, conversion or other one-time costs related to the acquired Aeroplan credit card portfolio as an item of note.

11 In the third quarter of 2013, the Bank recorded a provision for credit losses of $65 million ($48 million after tax) for residential loan losses from Alberta flooding. In the fourth quarter of 2013, a provision of $40 million ($29 million after tax) was released. In the third quarter of 2014, the Bank released the remaining provision of $25 million ($19 million after tax). The release of the remaining provision reflects low levels of delinquency and impairments to date, as well as a low likelihood of future material losses within the portfolio.

12 On November 12, 2013, TD Waterhouse Canada Inc., a subsidiary of the Bank, completed the sale of the Bank's institutional services business, known as TD Waterhouse Institutional Services, to a subsidiary of National Bank of Canada. The transaction price was $250 million in cash, subject to certain price adjustment mechanisms which were settled in the third and fourth quarters of 2014. On the transaction date, a gain of $196 million after tax was recorded in the Corporate segment in other income. The gain is not considered to be in the normal course of business for the Bank.

13 As a result of certain adverse judgments and settlements in the U.S. in 2012, and after continued evaluation of this portfolio of cases throughout that year, the Bank took prudent steps to determine, in accordance with applicable accounting standards, that the litigation provision of $413 million ($248 million after tax) was required. In 2013, the Bank further assessed its litigation provisions and determined that additional litigation and litigation-related charges of $127 million ($100 million after tax) were required as a result of developments and settlements reached in the U.S. in fiscal 2013.

14 The Bank undertook certain measures commencing in the fourth quarter of 2013, which continued through fiscal year 2014, to reduce costs in a sustainable manner and achieve greater operational efficiencies. To implement these measures, the Bank recorded a provision of $129 million ($90 million after tax) for restructuring initiatives related primarily to retail branch and real estate optimization initiatives.

15 The Bank provided $62 million ($37 million after tax) in fiscal 2012 for certain estimated losses resulting from Superstorm Sandy which primarily relate to an increase in provision for credit losses, fixed asset impairments and charges against revenue relating to fee reversals.

16 As a result of the Chrysler Financial acquisition in Canada and the U.S., the Bank incurred integration charges and direct transaction costs. As well, the Bank experienced volatility in earnings as a result of changes in fair value of contingent consideration. Integration charges consist of costs related to information technology, employee retention, external professional consulting charges, marketing (including customer communication and rebranding), integration-related travel costs, employee severance costs, the costs of amending certain executive employment and award agreements, contract termination fees, and the write-down of long-lived assets due to impairment. Direct transaction costs are expenses directly incurred in effecting a business combination and consist primarily of finders' fees, advisory fees, and legal fees. Contingent consideration is defined as part of the purchase agreement, whereby the Bank is required to pay additional cash consideration in the event that amounts realized on certain assets exceed a pre-established threshold. Contingent consideration is recorded at fair value on the date of acquisition. Changes in fair value subsequent to acquisition are recorded in the Consolidated Statement of Income. Adjusted earnings exclude the gains and losses on contingent consideration in excess of the acquisition date fair value. While integration charges and direct transaction costs related to this acquisition were incurred for both Canada and the U.S., the majority of these charges relate to integration initiatives undertaken for U.S. Retail. The fourth quarter of 2012 was the last quarter U.S. Retail included any further Chrysler Financial-related integration charges or direct transaction costs as an item of note.

17 Excluding the impact related to the credit card portfolio of MBNA Canada and other consumer loan portfolios (which is recorded in Canadian Retail), "Reduction of allowance for incurred but not identified credit losses", formerly known as "General allowance increase (release) in Canadian Retail and Wholesale Banking" was $162 million ($120 million after tax) in fiscal 2012, all of which was attributable to the Wholesale Banking and non-MBNA related Canadian Retail loan portfolios. Beginning in 2013, the change in the "allowance for incurred but not identified credit losses" in the normal course of business is included in Corporate segment net income and is no longer recorded as an item of note.

18 This represents the impact of changes in the income tax statutory rate on net deferred income tax balances.

19 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, the CDS are accounted for on an accrual basis in Wholesale Banking and the gains and losses on the CDS, in excess of the accrued cost, are reported in the Corporate segment. When a credit event occurs in the corporate loan book that has an associated CDS hedge, the PCL related to the portion that was hedged through the CDS is netted against this item of note.

20 As a result of U.S. Retail acquisitions, the Bank incurred integration charges and direct transaction costs. Integration charges consist of costs related to information technology, employee retention, external professional consulting charges, marketing (including customer communication and rebranding), integration-related travel costs, employee severance costs, the costs of amending certain executive employment and award agreements, contract termination fees and the write-down of long-lived assets due to impairment. Direct transaction costs are expenses directly incurred in effecting a business combination and consist primarily of finders' fees, advisory fees, and legal fees. The first quarter of 2012 was the last quarter U.S. Retail included any further integration charges or direct transaction costs as an item of note.

TABLE 3: RECONCILIATION OF REPORTED TO ADJUSTED EARNINGS PER SHARE (EPS) [1]

(Canadian dollars)

		2014	2013	2012
Basic earnings per share – reported	**$**	**4.15**	$ 3.46	$ 3.40
Adjustments for items of note[2]		**0.13**	0.26	0.33
Basic earnings per share – adjusted	**$**	**4.28**	$ 3.72	$ 3.73
Diluted earnings per share – reported	**$**	**4.14**	$ 3.44	$ 3.38
Adjustments for items of note[2]		**0.13**	0.27	0.33
Diluted earnings per share – adjusted	**$**	**4.27**	$ 3.71	$ 3.71

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

TABLE 4: AMORTIZATION OF INTANGIBLES, NET OF INCOME TAXES [1]

(millions of Canadian dollars)

		2014	2013	2012
TD Bank, N.A.	**$**	**115**	$ 117	$ 122
TD Ameritrade (included in equity in net income of an investment in associate)		**53**	54	57
MBNA Canada		**37**	36	33
Aeroplan		**14**	–	–
Other		**27**	25	26
		246	232	238
Software		**236**	176	141
Amortization of intangibles, net of income taxes	**$**	**482**	$ 408	$ 379

1 Amortization of intangibles, with the exception of software, are included as items of note. For explanation of items of note, see the "Non-GAAP Financial Measures – Reconciliation of Adjusted to Reported Net Income" table in the "Financial Results Overview" section of this document.

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. Beginning November 1, 2013, capital allocated to the business segments is based on 8% Common Equity Tier 1 (CET1) Capital which includes an additional charge of 1% of risk-weighted assets (RWA) to account for the Office of the Superintendent of Financial Institutions Canada (OSFI) common equity capital surcharge for Domestic Systemically Important Banks (D-SIBs), resulting in a CET1 Capital ratio minimum requirement of 8% effective January 1, 2016. The return measures for business segments reflect a return on common equity methodology.

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

Adjusted ROE is a non-GAAP financial measure as it 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 5: RETURN ON COMMON EQUITY

(millions of Canadian dollars, except as noted)

	2014	2013	2012
Average common equity	**$ 49,495**	$ 44,791	$ 41,102
Net income available to common shareholders – reported	**7,633**	6,350	6,160
Items of note impacting income, net of income taxes[1]	**244**	496	604
Net income available to common shareholders – adjusted	**7,877**	6,846	6,764
Return on common equity – adjusted	**15.9 %**	15.3 %	16.5 %

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

SIGNIFICANT EVENTS IN 2014

Acquisition of certain CIBC Aeroplan Credit Card Accounts

On December 27, 2013, the Bank, Aimia Inc. (Aimia), and the Canadian Imperial Bank of Commerce (CIBC) closed a transaction under which the Bank acquired approximately 50% of CIBC's existing Aeroplan credit card portfolio, which primarily included accounts held by customers who did not have an existing retail banking relationship with CIBC. The Bank accounted for the purchase as an asset acquisition. The results of the acquisition have been recorded in the Canadian Retail segment.

The Bank acquired approximately 540,000 cardholder accounts with an outstanding balance of $3.3 billion at a price of par plus $50 million less certain adjustments for total cash consideration of $3.3 billion. At the date of acquisition, the fair value of credit card receivables acquired was $3.2 billion and the fair value of an intangible asset for the purchased credit card relationships was $146 million.

In connection with the purchase agreement, the Bank agreed to pay CIBC a further $127 million under a commercial subsidy agreement. This payment was recognized as a non-interest expense in 2014.

Disposal of TD Waterhouse Institutional Services

On November 12, 2013, TD Waterhouse Canada Inc., a subsidiary of the Bank, completed the sale of the Bank's institutional services business, known as TD Waterhouse Institutional Services, to a subsidiary of National Bank of Canada. The transaction price was $250 million in cash, subject to certain price adjustment mechanisms. A pre-tax gain of $231 million was recorded in the Corporate segment in other income in the first quarter of 2014. An additional pre-tax gain of $13 million was recorded in the Corporate segment subsequently, upon the settlement of price adjustment mechanisms.

Net Income

AT A GLANCE OVERVIEW

- **Reported net income was $7,883 million, an increase of $1,243 million, or 19%, compared with last year.**
- **Adjusted net income was $8,127 million, an increase of $991 million, or 14%, compared with last year.**

Reported net income for the year was $7,883 million, an increase of $1,243 million, or 19%, compared with $6,640 million last year. Adjusted net income for the year was $8,127 million, an increase of $991 million, or 14%, compared with $7,136 million last year. The increase in adjusted net income was due to higher earnings in the Canadian Retail, Wholesale Banking, and U.S. Retail segments, partially offset by a decrease in the Corporate segment. Canadian Retail net income increased primarily due to loan and deposit volume growth, the acquisition of certain CIBC Aeroplan credit card accounts and the related affinity agreement with Aimia, Inc. (collectively, "Aeroplan"), strong wealth asset growth, and higher insurance earnings, partially offset by higher expenses. Wholesale Banking net income increased primarily due to higher revenue, partially offset by higher expenses and a higher effective tax rate. U.S. Retail net income increased primarily due to strong organic growth, favourable credit performance, the acquisition of the credit card portfolio of Target and related program agreement (collectively, "Target"), the acquisition of Epoch Investment Partners, Inc. (Epoch), and the impact of foreign currency translation, partially offset by lower gains on sales of securities and debt securities classified as loans, and margin compression. Corporate segment loss increased primarily due to higher net corporate expenses as a result of ongoing investment in enterprise and regulatory projects and productivity initiatives.

Reported diluted earnings per share for the year were $4.14, a 20% increase, compared with $3.44 last year. Adjusted diluted earnings per share for the year were $4.27, a 15% increase, compared with $3.71 last year. Excluding certain losses in insurance earnings due to additional losses last year as a result of strengthened reserves for general insurance automobile claims and claims resulting from severe weather-related events, diluted earnings per share for the year increased 13% on a reported basis and increased 8% on an adjusted basis.

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

U.S. Retail earnings, including the contribution from the Bank's investment in TD Ameritrade, are impacted by fluctuations in the U.S. dollar to Canadian dollar exchange rate.

Depreciation of the Canadian dollar had a favourable impact on consolidated earnings for the year ended October 31, 2014, compared with last year, as shown in the following table.

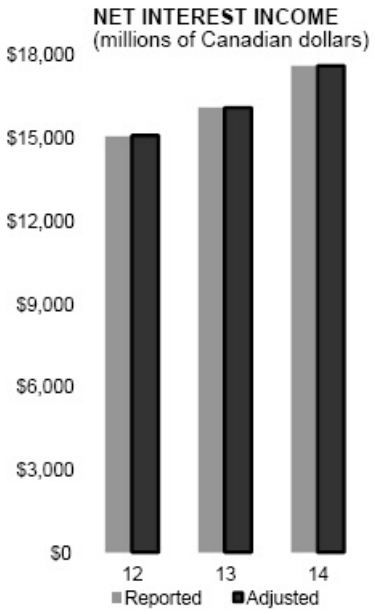
TABLE 6: IMPACT OF FOREIGN EXCHANGE RATE ON U.S. RETAIL TRANSLATED EARNINGS

(millions of Canadian dollars, except as noted)

		2014 vs. 2013		2013 vs. 2012
U.S. Retail (including TD Ameritrade)				
Increased total revenue – reported	**$**	**570**	$	118
Increased total revenue – adjusted		**570**		118
Increased non-interest expenses – reported		**370**		78
Increased non-interest expenses – adjusted		**370**		80
Increased net income – reported, after tax		**143**		26
Increased net income – adjusted, after tax		**143**		26
Increase in basic earnings per share – reported (dollars)	**$**	**0.08**	$	0.01
Increase in basic earnings per share – adjusted (dollars)		**0.08**		0.01

A one cent increase/decrease in the U.S. dollar to Canadian dollar exchange rate would have decreased/increased total Bank annual net income by approximately $23 million.

Revenue



AT A GLANCE OVERVIEW

- **Reported revenue was $29,961 million, an increase of $2,702 million, or 10%, compared with last year.**
- **Adjusted revenue was $29,681 million, an increase of $2,493 million, or 9%, compared with last year.**
- **Net interest income increased by $1,510 million, or 9%, compared with last year.**
- **Reported non-interest income increased by $1,192 million, or 11%, compared with last year.**
- **Adjusted non-interest income increased by $983 million, or 9%, compared with last year.**

NET INTEREST INCOME

Net interest income for the year on a reported and adjusted basis was $17,584 million, an increase of $1,510 million, or 9%, compared with last year. The increase in adjusted net interest income was primarily driven by increases in the U.S. Retail, Canadian Retail, and Wholesale Banking segments. U.S. Retail net interest income increased primarily due to strong loan and deposit volume growth, the full year inclusion of Target, and the impact of foreign currency translation. Canadian Retail net interest income increased primarily due to good loan and deposit volume growth and the inclusion of Aeroplan. Wholesale Banking net interest income increased primarily due to higher trading-related net interest income.

NET INTEREST MARGIN

Net interest margin declined by 1 basis point (bps) during the year to 2.19%, compared with 2.20% last year. Lower margins in the Canadian and U.S. Retail segments were primarily due to core margin compression, partially offset by the inclusions of Aeroplan and Target.

TABLE 7: NET INTEREST INCOME ON AVERAGE EARNING BALANCES [1,2]

(millions of Canadian dollars, except as noted)

	2014			2013			2012		
	Average balance	Interest[3]	Average rate	Average balance	Interest[3]	Average rate	Average balance	Interest[3]	Average rate
Interest-earning assets									
Interest-bearing deposits with Banks									
Canada	**$ 3,692**	**$ 17**	**0.46 %**	$ 4,552	$ 23	0.51 %	$ 8,950	$ 41	0.46 %
U.S.	**27,179**	**30**	**0.11**	17,748	32	0.18	13,580	42	0.31
Securities									
Trading									
Canada	**55,383**	**1,367**	**2.47**	54,390	1,398	2.57	48,342	1,332	2.76
U.S.	**18,424**	**333**	**1.81**	16,781	321	1.91	13,201	231	1.75
Non-trading									
Canada	**23,169**	**377**	**1.63**	20,554	336	1.63	18,855	288	1.53
U.S.	**76,245**	**1,370**	**1.80**	66,675	1,384	2.08	66,089	1,671	2.53
Securities purchased under reverse repurchase agreements									
Canada	**29,665**	**288**	**0.97**	24,207	230	0.95	25,944	249	0.96
U.S.	**35,232**	**62**	**0.18**	31,422	94	0.30	27,025	90	0.33
Loans									
Mortgages[4]									
Canada	**188,664**	**5,571**	**2.95**	176,856	5,390	3.05	163,016	5,141	3.15
U.S.	**45,787**	**1,713**	**3.74**	41,744	1,710	4.10	36,910	1,671	4.53
Consumer instalment and other personal									
Canada	**90,512**	**4,499**	**4.97**	91,729	4,718	5.14	93,622	5,270	5.63
U.S.	**29,272**	**1,058**	**3.61**	26,206	1,016	3.88	22,568	1,018	4.51
Credit card									
Canada	**17,984**	**2,245**	**12.48**	14,582	1,828	12.54	14,128	1,699	12.03
U.S.	**7,200**	**1,287**	**17.88**	4,697	834	17.76	1,043	124	11.89
Business and government[4]									
Canada	**44,512**	**1,449**	**3.26**	43,025	1,243	2.89	32,287	1,111	3.44
U.S.	**41,233**	**1,495**	**3.63**	33,452	1,340	4.01	29,451	1,362	4.62
International	**68,898**	**767**	**1.11**	62,180	718	1.15	59,101	898	1.52
Total interest-earning assets	**$ 803,051**	**$ 23,928**	**2.98 %**	$ 730,800	$ 22,615	3.09 %	$ 674,112	$ 22,238	3.30 %
Interest-bearing liabilities									
Deposits									
Personal									
Canada	**$ 172,897**	**$ 1,394**	**0.81 %**	$ 168,369	$ 1,660	0.99 %	$ 160,947	$ 1,819	1.13 %
U.S.	**147,025**	**197**	**0.13**	130,378	211	0.16	119,605	264	0.22
Banks									
Canada	**5,898**	**18**	**0.31**	6,134	11	0.18	4,984	28	0.56
U.S.	**7,682**	**16**	**0.21**	6,565	14	0.21	5,278	10	0.19
Business and government[5,6]									
Canada	**145,233**	**1,540**	**1.06**	120,426	1,270	1.05	113,066	1,303	1.15
U.S.	**125,375**	**1,065**	**0.85**	111,787	1,248	1.12	88,962	1,226	1.38
Subordinated notes and debentures	**7,964**	**412**	**5.17**	8,523	447	5.24	11,509	612	5.32
Obligations related to securities sold short and under repurchase agreements									
Canada	**43,334**	**535**	**1.23**	40,874	472	1.15	37,875	432	1.14
U.S.	**42,682**	**122**	**0.29**	37,534	102	0.27	30,161	96	0.32
Securitization liabilities[7]	**41,745**	**777**	**1.86**	50,591	927	1.83	53,032	1,026	1.93
Other liabilities[8,9]									
Canada	**5,652**	**88**	**1.56**	5,625	82	1.46	7,624	249	3.27
U.S.	**29**	**1**	**3.45**	72	3	4.17	152	3	1.97
International	**32,077**	**179**	**0.56**	19,766	94	0.48	17,964	144	0.80
Total interest-bearing liabilities	**$ 777,593**	**$ 6,344**	**0.82 %**	$ 706,644	$ 6,541	0.93 %	$ 651,159	$ 7,212	1.11 %
Total net interest income on average earning assets	**$ 803,051**	**$ 17,584**	**2.19 %**	$ 730,800	$ 16,074	2.20 %	$ 674,112	$ 15,026	2.23 %

1 Net interest income includes dividends on securities.

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.

4 Includes trading loans that the Bank intends to sell immediately or in the near term with a fair value of $37 million (2013 – $24 million, 2012 – $25 million) and amortized cost of $36 million (2013 – $24 million, 2012 – $25 million), and loans designated at fair value through profit or loss of $5 million (2013 – $9 million, 2012 – $13 million) and amortized cost of nil (2013 – nil, 2012 – nil).

5 Includes trading deposits with a fair value of $59 billion (2013 – $51 billion, 2012 – $39 billion).

6 Includes marketing fees incurred on the TD Ameritrade Insured Deposit Accounts (IDA) of $895 million (2013 – $821 million, 2012 – $834 million).

7 Includes securitization liabilities designated at fair value through profit or loss of $11 billion (2013 – $22 billion, 2012 – $25 billion) and related amortized cost of $11 billion (2013 – $22 billion, 2012 – $25 billion). Also includes securitization liabilities at amortized cost of $25 billion (2013 – $25 billion, 2012 – $25 billion).

8 Other liabilities includes asset-backed commercial paper and term notes with an amortized cost of $5 billion (2013 – $5 billion, 2012 – $5 billion).

9 Certain comparative amounts have been reclassified to conform with the presentation adopted in the current year.

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 8: ANALYSIS OF CHANGE IN NET INTEREST INCOME [1,2]

(millions of Canadian dollars)

	2014 vs. 2013			2013 vs. 2012		
	Favourable (unfavourable) due to change in			Favourable (unfavourable) due to change in		
	Average volume	Average rate	Net change	Average volume	Average rate	Net change
Interest-earning assets						
Interest-bearing deposits with banks						
Canada	$ (5)	$ (1)	$ (6)	$ (20)	$ 2	$ (18)
U.S.	17	(19)	(2)	13	(23)	(10)
Securities						
Trading						
Canada	26	(57)	(31)	166	(100)	66
U.S.	32	(20)	12	62	28	90
Non-trading						
Canada	43	(2)	41	26	22	48
U.S.	199	(213)	(14)	14	(301)	(287)
Securities purchased under reverse repurchase agreements						
Canada	52	6	58	(16)	(3)	(19)
U.S.	11	(43)	(32)	14	(10)	4
Loans						
Mortgages[3]						
Canada	360	(179)	181	436	(187)	249
U.S.	165	(162)	3	219	(180)	39
Consumer instalment and other personal						
Canada	(62)	(157)	(219)	(106)	(446)	(552)
U.S.	119	(77)	42	164	(166)	(2)
Credit card						
Canada	426	(9)	417	55	74	129
U.S.	444	9	453	435	275	710
Business and government[3]						
Canada	43	163	206	370	(238)	132
U.S.	312	(157)	155	185	(207)	(22)
International	95	(46)	49	65	(245)	(180)
Total interest-earning assets	$ 2,277	$ (964)	$ 1,313	$ 2,082	$ (1,705)	$ 377
Interest-bearing liabilities						
Deposits						
Personal						
Canada	$ (44)	$ 310	$ 266	$ (85)	$ 244	$ 159
U.S.	(27)	41	14	(24)	77	53
Banks						
Canada	–	(7)	(7)	(6)	23	17
U.S.	(3)	1	(2)	(2)	(2)	(4)
Business and government[4,5]						
Canada	(262)	(8)	(270)	(85)	118	33
U.S.	(152)	335	183	(315)	293	(22)
Subordinated notes and debentures	29	6	35	159	6	165
Obligations related to securities sold short and under repurchase agreements						
Canada	(29)	(34)	(63)	(34)	(6)	(40)
U.S.	(14)	(6)	(20)	(24)	18	(6)
Securitization liabilities[6]	159	(9)	150	32	67	99
Other liabilities[7,8]						
Canada	(1)	(5)	(6)	65	102	167
U.S.	2	–	2	2	(2)	–
International	(68)	(17)	(85)	(23)	73	50
Total interest-bearing liabilities	$ (410)	$ 607	$ 197	$ (340)	$ 1,011	$ 671
Total net interest income on average earning assets	$ 1,867	$ (357)	$ 1,510	$ 1,742	$ (694)	$ 1,048

1 Geographic classification of assets and liabilities is based on the domicile of the booking point of assets and liabilities.

2 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.

3 Includes trading loans that the Bank intends to sell immediately or in the near term with a fair value of $37 million (2013 – $24 million, 2012 – $25 million) and amortized cost of $36 million (2013 – $24 million, 2012 – $25 million), and loans designated at fair value through profit or loss of $5 million (2013 – $9 million, 2012 – $13 million) and amortized cost of nil (2013 – nil, 2012 – nil).

4 Includes trading deposits with a fair value of $59 billion (2013 – $51 billion, 2012 – $39 billion).

5 Includes marketing fees incurred on the TD Ameritrade IDA of $895 million (2013 – $821 million, 2012 – $834 million).

6 Includes securitization liabilities designated at fair value through profit or loss of $11 billion (2013 – $22 billion, 2012 – $25 billion) and related amortized cost of $11 billion (2013 – $22 billion, 2012 – $25 billion). Also includes securitization liabilities at amortized cost of $25 billion (2013 – $25 billion, 2012 – $25 billion).

7 Other liabilities includes asset-backed commercial paper and term notes with an amortized cost of $5 billion (2013 – $5 billion, 2012 – $5 billion).

8 Certain comparative amounts have been reclassified to conform with the presentation adopted in the current year.

NON-INTEREST INCOME

Non-interest income for the year on a reported basis was $12,377 million, an increase of $1,192 million, or 11%, compared with last year. Adjusted non-interest income for the year was $12,097 million, an increase of $983 million, or 9%, compared with last year. The increase in adjusted non-interest income was primarily driven by increases in the Canadian Retail, U.S. Retail, and Corporate segments. Canadian Retail non-interest income increased primarily due to wealth asset growth, higher volume-related fee growth, the inclusion of Aeroplan, and higher insurance revenue. U.S. Retail non-interest income increased primarily due to the full year inclusions of Target and Epoch, and the impact of foreign currency translation, partially offset by lower gains on sales of securities and debt securities classified as loans. Corporate segment non-interest income increased primarily due to the gains on sales of TD Ameritrade shares in the current year.

TABLE 9: NON-INTEREST INCOME[1]

(millions of Canadian dollars, except as noted)

				2014 vs. 2013
	2014	2013	2012	**% change**
Investment and securities services				
TD Waterhouse fees and commissions	**$ 412**	$ 406	$ 384	1 **%**
Full-service brokerage and other securities services	**684**	596	562	15
Underwriting and advisory	**482**	365	437	32
Investment management fees	**413**	326	241	27
Mutual fund management	**1,355**	1,141	997	19
Total investment and securities services	**3,346**	2,834	2,621	18
Credit fees	**845**	785	745	8
Net securities gains (losses)	**173**	304	373	(43)
Trading income (losses)	**(349)**	(279)	(41)	(25)
Service charges	**2,152**	1,966	1,849	9
Card services	**1,552**	1,220	942	27
Insurance revenue	**3,883**	3,734	3,537	4
Trust fees	**150**	148	149	1
Other income (loss)	**625**	473	345	32
Total	**$ 12,377**	$ 11,185	$ 10,520	11 **%**

[1] Certain comparative amounts have been reclassified to conform with the presentation adopted in the current year.

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. Trading-related income increased by $33 million, or 3%, compared with last year. The increase was primarily driven by higher interest rate and credit trading on improved client activity during the year.

The mix of trading-related income between net interest income and trading income is largely dependent upon the level of interest rates, which drives the funding costs of the Bank's trading portfolios. Generally, as interest rates rise, net interest income declines and trading income reported in non-interest income increases. Management believes that the total trading-related income is the appropriate measure of trading performance.

TABLE 10: TRADING-RELATED INCOME

(millions of Canadian dollars)

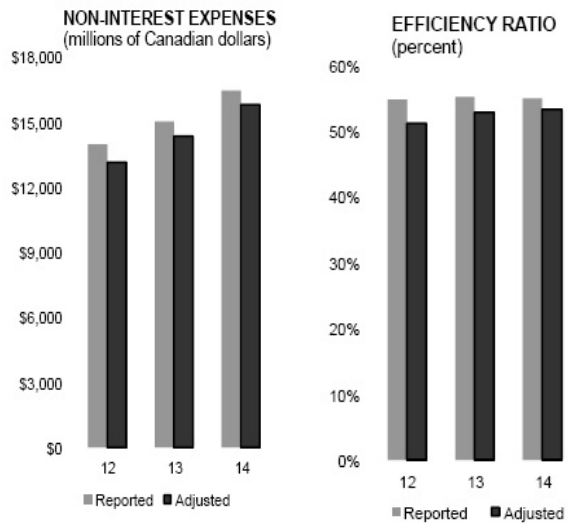
	2014	2013	2012
Net interest income	**$ 1,337**	$ 1,231	$ 1,050
Trading income (loss)	**(349)**	(279)	(41)
Financial instruments designated at fair value through profit or loss [1]	**(9)**	(6)	10
Total trading-related income (loss)	**$ 979**	$ 946	$ 1,019
By product			
Interest rate and credit portfolios	**$ 601**	$ 557	$ 534
Foreign exchange portfolios	**385**	368	374
Equity and other portfolios	**2**	27	101
Financial instruments designated at fair value through profit or loss [1]	**(9)**	(6)	10
Total trading-related income (loss)	**$ 979**	$ 946	$ 1,019

[1] 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.

Expenses

AT A GLANCE OVERVIEW

- **Reported non-interest expenses were $16,496 million, an increase of $1,427 million, or 9%, compared with last year.**
- **Adjusted non-interest expenses were $15,863 million, an increase of $1,473 million, or 10%, compared with last year.**
- **Reported efficiency ratio improved to 55.1% compared with 55.3% last year.**
- **Adjusted efficiency ratio worsened to 53.4% compared with 52.9% last year.**



NON-INTEREST EXPENSES

Reported non-interest expenses for the year were $16,496 million, an increase of $1,427 million, or 9%, compared with last year. Adjusted non-interest expenses were $15,863 million, an increase of $1,473 million, or 10%, compared with last year. The increase in adjusted non-interest expenses was driven by increases in the U.S. Retail, Canadian Retail, and Corporate segments. U.S. Retail non-interest expenses increased primarily due to the full year inclusion of Target, investments to support business growth, and the impact of foreign currency translation, partially offset by productivity gains. Canadian Retail non-interest expenses increased primarily due to higher employee-related costs including higher revenue-based variable expenses in the wealth business, the inclusion of Aeroplan, investments to support business growth, and volume growth, partially offset by productivity gains. Corporate segment non-interest expenses increased primarily due to ongoing investment in enterprise and regulatory projects, and productivity initiatives.

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 55.1% compared with 55.3% last year. The adjusted efficiency ratio worsened to 53.4%, compared with 52.9% last year. Expenses grew faster than revenue primarily due to higher investments to support business growth and higher enterprise and regulatory projects, and productivity initiatives.

TABLE 11: NON-INTEREST EXPENSES AND EFFICIENCY RATIO[1]

(millions of Canadian dollars, except as noted)

				2014 vs. 2013	
	2014	2013	2012	**% change**	
Salaries and employee benefits					
Salaries	**$ 5,171**	$ 4,751	$ 4,647	**9**	
Incentive compensation	**1,927**	1,634	1,561	**18**	
Pension and other employee benefits	**1,353**	1,266	1,051	**7**	
Total salaries and employee benefits	**8,451**	7,651	7,259	**10**	
Occupancy					
Rent	**800**	755	704	**6**	
Depreciation	**324**	330	324	**(2)**	
Other	**425**	371	346	**15**	
Total occupancy	**1,549**	1,456	1,374	**6**	
Equipment					
Rent	**147**	216	210	**(32)**	
Depreciation	**209**	188	184	**11**	
Other	**454**	443	431	**2**	
Total equipment	**810**	847	825	**(4)**	
Amortization of other intangibles	**598**	521	477	**15**	
Marketing and business development	**756**	685	668	**10**	
Restructuring costs	**29**	129	–	**(78)**	
Brokerage-related fees	**321**	317	296	**1**	
Professional and advisory services	**991**	1,009	925	**(2)**	
Communications	**283**	281	282	**1**	
Other expenses					
Capital and business taxes	**160**	147	149	**9**	
Postage	**212**	201	196	**5**	
Travel and relocation	**185**	186	175	**(1)**	
Other	**2,151**	1,639	1,390	**31**	
Total other expenses	**2,708**	2,173	1,910	**25**	
Total expenses	**$ 16,496**	$ 15,069	$ 14,016	**9**	
Efficiency ratio – reported	**55.1 %**	55.3 %	54.9 %	**(20)**	**bps**
Efficiency ratio – adjusted	**53.4**	52.9	51.3	**50**	

1 Certain comparative amounts have been reclassified to conform with the presentation adopted in the current year.

Taxes

Reported total income and other taxes increased by $474 million, or 21%, compared with last year. Income tax expense, on a reported basis, was up $377 million, or 33%, compared with last year. Other taxes were up $97 million, or 9%, compared with last year. Adjusted total income and other taxes were up $420 million from last year. Total income tax expense, on an adjusted basis, was up $323 million, or 24%, from last year.

The Bank's effective income tax rate on a reported basis was 16.7% for 2014, compared with 15.1% last year. The year-over-year increase was largely due to business mix, offset by the resolution of certain audit issues.

The Bank reports its investment in TD Ameritrade using the equity method of accounting. TD Ameritrade's tax expense of $198 million in the year, compared to $168 million last year, was not part of the Bank's tax rate.

TABLE 12: INCOME TAXES

(millions of Canadian dollars, except as noted)

	2014		2013		2012	
Income taxes at Canadian statutory income tax rate	**$ 2,385**	**26.3 %**	$ 1,970	26.3 %	$ 1,933	26.4 %
Increase (decrease) resulting from:						
Dividends received	**(321)**	**(3.5)**	(253)	(3.4)	(262)	(3.6)
Rate differentials on international operations	**(489)**	**(5.4)**	(487)	(6.5)	(483)	(6.6)
Tax rate changes	**–**	**–**	–	–	(18)	(0.2)
Other	**(63)**	**(0.7)**	(95)	(1.3)	(85)	(1.2)
Provision for income taxes and effective income tax rate – reported	**$ 1,512**	**16.7 %**	$ 1,135	15.1 %	$ 1,085	14.8 %

The Bank's adjusted effective tax rate for the year was 17.5%, compared with 16.3% last year. The year-over-year increase was largely due to business mix, offset by the resolution of certain audit issues.

TABLE 13: NON-GAAP FINANCIAL MEASURES – RECONCILIATION OF REPORTED TO ADJUSTED PROVISION FOR INCOME TAXES

(millions of Canadian dollars, except as noted)

	2014	2013	2012
Provision for income taxes – reported	**$ 1,512**	$ 1,135	$ 1,085
Adjustments for items of note: Recovery of (provision for) incomes taxes[1,2]			
Amortization of intangibles	**93**	94	96
Integration charges and direct transaction costs relating to the acquisition of the credit card portfolio of MBNA Canada	**44**	33	36
Fair value of derivatives hedging the reclassified available-for-sale securities portfolio	**(6)**	(14)	–
Set-up, conversion and other one-time costs related to affinity relationship with Aimia and acquisition of Aeroplan Visa credit card accounts	**47**	7	–
Impact of Alberta flood on the loan portfolio	**(6)**	6	–
Gain on sale of TD Waterhouse Institutional Services	**(35)**	–	–
Litigation and litigation-related charge/reserve	**–**	26	165
Restructuring charges	**–**	39	–
Impact of Superstorm Sandy	**–**	–	25
Integration charges, direct transaction costs, and changes in fair value of contingent consideration relating to the Chrysler Financial acquisition	**–**	–	10
Reduction of allowance for incurred but not identified credit losses	**–**	–	(42)
Positive impact due to changes in statutory income tax rates	**–**	–	18
Fair value of credit default swaps hedging the corporate loan book, net of provision for credit losses	**–**	–	2
Integration charges and direct transaction costs relating to U.S. Retail acquisitions	**–**	–	2
Total adjustments for items of note	**137**	191	312
Provision for income taxes – adjusted	**1,649**	1,326	1,397
Other taxes			
Payroll	**435**	404	383
Capital and premium	**157**	140	141
GST, HST, and provincial sales[3]	**426**	380	352
Municipal and business	**172**	169	156
Total other taxes	**1,190**	1,093	1,032
Total taxes – adjusted	**$ 2,839**	$ 2,419	$ 2,429
Effective income tax rate – adjusted[4]	**17.5 %**	16.3 %	17.1 %

1 For explanations of items of note, see 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 effective 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.

FINANCIAL RESULTS OVERVIEW

Quarterly Financial Information

FOURTH QUARTER 2014 PERFORMANCE SUMMARY

Reported net income for the quarter was $1,746 million, an increase of $130 million, or 8%, compared with the fourth quarter last year. Adjusted net income for the quarter was $1,862 million, an increase of $47 million, or 3%, compared with the fourth quarter last year. Reported diluted earnings per share for the quarter were $0.91, compared with $0.84 in the fourth quarter last year. Adjusted diluted earnings per share for the quarter were $0.98, compared with $0.95 in the fourth quarter last year.

Revenue for the quarter was $7,452 million, an increase of $452 million, or 6%, on a reported basis, and an increase of $435 million, or 6%, on an adjusted basis, compared with the fourth quarter last year. The increase in adjusted revenue was primarily driven by increases in the Canadian Retail and U.S. Retail segments. Canadian Retail revenue increased primarily due to good loan and deposit volume growth, the inclusion of Aeroplan, wealth asset growth, and insurance business growth. U.S. Retail revenue increased due to the impact of foreign currency translation. In U.S. dollars, U.S. Retail revenue decreased primarily due to lower accretion and lower gains on sales of securities.

Provision for credit losses (PCL) for the quarter was $371 million, an increase of $19 million, or 5%, on a reported basis, and a decrease of $21 million, or 5%, on an adjusted basis, compared with the fourth quarter last year. The decrease was primarily driven by a decrease in the U.S. Retail segment partially offset by an increase in the Canadian Retail segment. U.S. Retail PCL decreased primarily due to favourable credit performance in auto loans. Canadian Retail PCL increased primarily due to higher provisions in commercial lending and the inclusion of Aeroplan, partially offset by favourable credit performance and lower bankruptcies in personal banking.

Insurance claims and related expenses for the quarter were $720 million on a reported and adjusted basis, an increase of $9 million, or 1%, compared with the fourth quarter last year primarily due to an increase in severe weather-related events and business growth, partially offset by more favourable prior year claims development.

Reported non-interest expenses for the quarter were $4,331 million, an increase of $167 million, or 4%, compared with the fourth quarter last year. Adjusted non-interest expenses for the quarter were $4,188 million, an increase of $298 million, or 8%, compared with the fourth quarter last year. The increase in adjusted non-interest expenses was primarily driven by increases in the Canadian Retail, U.S. Retail, and Corporate segments, partially offset by a decrease in Wholesale Banking. Canadian Retail non-interest expenses increased primarily due to higher employee-related costs including higher revenue-based variable expenses in the wealth business, investments to support business growth, and the inclusion of Aeroplan, partially offset by productivity gains. U.S. Retail non-interest expenses increased due to the impact of foreign currency translation. In U.S. dollars, U.S. Retail non-interest expenses decreased primarily due to productivity gains and lower expenses related to Target, partially offset by higher employee-related costs to support business growth. Corporate segment non-interest expenses increased primarily due to ongoing investment in enterprise and regulatory projects and productivity initiatives. Wholesale Banking non-interest expenses decreased primarily due to expenses related to the settlement of a commercial dispute in the fourth quarter last year.

The Bank’s reported effective tax rate was 18.2% for the quarter, compared with 13.4% in the same quarter last year. The Bank’s adjusted effective tax rate was 18.9% for the quarter, compared with 15.0% in the same quarter last year. The year-over-year increases were largely due to lower tax-exempt dividend income from taxable Canadian corporations and business mix.

QUARTERLY TREND ANALYSIS

The Bank has had solid underlying adjusted earnings growth over the past eight quarters. Canadian Retail earnings have been strong with good loan and deposit volume growth, higher fee-based revenue driven by wealth asset growth, and the acquisition of Aeroplan. U.S. Retail earnings have benefited from strong loan and deposit volume growth, continued investments to support business growth, and the acquisitions of Target and Epoch. Wholesale Banking earnings benefited from improved trading and investment banking results driven by strong client activity and favourable capital market conditions. The earnings contribution from the Bank’s investment in TD Ameritrade has increased over the past two years primarily due to higher base earnings in TD Ameritrade driven by higher client assets and trading volumes. The Bank's earnings also benefited from the impact of foreign currency translation over the past eight quarters.

TABLE 14: QUARTERLY RESULTS

(millions of Canadian dollars, except as noted)

	For the three months ended							
	2014				2013			
	Oct. 31	**Jul. 31**	**Apr. 30**	**Jan. 31**	Oct. 31	Jul. 31	Apr. 30	Jan. 31
Net interest income	**$ 4,457**	**$ 4,435**	**$ 4,391**	**$ 4,301**	$ 4,183	$ 4,145	$ 3,901	$ 3,845
Non-interest income	**2,995**	**3,074**	**3,044**	**3,264**	2,817	2,940	2,706	2,722
Total revenue	**7,452**	**7,509**	**7,435**	**7,565**	7,000	7,085	6,607	6,567
Provision for credit losses	**371**	**338**	**392**	**456**	352	477	417	385
Insurance claims and related expenses	**720**	**771**	**659**	**683**	711	1,140	609	596
Non-interest expenses	**4,331**	**4,040**	**4,029**	**4,096**	4,164	3,771	3,632	3,502
Provision for (recovery of) income taxes	**370**	**330**	**447**	**365**	238	249	289	359
Equity in net income of an investment in associate, net of income taxes	**86**	**77**	**80**	**77**	81	75	57	59
Net income – reported	**1,746**	**2,107**	**1,988**	**2,042**	1,616	1,523	1,717	1,784
Adjustments for items of note, net of income taxes[1]								
Amortization of intangibles	**62**	**60**	**63**	**61**	59	59	58	56
Integration charges and direct transaction costs relating to the acquisition of the credit card portfolio of MBNA Canada	**54**	**27**	**23**	**21**	14	24	30	24
Fair value of derivatives hedging the reclassified available-for-sale securities portfolio	**–**	**(24)**	**–**	**(19)**	15	(70)	22	(24)
Set-up, conversion and other one-time costs related to affinity relationship with Aimia and acquisition of Aeroplan Visa credit card accounts	**–**	**16**	**–**	**115**	20	–	–	–
Impact of Alberta flood on the loan portfolio	**–**	**(19)**	**–**	**–**	(29)	48	–	–
Gain on sale of TD Waterhouse Institutional Services	**–**	**–**	**–**	**(196)**	–	–	–	–
Litigation and litigation-related charge/reserve	**–**	**–**	**–**	**–**	30	–	–	70
Restructuring charges	**–**	**–**	**–**	**–**	90	–	–	–
Total adjustments for items of note	**116**	**60**	**86**	**(18)**	199	61	110	126
Net income – adjusted	**1,862**	**2,167**	**2,074**	**2,024**	1,815	1,584	1,827	1,910
Preferred dividends	**32**	**25**	**40**	**46**	49	38	49	49
Net income available to common shareholders and non-controlling interests in subsidiaries – adjusted	**1,830**	**2,142**	**2,034**	**1,978**	1,766	1,546	1,778	1,861
Attributable to:								
Non-controlling interests – adjusted	**27**	**27**	**26**	**27**	27	26	26	26
Common shareholders – adjusted	**$ 1,803**	**$ 2,115**	**$ 2,008**	**$ 1,951**	$ 1,739	$ 1,520	$ 1,752	$ 1,835
(Canadian dollars, except as noted)								
Basic earnings per share								
Reported	**$ 0.92**	**$ 1.12**	**$ 1.05**	**$ 1.07**	$ 0.84	$ 0.79	$ 0.89	$ 0.93
Adjusted	**0.98**	**1.15**	**1.09**	**1.06**	0.95	0.82	0.95	1.00
Diluted earnings per share								
Reported	**0.91**	**1.11**	**1.04**	**1.07**	0.84	0.79	0.89	0.93
Adjusted	**0.98**	**1.15**	**1.09**	**1.06**	0.95	0.82	0.95	1.00
Return on common equity – reported	**13.1 %**	**16.3 %**	**15.9 %**	**16.4 %**	13.4 %	12.8 %	15.1 %	15.6 %
Return on common equity – adjusted	**14.0**	**16.8**	**16.6**	**16.2**	15.1	13.3	16.1	16.7
(billions of Canadian dollars, except as noted)								
Average earning assets	**$ 824**	**$ 806**	**$ 795**	**$ 787**	$ 748	$ 742	$ 723	$ 709
Net interest margin as a percentage of average earning assets	**2.15 %**	**2.18 %**	**2.26 %**	**2.17 %**	2.22 %	2.22 %	2.21 %	2.15 %

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

BUSINESS SEGMENT ANALYSIS

Business Focus

For management reporting purposes, the Bank's operations and activities are organized around the following operating business segments: Canadian Retail, U.S. Retail, and Wholesale Banking.

Canadian Retail provides a full range of financial products and services to customers in the Canadian personal and commercial banking businesses, including credit cards, auto finance, wealth, and insurance businesses. Under the TD Canada Trust brand, personal and small business banking provides a full range of financial products and services to nearly 15 million customers through its network of 1,165 branches, 2,867 automated banking machines, telephone, internet and mobile banking. Commercial Banking serves the needs of medium and large Canadian businesses by offering 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. Auto Finance provides flexible financing options to customers at point-of-sale for automotive and recreational vehicle purchases through our auto dealer network. The credit card business provides an attractive line-up of credit cards including co-branded and affinity credit card programs. 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 and Europe 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 retail and commercial banking operations operating under the brand TD Bank, America's Most Convenient Bank, and wealth management services in the U.S. The retail banking operations provide a full range of financial products and services through multiple delivery channels, including a network of 1,318 stores located along the east coast from Maine to Florida, telephone, mobile and internet banking and automated teller machines (ATM). The commercial banking operations serves the needs of businesses, customizing a broad range of products and services to meet their financing, investment, cash management, international trade, and day-to-day banking needs. Wealth management services include advice-based and asset management businesses. The advice-based business provides investment, trust and banking solutions and advice, across different client asset levels and product complexity, to meet our clients' goals in protecting, growing and transitioning their wealth. U.S. Retail works with TD Ameritrade to refer mass affluent clients to TD Ameritrade for their direct investing needs. The asset management business manages assets for institutional and high net worth clients and provides sub-advisory services and includes Epoch Investment Partners, Inc. The results of our equity investment in TD Ameritrade are included in U.S. Retail and reported as equity in net income of an investment in associate, net of income taxes.

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 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. The Corporate segment includes the impact of treasury and balance sheet management activities, general provision for credit losses, tax items at an enterprise level, the elimination of taxable equivalent and other intercompany adjustments, and residual unallocated revenue and expenses.

The results of the credit card portfolio of MBNA Canada, acquired on December 1, 2011, as well as the integration charges and direct transaction costs related to the acquisition, are reported in the Canadian Retail segment. The results of TD Auto Finance Canada are reported in the Canadian Retail segment. The results of TD Auto Finance U.S. are reported in the U.S. Retail segment. Integration charges, direct transaction costs, and changes in fair value of contingent consideration related to the Chrysler Financial acquisition are reported in the Corporate segment. The results of the credit card portfolio of Target Corporation and the related program agreement (collectively "Target"), acquired on March 13, 2013, and the results of Epoch Investment Partners, Inc. (Epoch), acquired on March 27, 2013, are both reported in the U.S. Retail segment.

Results of each business segment reflect revenue, expenses, assets, and liabilities generated by the businesses in that segment. The Bank measures and evaluates the performance of each segment based on adjusted results, where applicable, and for those segments the Bank notes 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, see the "How the Bank Reports" section of this document. For information concerning the Bank's measure of adjusted return on common equity, which is a non-GAAP financial measure, see the "Return on Common Equity" section. Segmented information also appears in Note 31 to the 2014 Consolidated Financial Statements.

Net interest income within Wholesale Banking is calculated on a taxable equivalent basis (TEB), which means that the value of non-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 $428 million, compared with $332 million last year.

As noted in Note 9 to the 2014 Consolidated Financial Statements, the Bank continues to securitize retail loans and receivables, however under IFRS, the majority of these loans and receivables remain on balance sheet.

The "Business Outlook and Focus for 2015" section for each 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, see the "Caution Regarding Forward-Looking Statements" section and the "Risk Factors That May Affect Future Results" section.

TABLE 15: RESULTS BY SEGMENT

(millions of Canadian dollars)

	Canadian Retail		U.S. Retail		Wholesale Banking		Corporate		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Net interest income (loss)	**$ 9,538**	$ 8,922	**$ 6,000**	$ 5,173	**$ 2,210**	$ 1,982	**$ (164)**	$ (3)	**$ 17,584**	$ 16,074
Non-interest income (loss)	**9,623**	8,860	**2,245**	2,149	**470**	428	**39**	(252)	**12,377**	11,185
Provision for (recovery of) credit losses	**946**	929	**676**	779	**11**	26	**(76)**	(103)	**1,557**	1,631
Insurance claims and related expenses	**2,833**	3,056	**–**	–	**–**	–	**–**	–	**2,833**	3,056
Non-interest expenses	**8,438**	7,754	**5,352**	4,768	**1,589**	1,542	**1,117**	1,005	**16,496**	15,069
Income (loss) before provision for income taxes	**6,944**	6,043	**2,217**	1,775	**1,080**	842	**(1,166)**	(1,157)	**9,075**	7,503
Provision for (recovery of) income taxes	**1,710**	1,474	**412**	269	**267**	192	**(877)**	(800)	**1,512**	1,135
Equity in net income of an investment in associate, net of income taxes	**–**	–	**305**	246	**–**	–	**15**	26	**320**	272
Net income (loss) – reported	**5,234**	4,569	**2,110**	1,752	**813**	650	**(274)**	(331)	**7,883**	6,640
Adjustments for items of note, net of income taxes [1]										
Amortization of intangibles	**–**	–	**–**	–	**–**	–	**246**	232	**246**	232
Integration charges and direct transaction costs relating to the acquisition of the credit card portfolio of MBNA Canada	**125**	92	**–**	–	**–**	–	**–**	–	**125**	92
Fair value of derivatives hedging the reclassified available-for-sale securities portfolio	**–**	–	**–**	–	**–**	–	**(43)**	(57)	**(43)**	(57)
Set-up, conversion and other one-time costs related to affinity relationship with Aimia and acquisition of Aeroplan Visa credit card accounts	**131**	20	**–**	–	**–**	–	**–**	–	**131**	20
Impact of Alberta flood on the loan portfolio	**–**	–	**–**	–	**–**	–	**(19)**	19	**(19)**	19
Gain on sale of TD Waterhouse Institutional Services	**–**	–	**–**	–	**–**	–	**(196)**	–	**(196)**	–
Litigation and litigation-related charge/reserve	**–**	–	**–**	100	**–**	–	**–**	–	**–**	100
Restructuring charges	**–**	–	**–**	–	**–**	–	**–**	90	**–**	90
Total adjustments for items of note	**256**	112	**–**	100	**–**	–	**(12)**	284	**244**	496
Net income (loss) – adjusted	**$ 5,490**	$ 4,681	**$ 2,110**	$ 1,852	**$ 813**	$ 650	**$ (286)**	$ (47)	**$ 8,127**	$ 7,136
(billions of Canadian dollars)										
Average common equity	**$ 12.6**	$ 10.8	**$ 25.1**	$ 22.0	**$ 4.7**	$ 4.2	**$ 9.6**	$ 7.8	**$ 52.0**	$ 44.8
CET1 Capital risk-weighted assets [2,3]	**100**	93	**158**	138	**61**	47	**9**	8	**328**	286

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

2 Prior to 2014, amounts have not been adjusted to reflect the impact of the New IFRS Standards and Amendments.

3 Effective the third quarter of 2014, each capital ratio has its own risk-weighted asset (RWA) measure due to the Office of the Superintendent of Financial Institutions (OSFI) prescribed scalar for inclusion of the Credit Valuation Adjustment (CVA). Effective the third quarter of 2014, the scalars for inclusion of CVA for CET1, Tier 1, and Total Capital RWA are 57%, 65%, and 77% respectively.

ECONOMIC SUMMARY AND OUTLOOK

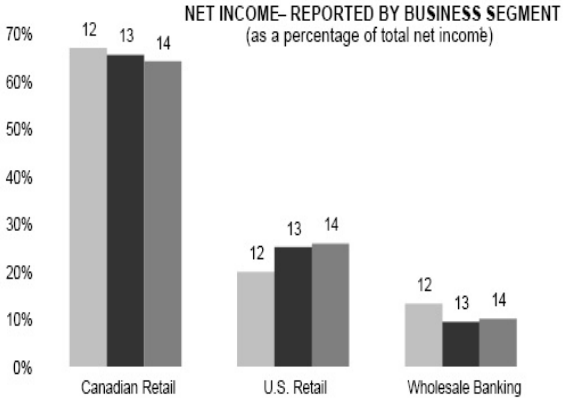
After accelerating in the April to June period of 2014, Canadian economic growth has shown signs of moderating. Looking ahead, quarterly gains in real gross domestic product (GDP) are likely to run at a respectable but still modest 2 to 2.5% rate over the rest of 2014 and in 2015.

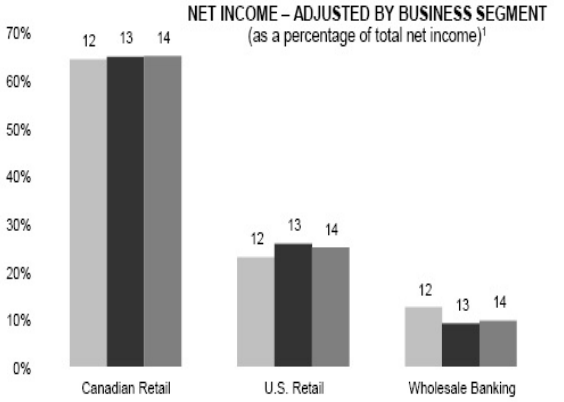
Outside of Canada's borders, economic conditions have been mixed. Concerns about economic performances in emerging markets, Japan, and the Eurozone have contributed to a sharp drop in crude oil prices, which has dampened the near-term prospects of the Canadian energy sector. In contrast, the U.S. economy has continued to deliver superior economic growth relative to those of Canada and other major advanced economies. The U.S. job market has been posting significant increases, with private-sector job gains having exceeded 200,000 per month for most of 2014. A continued recovery in job creation is expected to push the U.S. unemployment rate lower over the next two years. In line with a stronger labour market, the U.S. Federal Reserve has completed its extraordinary monetary stimulus and is expected to raise interest rates by the middle part of 2015.

Despite the impact of lower commodity prices on export earnings, the Canadian export sector is expected to grow at a healthy rate, helped by rising U.S. demand and the benefits to competitiveness of a lower Canadian dollar, with the latter expected to weaken further over the January to June period of 2015. As Canada's export performance improves, an increase in business confidence is expected to drive a firming in capital spending, particularly for machinery and equipment.

Meanwhile, Canadian consumers have continued to increase spending in the July to September period of 2014, especially for light vehicles, which rose to record levels. Activity in the Canadian housing sector has also shown marked strength for the second consecutive calendar year quarter, both in terms of sales volumes and new construction activity. Interest-sensitive purchases have continued to benefit from low interest rates. That said, auto and home-related purchases are expected to record more moderate gains over the near term, as soft wage growth and elevated levels of household debt work to restrain growth.

Although inflation has remained elevated in recent months, the rise has likely been due to temporary factors. Over the very near term, lower gasoline prices will put significant downward pressure on headline Consumer Price Index (CPI) inflation. Although job gains over the past few months have been encouraging, a lack of wage pressures points to persistent economic slack. In this environment, the Bank of Canada is likely to leave interest rates unchanged. As economic growth gradually picks up over the coming quarters and these temporary factors run their course, the upside risks to inflation will rise. As a result, the Bank of Canada is expected to start gradually raising interest rates in October 2015, but increases are expected to be more modest than in the past.





[1] Amounts exclude Corporate segment.

BUSINESS SEGMENT ANALYSIS

Canadian Retail

Canadian Retail provides a full range of financial products and services to nearly 15 million customers in the Canadian personal and commercial banking businesses, including credit cards, auto finance, wealth, and insurance businesses.

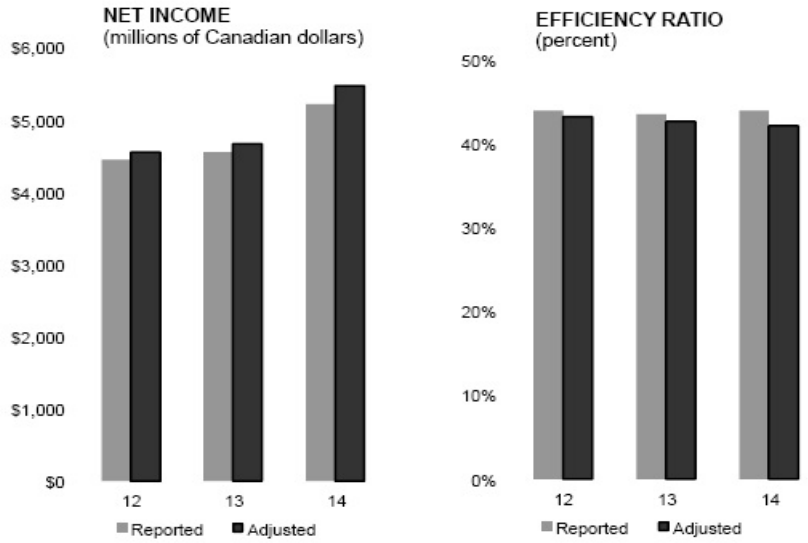


TABLE 16: REVENUE[1]

(millions of Canadian dollars)

		2014		2013		2012
Personal banking	$	**9,600**	$	8,808	$	8,482
Business banking		**2,284**		2,232		2,170
Wealth		**3,226**		2,917		2,668
Insurance		**4,051**		3,825		3,673
Total	$	**19,161**	$	17,782	$	16,993

1 Certain comparative amounts have been restated to conform with current year presentation.

BUSINESS HIGHLIGHTS

- **Achieved record adjusted earnings of $5,490 million, and a record adjusted efficiency ratio of 42.2%.**
- **Recognized as an industry leader in customer service excellence with distinctions that included the following:**
  - **Ranked "Highest in Customer Satisfaction Among the Big Five Retail Banks" [2] for the ninth consecutive year by J.D. Power, a global marketing information services firm. The 2014 Canadian Retail Banking Customer Satisfaction Study included responses from over 17,000 customers who use a primary financial institution for personal banking.**
  - **TD Canada Trust retained the #1 spot in "Customer Service Excellence" among the five major Canadian banks for the tenth consecutive year according to global market research firm Ipsos.**
  - **TD Canada Trust was recognized as the "Highest in Customer Satisfaction with Small Business Banking" [3] by J.D. Power in the 2014 Canadian Small Business Banking Customer Satisfaction Study.**
- **Continued to focus on customer service and convenience by optimizing our branch network, and investing in our digital channel experience, including mobile and online banking.**
- **Recorded strong chequing and savings deposit volume growth due to a focus on acquiring and retaining core customer accounts.**
- **TD Auto Finance Canada originated a record $8 billion of auto loans in Canada in fiscal 2014.**
- **Business banking continued to generate strong loan volume growth of 12%.**
- **The Canadian Cards business successfully assumed mass marketing rights to the prestigious Aeroplan program in Canada and completed the acquisition of approximately 50% of the existing Aeroplan credit card portfolio from CIBC.**
- **TD Asset Management, the manager of TD Mutual Funds, had record long-term fund sales and record assets under management.**

2 TD Canada Trust received the highest numerical score among the big five retail banks in the proprietary J.D. Power 2006-2014 Canadian Retail Banking Customer Satisfaction Studies SM. 2014 study based on 17,183 total responses and measures opinions of consumers with their primary banking institution. Proprietary study results are based on experiences and perceptions of consumers surveyed May-June 2014. Your experiences may vary. Visit jdpower.com

3 TD Canada Trust received the highest numerical score in the proprietary J.D. Power 2014 Canadian Small Business Banking Satisfaction Study SM. Study based on 1,348 total responses, measuring 5 financial institutions and measures opinions of small business customers. Proprietary study results are based on experiences and perceptions of customers surveyed in May-June 2014. Your experiences may vary. Visit jdpower.com

- **TD has maintained its strong market share [4] in key products:**
  - **TD is #1 in Canadian credit card market share.**
  - **Retained the #1 position in personal deposit market share and the #2 position in personal loan market share.**
  - **Business banking held the #2 positions in deposit and loan market share.**
  - **The Direct Investing business maintained a market leading position in both share of assets and trades.**
  - **TD has the most online banking and mobile customers.**

CHALLENGES IN 2014

- **Sustained low interest rate environment contributed to further deposit margin compression.**
- **Fierce competition for new and existing customers from the major Canadian banks and non-bank competitors.**
- **Challenging retail lending environment due to slow economic growth and elevated consumer debt levels.**
- **The property and casualty insurance results were impacted by severe winter conditions.**

INDUSTRY PROFILE

The personal and business banking environment in Canada is very competitive among the major banks as well as some strong regional players and non-bank competitors. The strong competition makes it difficult to sustain market share gains and distinctive competitive advantage over the long term. Continued success depends upon delivering outstanding customer service and convenience, disciplined risk management practices, and investment in customer products and services. Business growth in the fiercely competitive wealth management industry lies in the ability to differentiate on client experience by providing the right products, services, tools, and solutions to serve our clients' needs. Insurance operates in both the Canadian property and casualty insurance, and the life and health insurance industries. The property and casualty industry in Canada is a fragmented and competitive market, consisting of both personal and commercial lines writers, whereas the life and health insurance industry is made up of several larger competitors.

OVERALL BUSINESS STRATEGY

The strategy for Canadian Retail is to:

- Consistently deliver a legendary customer experience in everything we do.
- Be recognized as an extraordinary place to work.
- Make the customer and employee experience simple, fast, and easy in order to drive efficiency.
- Strengthen our local market presence in our communities.
- Invest in the future to deliver top tier earnings performance consistently.

TABLE 17: CANADIAN RETAIL

(millions of Canadian dollars, except as noted)

	2014	2013	2012
Net interest income	**$ 9,538**	$ 8,922	$ 8,606
Non-interest income	**9,623**	8,860	8,387
Total revenue – reported	**19,161**	17,782	16,993
Total revenue – adjusted	**19,161**	17,782	17,029
Provision for credit losses	**946**	929	1,151
Insurance claims and related expenses	**2,833**	3,056	2,424
Non-interest expenses – reported	**8,438**	7,754	7,485
Non-interest expenses – adjusted	**8,091**	7,602	7,381
Net income – reported	**$ 5,234**	$ 4,569	$ 4,463
Adjustments for items of note, net of income taxes [1]			
Integration charges and direct transaction costs relating to the acquisition of the credit card portfolio of MBNA Canada	**125**	92	104
Set-up, conversion and other one-time costs related to affinity relationship with Aimia and acquisition of Aeroplan Visa credit card accounts	**131**	20	–
Net income – adjusted	**$ 5,490**	$ 4,681	$ 4,567
Selected volumes and ratios			
Return on common equity – reported	**41.7 %**	42.3 %	41.3 %
Return on common equity – adjusted	**43.7**	43.3	42.3
Margin on average earning assets (including securitized assets) – reported	**2.95**	2.92	2.95
Margin on average earning assets (including securitized assets) – adjusted	**2.95**	2.92	2.96
Efficiency ratio – reported	**44.0**	43.6	44.0
Efficiency ratio – adjusted	**42.2**	42.7	43.3
Number of Canadian retail branches	**1,165**	1,179	1,168
Average number of full-time equivalent staff [2]	**39,389**	39,535	41,971

1 For explanations of items of note, see the "Non-GAAP Financial Measures – Reconciliation of Adjusted to Reported Net Income" table in the "How We Performed" section of this document.

2 In 2014, the Bank conformed to a standardized definition of full-time equivalent staff across all segments. The definition includes, among other things, hours for overtime and contractors as part of its calculations. Results for periods prior to 2014 have not been restated.

REVIEW OF FINANCIAL PERFORMANCE

Canadian Retail net income for the year on a reported basis was $5,234 million, an increase of $665 million, or 15%, compared with last year. Adjusted net income for the year was $5,490 million, an increase of $809 million, or 17%, compared with last year. The increase in adjusted earnings was primarily due to loan and deposit volume growth, the addition of Aeroplan, strong growth in assets under management, a rebound in insurance earnings due to additional losses last year as a result of strengthened reserves for general insurance automobile claims and claims resulting from severe weather-related events, partially offset by expense growth. The reported annualized return on common equity for the year was 41.7%, while the adjusted annualized return on common equity was 43.7%, compared with 42.3% and 43.3%, respectively, last year.

4 Market share ranking is based on most current data available from *Canadian Bankers Association* for Business Deposits and Loans as at June 2014, from public financial disclosures for average credit card balances as at July 2014, from *OSFI* for Personal Deposits and Loans as at August 2014, from *comScore* for number of online banking and mobile customers as at September 2014, and from *Investor Economics* for assets and trades metrics as at September 2014.

Canadian Retail revenue is derived from the Canadian personal and commercial banking businesses, including credit cards, auto finance, wealth and insurance businesses. Revenue for the year was $19,161 million, an increase of $1,379 million, or 8%, compared with last year. Net interest income increased $616 million, or 7%, driven primarily by good loan and deposit volume growth, and the addition of Aeroplan. Non-interest income increased $763 million, or 9%, largely driven by wealth asset growth, higher volume-related fee growth, the addition of Aeroplan, and higher insurance revenues. Margin on average earning assets was 2.95%, an increase of 3 basis points (bps), due to the addition of Aeroplan.

The personal banking business generated solid average lending volume growth of $12.4 billion, or 5%. Average real estate secured lending volume increased $7.9 billion, or 4%. Auto lending average volume increased $1 billion, or 7%, while all other personal lending average volumes increased $3.5 billion, or 11%, largely due to the addition of Aeroplan. Business loans and acceptances average volume increased $5.3 billion, or 12%. Average personal deposit volumes increased $3.8 billion, or 3%, due to strong growth in core chequing and savings accounts, partially offset by lower term deposit volume. Average business deposit volumes increased $5 billion, or 7%.

Assets under administration increased $8 billion, or 3%, compared with the last year, as growth from new client assets, market appreciation, and the addition of the remaining interest in NatWest Stockbrokers Limited[5], was partially offset by the sale of the TD Waterhouse Institutional Services business. Assets under management increased $25 billion, or 12%, mainly driven by growth from market appreciation and new client assets.

PCL for the year was $946 million, an increase of $17 million, or 2% compared with last year. Personal banking PCL was $875 million, a decrease of $7 million, or 1%, primarily due to better credit performance and lower bankruptcies, partially offset by the addition of Aeroplan. Business banking PCL was $71 million, an increase of $24 million, primarily due to higher recoveries last year. Annualized PCL as a percentage of credit volume was 0.29%, a decrease of 1 bps, compared with last year. Net impaired loans were $834 million, a decrease of $48 million, or 5%, compared with last year.

Insurance claims and related expenses were $2,833 million, a decrease of $223 million, or 7%, compared with last year, primarily due to additional losses last year as a result of strengthened reserves for general insurance automobile claims and claims resulting from severe weather-related events, partially offset by higher current year claims driven by severe winter conditions, and business growth.

Reported non-interest expenses for the year were $8,438 million, an increase of $684 million, or 9%, compared with last year. Adjusted non-interest expenses for the year were $8,091 million, an increase of $489 million, or 6%, compared with last year. The increase was driven by higher employee-related costs including higher revenue-based variable compensation in the wealth business, the addition of Aeroplan, investments to grow the business, and volume growth, partially offset by initiatives to increase productivity.

The reported efficiency ratio worsened to 44.0%, while the adjusted efficiency ratio improved to 42.2%, compared with 43.6% and 42.7%, respectively, last year.

KEY PRODUCT GROUPS

Personal Banking

- Personal Deposits – offers a full suite of chequing and savings products to retail clients across Canada. In 2014, personal deposit volume growth was solid, and TD maintained its market share position by focusing on acquiring and retaining core customer accounts. Market share in term deposits declined as the business reduced originations from higher cost, non-proprietary channels, and fulfilled customer needs with other investment products. The business was able to largely offset the impact of the lower interest rate environment through volume growth.
- Consumer Lending – offers a diverse range of financing products to suit the needs of retail clients across Canada. In 2014, TD continued to grow in lending volumes but at a slower pace than in recent years and maintained its leadership position in market share for real estate secured lending products, with a focus on increasing customer retention rates and good risk management.
- Credit Cards and Merchant Services – offers a range of credit card products including co-branded and affinity credit card programs. In 2014, through its focus on the Aeroplan program, MBNA integration and continued expansion, the business achieved good volume growth and maintained the number one position in credit card market share.
- Auto Finance – offers automotive and recreational vehicle financing through an extensive network of dealers across Canada. In 2014, TD delivered good portfolio growth in a highly competitive market by producing financial solutions for automotive and recreational product dealerships, developing flexible vehicle financing options, and continuing its focus on service.

Business Banking

- Commercial Banking – serves the needs of Canadian businesses across a wide range of industries. In 2014, the business continued to invest in customer-facing resources in strategic markets to drive strong volume growth and market share gains.
- Small Business Banking – offers a wide range of financial products and services to small businesses across Canada. In 2014, the business continued to make investments in both deposit and credit infrastructure to improve speed to market and customer experience.

Wealth

- Direct Investing – offers a comprehensive product and service offering to self-directed retail investors. TD maintained its leadership position in assets under administration and trade volume in 2014. In Europe, TD Direct Investing provides a broad range of products available for trading and investing, including trading in U.K. and international equities, with direct access to 17 markets.
- Advice-based business – offers financial planning, full service brokerage, and private client services, across different portfolio sizes and levels of product complexity, to help clients protect, grow and transition their wealth. The advice-based wealth business is integrated with the Canadian personal and commercial banking businesses. In 2014, it generated good asset growth driven by new assets and market appreciation.
- Asset Management – TD Asset Management (TDAM) is a leading investment manager 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. TDAM's institutional investment business has a leading market share in Canada and includes clients of some of the largest pension funds, endowments, and corporations in Canada. All asset management units work in close partnership with other TD businesses, including the advice-based wealth business and retail banking, to align products and services to ensure a legendary client experience. 2014 was a record year for assets under management and long-term fund sales.

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5 As previously announced on July 8, 2014, the Bank completed the acquisition of the remaining interest in NatWest Stockbrokers Limited from National Westminster Bank plc.

Insurance

- Property and Casualty – TD is the largest direct distribution insurer and the second largest personal insurer in Canada. It is also the national leader in the affinity market offering home and auto insurance to members of affinity groups such as professional associations, universities and employer groups, and other customers, through direct channels. The business was able to continue its strong premium growth while facing a challenging winter weather season in 2014.
- Life and Health – offers credit protection and travel insurance products mostly distributed through TD Canada Trust branches. Other simple life and health insurance products, and credit card balance protection are distributed through direct channels.

BUSINESS OUTLOOK AND FOCUS FOR 2015

The primary focus for 2015 will be to continue to deliver legendary customer service and convenience across all channels. Our commitment to continually invest in our businesses positions us well for future growth. We expect earnings growth to moderate in 2015 due to a more challenging operating environment. We expect the personal loan growth rate to be in line with current year levels. Business lending is forecasted to remain strong as we maintain our focus on winning market share. Wealth asset acquisition is expected to be strong; however, benefits from market appreciation next year are subject to capital markets performance. The outlook for insurance is for good core premium growth; however claims will depend on the frequency and severity of weather-related events. Credit loss rates should remain relatively stable; however, low personal bankruptcy trends will likely continue to normalize. Over the next year we expect continued pressure on margins due to the impact of the sustained low interest rate environment, and competitive pricing in the market. We will maintain our focus on productivity initiatives.

Our key priorities for 2015 are as follows:

- **Provide a legendary customer experience across all distribution channels.**
- **Focus on organic growth opportunities across our businesses.**
- **Deliver integrated service and advice in local markets, across businesses, and channels.**
- **Invest in and grow our key businesses, and focus on emerging payment and loyalty innovations.**
- **Accelerate our growth in the Wealth Advice channels and introduce new client solutions in the Direct Investing business.**
- **Review and enhance insurance products to ensure that they are competitive, provide the protection our clients need, and are easy to understand.**
- **Keep our focus on productivity to enhance the customer experience, employee satisfaction, and shareholder value.**

BUSINESS SEGMENT ANALYSIS

U.S. Retail

Operating under the brand name, TD Bank, America's Most Convenient Bank, U.S. Retail offers a full range of financial products and services to more than 8 million customers in the Bank's U.S. personal and commercial banking businesses, including U.S. credit cards and auto finance, as well as its wealth business.

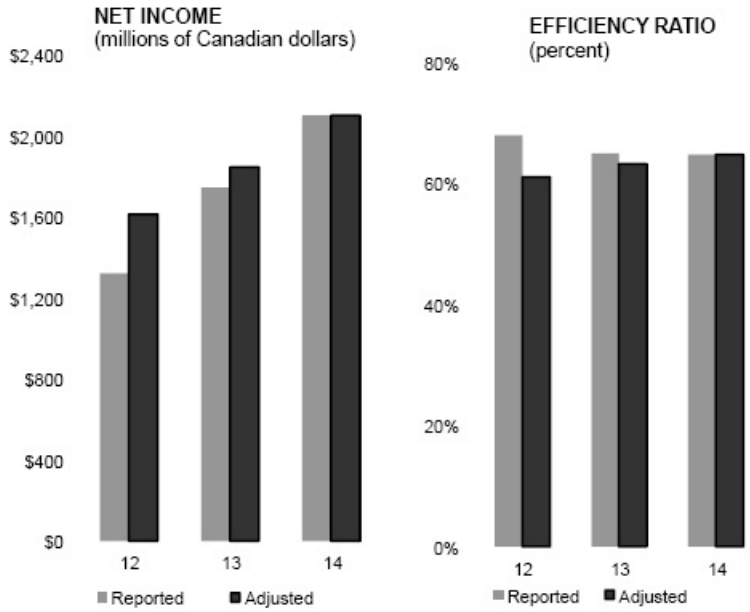


TABLE 18: REVENUE

(millions of dollars)

	Canadian dollars			U.S. dollars		
	October 31 2014	October 31 2013	October 31 2012	**October 31 2014**	October 31 2013	October 31 2012
Personal Banking	**$ 4,685**	$ 3,778	$ 2,899	**$ 4,297**	$ 3,701	$ 2,888
Business Banking	**2,353**	2,094	2,357	**2,158**	2,051	2,348
Wealth	**330**	202	111	**303**	198	110
Other[1]	**877**	1,248	866	**805**	1,223	862
Total	**$ 8,245**	$ 7,322	$ 6,233	**$ 7,563**	$ 7,173	$ 6,208

[1] Other revenue consists primarily of revenue from investing activities.

BUSINESS HIGHLIGHTS

- **Achieved record adjusted earnings of US$1,938 million in a challenging operating environment.**
- **Continued to focus on providing legendary customer service and convenience:**
  - **Named the 2014 "Best Big Bank in America" by Money Magazine.**
  - **Continued to offer more store hours and increased convenience in markets where we compete.**
  - **Continued to invest in our digital channel experience, including mobile and online banking.**
- **Gained profitable market share in both loans and deposits while maintaining strong credit quality.**
- **Expanded and integrated wealth product offerings.**

CHALLENGES IN 2014

- **The sustained low interest rate environment contributed to further margin compression.**
- **Slow economic growth created a challenging environment for retail lending.**
- **We faced fierce competition for new and existing customers from U.S. banks and non-bank competitors.**
- **Regulatory and legislative changes had an impact on the operating environment, TD's product offerings, and the Bank's earnings.**

INDUSTRY PROFILE

The U.S. banking industry is highly competitive and includes several very large financial institutions as well as small community and savings banks, finance companies, credit unions, and other providers of financial services. The keys to profitability are attracting and retaining customer relationships with legendary service and convenience, continued investment in products, services and distribution channels to meet customers' evolving needs, rational product pricing, optimizing fee-based businesses, disciplined risk management, and effective expense control. In the U.S., the wealth management industry is large and consists of banks, insurance companies, independent mutual fund companies, discount brokers, full service brokers, and independent asset management companies. TD's U.S. wealth business competes against national and regional banks as well as non-bank wealth organizations.

OVERALL BUSINESS STRATEGY

The strategy for U.S. Retail is to:

- Provide integrated banking services to customers across all of our distribution channels, including digital, phone, ATM, and branch.
- Invest in the future, outgrow the competition, and deliver consistent top tier earnings performance.
- Deliver legendary service and convenience, and make customers proud to be associated with TD.
- Operate with excellence, and make the customer and employee experience simple, fast, and easy to drive efficiency.
- Only take risks we understand and can manage, and deploy capital prudently within a well-defined risk appetite.
- Be recognized as an extraordinary and inclusive place to work by attracting, developing, and retaining top talent.
- Strengthen our presence in the higher growth markets along the U.S. Eastern Seaboard that comprise our U.S. footprint.

TABLE 19: U.S. RETAIL[1]

(millions of dollars, except as noted)

	Canadian dollars			U.S. dollars		
	2014	2013	2012	**2014**	2013	2012
Net interest income	**$ 6,000**	$ 5,173	$ 4,663	**$ 5,503**	$ 5,070	$ 4,643
Non-interest income	**2,245**	2,149	1,570	**2,060**	2,103	1,565
Total revenue	**8,245**	7,322	6,233	**7,563**	7,173	6,208
Provision for credit losses – loans	**694**	762	652	**636**	746	651
Provision for (recovery of) credit losses – debt securities classified as loans	**(16)**	(32)	12	**(14)**	(31)	12
Provision for (recovery of) credit losses – acquired credit-impaired loans[2]	**(2)**	49	115	**(1)**	49	115
Provision for credit losses – reported	**676**	779	779	**621**	764	778
Provision for credit losses – adjusted	**676**	779	725	**621**	764	723
Non-interest expenses – reported	**5,352**	4,768	4,246	**4,907**	4,671	4,228
Non-interest expenses – adjusted	**5,352**	4,642	3,815	**4,907**	4,545	3,799
U.S. Retail Bank net income – reported [3]	**1,805**	1,506	1,116	**1,657**	1,474	1,111
Adjustments for items of note[4]						
Litigation and litigation-related charge/reserve	**–**	100	248	**–**	100	247
Impact of Superstorm Sandy	**–**	–	37	**–**	–	37
Integration charges and direct transaction costs relating to U.S. Retail acquisitions	**–**	–	9	**–**	–	9
U.S. Retail Bank net income – adjusted [3]	**1,805**	1,606	1,410	**1,657**	1,574	1,404
Equity in net income of an investment in associate, net of income taxes	**305**	246	209	**281**	241	207
Net income – reported	**$ 2,110**	$ 1,752	$ 1,325	**$ 1,938**	$ 1,715	$ 1,318
Net income – adjusted	**2,110**	1,852	1,619	**1,938**	1,815	1,611
Selected volumes and ratios						
Return on common equity – reported	**8.4 %**	8.0 %	6.3 %	**8.4 %**	8.0 %	6.3 %
Return on common equity – adjusted	**8.4**	8.4	7.7	**8.4**	8.4	7.7
Margin on average earning assets (TEB)[5]	**3.75**	3.66	3.60	**3.75**	3.66	3.60
Efficiency ratio – reported	**64.9**	65.1	68.1	**64.9**	65.1	68.1
Efficiency ratio – adjusted	**64.9**	63.4	61.2	**64.9**	63.4	61.2
Number of U.S. retail stores	**1,318**	1,317	1,315	**1,318**	1,317	1,315
Average number of full-time equivalent staff[6]	**26,074**	25,247	25,340	**26,074**	25,247	25,340

1 Revenue and expenses related to Target are reported on a gross basis in the Consolidated Statement of Income. Non-interest expenses include expenses related to the business and amounts due to Target Corporation under the credit card program agreement.

2 Includes all Federal Deposit Insurance Corporation (FDIC) covered loans and other acquired credit-impaired loans.

3 Results exclude the impact related to the equity in net income of the investment in TD Ameritrade.

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

5 Margin on average earning assets excludes the impact related to the TD Ameritrade IDA.

6 In 2014, the Bank conformed to a standardized definition of full-time equivalent staff across all segments. The definition includes, among other things, hours for overtime and contractors as part of its calculations. Results for periods prior to 2014 have not been restated.

REVIEW OF FINANCIAL PERFORMANCE

U.S. Retail net income for the year on a reported basis was $2,110 million (US$1,938 million), which included net income of $1,805 million (US$1,657 million) from the U.S. Retail Bank and $305 million (US$281 million) from TD's investment in TD Ameritrade. U.S. Retail earnings of US$1,938 million on a reported basis were up 13% compared with last year. U.S. Retail adjusted earnings of US$1,657 million increased 5% due to strong organic growth, excellent asset quality, and the full-year effect of acquisitions, partially offset by lower security gains and margin compression. The contribution from TD Ameritrade of US$281 million was up 17% compared with last year, primarily due to increased asset-based and transaction-based revenue, partially offset by higher operating expenses and lower investment gains. Canadian dollar earnings growth benefited from a strengthening of the U.S. dollar during the year. The reported annualized return on common equity for the year was 8.4%, compared to 8.0% last year. The adjusted annualized return on common equity for the year was 8.4%, flat compared to last year.

Revenue for the year was US$7,563 million, an increase of US$390 million, or 5%, compared with last year, primarily due to increased loan and deposit volumes and the full-year impact of Target and Epoch, partially offset by lower gains on sales of securities and debt securities classified as loans. Average loan volumes increased US$10 billion, or 10%, compared with last year, with a 9% increase in personal loans and an 11% increase in business loans. Average deposit volumes increased US$13 billion, or 7%, compared with prior year driven by a 7% growth in personal deposits, 8% growth in business deposits, and 6% growth in TD Ameritrade deposits. Margin on average earning assets for the year was 3.75%, a 9 bps increase compared with last year as higher loan margins from the full-year impact of Target were partially offset by core margin compression and lower accretion.

PCL for the year was US$621 million, a decrease of US$143 million, or 19%, compared with last year primarily due to broad-based improvements in credit quality offset by volume-driven PCL growth. Personal banking PCL was US$630 million, a decrease of US$8 million, or 1%, compared with last year primarily due to lower provisions on auto loans, partially offset by the full-year inclusion of Target and other retail products. Business banking PCL was US$3 million, a decrease of US$152 million, or 98%, compared with last year reflecting improvements in credit quality and lower net charge offs. Annualized adjusted PCL as a percentage of credit volume for loans excluding debt securities classified as loans was 0.55%, a decrease of 20 bps, compared with last year. Net impaired loans, excluding acquired credit-impaired loans and debt securities classified as loans, were US$1.2 billion, a decrease of US$64 million, or 5%, compared with last year. Net impaired loans as a percentage of total loans were 1.1% as at October 31, 2014, compared with 1.3% at October 31, 2013. Net impaired debt securities classified as loans were US$919 million at October 31, 2014, compared with US$985 million at October 31, 2013.

Reported non-interest expenses for the year were US$4,907 million, an increase of US$236 million, or 5%, compared with last year. On an adjusted basis, non-interest expenses were US$4,907 million, an increase of US$362 million, or 8%, compared with last year, primarily due to increased expenses related to the full-year impact of acquisitions, and investments to support business growth, partially offset by productivity improvements. The reported efficiency ratio for the year improved to 64.9%, compared with 65.1% last year, while the adjusted efficiency ratio for the year was 64.9%, compared with 63.4% last year.

KEY PRODUCT GROUPS

Personal Banking

- Personal Deposits – offers a full suite of chequing and savings products to retail customers along the U.S. Eastern Seaboard. In 2014, U.S. Retail continued to build on its reputation as America's Most Convenient Bank by opening 34 new stores and enhancing its digital and phone channel capabilities. Strong year-over-year growth in personal deposits was driven by maturing stores and a competitive product offering. Enhancements to digital banking capabilities resulted in record on-line account openings and double-digit growth in the number of active users of digital banking services.
- Consumer Lending – offers a diverse range of financing products to suit the needs of retail customers along the U.S. Eastern Seaboard. In 2014, U.S. Retail continued to focus on growing profitable market share by deepening customer relationships and acquiring new customers through its stores and mortgage lending specialists, while maintaining good risk management.
- Credit Cards Services – offers TD branded and private label credit cards for retail and small business customers. Through its agreement with Target Corporation, U.S. Retail provides co-branded Visa and private label credit cards to Target's U.S. customers. In 2014, U.S. Retail saw robust new account growth fueled by its TD branded product offerings as well as its private label card programs.
- Auto Finance – offers automotive financing and dealer commercial services through a network of auto dealers throughout the U.S. In 2014, U. S. Retail focused on improving effectiveness in the delivery of its services through a new priority dealer program and roll-out of new product initiatives.

Business Banking

- Commercial Banking – serves the needs of U.S. businesses and governments across a wide range of industries. In 2014, the business saw improved asset quality and strong increases in loan volume growth and significantly outperformed the industry.
- Small Business Banking – offers a wide range of financial products and services to small businesses along the U.S. Eastern Seaboard. In 2014, the business continued to be among the top ranked small business lenders in its markets.

Wealth

- Advice-based business – provides private banking services, investment advisory services, and trust services to retail and institutional clients across different portfolio sizes and levels of product complexity, to help clients protect, grow, and transition their wealth. The advice-based business is integrated with the U.S. personal and commercial banking businesses. In 2014, the business made significant progress with its growth strategy.
- Asset Management – the U.S. asset management business is comprised of the U.S. arm of TDAM's institutional investment business and Epoch Investment Partners Inc., acquired in 2013. Both asset management units work in close partnership with other TD businesses, including the advice-based business and retail banking, to align products and services to ensure a legendary client experience. In 2014, U.S. Retail grew its assets under management and increased profitability largely due to the acquisition of Epoch Investment Partners Inc.

BUSINESS OUTLOOK AND FOCUS FOR 2015

For 2015, our assumption is for continued modest but variable economic growth and continued low interest rates with the potential for modest increases in the second half of the calendar year. We expect competition for loans and deposits to remain intense, credit to remain benign, and the regulatory environment to be challenging as the complexity of the regulatory framework continues to evolve and obligations on banks to comply and adapt increase. Net interest margin is expected to be relatively stable as loan repricing continues and accretion benefits on acquired loans decline, but rate competition for new loans subsides. Provision for credit losses is expected to begin normalizing, as the high rate of recoveries in 2014 is not expected to recur and the loan portfolio continues to grow. Given these assumptions, we expect a challenging 2015 with modest growth in adjusted earnings. We will continue to focus on delivering legendary customer service and convenience across all distribution channels, making the necessary investments to support future growth and regulatory compliance, while maintaining our focus on productivity initiatives.

Our key priorities for 2015 are as follows:

- **Provide a legendary customer experience across all distribution channels.**
- **Focus on organic growth opportunities across our businesses.**
- **Deliver integrated service and advice in local markets, across businesses, and channels.**
- **Invest in and grow our key businesses, continue to deepen customer relationships, and focus on emerging payment and loyalty innovations.**
- **Further optimize the balance sheet to meet increasing capital requirements and position ourselves for growth opportunities.**
- **Continue to invest in an efficient, effective, and robust infrastructure to adapt to industry and regulatory changes.**
- **Maintain our focus on productivity to enhance the customer experience, employee satisfaction, and shareholder value.**

TD AMERITRADE HOLDING CORPORATION

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

BUSINESS SEGMENT ANALYSIS

Wholesale Banking

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

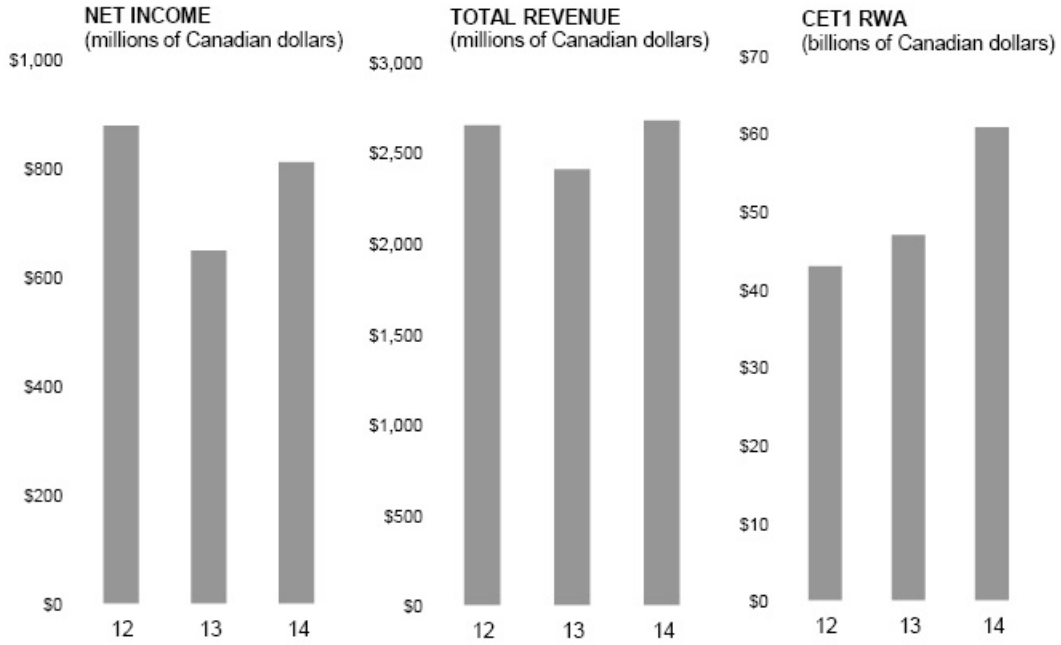


TABLE 20: REVENUE

(millions of Canadian dollars)

		2014		2013		2012
Investment banking and capital markets	**$**	**2,142**	$	1,857	$	1,987
Corporate banking		**510**		479		448
Equity investments		**28**		74		219
Total	**$**	**2,680**	$	2,410	$	2,654

BUSINESS HIGHLIGHTS

- **Achieved earnings of $813 million and a return on common equity of 17.5%.**
- **Delivered strong core revenue growth.**
- **Recorded a strong performance in M&A and underwriting.**
- **Significant lead deals for the year include:**
  - **Nalcor Energy Muskrat Falls Project – One of the largest bond placements in Canadian history, at $5 billion**
  - **PrairieSky Royalty's $1.7 billion initial public offering (IPO) – Largest Canadian IPO in 14 years**
  - **World Bank – Lead-managed U.S. Dollar Global transactions for the first time**
- **Became the first bank in Canada to launch a Green Bond to finance environmental initiatives.**
- **Maintained top-three dealer status in Canada (for the nine-month period ended September 30, 2014):**
  - **#1 in equity block trading**
  - **#1 in equity block option trading**
  - **#1 in government debt underwriting**
  - **#2 in corporate debt underwriting**
  - **#2 in syndications (on rolling twelve month basis)**

CHALLENGES IN 2014

- **The sustained low interest rate environment and low volatility impacted client activities.**
- **Geopolitical challenges contributed to investor uncertainty.**
- **Regulatory changes had an impact on TD Securities' business activities.**

INDUSTRY PROFILE

The wholesale banking sector in Canada is a mature market with competition primarily coming from the Canadian banks, large global investment firms, and independent niche dealers. Favourable market conditions in 2014 contributed to an improved trading environment and strong investment banking volumes. Equity markets remained healthy with strong underwriting activity, particularly in the energy sector. However, a challenging macro environment, geopolitical uncertainty, regulatory reforms, and concerns over the timing of interest rate increases continued to have a negative impact on investor confidence and industry trading volumes. Wholesale banks have continued to shift their focus to client-driven trading revenue and fee income to reduce risk and preserve capital. Competition is expected to remain intense for transactions with high quality counterparties, as securities firms focus on prudent risk management. Longer term, wholesale businesses that have a diversified client-focused business model, offer a wide range of products and services, and exhibit effective cost management will be well positioned to achieve attractive returns for shareholders.

OVERALL BUSINESS STRATEGY

- Extend our client-centric franchise model through superior advice and execution.
- Strengthen our position as a top investment dealer in Canada.
- Support our North American franchise, and work with our business partners to enhance TD's brand.
- Maintain a prudent risk profile by focusing on high quality clients, counterparties, and products.
- Adapt to rapid industry and regulatory changes.
- Be an extraordinary and inclusive place to work by attracting, developing, and retaining top talent.

TABLE 21: WHOLESALE BANKING

(millions of Canadian dollars, except as noted)

		2014		2013		2012
Net interest income (TEB)	**$**	**2,210**	$	1,982	$	1,805
Non-interest income		**470**		428		849
Total revenue		**2,680**		2,410		2,654
Provision for (recovery of) credit losses		**11**		26		47
Non-interest expenses		**1,589**		1,542		1,570
Net income	**$**	**813**	$	650	$	880
Selected volumes and ratios						
Trading-related revenue	**$**	**1,394**	$	1,273	$	1,334
Common Equity Tier 1 Capital risk-weighted assets (billions of dollars) [1,2]		**61**		47		43
Return on common equity		**17.5**	**%**	15.6	%	21.2 %
Efficiency ratio		**59.3**		64.0		59.2
Average number of full-time equivalent staff[3]		**3,654**		3,536		3,553

1 Prior to 2014, amounts have not been adjusted to reflect the impact of the New IFRS Standards and Amendments.

2 Effective the third quarter of 2014, each capital ratio has its own RWA measure due to the OSFI prescribed scalar for inclusion of the CVA. Effective the third quarter of 2014, the scalars for inclusion of CVA for CET1, Tier 1, and Total Capital RWA are 57%, 65%, and 77%, respectively.

3 In 2014, the Bank conformed to a standardized definition of full-time equivalent staff across all segments. The definition includes, among other things, hours for overtime and contractors as part of its calculations. Results for periods prior to 2014 have not been restated.

REVIEW OF FINANCIAL PERFORMANCE

Wholesale Banking net income for the year was $813 million, an increase of $163 million, or 25%, compared with last year. The increase in earnings was due to higher revenue and lower PCL, partially offset by higher non-interest expenses and a higher effective tax rate. The return on common equity for the year was 17.5%, compared with 15.6% last year.

Revenue for the year was $2,680 million, an increase of $270 million, or 11%, compared with last year. Capital markets revenue increased mainly due to improved trading-related revenue, robust equity and debt underwriting, and stronger mergers and acquisitions (M&A) activity. Trading-related revenue increased primarily due to improved fixed income and equity trading that benefited from strong client activity. Advisory and underwriting fees increased largely driven by strong debt and equity markets, and our continued focus on originations and client focused strategies. In the fourth quarter of 2014, the Bank implemented a funding valuation adjustment (FVA) in response to growing evidence that market implied funding costs and benefits are now considered in the pricing and fair valuation of uncollateralized derivatives. The implementation of FVA resulted in a pre-tax additional charge of $65 million recorded in the Wholesale segment. 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. See Note 5 to the Bank's 2014 Consolidated Financial Statements for further information on FVA.

PCL is comprised of specific provision for credit losses and accrual costs for credit protection. The change in market value of the credit protection, in excess of the accrual cost, is reported in the Corporate segment. PCL for the year was $11 million, a decrease of $15 million compared with last year, and consisted primarily of the accrual cost of credit protection. PCL in the prior year consisted primarily of the accrual cost of credit protection.

Non-interest expenses for the year were $1,589 million, an increase of $47 million, or 3%, compared with last year. Non-interest expenses increased primarily due to higher variable compensation commensurate with revenue and the impact of foreign exchange translation, partially offset by lower operating expenses.

CET1 risk-weighted assets were $61 billion as at October 31, 2014, an increase of $14 billion, or 30%, compared with October 31, 2013. The increase was primarily due to the inclusion of the Credit Valuation Adjustment (CVA) capital charge.

KEY PRODUCT GROUPS

Investment Banking and Capital Markets

- Investment banking and capital markets – includes advisory, underwriting, trading, facilitation, and execution services. Revenue increased over last year, primarily due to higher trading-related revenue from improved capital markets activity and strong advisory and underwriting fees.

Corporate Banking

- Corporate banking – includes corporate lending, trade finance and cash management services. Revenue increased over last year driven by higher fee revenue and solid loan volumes.

Equity Investments

- Equity investment portfolio – consists primarily of private equity investments, which has been almost fully exited. Equity investment gains were lower than in the prior year.

BUSINESS OUTLOOK AND FOCUS FOR 2015

Overall, we are encouraged by the improvement in capital markets and the global economy, which continues to show signs of recovery. However, a combination of regulatory reforms, uncertainty over the outlook for interest rates, and sustained geopolitical risks will continue to affect our business. While these headwinds will likely affect corporate and investor sentiment in the medium term, we believe our diversified, integrated business model will continue to deliver solid results and grow our franchise. We remain focused on growing and deepening client relationships, being a valued counterparty, and managing our risks and productivity in 2015.

Our key priorities for 2015 are as follows:

- **Further strengthen alignment with our enterprise partners and their clients.**
- **Continue to grow organically by broadening and deepening client relationships.**
- **Be a top ranked investment dealer in Canada by increasing our origination footprint and competitive advantage with Canadian clients.**
- **Extend the goals of the Canadian franchise to the U.S. and expand our service offerings to our North American clients.**
- **Continue to invest in an efficient, effective, and robust infrastructure to adapt to industry and regulatory changes.**
- **Maintain our focus on productivity to enhance client experience, employee satisfaction, and shareholder value.**

Corporate

Corporate segment provides centralized advice and counsel to key businesses and comprises the impact of treasury and balance sheet management, general provisions for credit losses, tax items at an enterprise level, the elimination of taxable equivalent and other intercompany adjustments, and residual unallocated revenue and expenses.

TABLE 22: CORPORATE

(millions of Canadian dollars)

		2014	2013	2012
Net income (loss) – reported	**$**	**(274)**	$ (331)	$ (208)
Adjustments for items of note[1]				
Amortization of intangibles		**246**	232	238
Fair value of derivatives hedging the reclassified available-for-sale securities portfolio		**(43)**	(57)	89
Impact of Alberta flood on the loan portfolio		**(19)**	19	–
Gain on the sale of TD Waterhouse Institutional Services		**(196)**	–	–
Restructuring charges		**–**	90	–
Integration charges, direct transaction costs, and changes in fair value of contingent consideration relating to the Chrysler Financial acquisition		**–**	–	17
Reduction of allowance for incurred but not identified credit losses[2]		**–**	–	(120)
Positive impact due to changes in statutory income tax rates		**–**	–	(18)
Total adjustments for items of note		**(12)**	284	206
Net income (loss) – adjusted	**$**	**(286)**	$ (47)	$ (2)
Decomposition of items included in net income (loss) – adjusted				
Net corporate expenses		**(727)**	(516)	(433)
Other		**334**	364	327
Non-controlling interests		**107**	105	104
Net income (loss) – adjusted	**$**	**(286)**	$ (47)	$ (2)

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

2 Beginning in 2013, the change in the "reduction of allowance for incurred but not identified credit losses" in the normal course of business relating to Canadian Retail and Wholesale Banking is included in the Corporate segment adjusted net income and is no longer recorded as an item of note.

The Corporate segment reported net loss for the year was $274 million, compared with a reported net loss of $331 million last year. The adjusted net loss for the year was $286 million, compared with an adjusted net loss of $47 million last year. The year-over-year change in the adjusted net loss was primarily attributable to an increase in net corporate expenses as a result of on-going investment in enterprise and regulatory projects and productivity initiatives. Other items were slightly unfavourable due to lower gains from treasury and other hedging activities and the reduction of the allowance for incurred but not identified credit losses relating to the Canadian loan portfolio, largely offset by the gain on sale of TD Ameritrade shares and favourable impact of tax items.

CORPORATE MANAGEMENT

The Corporate segment's mandate is to provide centralized advice and counsel to our key businesses and to those who serve our global customers directly. This includes support from a wide range of functional groups, as well as the design, development, and implementation of processes, systems, and technologies to ensure that the Bank's key businesses operate efficiently, reliably, and in compliance with all applicable regulatory requirements.

The corporate management function of the Bank includes audit, legal, anti-money laundering, compliance, corporate and public affairs, regulatory relationships and government affairs, economics, enterprise technology solutions, finance, treasury and balance sheet management, people strategies, marketing, Office of the Ombudsman, enterprise real estate management, risk management, global physical security, strategic sourcing, global strategy, enterprise project management, corporate environment initiatives, and corporate development.

The enterprise Direct Channels and Distribution Strategy group is part of Corporate operations and is responsible for the digital, phone, and ATM channels, delivering a best-in-class experience across TD's North American businesses. The vision of the group is to create an even more integrated, seamless, effortless, and legendary customer experience for TD Bank, America's Most Convenient Bank, TD Canada Trust, and TD wealth and insurance businesses.

Ensuring that the Bank stays abreast of emerging trends and developments is vital to maintaining stakeholder confidence in the Bank and addressing the dynamic complexities and challenges from changing demands and expectations of our customers, shareholders, employees, governments, regulators, and the community at large.

BUSINESS OUTLOOK AND FOCUS FOR 2015

We expect Corporate segment losses to increase next year as compared to 2014 due to higher expenses and a reduced level of favourable tax items.

Summary of 2013 Performance

TABLE 23: REVIEW OF 2013 FINANCIAL PERFORMANCE
(millions of Canadian dollars)

	Canadian Retail	U.S. Retail	Wholesale Banking	Corporate	Total
Net interest income (loss)	$ 8,922	$ 5,173	$ 1,982	$ (3)	$ 16,074
Non-interest income (loss)	8,860	2,149	428	(252)	11,185
Total revenue	17,782	7,322	2,410	(255)	27,259
Provision for (recovery of) credit losses	929	779	26	(103)	1,631
Insurance claims and related expenses	3,056	–	–	–	3,056
Non-interest expenses	7,754	4,768	1,542	1,005	15,069
Net income (loss) before provision for income taxes	6,043	1,775	842	(1,157)	7,503
Provision for (recovery of) income taxes	1,474	269	192	(800)	1,135
Equity in net income of an investment in associate, net of income taxes	–	246	–	26	272
Net income (loss) – reported	4,569	1,752	650	(331)	6,640
Adjustments for items of note, net of income taxes	112	100	–	284	496
Net income (loss) – adjusted	$ 4,681	$ 1,852	$ 650	$ (47)	$ 7,136

NET INTEREST INCOME

Net interest income for the year on a reported and adjusted basis was $16,074 million, an increase of $1,048 million, or 7%, on a reported basis, and an increase of $1,012 million, or 7%, on an adjusted basis. The increase in adjusted net interest income was driven primarily by increases in the U.S. Retail, Canadian Retail, and Wholesale Banking segments. U.S. Retail net interest income increased primarily due to the inclusion of revenue from Target and strong loan and deposit volume growth, partially offset by lower core margin and loan accretion. Canadian Retail net interest income increased primarily due to good loan and deposit volume growth and higher mortgage refinancing revenue, partially offset by lower margin. Wholesale Banking net interest income increased primarily due to higher trading-related net interest income.

NON-INTEREST INCOME

Non-interest income for the year on a reported basis was $11,185 million, an increase of $665 million, or 6%, compared with last year. Adjusted non-interest income for the year was $11,114 million, an increase of $499 million, or 5%, compared with last year. The increase in adjusted non-interest income was primarily driven by increases in the U.S. Retail and Canadian Retail segments, partially offset by declines in the Wholesale Banking and Corporate segments. U.S. Retail non-interest income increased primarily due to the inclusion of revenue from Target and Epoch, higher fee-based revenue, and higher gains on sales of securities and debt securities classified as loans. Canadian Retail non-interest income increased primarily due to wealth asset growth, higher volume-related fee growth, and strong direct investing trading volumes. Wholesale Banking non-interest income decreased primarily due to lower security gains in the investment portfolio and lower M&A and advisory fees. Corporate segment non-interest income decreased primarily due to lower gains from treasury and other hedging activities.

NON-INTEREST EXPENSES

Reported non-interest expenses for the year were $15,069 million, an increase of $1,053 million, or 8%, compared with last year. Adjusted non-interest expenses were $14,390 million, an increase of $1,210 million, or 9%, compared with last year. The increase in adjusted non-interest expenses was driven by increases in the U.S. Retail, Canadian Retail, and Corporate segments. U.S. Retail expenses increased primarily due to increased expenses related to Target, investments in new stores, and other planned initiatives, partially offset by productivity gains. Canadian Retail expenses increased primarily due to higher employee-related costs including higher revenue-based variable expenses in the wealth business, investment in initiatives to grow the business, and volume growth, partially offset by productivity gains. Corporate segment expenses increased primarily due to higher pension and strategic initiative costs.

INCOME TAX EXPENSE

Reported total income and other taxes increased by $111 million, or 5%, from 2012. Income tax expense, on a reported basis, was up $50 million, or 5%, from 2012. Other taxes were up $61 million, or 6%, from 2012. Adjusted total income and other taxes were down $10 million from 2012. Total income tax expense, on an adjusted basis, was down $71 million, or 5%, from 2012.

The Bank's effective income tax rate on a reported basis was 15.1% for 2013, compared with 14.8% in 2012.

The Bank reports its investment in TD Ameritrade using the equity method of accounting. TD Ameritrade's tax expense of $168 million in the year, compared to $131 million in 2012, was not part of the Bank's tax rate.

BALANCE SHEET
FACTORS AFFECTING ASSETS AND LIABILITIES

Total assets were $862 billion as at October 31, 2013, an increase of $51 billion, or 6%, from October 31, 2012. The net increase was primarily due to a $36 billion increase in loans (net of allowance for loan losses), a $30 billion increase in held-to-maturity securities, and a $7 billion increase in interest-bearing deposits with banks, partially offset by a $23 billion decrease in financial assets at fair value.

Interest-bearing deposits with banks increased $7 billion primarily due to an increase in Wholesale Banking driven by higher U.S. Federal Reserve deposits.

Financial assets at fair value decreased $23 billion largely due to a reclassification from available-for-sale securities to held-to-maturity securities and a decrease in derivative assets in Wholesale Banking.

Held-to-maturity securities increased $30 billion due to a reclassification from available-for-sale securities and an increase in securities in the U.S. Retail segment.

Loans (net of allowance for loan losses) increased $36 billion primarily driven by increases in the U.S. Retail and Canadian Retail segments. The increase in the U.S. Retail segment was due to growth in credit card and business and government loans. Target added $6 billion to total loans. Canadian Retail segment loans increased primarily due to growth in residential mortgages and business and government loans.

Total liabilities were $811 billion as at October 31, 2013, an increase of $48 billion, or 6%, from October 31, 2012. The net increase was primarily due to a $54 billion increase in deposits, partially offset by a $7 billion decrease in financial liabilities at fair value.

Financial liabilities at fair value decreased $7 billion largely due to a decrease in derivative liabilities, partially offset by an increase in trading deposits in Wholesale Banking.

Deposits increased $54 billion primarily due to increases in personal non-term and business and government deposits in the U.S. Retail and Canadian Retail segments and bank deposits in Wholesale Banking, partially offset by a decrease in personal term deposits in the Canadian Retail segment.

Equity was $51 billion as at October 31, 2013, an increase of $3 billion, or 7%, from October 31, 2012, primarily due to higher retained earnings.

2013 Financial Performance by Business Line

Canadian Retail reported net income for the year was $4,569 million, an increase of $106 million, or 2%, compared with last year. Adjusted net income for the year was $4,681 million, an increase of $114 million, or 2%, compared with last year. The increase in adjusted earnings was primarily due to loan and deposit volume growth, higher wealth assets, lower credit losses, and effective expense management, partially offset by lower earnings in the insurance business. The reported annualized return on common equity for the year was 42.3%, while the adjusted annualized return on common equity was 43.3%, compared with 41.3% and 42.3%, respectively, last year.

Reported revenue for the year was $17,782 million, an increase of $789 million, or 5%, compared with last year. Adjusted revenue for the year was $17,782 million, an increase of $753 million, or 4%, compared with last year. Adjusted net interest income increased $280 million, or 3%, driven primarily by good loan and deposit volume growth, higher mortgage refinancing revenue, partially offset by lower margin on average earnings assets. Non-interest income increased $473 million, or 6%, largely driven by wealth asset growth, higher volume-related fee growth, strong direct investing trading volumes, equity market appreciation, and higher insurance revenue. Reported margin on average earning assets decreased 3 bps, while the adjusted margin on average earning assets decreased 4 bps primarily due to decline in deposit margins from the low interest rate environment.

Personal banking lending volume growth slowed throughout the year impacted by lower growth in the housing market, moderation in household borrowing, and regulatory changes in the Canadian market which tightened mortgage eligibility criteria. Compared with last year, average real estate secured lending volume increased $8.9 billion, or 4%. Auto lending average volume increased $0.3 billion, or 2%, while all other personal lending average volumes were relatively flat. Business loans and acceptances average volume increased $5.2 billion, or 13%, with market share gains. Average personal deposit volumes increased $6.3 billion, or 4%, due to strong growth in core chequing and savings accounts, partially offset by lower term deposit volume. Average business deposit volumes increased $5.2 billion, or 8%.

Assets under administration increased $35 billion, or 14%, while assets under management increased $8 billion, or 4%, compared with last year, mainly driven by growth in new client assets for the period and market appreciation.

PCL for the year was $929 million, a decrease of $222 million, or 19%, compared with last year. Personal banking PCL was $882 million for the year, a decrease of $206 million, or 19%, compared with last year due primarily to better credit performance, enhanced collection strategies, and lower bankruptcies. Business banking PCL was $47 million, a decrease of $16 million, due to higher recoveries. Annualized PCL as a percentage of credit volume was 0.30%, a decrease of 9 bps, compared with last year. Net impaired loans were $882 million, a decrease of $118 million, or 12%, compared with last year.

Insurance claims and related expenses for the year were $3,056 million, an increase of $632 million, or 26%, compared with last year, primarily due to unfavourable prior years' claims development related to the Ontario auto insurance market, and higher claims associated with volume growth and weather-related events.

Reported non-interest expenses for the year were $7,754 million, an increase of $269 million, or 4%, compared with last year. Adjusted non-interest expenses for the year were $7,602 million, an increase of $221 million, or 3%, compared with last year. The increase was driven by higher employee related costs including higher revenue-based variable expenses in the wealth business, investment in initiatives to grow the business, and volume growth, partially offset by initiatives to increase productivity.

The average full-time equivalent (FTE) staffing levels decreased by 2,436, or 6%, compared with last year, primarily due to transfer of FTEs to the corporate segment. The reported efficiency ratio worsened to 43.6%, while the adjusted efficiency ratio worsened to 42.7%, compared with 44.0% and 43.3%, respectively, in the same period last year.

U.S. Retail reported net income, in Canadian dollar terms, for the year was $1,752 million, an increase of $427 million, or 32%, compared with last year. The increase in reported net income was primarily due to strong loan and deposit growth, the Target and Epoch acquisitions, gains on sales of securities and debt securities classified as loans and lower litigation charges, partially offset by higher expenses to support growth and lower margins. TD Ameritrade contributed $246 million in net income, an increase of 18%, driven by higher transaction-based and asset-based revenue.

Adjusted net income was US$1,815 million, an increase of US$204 million, or 13%. The increase in adjusted earnings was primarily due to strong loan and deposit volume and higher fee-based revenue, and increased gains on sales of securities and debt securities classified as loans, partially offset by higher expenses to support growth and lower margins.

U.S. Retail revenue is derived from personal banking, business banking, investments, auto lending, credit cards, and wealth management. Revenue for the year was US$7,173 million, an increase of US$965 million, or 16%, compared with last year driven by the inclusion of revenue from Target, increased loan and deposit volume, higher fee-based revenue, and gains on sales of securities and debt securities classified as loans, partially offset by lower margins and loan accretion. Excluding Target, average loans increased by US$11 billion, or 13%, compared with last year with an increase of US$7 billion, or 19%, in average personal loans and an increase of US$4 billion, or 8%, in average business loans. In the current year, US$6 billion in credit cards outstanding were added due to Target. Average deposits increased US$17 billion, or 10%, compared with prior year, including a US$9 billion increase in average deposits of TD Ameritrade. Margin on average earning assets for the year was 3.66%, a 6 bps increase compared with last year primarily due to the impact of Target, partially offset by core margin compression.

Reported PCL for the year was US$764 million, a decrease of US$14 million, or 2%, compared with last year. Adjusted PCL for the year was US$764 million, an increase of US$41 million, or 6%, compared with last year. Personal banking PCL was US$638 million, an increase of US$247 million, or 63%, from the prior year due primarily to Target and increased provisions in auto loans. Business banking PCL was US$155 million, a decrease of US$165 million, or 52%, compared with prior year reflecting improved credit quality in commercial loans. PCL as a percentage of credit volume for loans excluding debt securities classified as loans was 0.75%, a decrease of 3 bps, compared with last year. Net impaired loans, excluding acquired credit-impaired loans and debt securities classified as loans, as a percentage of total loans were 1.3% as at October 31, 2013, compared with 1.2% as at October 31, 2012. Net impaired debt securities classified as loans were US$0.9 billion as at October 31, 2013, compared with US$1.3 billion as at October 31, 2012.

Reported non-interest expenses for the year were US$4,671 million, an increase of US$443 million, or 10%, compared with last year. On an adjusted basis, non-interest expenses were US$4,545 million, an increase of US$746 million, or 20%, compared with last year due primarily to increased expenses related to Target, investments in new stores and other planned initiatives, partially offset by productivity gains.

The average FTE staffing levels for the year decreased by 93, flat compared with last year. The reported efficiency ratio for the year improved to 65.1%, compared with 68.1% last year, while the adjusted efficiency ratio for the year worsened to 63.4%, compared with 61.2% last year primarily driven by strong organic growth.

Wholesale Banking net income for the year was $650 million, a decrease of $230 million, or 26%, compared with last year. The decrease in earnings was due to lower revenue and a higher effective tax rate, partially offset by lower non-interest expenses. The return on common equity for the year was 15.6%, compared with 21.2% last year.

Revenue for the year was $2,410 million, a decrease of $244 million, or 9%, compared with last year. Revenue declined primarily due to significantly lower security gains in the investment portfolio, lower trading-related revenue and M&A and advisory fees. This was partially offset by higher debt underwriting and loan fees. Trading-related revenue was lower as the prior year included trading gains that were previously considered impaired and M&A fees decreased on lower industry wide volumes. This was partially offset by increased debt underwriting fees on improved client activity while capturing a higher market share. Loan fees improved due to higher credit originations and volume growth.

PCL comprises specific provision for credit losses and accrual costs for credit protection. The change in market value of the credit protection, in excess of the accrual cost, is reported in the Corporate segment. PCL for the year was $26 million, a decrease of $21 million, or 45%, compared with last year. The decrease in PCL was primarily due to a loss on a single name in the corporate lending portfolio in the prior year. PCL in the current year primarily comprised the accrual cost of credit protection.

Non-interest expenses for the year were $1,542 million, a decrease of $28 million, or 2%, compared with last year primarily due to lower variable compensation commensurate with revenue.

Risk-weighted assets were $47 billion as at October 31, 2013, an increase of $4 billion, or 9%, compared with October 31, 2012. The increase was due to the implementation of the Basel III regulatory framework.

The average FTE staffing levels decreased by 17 compared with last year.

Corporate segment reported net loss for the year was $331 million, compared with a reported net loss of $208 million last year. The adjusted net loss for the year was $47 million, compared with an adjusted net loss of $2 million last year. The year-over-year change in the adjusted net loss was primarily attributable to the increase in net corporate expenses, lower gains from treasury and other hedging activities, partially offset by the favourable impact of tax items and the reduction of the allowance for incurred but not identified credit losses relating to the Canadian loan portfolio.

GROUP FINANCIAL CONDITION

Balance Sheet Review

AT A GLANCE OVERVIEW

- **Total assets were $945 billion as at October 31, 2014, an increase of $83 billion, or 10%, compared with October 31, 2013.**

TABLE 24: SELECTED CONSOLIDATED BALANCE SHEET ITEMS

(millions of Canadian dollars)

		As at
	October 31 2014	October 31 2013
Assets		
Interest-bearing deposits with banks	**$ 43,773**	$ 28,583
Available-for-sale securities	**63,008**	79,544
Held-to-maturity securities	**56,977**	29,961
Loans (net of allowance for loan losses)	**478,909**	444,922
Liabilities		
Trading deposits	**59,334**	50,967
Deposits	**600,716**	541,605

FACTORS AFFECTING ASSETS AND LIABILITIES

Total assets were $945 billion as at October 31, 2014, an increase of $83 billion, or 10%, from October 31, 2013. The impact of foreign currency translation added $19 billion, or 2%, to growth in total assets. The net increase was primarily due to a $34 billion increase in loans (net of allowance for loan losses), a $15 billion increase in interest-bearing deposits with banks, an $11 billion increase in securities purchased under reverse repurchase agreements, and a $5 billion increase in held-to-maturity securities (net of reclassification of $22 billion from available-for-sale securities).

Interest-bearing deposits with banks increased $15 billion primarily driven by higher U.S. Federal Reserve deposits.

Held-to-maturity securities increased $5 billion (net of reclassification of $22 billion from available-for-sale securities) primarily due to net purchases of securities in the U.S. Retail segment.

Securities purchased under reverse repurchase agreements increased $11 billion primarily due to an increase in trade volumes in Wholesale Banking.

Loans (net of allowance for loan losses) increased $34 billion primarily driven by increases in the Canadian and U.S. Retail segments. The increase in the Canadian Retail segment was primarily due to growth in residential mortgages and business and government loans. The acquisition of Aeroplan added $3 billion to the credit card loan portfolio. The increase in the U.S. Retail segment was primarily due to growth in business and government loans and the impact of foreign currency translation.

Total liabilities were $889 billion as at October 31, 2014, an increase of $78 billion, or 10%, from October 31, 2013. The impact of foreign currency translation added $19 billion, or 2%, to growth in total liabilities. The net increase was primarily due to a $59 billion increase in deposits, an $11 billion increase in obligations related to securities sold under repurchase agreements, and an $8 billion increase in trading deposits, partially offset by an $11 billion decrease in securitization liabilities at fair value.

Trading deposits increased $8 billion primarily due to issuances of certificates of deposits in Wholesale Banking.

Deposits increased $59 billion primarily due to an increase in personal non-term and business and government deposits in the Canadian Retail and U.S. Retail segments and the impact of foreign currency translation, partially offset by a decrease in personal term deposits in the Canadian Retail segment.

Obligations related to securities sold under repurchase agreements increased $11 billion primarily due to an increase in trade volumes in Wholesale Banking.

Securitization liabilities at fair value decreased $11 billion primarily due to maturities.

Equity was $56 billion as at October 31, 2014, an increase of $5 billion, or 9%, from October 31, 2013. The increase was primarily due to higher retained earnings and an increase in accumulated other comprehensive income driven by higher cumulative translation adjustment gains as a result of foreign currency translation, partially offset by redemption of preferred shares.

Credit Portfolio Quality

AT A GLANCE OVERVIEW

- **Loans and acceptances net of allowance for loan losses was $492 billion, an increase of $41 billion compared with last year.**
- **Impaired loans net of counterparty-specific and individually insignificant allowances was $2,244 million, an increase of $1 million compared with last year.**
- **Provision for credit losses was $1,557 million, compared with $1,631 million in the prior year.**
- **Total allowance for loan losses increased by $173 million to $3,028 million in 2014.**

LOAN PORTFOLIO

Overall in 2014, the Bank's credit quality remained stable despite uncertain economic conditions. During 2014, the Bank increased its credit portfolio by $41 billion, or 9%, from the prior year, largely due to volume growth in the Canadian and U.S. Retail segments.

While the majority of the credit risk exposure is related to loans and acceptances, the Bank also engaged in activities that have off-balance sheet credit risk. These include credit instruments and derivative financial instruments, as explained in Note 33 to the Consolidated Financial Statements.

CONCENTRATION OF CREDIT RISK

The Bank's loan portfolio continued to be dominated by Canadian and U.S. residential mortgages, consumer instalment and other personal loans, and credit cards, representing 70% of total loans net of counterparty-specific and individually insignificant allowances, down from 72% in 2013. During the year, these portfolios increased by $21 billion, or 6%, and totalled $347 billion at year end. Residential mortgages represented 40% of the portfolio in 2014, down from 41% in 2013. Consumer instalment and other personal loans, and credit cards were 30% of total loans net of counterparty-specific and individually insignificant allowances in 2014, down from 31% in 2013.

The Bank's business and government credit exposure was 29% of total loans net of counterparty-specific and individually insignificant allowances, up from 27% in 2013. The largest business and government sector concentrations in Canada were the real estate and financial sectors, which comprised 5% and 2%, respectively. Real estate was the leading U.S. sector of concentration and represented 4% of net loans, up marginally from 2013.

Geographically, the credit portfolio remained concentrated in Canada. In 2014, the percentage of loans held in Canada was 72%, down from 74% in 2013. The largest Canadian exposure was in Ontario, which represented 41% of total loans net of counterparty-specific and individually insignificant allowance for loan losses for 2014, down from 42% in 2013.

The balance of the credit portfolio was predominantly in the U.S., which represented 27% of the portfolio, up from 24% in 2013 primarily due to volume growth in residential mortgages, consumer indirect auto, business and government loans. Exposures to debt securities classified as loans, acquired credit-impaired loans, and other geographic regions were limited. The largest U.S. exposures by state were in New England and New Jersey which represented 7% and 5% of total loans net of counterparty-specific and individually insignificant allowances, respectively, compared with 7% and 4%, respectively, in 2013.

TABLE 25: LOANS AND ACCEPTANCES, NET OF COUNTERPARTY-SPECIFIC AND INDIVIDUALLY INSIGNIFICANT ALLOWANCES BY INDUSTRY SECTOR [1]

(millions of Canadian dollars, except as noted)

				As at			Percentage of total	
			October 31	October 31	October 31	**October 31**	October 31	October 31
			2014	2013	2012	**2014**	2013	2012
	Gross loans	**Counterparty-specific and individually insignificant allowances**	**Net loans**	Net loans	Net loans			
Canada								
Residential mortgages	**$ 175,125**	**$ 13**	**$ 175,112**	$ 164,375	$ 154,233	**35.4 %**	36.3 %	36.9 %
Consumer instalment and other personal								
HELOC	**59,568**	**19**	**59,549**	61,561	64,732	**12.0**	13.6	15.5
Indirect Auto	**16,475**	**22**	**16,453**	14,641	13,942	**3.3**	3.2	3.3
Other	**16,116**	**43**	**16,073**	15,141	14,525	**3.3**	3.3	3.5
Credit card	**17,927**	**105**	**17,822**	15,173	14,165	**3.6**	3.3	3.4
Total personal	**285,211**	**202**	**285,009**	270,891	261,597	**57.6**	59.7	62.6
Real estate								
Residential	**14,604**	**12**	**14,592**	13,673	12,462	**3.0**	3.0	3.0
Non-residential	**9,768**	**2**	**9,766**	8,151	7,250	**2.0**	1.8	1.7
Total real estate	**24,372**	**14**	**24,358**	21,824	19,712	**5.0**	4.8	4.7
Agriculture	**4,587**	**1**	**4,586**	3,914	3,237	**0.9**	0.9	0.8
Automotive	**3,288**	**–**	**3,288**	2,325	1,444	**0.7**	0.5	0.3
Financial	**7,616**	**–**	**7,616**	8,811	6,416	**1.5**	1.9	1.5
Food, beverage, and tobacco	**1,642**	**1**	**1,641**	1,248	1,073	**0.3**	0.3	0.3
Forestry	**379**	**–**	**379**	423	378	**0.1**	0.1	0.1
Government, public sector entities, and education	**4,494**	**2**	**4,492**	4,469	4,784	**0.9**	1.0	1.1
Health and social services	**4,300**	**2**	**4,298**	3,685	3,327	**0.9**	0.8	0.8
Industrial construction and trade contractors	**1,894**	**6**	**1,888**	1,594	1,489	**0.4**	0.4	0.4
Metals and mining	**1,147**	**1**	**1,146**	866	770	**0.2**	0.2	0.2
Pipelines, oil, and gas	**2,695**	**5**	**2,690**	2,187	2,235	**0.5**	0.5	0.5
Power and utilities	**1,594**	**–**	**1,594**	1,506	1,184	**0.3**	0.3	0.3
Professional and other services	**3,497**	**26**	**3,471**	2,669	2,403	**0.7**	0.6	0.5
Retail sector	**2,212**	**11**	**2,201**	2,118	1,959	**0.5**	0.5	0.5
Sundry manufacturing and wholesale	**1,821**	**10**	**1,811**	1,816	1,644	**0.4**	0.4	0.4
Telecommunications, cable, and media	**946**	**1**	**945**	1,028	1,004	**0.2**	0.2	0.2
Transportation	**1,072**	**2**	**1,070**	770	715	**0.2**	0.2	0.2
Other	**4,258**	**–**	**4,258**	2,938	1,934	**0.9**	0.6	0.5
Total business and government	**71,814**	**82**	**71,732**	64,191	55,708	**14.6**	14.2	13.3
Total Canada	**357,025**	**284**	**356,741**	335,082	317,305	**72.2**	73.9	75.9
United States								
Residential mortgages	**23,335**	**9**	**23,326**	20,937	17,349	**4.7**	4.6	4.2
Consumer instalment and other personal								
HELOC	**11,665**	**19**	**11,646**	10,591	10,101	**2.4**	2.3	2.4
Indirect Auto	**18,782**	**5**	**18,777**	16,319	13,463	**3.8**	3.6	3.2
Other	**615**	**2**	**613**	532	489	**0.1**	0.2	0.1
Credit card	**7,637**	**94**	**7,543**	6,887	1,085	**1.5**	1.5	0.3
Total personal	**62,034**	**129**	**61,905**	55,266	42,487	**12.5**	12.2	10.2
Real estate								
Residential	**4,294**	**6**	**4,288**	3,458	2,997	**0.9**	0.8	0.7
Non-residential	**14,037**	**14**	**14,023**	12,064	10,797	**2.8**	2.7	2.6
Total real estate	**18,331**	**20**	**18,311**	15,522	13,794	**3.7**	3.5	3.3
Agriculture	**363**	**–**	**363**	289	275	**0.1**	0.1	0.1
Automotive	**2,530**	**1**	**2,529**	1,848	1,538	**0.5**	0.4	0.4
Financial	**3,344**	**2**	**3,342**	2,005	1,953	**0.7**	0.4	0.5
Food, beverage, and tobacco	**2,086**	**1**	**2,085**	1,653	1,321	**0.4**	0.4	0.3
Forestry	**470**	**1**	**469**	530	410	**0.2**	0.1	0.1
Government, public sector entities, and education	**6,423**	**1**	**6,422**	4,463	3,276	**1.2**	0.9	0.8
Health and social services	**7,376**	**5**	**7,371**	5,773	4,941	**1.5**	1.3	1.2
Industrial construction and trade contractors	**1,306**	**6**	**1,300**	1,214	1,086	**0.3**	0.3	0.3
Metals and mining	**1,076**	**1**	**1,075**	1,055	999	**0.2**	0.2	0.2
Pipelines, oil, and gas	**940**	**–**	**940**	521	829	**0.2**	0.1	0.2
Power and utilities	**1,269**	**–**	**1,269**	1,155	1,116	**0.3**	0.3	0.3
Professional and other services	**6,412**	**9**	**6,403**	5,339	4,379	**1.2**	1.1	1.0
Retail sector	**3,159**	**9**	**3,150**	2,567	2,294	**0.6**	0.6	0.5
Sundry manufacturing and wholesale	**4,269**	**12**	**4,257**	3,714	3,055	**0.9**	0.8	0.7
Telecommunications, cable, and media	**1,987**	**2**	**1,985**	1,656	1,175	**0.4**	0.4	0.3
Transportation	**7,166**	**2**	**7,164**	4,882	3,559	**1.3**	1.0	0.8
Other	**910**	**2**	**908**	714	1,080	**0.3**	0.2	0.3
Total business and government	**69,417**	**74**	**69,343**	54,900	47,080	**14.0**	12.1	11.3
Total United States	**131,451**	**203**	**131,248**	110,166	89,567	**26.5**	24.3	21.5
International								
Personal	**9**	**–**	**9**	10	11	**–**	–	–
Business and government	**2,124**	**–**	**2,124**	2,240	2,653	**0.5**	0.5	0.6
Total international	**2,133**	**–**	**2,133**	2,250	2,664	**0.5**	0.5	0.6
Total excluding other loans	**490,609**	**487**	**490,122**	447,498	409,536	**99.2**	98.7	98.0
Other loans								
Debt securities classified as loans	**2,695**	**213**	**2,482**	3,571	4,809	**0.5**	0.8	1.1
Acquired credit-impaired loans[2]	**1,713**	**97**	**1,616**	2,368	3,669	**0.3**	0.5	0.9
Total other loans	**4,408**	**310**	**4,098**	5,939	8,478	**0.8**	1.3	2.0
Total	**$ 495,017**	**$ 797**	**$ 494,220**	$ 453,437	$ 418,014	**100.0 %**	100.0 %	100.0 %
Incurred but not identified allowance								
Personal, business and government			**2,172**	2,018	1,788			
Debt securities classified as loans			**59**	98	155			
Total incurred but not identified allowance			**2,231**	2,116	1,943			
Total, net of allowance			**$ 491,989**	$ 451,321	$ 416,071			
Percentage change over previous year – loans and acceptances, net of counterparty-specific and individually insignificant allowances			**9.0 %**	8.5 %	8.1 %			
Percentage change over previous year – loans and acceptances, net of allowance			**9.0**	8.5	8.1			

1 Primarily based on the geographic location of the customer's address.
2 Includes all FDIC covered loans and other acquired credit-impaired loans.

TABLE 26: LOANS AND ACCEPTANCES, NET OF COUNTERPARTY-SPECIFIC AND INDIVIDUALLY INSIGNIFICANT ALLOWANCES BY GEOGRAPHY [1]

(millions of Canadian dollars, except as noted)

			As at			Percentage of total		
			October 31	October 31	October 31	**October 31**	October 31	October 31
			2014	2013	2012	**2014**	2013	2012
	Gross loans	**Counterparty-specific and individually insignificant allowances**	**Net loans**	Net loans	Net loans			
Canada								
Atlantic provinces	**$ 10,361**	**$ 7**	**$ 10,354**	$ 9,695	$ 9,179	**2.1 %**	2.1 %	2.2 %
British Columbia[2]	**42,358**	**20**	**42,338**	48,871	47,564	**8.6**	10.9	11.4
Ontario[2]	**202,910**	**221**	**202,689**	188,366	177,947	**41.0**	41.5	42.6
Prairies[2]	**64,188**	**21**	**64,167**	60,370	56,453	**13.0**	13.3	13.5
Québec	**37,208**	**15**	**37,193**	27,780	26,162	**7.5**	6.1	6.2
Total Canada	**357,025**	**284**	**356,741**	335,082	317,305	**72.2**	73.9	75.9
United States								
Carolinas (North and South)	**6,555**	**13**	**6,542**	5,314	3,259	**1.3**	1.2	0.8
Florida	**9,019**	**14**	**9,005**	6,802	4,567	**1.8**	1.5	1.1
New England[3]	**32,437**	**64**	**32,373**	29,477	25,891	**6.5**	6.5	6.2
New Jersey	**24,596**	**45**	**24,551**	20,253	15,026	**5.0**	4.4	3.6
New York	**24,485**	**30**	**24,455**	20,761	15,646	**4.9**	4.6	3.8
Pennsylvania	**8,730**	**18**	**8,712**	8,207	6,740	**1.8**	1.8	1.6
Other	**25,629**	**19**	**25,610**	19,352	18,438	**5.2**	4.3	4.4
Total United States	**131,451**	**203**	**131,248**	110,166	89,567	**26.5**	24.3	21.5
International								
Europe	**369**	**–**	**369**	752	1,239	**0.1**	0.2	0.3
Other	**1,764**	**–**	**1,764**	1,498	1,425	**0.4**	0.3	0.3
Total international	**2,133**	**–**	**2,133**	2,250	2,664	**0.5**	0.5	0.6
Total excluding other loans	**490,609**	**487**	**490,122**	447,498	409,536	**99.2**	98.7	98.0
Other loans	**4,408**	**310**	**4,098**	5,939	8,478	**0.8**	1.3	2.0
Total	**$ 495,017**	**$ 797**	**$ 494,220**	$ 453,437	$ 418,014	**100.0 %**	100.0 %	100.0 %
Incurred but not identified allowance			**2,231**	2,116	1,943			
Total, net of allowance			**$ 491,989**	$ 451,321	$ 416,071			

Percentage change over previous year – loans and acceptances, net of counterparty-specific and individually insignificant allowances for loan losses	**2014**	2013	2012
Canada	**6.5 %**	5.6 %	7.1 %
United States	**19.1**	23.0	19.6
International	**(5.2)**	(15.5)	(24.6)
Other loans	**(31.0)**	(29.9)	(28.3)
Total	**9.0 %**	8.5 %	8.1 %

1 Primarily based on the geographic location of the customer's address.
2 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.
3 The states included in New England are as follows: Connecticut, Maine, Massachusetts, New Hampshire, and Vermont.

Loans authorized and amounts outstanding to Canadian and U.S. small and mid-sized business customers are provided in the following table.

TABLE 27: LOANS TO SMALL AND MID-SIZED BUSINESS CUSTOMERS

(millions of Canadian dollars)

	Loans authorized			Amount outstanding		
Loan amount (dollars)	**2014**	2013	2012	**2014**	2013	2012
$0 – $24,999	**$ 978**	$ 956	$ 995	**$ 362**	$ 365	$ 387
$25,000 – $49,999	**1,026**	990	1,104	**523**	493	539
$50,000 – $99,999	**2,010**	1,952	2,129	**1,089**	1,035	1,140
$100,000 – $249,999	**5,668**	5,537	5,723	**3,687**	3,596	3,738
$250,000 – $499,999	**7,637**	7,167	7,145	**5,521**	5,109	5,070
$500,000 – $999,999	**10,287**	9,355	8,810	**7,024**	6,377	5,982
$1,000,000 – $4,999,999	**34,737**	31,212	28,138	**21,607**	19,434	17,409
Total[1]	**$ 62,343**	$ 57,169	$ 54,044	**$ 39,813**	$ 36,409	$ 34,265

1 Personal loans used for business purposes are not included in these totals.

Real Estate Secured Lending

Retail real estate secured lending includes mortgages and lines of credit to North American consumers to satisfy financing needs ranging from home purchases to refinancing. Credit policies in Canada and strategies are aligned with the Bank's risk appetite and meet all regulatory requirements. While the Bank retains first lien on the majority of properties held as security, there is a small portion of loans with second liens, but most of these are behind a TD mortgage that is in first position. Credit policies in Canada 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 other approved private mortgage insurers.

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 28: REAL ESTATE SECURED LENDING[1,2]

(millions of Canadian dollars, except as noted)

	Residential mortgages				Home equity lines of credit				As at Total	
	Insured[3]		Uninsured		Insured[3]		Uninsured		Insured[3]	Uninsured
									October 31, 2014	
Canada										
Atlantic provinces	**$ 4,110**	**2.3 %**	**$ 1,398**	**0.8 %**	**$ 649**	**1.1 %**	**$ 822**	**1.4 %**	**$ 4,759**	**2.0 %** **$ 2,220** **0.9 %**
British Columbia[4]	**20,660**	**11.8**	**11,408**	**6.5**	**3,720**	**6.2**	**7,278**	**12.2**	**24,380**	**10.4** **18,686** **8.0**
Ontario[4]	**56,967**	**32.5**	**26,371**	**15.1**	**12,226**	**20.6**	**18,394**	**30.9**	**69,193**	**29.5** **44,765** **19.1**
Prairies[4]	**27,658**	**15.8**	**9,067**	**5.2**	**5,267**	**8.8**	**6,873**	**11.5**	**32,925**	**14.0** **15,940** **6.8**
Quebec	**12,442**	**7.1**	**5,044**	**2.9**	**2,035**	**3.4**	**2,304**	**3.9**	**14,477**	**6.2** **7,348** **3.1**
Total Canada	**121,837**	**69.5**	**53,288**	**30.5**	**23,897**	**40.1**	**35,671**	**59.9**	**145,734**	**62.1** **88,959** **37.9**
United States	**753**		**23,034**		**9**		**11,791**		**762**	**34,825**
Total	**$ 122,590**		**$ 76,322**		**$ 23,906**		**$ 47,462**		**$ 146,496**	**$ 123,784**

									October 31, 2013	
Canada										
Atlantic provinces	$ 4,077	2.5 %	$ 1,076	0.7 %	$ 698	1.1 %	$ 774	1.3 %	$ 4,775	2.1 % $ 1,850 0.8 %
British Columbia[4]	21,166	12.9	9,896	6.0	4,209	6.8	7,454	12.1	25,375	11.2 17,350 7.7
Ontario[4]	57,942	35.3	20,940	12.7	13,697	22.2	17,635	28.7	71,639	31.7 38,575 17.1
Prairies[4]	26,645	16.2	6,628	4.0	5,821	9.5	6,768	11.0	32,466	14.4 13,396 5.9
Quebec	12,066	7.3	3,953	2.4	2,300	3.7	2,225	3.6	14,366	6.4 6,178 2.7
Total Canada	121,896	74.2	42,493	25.8	26,725	43.3	34,856	56.7	148,621	65.8 77,349 34.2
United States	603		20,828		9		10,757		612	31,585
Total	$ 122,499		$ 63,321		$ 26,734		$ 45,613		$ 149,233	$ 108,934

1 Geographic location 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 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 29: RESIDENTIAL MORTGAGES BY REMAINING AMORTIZATION[1,2]

	<5 years	5– <10 years	10– <15 years	15– <20 years	20– <25 years	25– <30 years	30– <35 years	>=35 years	As at Total
									October 31, 2014
Canada	**11.9 %**	**4.3 %**	**7.7 %**	**11.7 %**	**27.9 %**	**27.6 %**	**8.9 %**	**– %**	**100.0 %**
United States	**2.3**	**1.9**	**18.8**	**2.9**	**10.4**	**63.0**	**0.6**	**0.1**	**100.0**
Total	**10.7 %**	**4.0 %**	**9.0 %**	**10.6 %**	**25.9 %**	**31.8 %**	**7.9 %**	**0.1 %**	**100.0 %**

									October 31, 2013
Canada	10.8 %	4.3 %	8.2 %	11.7 %	24.6 %	26.0 %	14.3 %	0.1 %	100.0 %
United States	2.6	1.3	21.6	2.0	8.3	63.1	1.1	–	100.0
Total	9.9 %	4.0 %	9.8 %	10.6 %	22.6 %	30.2 %	12.8 %	0.1 %	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 30: UNINSURED AVERAGE LOAN-TO-VALUE: NEWLY ORIGINATED AND NEWLY ACQUIRED[1,2,3]

	Residential mortgages	Home equity lines of credit[4]	Total
			October 31, 2014
Canada			
Atlantic provinces	**73 %**	**62 %**	**71 %**
British Columbia[5]	**68**	**59**	**65**
Ontario[5]	**69**	**61**	**67**
Prairies[5]	**72**	**63**	**70**
Quebec	**71**	**62**	**70**
Total Canada	**70**	**61**	**68**
United States	**70**	**65**	**68**
Total	**70 %**	**62 %**	**68 %**

			October 31, 2013
Canada			
Atlantic provinces	72 %	62 %	70 %
British Columbia[5]	67	58	65
Ontario[5]	68	61	66
Prairies[5]	71	63	69
Quebec	71	63	70
Total Canada	69	61	67
United States	67	66	67
Total	69 %	62 %	67 %

1 Geographic location 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 Home equity lines of credit loan-to-value includes first position collateral mortgage if applicable.
5 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.

IMPAIRED LOANS

A loan is considered impaired 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. Excluding debt securities classified as loans, Federal Deposit Insurance Corporation (FDIC) covered loans, and other acquired credit-impaired loans, gross impaired loans increased $39 million, or 1% compared to 2013. Gross impaired loan formations increased year over year by $67 million.

In Canada, net impaired loans decreased by $82 million, or 9% in 2014 due to continued credit quality improvement in the retail banking portfolios. Residential mortgages, consumer instalment and other personal loans, and credit cards, contributed impaired loans net of counterparty-specific and individually insignificant allowances of $779 million, a decrease of $36 million, or 4%, compared to 2013. Business and government loans generated $54 million in net impaired loans, a decrease of $46 million, or 46%, compared to 2013. Business and government impaired loans were distributed across industry sectors.

In the U.S., net impaired loans increased by $83 million, or 6% in 2014. Residential mortgages, consumer instalment and other personal loans, and credit cards, contributed net impaired loans of $789 million, an increase of $160 million, or 25%, compared to 2013, due primarily to volume growth in real estate secured lending, indirect auto and Target. Business and government loans contributed $622 million in net impaired loans, a decrease of $77 million, or 11%, compared to 2013. Business and government impaired loans were concentrated in the real estate sector, as real estate is the largest sector of U.S. business loans. Geographically, 37% of total impaired loans net of counterparty-specific and individually insignificant allowances were contributed by Canada and 63% by the U.S. Net impaired loans in Canada were concentrated in Ontario, which represented 16% of total net impaired loans, down from 18% in 2013. U.S. net impaired loans were concentrated in New England and New Jersey, representing 19% and 15%, respectively, of net impaired loans, compared with 19% and 13%, respectively, in 2013.

TABLE 31: CHANGES IN GROSS IMPAIRED LOANS AND ACCEPTANCES[1]

(millions of Canadian dollars)

	2014	2013	2012
Personal, business and government loans[2,3]			
Impaired loans at beginning of period	**$ 2,692**	$ 2,518	$ 2,493
Classified as impaired during the period	**4,613**	4,546	4,312
Transferred to not impaired during the period	**(1,352)**	(1,431)	(1,255)
Net repayments	**(1,157)**	(1,080)	(1,034)
Disposals of loans	**(7)**	(5)	(28)
Amounts written-off	**(2,178)**	(1,914)	(1,969)
Recoveries of loans and advances previously written-off	**—**	—	—
Foreign exchange and other movements	**120**	58	(1)
Impaired loans at end of year	**$ 2,731**	$ 2,692	$ 2,518

1 Certain comparative amounts have been restated to conform with the presentation adopted in the current year.
2 Excludes FDIC covered loans and other acquired credit-impaired loans. For additional information refer to the "Exposure to Acquired Credit-Impaired Loans" discussion and table in this section of the document and Note 8 to the Consolidated Financial Statements.
3 Excludes debt securities classified as loans. For additional information refer to the "Exposure to Non-Agency Collateralized Mortgage Obligations" section of this document and Note 8 to the Consolidated Financial Statements.

TABLE 32: IMPAIRED LOANS NET OF COUNTERPARTY-SPECIFIC AND INDIVIDUALLY INSIGNIFICANT ALLOWANCES BY INDUSTRY SECTOR [1,2,3]

(millions of Canadian dollars, except as noted)

			As at			Percentage of total		
			October 31 2014	October 31 2013	October 31 2012	**October 31 2014**	October 31 2013	October 31 2012
	Gross impaired loans	**Counterparty-specific and individually insignificant allowances**	**Net impaired loans**	Net impaired loans	Net impaired loans			
Canada								
Residential mortgages[4]	**$ 440**	**$ 13**	**$ 427**	$ 434	$ 465	**19.0 %**	19.3 %	22.1 %
Consumer instalment and other personal								
HELOC	**268**	**19**	**249**	301	306	**11.1**	13.4	14.6
Indirect Auto	**39**	**22**	**17**	16	14	**0.8**	0.7	0.7
Other	**63**	**43**	**20**	21	30	**0.9**	0.9	1.4
Credit card	**171**	**105**	**66**	43	95	**2.9**	2.0	4.5
Total personal	**981**	**202**	**779**	815	910	**34.7**	36.3	43.3
Real estate								
Residential	**22**	**12**	**10**	13	15	**0.4**	0.6	0.7
Non-residential	**6**	**2**	**4**	5	1	**0.2**	0.2	0.1
Total real estate	**28**	**14**	**14**	18	16	**0.6**	0.8	0.8
Agriculture	**6**	**1**	**5**	5	4	**0.3**	0.2	0.2
Automotive	**1**	**–**	**1**	–	2	**–**	–	0.1
Financial	**1**	**–**	**1**	1	21	**–**	0.1	1.0
Food, beverage, and tobacco	**1**	**1**	**–**	3	2	**–**	0.1	0.1
Forestry	**2**	**–**	**2**	1	4	**0.1**	0.1	0.2
Government, public sector entities, and education	**5**	**2**	**3**	4	2	**0.1**	0.2	0.1
Health and social services	**7**	**2**	**5**	2	17	**0.3**	0.1	0.8
Industrial construction and trade contractors	**7**	**6**	**1**	6	6	**–**	0.2	0.3
Metals and mining	**2**	**1**	**1**	9	1	**–**	0.4	0.1
Pipelines, oil, and gas	**6**	**5**	**1**	20	1	**–**	0.9	0.1
Power and utilities	**–**	**–**	**–**	–	–	**–**	–	–
Professional and other services	**30**	**26**	**4**	3	4	**0.2**	0.1	0.2
Retail sector	**18**	**11**	**7**	18	22	**0.4**	0.8	1.0
Sundry manufacturing and wholesale	**12**	**10**	**2**	7	8	**0.1**	0.3	0.3
Telecommunications, cable, and media	**2**	**1**	**1**	–	19	**–**	–	0.9
Transportation	**3**	**2**	**1**	1	–	**–**	0.1	–
Other	**5**	**–**	**5**	2	3	**0.3**	0.1	0.1
Total business and government	**136**	**82**	**54**	100	132	**2.4**	4.5	6.3
Total Canada	**1,117**	**284**	**833**	915	1,042	**37.1**	40.8	49.6
United States								
Residential mortgages	**312**	**9**	**303**	250	187	**13.5**	11.1	8.9
Consumer instalment and other personal								
HELOC	**344**	**19**	**325**	204	179	**14.5**	9.1	8.5
Indirect Auto	**133**	**5**	**128**	76	24	**5.7**	3.4	1.2
Other	**6**	**2**	**4**	1	2	**0.2**	0.1	0.1
Credit card	**123**	**94**	**29**	98	3	**1.3**	4.3	0.1
Total personal	**918**	**129**	**789**	629	395	**35.2**	28.0	18.8
Real estate								
Residential	**85**	**6**	**79**	98	133	**3.5**	4.4	6.3
Non-residential	**168**	**14**	**154**	205	191	**6.9**	9.1	9.1
Total real estate	**253**	**20**	**233**	303	324	**10.4**	13.5	15.4
Agriculture	**1**	**–**	**1**	1	2	**–**	0.1	0.1
Automotive	**15**	**1**	**14**	12	15	**0.6**	0.5	0.7
Financial	**27**	**2**	**25**	8	6	**1.1**	0.4	0.3
Food, beverage, and tobacco	**10**	**1**	**9**	10	7	**0.4**	0.4	0.3
Forestry	**2**	**1**	**1**	1	1	**–**	0.1	0.1
Government, public sector entities, and education	**17**	**1**	**16**	19	7	**0.7**	0.8	0.3
Health and social services	**54**	**5**	**49**	23	18	**2.2**	1.0	0.8
Industrial construction and trade contractors	**32**	**6**	**26**	46	40	**1.2**	2.1	1.9
Metals and mining	**10**	**1**	**9**	18	26	**0.4**	0.8	1.2
Pipelines, oil, and gas	**–**	**–**	**–**	–	4	**–**	–	0.2
Power and utilities	**–**	**–**	**–**	–	–	**–**	–	–
Professional and other services	**93**	**9**	**84**	68	41	**3.7**	3.0	2.0
Retail sector	**89**	**9**	**80**	99	70	**3.6**	4.4	3.4
Sundry manufacturing and wholesale	**51**	**12**	**39**	28	46	**1.7**	1.3	2.2
Telecommunications, cable, and media	**18**	**2**	**16**	12	10	**0.7**	0.5	0.5
Transportation	**17**	**2**	**15**	39	32	**0.7**	1.8	1.5
Other	**7**	**2**	**5**	12	14	**0.3**	0.5	0.7
Total business and government	**696**	**74**	**622**	699	663	**27.7**	31.2	31.6
Total United States	**1,614**	**203**	**1,411**	1,328	1,058	**62.9**	59.2	50.4
International								
Business and government	**–**	**–**	**–**	–	–	**–**	–	–
Total international	**–**	**–**	**–**	–	–	**–**	–	–
Total	**$ 2,731**	**$ 487**	**$ 2,244**	$ 2,243	$ 2,100	**100.0 %**	100.0 %	100.0 %
Net impaired loans as a % of common equity			**4.28 %**	4.83 %	4.86 %			

1 Primarily based on the geographic location of the customer's address.

2 Excludes FDIC covered loans and other acquired credit-impaired loans. For additional information refer to the "Exposure to Acquired Credit-Impaired Loans" discussion and table in this section of the document and Note 8 to the 2014 Consolidated Financial Statements.

3 Excludes debt securities classified as loans. For additional information refer to the "Exposure to Non-Agency Collateralized Mortgage Obligations" section of this document and Note 8 to the 2014 Consolidated Financial Statements.

4 Excludes trading loans with a fair value of $10 billion as at October 31, 2014 (October 31, 2013 – $10 billion), and amortized cost of $10 billion as at October 31, 2014 (October 31, 2013 – $10 billion), and loans designated at fair value through profit or loss of $5 million as at October 31, 2014 (October 31, 2013 – $9 million). No allowance is recorded for trading loans or loans designated at fair value through profit or loss.

TABLE 33: IMPAIRED LOANS NET OF COUNTERPARTY-SPECIFIC AND INDIVIDUALLY INSIGNIFICANT ALLOWANCES FOR LOAN LOSSES BY GEOGRAPHY [1,2,3]

(millions of Canadian dollars, except as noted)

			As at			*Percentage of total*		
			October 31 2014	October 31 2013	October 31 2012	**October 31 2014**	October 31 2013	October 31 2012
	Gross impaired loans	**Counterparty-specific and individually insignificant allowances**	**Net impaired loans**	Net impaired loans	Net impaired loans			
Canada								
Atlantic provinces	**$ 40**	**$ 7**	**$ 33**	$ 34	$ 26	**1.5 %**	1.5 %	1.3 %
British Columbia[4]	**196**	**20**	**176**	210	202	**7.8**	9.4	9.6
Ontario[4]	**588**	**221**	**367**	406	509	**16.3**	18.1	24.2
Prairies[4]	**157**	**21**	**136**	169	185	**6.1**	7.5	8.8
Québec	**136**	**15**	**121**	96	120	**5.4**	4.3	5.7
Total Canada[5]	**1,117**	**284**	**833**	915	1,042	**37.1**	40.8	49.6
United States								
Carolinas (North and South)	**81**	**13**	**68**	49	23	**3.0**	2.2	1.1
Florida	**110**	**14**	**96**	75	38	**4.3**	3.4	1.8
New England[6]	**490**	**64**	**426**	430	369	**19.0**	19.2	17.6
New Jersey	**373**	**45**	**328**	301	252	**14.6**	13.4	12.0
New York	**235**	**30**	**205**	184	137	**9.1**	8.2	6.5
Pennsylvania	**165**	**18**	**147**	140	91	**6.6**	6.2	4.4
Other	**160**	**19**	**141**	149	148	**6.3**	6.6	7.0
Total United States[5]	**1,614**	**203**	**1,411**	1,328	1,058	**62.9**	59.2	50.4
Total	**$ 2,731**	**$ 487**	**$ 2,244**	$ 2,243	$ 2,100	**100.0 %**	100.0 %	100.0 %
Net impaired loans as a % of net loans[7]			**0.46 %**	0.50 %	0.52 %			

1 Primarily based on the geographic location of the customer's address.
2 Excludes FDIC covered loans and other acquired credit-impaired loans. For additional information refer to the "Exposure to Acquired Credit-Impaired Loans" discussion and table in this section of the document and Note 8 to the 2014 Consolidated Financial Statements.
3 Excludes debt securities classified as loans. For additional information refer to the "Exposure to Non-Agency Collateralized Mortgage Obligations" section of this document and Note 8 to the 2014 Consolidated Financial Statements.
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 Excludes trading loans with a fair value of $10 billion as at October 31, 2014 (October 31, 2013 – $10 billion), and amortized cost of $10 billion as at October 31, 2014 (October 31, 2013 – $10 billion), and loans designated at fair value through profit or loss of $5 million as at October 31, 2014 (October 31, 2013 – $9 million). No allowance is recorded for trading loans or loans designated at fair value through profit or loss.
6 The states included in New England are as follows: Connecticut, Maine, Massachusetts, New Hampshire, and Vermont.
7 Includes customers' liability under acceptances.

ALLOWANCE FOR CREDIT LOSSES

Total allowance for credit losses consists of counterparty-specific and collectively assessed allowances. The allowance is increased by the provision for credit losses, and decreased by write-offs net of recoveries and disposals. The Bank maintains the allowance at levels that management believes is adequate to absorb incurred credit-related losses in the lending portfolio. Individual problem accounts, general economic conditions, loss experience, as well as the sector and geographic mix of the lending portfolio are all considered by management in assessing the appropriate allowance levels.

Counterparty-specific allowance

The Bank establishes counterparty-specific allowances for individually significant impaired loans when the estimated realizable value of the loan is less than its recorded value, based on the discounting of expected future cash flows.

During 2014, counterparty-specific allowances increased by $7 million, or 2%, resulting in a total counterparty-specific allowance of $355 million. Excluding debt securities classified as loans, FDIC covered loans and other acquired credit-impaired loans, counterparty-specific allowances decreased by $17 million, or 11% from the prior year.

Collectively assessed allowance for individually insignificant impaired loans

Individually insignificant loans, such as the Bank's personal and small business banking loans and credit cards, are collectively assessed for impairment. Allowances are calculated using a formula that incorporates recent loss experience, historical default rates, and the type of collateral pledged.

During 2014, the collectively assessed allowance for individually insignificant impaired loans increased by $51 million, or 13%, resulting in a total of $442 million. Excluding FDIC covered loans and other acquired credit-impaired loans, the collectively assessed allowance for individually insignificant impaired loans increased by $55 million, or 18% from the prior year due primarily to the acquisition of the Target credit card portfolio.

Collectively assessed allowance for incurred but not identified credit losses

The collectively assessed allowance for incurred but not identified credit losses is established to recognize losses that management estimates to have occurred in the portfolio at the balance sheet date for loans not yet specifically identified as impaired. The level of collectively assessed allowance for incurred but not identified losses reflects exposures across all portfolios and categories. The collectively assessed allowance for incurred but not identified credit losses is reviewed on a quarterly basis using credit risk models and management's judgment. The allowance level is calculated using the probability of default (PD), the loss given default (LGD), and the exposure at default (EAD) of the related portfolios. The PD is the likelihood that a borrower will not be able to meet its scheduled repayments. The LGD is the amount of the loss the Bank would likely incur when a borrower defaults on a loan, which is expressed as a percentage of exposure at default. EAD is the total amount the Bank expects to be exposed to at the time of default.

For the non-retail portfolio, allowances are estimated using borrower specific information. The LGD is based on the security and structure of the facility; EAD is a function of the current usage, the borrower's risk rating, and the committed amount of the facility. For the retail portfolio, the collectively assessed allowance for incurred but not identified credit losses is calculated on a pooled portfolio level with each pool comprising exposures with similar credit risk characteristics segmented, for example by product type and PD estimate. Recovery data models are used in the determination of the LGD for each pool. EAD is a function of the current usage and historical exposure experience at default.

As at October 31, 2014 the collectively assessed allowance for incurred but not identified credit losses was $2,505 million, up from $2,328 million as at October 31, 2013. Excluding debt securities classified as loans, the collectively assessed allowance for incurred but not identified credit losses increased by $216 million, or 10% from the prior year.

The Bank periodically reviews the methodology for calculating the allowance for incurred but not identified credit losses. As part of this review, certain revisions may be made to reflect updates in statistically derived loss estimates for the Bank's recent loss experience of its credit portfolios, which may cause the Bank to provide or release amounts from the allowance for incurred but not identified losses. Allowance for credit losses are further described in Note 8 to the Consolidated Financial Statements.

PROVISION FOR CREDIT LOSSES

The provision for credit losses is the amount charged to income to bring the total allowance for credit losses, including both counterparty-specific and collectively assessed allowances, to a level that management considers adequate to absorb incurred credit-related losses in the Bank's loan portfolio. Provisions in the year are reduced by any recoveries in the year.

The Bank recorded a total provision for credit losses of $1,557 million in 2014, compared with a total provision of $1,631 million in 2013. This amount comprised $1,484 million of counterparty-specific and individually insignificant provisions and $73 million in collectively assessed incurred but not identified provisions. The total provision for credit losses as a percentage of net average loans and acceptances decreased to 0.33% from 0.38% in 2013 largely due to improved credit quality in the Canadian personal and U.S. commercial portfolios.

In Canada, residential mortgages, consumer instalment and other personal loans, and credit cards, required counterparty-specific and individually insignificant provisions of $789 million, a decrease of $76 million, or 9%, compared to 2013. Business and government loans required counterparty-specific and individually insignificant provisions of $8 4 million, an increase of $10 million, or 14%, compared to 2013. Business and government counterparty-specific and individually insignificant provisions were distributed across all industry sectors.

In the U.S., residential mortgages, consumer instalment and other personal loans, and credit cards, required counterparty-specific and individually insignificant provisions of $562 million, an increase of $226 million, or 67%, compared to 2013, primarily due to acquisition of the Target credit card portfolio. Business and government loans required counterparty-specific and individually insignificant provisions of $20 million, a decrease of $124 million, or 86%, compared to 2013 primarily due to improved credit performance in the real estate and financial sectors.

Geographically, 59% of counterparty-specific and individually insignificant provisions were attributed to Canada and 39% to the U.S. in 2014. Canadian counterparty-specific and individually insignificant provisions were concentrated in Ontario, which represented 46% of total counterparty-specific and individually insignificant provisions, down from 50% in 2013. U.S. counterparty-specific and individually insignificant provisions were concentrated in New England and New Jersey, representing 10% and 7%, respectively, of total counterparty-specific and individually insignificant provisions, up from 8% and 5% respectively in 2013.

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

TABLE 34: PROVISION FOR CREDIT LOSSES

(millions of Canadian dollars)

		2014		2013		2012
Provision for credit losses – counterparty-specific and individually insignificant						
Provision for credit losses – counterparty-specific	**$**	**168**	$	231	$	447
Provision for credit losses – individually insignificant		**1,849**		1,644		1,415
Recoveries		**(533)**		(394)		(287)
Total provision for credit losses for counterparty-specific and individually insignificant		**1,484**		1,481		1,575
Provision for credit losses – incurred but not identified						
Canadian Retail and Wholesale Banking		**8**		(53)		183
U.S. Retail		**65**		203		37
Other		**—**		—		—
Total provision for credit losses – incurred but not identified		**73**		150		220
Provision for credit losses	**$**	**1,557**	$	1,631	$	1,795

TABLE 35: PROVISION FOR CREDIT LOSSES BY INDUSTRY SECTOR[1]

(millions of Canadian dollars, except as noted)

	For the years ended			Percentage of total		
	October 31 2014	October 31 2013	October 31 2012	**October 31 2014**	October 31 2013	October 31 2012
Provision for credit losses – counterparty-specific and individually insignificant						
Canada						
Residential mortgages[2]	**$ 15**	$ 16	$ 10	**1.0 %**	1.1 %	0.6 %
Consumer instalment and other personal						
HELOC	**8**	15	21	**0.6**	1.0	1.3
Indirect Auto	**137**	128	131	**9.2**	8.6	8.3
Other	**167**	221	261	**11.3**	14.9	16.6
Credit card	**462**	485	308	**31.1**	32.8	19.6
Total personal	**789**	865	731	**53.2**	58.4	46.4
Real estate						
Residential	**(1)**	(4)	12	**(0.1)**	(0.3)	0.8
Non-residential	**3**	1	2	**0.2**	0.1	0.1
Total real estate	**2**	(3)	14	**0.1**	(0.2)	0.9
Agriculture	**1**	3	2	**0.1**	0.2	0.1
Automotive	**2**	2	4	**0.1**	0.1	0.2
Financial	**1**	–	6	**0.1**	–	0.4
Food, beverage, and tobacco	**–**	4	1	**–**	0.3	0.1
Forestry	**–**	–	1	**–**	–	0.1
Government, public sector entities, and education	**–**	1	–	**–**	0.1	–
Health and social services	**2**	(1)	1	**0.1**	(0.1)	0.1
Industrial construction and trade contractors	**9**	14	13	**0.6**	1.0	0.8
Metals and mining	**2**	–	6	**0.1**	–	0.4
Pipelines, oil, and gas	**(2)**	10	–	**(0.1)**	0.7	–
Professional and other services	**31**	3	9	**2.1**	0.2	0.6
Retail sector	**19**	33	16	**1.2**	2.2	1.0
Sundry manufacturing and wholesale	**9**	5	8	**0.6**	0.3	0.5
Telecommunications, cable, and media	**1**	(4)	19	**0.1**	(0.3)	1.2
Transportation	**6**	4	3	**0.4**	0.3	0.2
Other	**1**	3	2	**0.1**	0.2	0.1
Total business and government	**84**	74	105	**5.6**	5.0	6.7
Total Canada	**873**	939	836	**58.8**	63.4	53.1
United States						
Residential mortgages	**8**	11	22	**0.6**	0.7	1.4
Consumer instalment and other personal						
HELOC	**38**	54	93	**2.5**	3.7	5.9
Indirect Auto	**148**	166	111	**10.0**	11.2	7.1
Other	**59**	54	48	**4.0**	3.7	3.0
Credit card	**309**	51	45	**20.8**	3.4	2.9
Total personal	**562**	336	319	**37.9**	22.7	20.3
Real estate						
Residential	**(7)**	–	72	**(0.5)**	–	4.6
Non-residential	**(4)**	35	66	**(0.3)**	2.4	4.2
Total real estate	**(11)**	35	138	**(0.8)**	2.4	8.8
Agriculture	**–**	(1)	1	**–**	(0.1)	0.1
Automotive	**2**	2	3	**0.1**	0.1	0.2
Financial	**(13)**	1	22	**(0.9)**	0.1	1.4
Food, beverage, and tobacco	**(1)**	1	5	**(0.1)**	0.1	0.3
Forestry	**–**	1	–	**–**	0.1	–
Government, public sector entities, and education	**(1)**	12	7	**(0.1)**	0.7	0.4
Health and social services	**8**	10	7	**0.6**	0.7	0.4
Industrial construction and trade contractors	**6**	6	19	**0.4**	0.4	1.2
Metals and mining	**–**	6	3	**–**	0.4	0.2
Pipelines, oil, and gas	**–**	(2)	1	**–**	(0.1)	0.1
Power and utilities	**–**	(1)	2	**–**	(0.1)	0.1
Professional and other services	**7**	24	7	**0.5**	1.6	0.4
Retail sector	**3**	24	26	**0.2**	1.6	1.7
Sundry manufacturing and wholesale	**9**	13	21	**0.6**	0.9	1.3
Telecommunications, cable, and media	**–**	3	8	**–**	0.2	0.5
Transportation	**(2)**	(5)	18	**(0.1)**	(0.3)	1.1
Other	**13**	15	12	**0.9**	1.0	0.8
Total business and government[2]	**20**	144	300	**1.3**	9.7	19.0
Total United States	**582**	480	619	**39.2**	32.4	39.3
Total excluding other loans	**1,455**	1,419	1,455	**98.0**	95.8	92.4
Other loans						
Debt securities classified as loans	**31**	13	6	**2.1**	0.9	0.4
Acquired credit-impaired loans[3]	**(2)**	49	114	**(0.1)**	3.3	7.2
Total other loans	**29**	62	120	**2.0**	4.2	7.6
Total provision for credit losses – counterparty-specific and individually insignificant	**$ 1,484**	$ 1,481	$ 1,575	**100.0 %**	100.0 %	100.0 %
Provision for credit losses – incurred but not identified						
Personal, business and government	**120**	195	214			
Debt securities classified as loans	**(47)**	(45)	6			
Total provision for credit losses – incurred but not identified	**73**	150	220			
Total provision for credit losses	**$ 1,557**	$ 1,631	$ 1,795			

1 Primarily based on the geographic location of the customer's address.

2 Excludes trading loans with a fair value of $10 billion as at October 31, 2014 (October 31, 2013 – $10 billion), and amortized cost of $10 billion as at October 31, 2014 (October 31, 2013 – $10 billion), and loans designated at fair value through profit or loss of $5 million as at October 31, 2014 (October 31, 2013 – $9 million). No allowance is recorded for trading loans or loans designated at fair value through profit or loss.

3 Includes all FDIC covered loans and other ACI loans.

TABLE 36: PROVISION FOR CREDIT LOSSES BY GEOGRAPHY[1]

(millions of Canadian dollars, except as noted)

	For the years ended			Percentage of total		
	October 31 2014	October 31 2013	October 31 2012	**October 31 2014**	October 31 2013	October 31 2012
Canada						
Atlantic provinces	**$ 25**	$ 24	$ 23	**1.6 %**	1.5 %	1.3 %
British Columbia[2]	**49**	56	55	**3.1**	3.4	3.0
Ontario[2]	**684**	739	616	**43.9**	45.3	34.3
Prairies[2]	**70**	72	72	**4.5**	4.4	4.0
Québec	**45**	48	70	**2.9**	3.0	3.9
Total Canada[3]	**873**	939	836	**56.0**	57.6	46.5
United States						
Carolinas (North and South)	**36**	17	12	**2.3**	1.0	0.7
Florida	**43**	28	17	**2.8**	1.7	0.9
New England[4]	**147**	120	208	**9.4**	7.4	11.6
New Jersey	**98**	74	92	**6.3**	4.5	5.1
New York	**89**	61	75	**5.7**	3.7	4.2
Pennsylvania	**42**	22	73	**2.7**	1.4	4.1
Other	**127**	158	142	**8.2**	9.7	7.9
Total United States[3]	**582**	480	619	**37.4**	29.4	34.5
International						
Other	**–**	–	–	**–**	–	–
Total international	**–**	–	–	**–**	–	–
Total excluding other loans	**1,455**	1,419	1,455	**93.4**	87.0	81.0
Other loans	**29**	62	120	**1.9**	3.8	6.7
Total counterparty-specific and individually insignificant provision	**1,484**	1,481	1,575	**95.3**	90.8	87.7
Incurred but not identified provision	**73**	150	220	**4.7**	9.2	12.3
Total provision for credit losses	**$ 1,557**	$ 1,631	$ 1,795	**100.0 %**	100.0 %	100.0 %

Provision for credit losses as a % of average net loans and acceptances[5]	**October 31 2014**	October 31 2013	October 31 2012
Canada			
Residential mortgages	**0.01 %**	0.01 %	0.01 %
Credit card, consumer instalment and other personal	**0.72**	0.80	0.67
Business and government	**0.13**	0.12	0.21
Total Canada	**0.25**	0.29	0.27
United States			
Residential mortgages	**0.04**	0.06	0.15
Credit card, consumer instalment and other personal	**1.54**	1.07	1.30
Business and government	**0.03**	0.28	0.67
Total United States	**0.49**	0.48	0.75
International	**–**	–	–
Total excluding other loans	**0.31**	0.33	0.37
Other loans	**0.59**	0.85	1.18
Total counterparty-specific and individually insignificant provision	**0.32**	0.34	0.39
Incurred but not identified provision	**0.02**	0.03	0.06
Total provision for credit losses as a % of average net loans and acceptances	**0.33 %**	0.38 %	0.45 %

1 Primarily based on the geographic location of the customer's address.

2 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.

3 Excludes trading loans with a fair value of $10 billion as at October 31, 2014 (October 31, 2013 – $10 billion), and amortized cost of $10 billion as at October 31, 2014 (October 31, 2013 – $10 billion), and loans designated at fair value through profit or loss of $5 million as at October 31, 2014 (October 31, 2013 – $9 million). No allowance is recorded for trading loans or loans designated at fair value through profit or loss.

4 The states included in New England are as follows: Connecticut, Maine, Massachusetts, New Hampshire, and Vermont.

5 Includes customers' liability under acceptances.

NON-PRIME LOANS

As at October 31, 2014, the Bank had approximately $2.4 billion (October 31, 2013 – $2.4 billion), gross exposure to non-prime loans, which primarily consists of automotive loans originated in Canada. The credit loss rate, which is an indicator of credit quality and is defined as the annual PCL divided by the average month-end loan balance, was approximately 3.70% on an annual basis (October 31, 2013 – 3.38%). The portfolio continues to perform as expected. 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

(millions of Canadian dollars)

As at

	Loans and Commitments[1]				Derivatives, Repos, and Securities Lending[2]				Trading and Investment Portfolio[3,4]				Total
Country	**Corporate**	**Sovereign**	**Financial**	**Total**	**Corporate**	**Sovereign**	**Financial**	**Total**	**Corporate**	**Sovereign**	**Financial**	**Total**	**Exposure[5]**
													October 31, 2014
GIIPS													
Greece	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Italy	–	232	5	237	–	–	3	3	9	12	9	30	270
Ireland	–	–	–	–	14	–	417	431	–	–	–	–	431
Portugal	–	–	–	–	–	–	–	–	–	–	–	–	–
Spain	35	6	65	106	–	–	32	32	11	3	1	15	153
Total GIIPS	35	238	70	343	14	–	452	466	20	15	10	45	854
Rest of Europe													
France	481	40	88	609	133	168	974	1,275	93	1,792	118	2,003	3,887
Germany	954	474	159	1,587	320	673	480	1,473	220	6,094	137	6,451	9,511
Netherlands	416	145	427	988	362	227	224	813	36	2,932	606	3,574	5,375
Sweden	–	76	101	177	–	30	30	60	4	621	539	1,164	1,401
Switzerland	854	–	198	1,052	19	–	611	630	68	–	74	142	1,824
United Kingdom	1,568	1,772	156	3,496	567	227	3,641	4,435	197	704	4,241	5,142	13,073
Other[6]	107	137	69	313	162	220	330	712	33	1,734	75	1,842	2,867
Rest of Europe	4,380	2,644	1,198	8,222	1,563	1,545	6,290	9,398	651	13,877	5,790	20,318	37,938
Total Europe	$ 4,415	$ 2,882	$ 1,268	$ 8,565	$ 1,577	$ 1,545	$ 6,742	$ 9,864	$ 671	$ 13,892	$ 5,800	$ 20,363	$ 38,792
													October 31, 2013
GIIPS													
Greece	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Italy	–	121	2	123	–	–	3	3	11	1	12	24	150
Ireland	–	–	–	–	–	–	12	12	–	–	1	1	13
Portugal	–	–	–	–	–	–	3	3	–	–	–	–	3
Spain	116	–	47	163	5	–	13	18	8	–	213	221	402
Total GIIPS	116	121	49	286	5	–	31	36	19	1	226	246	568
Rest of Europe													
France	435	–	49	484	60	137	1,141	1,338	82	1,878	152	2,112	3,934
Germany	923	327	50	1,300	250	1,931	722	2,903	188	4,895	65	5,148	9,351
Netherlands	417	158	404	979	291	148	257	696	56	5,041	846	5,943	7,618
Sweden	–	44	80	124	–	23	22	45	3	707	474	1,184	1,353
Switzerland	787	–	86	873	–	–	707	707	27	–	237	264	1,844
United Kingdom	1,240	7,590	238	9,068	453	107	2,784	3,344	144	490	4,748	5,382	17,794
Other[6]	110	155	40	305	94	150	322	566	79	1,579	151	1,809	2,680
Rest of Europe	3,912	8,274	947	13,133	1,148	2,496	5,955	9,599	579	14,590	6,673	21,842	44,574
Total Europe	$ 4,028	$ 8,395	$ 996	$ 13,419	$ 1,153	$ 2,496	$ 5,986	$ 9,635	$ 598	$ 14,591	$ 6,899	$ 22,088	$ 45,142

1 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 at October 31, 2014, or October 31, 2013.

2 Exposures are calculated on a fair value basis and are net of collateral. Total market value of pledged collateral is $5.6 billion for GIIPS (October 31, 2013 – $1 billion) and $34.4 billion for the rest of Europe (October 31, 2013 – $28 billion). Derivatives are presented as net exposures where there is an International Swaps and Derivatives Association (ISDA) master netting agreement.

3 Trading Portfolio exposures are net of eligible short positions. Deposits of $1.3 billion (October 31, 2013 – $2 billion) are included in the Trading and Investment Portfolio.

4 The fair values of the GIIPS exposures in Level 3 in the Trading and Investment Portfolio were not significant as at October 31, 2014, and October 31, 2013.

5 The reported exposures do not include $0.2 billion of protection the Bank purchased through credit default swaps (October 31, 2013 – $0.3 billion).

6 Other European exposure is distributed across 12 countries (October 31, 2013 – 13 countries), each of which has a net exposure below $1 billion as at October 31, 2014, and October 31, 2013.

TABLE 38: EXPOSURE TO EUROPE – Gross European Lending Exposure by Country

(millions of Canadian dollars)

				As at
			Loans and Commitments	
		Direct[1]	**Indirect**[2]	**Total**
Country				**October 31, 2014**
GIIPS				
Greece	**$**	**–**	**–**	**–**
Italy		**233**	**4**	**237**
Ireland		**–**	**–**	**–**
Portugal		**–**	**–**	**–**
Spain		**18**	**88**	**106**
Total GIIPS		**251**	**92**	**343**
Rest of Europe				
France		**190**	**419**	**609**
Germany		**672**	**915**	**1,587**
Netherlands		**506**	**482**	**988**
Sweden		**173**	**4**	**177**
Switzerland		**353**	**699**	**1,052**
United Kingdom		**1,872**	**1,624**	**3,496**
Other[3]		**158**	**155**	**313**
Rest of Europe		**3,924**	**4,298**	**8,222**
Total Europe	**$**	**4,175**	**4,390**	**8,565**

				October 31, 2013
GIIPS				
Greece	$	–	–	–
Italy		122	1	123
Ireland		–	–	–
Portugal		–	–	–
Spain		63	100	163
Total GIIPS		185	101	286
Rest of Europe				
France		23	461	484
Germany		405	895	1,300
Netherlands		395	584	979
Sweden		120	4	124
Switzerland		270	603	873
United Kingdom		7,703	1,365	9,068
Other[3]		189	116	305
Rest of Europe		9,105	4,028	13,133
Total Europe	$	9,290	4,129	13,419

1 Includes interest-bearing deposits with banks, funded loans, and banker's acceptances.

2 Includes undrawn commitments and letters of credit.

3 Other European exposure is distributed across 12 countries (October 31, 2013 – 13 countries), each of which has a net exposure including Loans and Commitments, Derivatives, Repos and Securities Lending, and Trading and Investment Portfolio below $1.0 billion as at October 31, 2014, and October 31, 2013.

Of the Bank's European exposure, approximately 97% (October 31, 2013 – 98%) is to counterparties in countries rated AAA/AA+ by either Moody's Investor Services (Moody's) or 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 by either Moody's or S&P, 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 $5.2 billion (October 31, 2013 – $4.9 billion) of direct exposure to supranational entities with European sponsorship and indirect exposure including $1.9 billion (October 31, 2013 – $791 million) of European collateral from non-European counterparties related to repurchase and securities lending transactions that are margined daily, and $11 million (October 31, 2013 – $7 million) invested in European diversified investment funds.

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.

EXPOSURE TO ACQUIRED CREDIT-IMPAIRED LOANS

Acquired credit-impaired (ACI) loans are generally loans 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. Evidence of credit quality deterioration as of the acquisition date may include statistics such as past due status and credit scores. ACI loans are initially recorded at fair value and, as a result, no allowance for credit losses is recorded on the date of acquisition.

ACI loans were acquired through the acquisitions of FDIC-assisted transactions, which include FDIC covered loans subject to loss sharing agreements with the FDIC, South Financial, Chrysler Financial, and the acquisitions of the MBNA Canada, Target, and Aeroplan credit card portfolios. The following table presents the unpaid principal balance, carrying value, counterparty-specific allowance, allowance for individually insignificant impaired loans, and the net carrying value as a percentage of the unpaid principal balance for ACI loans as at October 31, 2014, and October 31, 2013.

TABLE 39: ACQUIRED CREDIT-IMPAIRED LOAN PORTFOLIO

(millions of Canadian dollars, except as noted)

As at

	Unpaid principal balance[1]	Carrying value	Counterparty-specific allowance	Allowance for individually insignificant impaired loans	Carrying value net of allowances	Percentage of unpaid principal balance
						October 31, 2014
FDIC-assisted acquisitions	**$ 699**	**$ 660**	**$ 2**	**$ 49**	**$ 609**	**87.1 %**
South Financial	**1,090**	**1,046**	**6**	**40**	**1,000**	**91.7**
Other[2]	**36**	**7**	**–**	**–**	**7**	**19.4**
Total ACI loan portfolio	**$ 1,825**	**$ 1,713**	**$ 8**	**$ 89**	**$ 1,616**	**88.5 %**
						October 31, 2013
FDIC-assisted acquisitions	$ 836	$ 787	$ 5	$ 55	$ 727	87.0 %
South Financial	1,700	1,619	19	38	1,562	91.9
Other[2]	105	79	–	–	79	75.2
Total ACI loan portfolio	$ 2,641	$ 2,485	$ 24	$ 93	$ 2,368	89.7 %

1 Represents contractual amount owed net of charge-offs since acquisition of the loan.
2 Other includes the ACI loan portfolios of Chrysler Financial and the credit card portfolios of MBNA Canada, Target, and Aeroplan.

During the year ended October 31, 2014, the Bank recorded a recovery of $2 million in provision for credit losses on ACI loans (2013 – provision for credit losses of $49 million, 2012 – provision for credit losses of $114 million). The following table provides key credit statistics by past due contractual status and geographic concentrations based on ACI loans unpaid principal balance.

TABLE 40: ACQUIRED CREDIT-IMPAIRED LOANS – KEY CREDIT STATISTICS

(millions of Canadian dollars, except as noted)

As at

	October 31, 2014		October 31, 2013	
	Unpaid principal balance[1]		Unpaid principal balance[1]	
Past due contractual status				
Current and less than 30 days past due	**$ 1,540**	**84.4 %**	$ 2,239	84.8 %
30-89 days past due	**60**	**3.3**	78	2.9
90 or more days past due	**225**	**12.3**	324	12.3
Total ACI loans	**$ 1,825**	**100.0 %**	$ 2,641	100.0 %
Geographic region				
Florida	**$ 1,101**	**60.3 %**	$ 1,505	57.0 %
South Carolina	**535**	**29.3**	772	29.2
North Carolina	**143**	**7.9**	241	9.1
Other U.S./Canada	**46**	**2.5**	123	4.7
Total ACI loans	**$ 1,825**	**100.0 %**	$ 2,641	100.0 %

1 Represents contractual amount owed net of charge-offs since acquisition of the loan.

EXPOSURE TO NON-AGENCY COLLATERALIZED MORTGAGE OBLIGATIONS

As a result of the acquisition of Commerce Bancorp Inc., the Bank has exposure to non-agency Collateralized Mortgage Obligations (CMOs) collateralized primarily by Alt-A and Prime Jumbo mortgages, most of which are pre-payable fixed-rate mortgages without rate reset features. At the time of acquisition, the portfolio was recorded at fair value, which became the new cost basis for this portfolio.

These debt securities are classified as loans and carried at amortized cost using the effective interest rate method, and are evaluated for loan losses on a quarterly basis using the incurred credit loss model. The impairment assessment follows the loan loss accounting model, where there are two types of allowances for credit losses, counterparty-specific and collectively assessed. Counterparty-specific allowances represent individually significant loans, including the Bank's debt securities classified as loans, which are assessed for whether impairment exists at the counterparty-specific level. Collectively assessed allowances consist of loans for which no impairment is identified on a counterparty-specific level and are grouped into portfolios of exposures with similar credit risk characteristics to collectively assess if impairment exists at the portfolio level.

The allowance for losses that are incurred but not identified as at October 31, 2014, was US$52 million (October 31, 2013 – US$94 million). The total provision for credit losses recognized in 2014 was a decrease of US$14 million (2013 – US$30 million decrease, 2012 – US$12 million increase).

The following table presents the par value, carrying value, allowance for loan losses, and the net carrying value as a percentage of the par value for the non-agency CMO portfolio as at October 31, 2014, and October 31, 2013. As at October 31, 2014, the balance of the remaining acquisition-related incurred loss was US$187 million (October 31, 2013 – US$226 million). This amount is reflected in the following table as a component of the discount from par to carrying value.

TABLE 41: NON-AGENCY CMO LOANS PORTFOLIO

(millions of U.S. dollars, except as noted)

	Par value	Carrying value	Allowance for loan losses	Carrying value net of allowance	Percentage of par value
					As at October 31, 2014
Non-Agency CMOs	**$ 1,748**	**$ 1,523**	**$ 241**	**$ 1,282**	**73.3 %**
					October 31, 2013
Non-Agency CMOs	$ 2,075	$ 1,770	$ 260	$ 1,510	72.8 %

During the second quarter of 2009, the Bank re-securitized a portion of the non-agency CMO portfolio. As part of the on-balance sheet re-securitization, new credit ratings were obtained for the re-securitized securities that better reflect the discount on acquisition and the Bank's risk inherent on the entire portfolio. As a result, 13% of the non-agency CMO portfolio is rated AAA for regulatory capital reporting (October 31, 2013 – 13%). The net capital benefit of the re-securitization transaction is reflected in the changes in RWA. For accounting purposes, the Bank retained a majority of the beneficial interests in the re-securitized securities resulting in no financial statement impact. The Bank's assessment of impairment for these reclassified securities is not impacted by a change in the credit ratings.

TABLE 42: NON-AGENCY ALT-A AND PRIME JUMBO CMO PORTFOLIO BY VINTAGE YEAR

(millions of U.S. dollars)

	Alt-A		Prime Jumbo		Total	
	Amortized cost	Fair value	Amortized cost	Fair value	Amortized cost	Fair value
						As at October 31, 2014
2003	**$ 58**	**$ 65**	**$ 64**	**$ 68**	**$ 122**	**$ 133**
2004	**79**	**89**	**24**	**27**	**103**	**116**
2005	**300**	**361**	**23**	**26**	**323**	**387**
2006	**226**	**257**	**113**	**126**	**339**	**383**
2007	**310**	**371**	**137**	**152**	**447**	**523**
Total portfolio net of counterparty-specific and individually insignificant credit losses	**$ 973**	**$ 1,143**	**$ 361**	**$ 399**	**$ 1,334**	**$ 1,542**
Less: allowance for incurred but not identified credit losses					**52**	
Total					**$ 1,282**	
						October 31, 2013
2003	$ 81	$ 90	$ 85	$ 93	$ 166	$ 183
2004	96	107	30	33	126	140
2005	358	415	30	33	388	448
2006	255	285	134	150	389	435
2007	364	416	171	184	535	600
Total portfolio net of counterparty-specific and individually insignificant credit losses	$ 1,154	$ 1,313	$ 450	$ 493	$ 1,604	$ 1,806
Less: allowance for incurred but not identified credit losses					94	
Total					$ 1,510	

Capital Position

TABLE 43: CAPITAL STRUCTURE AND RATIOS – BASEL III [1,2]

(millions of Canadian dollars, except as noted)

	2014	2013
Common Equity Tier 1 Capital (CET1)		
Common shares plus related contributed surplus	**$ 19,961**	$ 19,341
Retained earnings	**27,585**	24,565
Accumulated other comprehensive income	**4,936**	3,166
Common Equity Tier 1 Capital before regulatory adjustments	**52,482**	47,072
Common Equity Tier 1 Capital regulatory adjustments		
Goodwill (net of related tax liability)	**(16,709)**	(13,280)
Intangibles (net of related tax liability)	**(2,355)**	(2,097)
Deferred tax assets excluding those arising from temporary differences	**(485)**	(519)
Cash flow hedge reserve	**(711)**	(1,005)
Shortfall of provisions to expected losses	**(91)**	(116)
Gains and losses due to changes in own credit risk on fair valued liabilities	**(98)**	(89)
Defined benefit pension fund net assets (net of related tax liability)	**(15)**	(389)
Investment in own shares	**(7)**	(183)
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)	**(1,046)**	(3,572)
Total regulatory adjustments to Common Equity Tier 1 Capital	**(21,517)**	(21,250)
Common Equity Tier 1 Capital	**30,965**	25,822
Additional Tier 1 Capital instruments		
Directly issued qualifying Additional Tier 1 instruments plus stock surplus	**1,001**	–
Directly issued capital instruments subject to phase out from Additional Tier 1	**3,941**	5,524
Additional Tier 1 instruments issued by subsidiaries and held by third parties subject to phase out	**444**	552
Additional Tier 1 Capital instruments before regulatory adjustments	**5,386**	6,076
Additional Tier 1 Capital instruments regulatory adjustments		
Significant investments in the capital of banking, financial, and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	**(352)**	(352)
Total regulatory adjustments to Additional Tier 1 Capital	**(352)**	(352)
Additional Tier 1 Capital	**5,034**	5,724
Tier 1 Capital	**35,999**	31,546
Tier 2 Capital instruments and provisions		
Directly issued capital instruments subject to phase out from Tier 2	**6,773**	7,564
Tier 2 instruments issued by subsidiaries and held by third parties subject to phase out	**237**	297
Collective allowances	**1,416**	1,472
Tier 2 Capital before regulatory adjustments	**8,426**	9,333
Tier 2 regulatory adjustments		
Investment in own Tier 2 instruments	**–**	(19)
Significant investments in the capital of banking, financial, and insurance entities that are outside consolidation, net of eligible short positions	**(170)**	(170)
Total regulatory adjustments to Tier 2 Capital	**(170)**	(189)
Tier 2 Capital	**8,256**	9,144
Total Capital	**44,255**	40,690
Risk-weighted assets[3]		
Common Equity Tier 1 Capital	**$ 328,393**	$ 286,355
Tier 1 Capital	**329,268**	286,355
Total Capital	**330,581**	286,355
Capital Ratios and Multiples[4]		
Common Equity Tier 1 Capital (as percentage of CET1 Capital risk-weighted assets)	**9.4 %**	9.0 %
Tier 1 Capital (as percentage of Tier 1 Capital risk-weighted assets)	**10.9**	11.0
Total Capital (as percentage of Total Capital risk-weighted assets)	**13.4**	14.2
Asset-to-capital multiple	**19.1**	18.2

1 Capital position calculated using the "all-in" methodology.

2 Prior to 2014, the amounts have not been adjusted to reflect the impact of the New IFRS Standards and Amendments.

3 Effective the third quarter of 2014, each capital ratio has its own RWA measure due to the OSFI prescribed scalar for inclusion of the CVA. Effective the third quarter of 2014, the scalars for inclusion of CVA for CET1, Tier 1, and Total Capital RWA are 57%, 65%, and 77% respectively.

4 The "all-in" basis of regulatory reporting includes all of the regulatory adjustments that will be required by 2019, except the asset-to-capital multiple which is calculated under "transitional" basis.

TABLE 44: CAPITAL STRUCTURE AND RATIOS – BASEL II

(millions of Canadian dollars, except as noted)

		2012
Tier 1 Capital		
Common shares	$	18,525
Contributed surplus		196
Retained earnings		21,763
Fair value (gain) loss arising from changes in the institution's own credit risk		(2)
Net unrealized foreign currency translation gains (losses) on investment in subsidiaries, net of hedging activities		(426)
Preferred shares[1]		3,394
Innovative instruments[1]		3,700
Adjustments for transition to measurement under IFRS		387
Gross Tier 1 Capital		47,537
Goodwill and intangibles in excess of 5% limit		(12,311)
Net Tier 1 Capital		35,226
Securitization – other		(650)
50% shortfall in allowance[2]		(103)
50% substantial investments		(2,731)
Investment in insurance subsidiaries		(753)
Adjusted Net Tier 1 Capital		30,989
Tier 2 Capital		
Innovative instruments		26
Subordinated notes and debentures (net of amortization and ineligible)		11,198
Eligible collective allowance (re-standardized approach)		1,142
Accumulated net after-tax unrealized gain on available-for-sale equity securities in other comprehensive income		99
Securitization – other		(1,272)
50% shortfall in allowance[2]		(103)
50% substantial investments		(2,731)
Investment in insurance subsidiaries		(753)
Total Tier 2 Capital		7,606
Total Regulatory Capital	$	38,595
Regulatory Capital Ratios and Multiples		
Tier 1 Capital ratio[3]		12.6 %
Total Capital ratio[3]		15.7 %
Asset-to-capital multiple		18.0

1 Effective 2012, in accordance with IAS 32, *Financial Instruments: Presentation*, the Bank is required to classify certain classes of preferred shares and innovative Tier 1 Capital investments as liabilities on the balance sheet. For regulatory capital purposes, these capital instruments have been grandfathered by OSFI and continue to be included in Tier 1 Capital.

2 When expected loss as calculated within the Internal Risk Based (IRB) approach exceeds total allowance for credit losses, the difference is deducted 50% from Tier 1 Capital and 50% from Tier 2 Capital. When expected loss as calculated within the IRB approach is less than the total allowance for credit losses, the difference is added to Tier 2 Capital.

3 OSFI's target Tier 1 and Total Capital ratios for Canadian banks are 7% and 10%, respectively.

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 (after tax), 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 Enterprise Capital Management department manages capital for the Bank and is responsible for acquiring, maintaining, and retiring capital. The Board of Directors (the "Board") oversees capital adequacy and 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

The Bank's internal measure of required capital is called economic capital or invested capital. 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 that has been used to fund acquisitions or investments to support future earnings growth.

The Bank uses internal models to determine how much risk-based capital is required to support the enterprise's risk and business exposures. Characteristics of these models are described in the "Managing Risk" section of this document. Within the Bank's measurement framework, its objective is to hold risk-based capital to cover unexpected losses to a high level of confidence and ratings standards. The Bank's chosen internal capital targets are well-founded and consistent with its overall risk profile and current operating environment.

Since November 1, 2007, the Bank has been operating its capital regime under the Basel Capital Framework. Consequently, in addition to addressing Pillar I risks covering credit risk, market risk, and operational risk, the Bank's economic capital framework captures other material Pillar II 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 the Bank's investment in TD Ameritrade.

Please refer to the Risk-Weighted Assets section below for a breakdown of the Bank's economic capital by business segment, and Pillar I and Pillar II risks.

REGULATORY CAPITAL

Basel III Capital Framework

Capital requirements of the Basel Committee on Banking and 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. The sum of the first two components is defined as Tier 1 Capital. CET1 Capital is mainly comprised of common shares, retained earnings, and accumulated other comprehensive income, is the highest quality capital and the predominant form of Tier 1 Capital. CET1 Capital also includes regulatory adjustments and deductions for items such as goodwill, intangible assets, and amounts by which capital items (that is, significant investments in CET1 Capital of financial institutions, mortgage servicing rights, and deferred tax assets from temporary differences) exceed allowable thresholds. Tier 2 Capital is mainly comprised of subordinated debt, certain loan loss allowances, and minority interests in subsidiaries' Tier 2 instruments. Regulatory capital ratios are calculated by dividing CET1, Tier 1 and Total Capital by their respective RWAs[6].

OSFI's Capital Requirements under Basel III

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

Effective January 1, 2014, the CVA capital charge is phased in over a five year period, given the delays in the implementation of Basel III standards in the U.S. and European Union countries. The bilateral over-the-counter (OTC) derivative market is a global market and given the significant impact of the CVA capital charge, OSFI believed a coordinated start with the two most significant jurisdictions in the global derivatives market was warranted. The CVA capital charge phase-in is based on a scalar approach whereby a CVA capital charge of 57% applies in 2014 for the CET1 calculation. This percentage will increase to 64% for 2015 and 2016, 72% in 2017, 80% in 2018, and 100% in 2019. A similar set of scalar phase-in percentages would also apply for the 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 (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 if OSFI determines that the Bank is, or is about to become, non-viable and that after conversion of the 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. 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.

6 Effective the third quarter of 2014, each capital ratio has its own RWA measure due to the OSFI prescribed scalar for inclusion of the CVA. Effective the third quarter of 2014, the scalars for inclusion of CVA for CET1, Tier 1 and Total Capital RWA were 57%, 65% and 77% respectively.

The CAR guideline contains two methodologies for capital ratio calculation: (1) the “transitional” method; and (2) the “all-in” method. Under the “transitional” method, changes in capital treatment for certain items, as well as minimum capital ratio requirements, are being phased in over the period from 2013 to 2019. Under the “all-in” method, capital is defined to include all of the regulatory adjustments that will be required by 2019, while retaining the phase-out rules for non-qualifying capital instruments. The minimum CET1, Tier 1 and Total Capital ratios, based on the “all-in” method, are 4.5%, 6% and 8%, respectively. OSFI expects Canadian banks to include an additional capital conservation buffer of 2.5%, effectively raising the CET1 minimum requirement to 7%. Including the capital conservation buffer, Canadian banks are required to maintain a minimum Tier 1 Capital ratio of 8.5% and a Total Capital ratio of 10.5%.

At the discretion of OSFI, a countercyclical common equity capital buffer (CCB) within a range of 0% to 2.5% could be imposed. No CCB is currently in effect.

In November 2011, the BCBS published the final rules on global systemically important banks (G-SIBs). None of the Canadian banks have been designated as a G-SIB. In March 2013, OSFI designated six of the major Canadian banks as D-SIBs, for which a 1% common equity capital surcharge will be in effect from January 1, 2016. As a result, the six Canadian banks designated as D-SIBs, including TD, will be required to meet an “all-in” Pillar 1 target CET1 ratio of 8% commencing January 1, 2016. In July 2013, the BCBS issued an update to the final rules on G-SIBs. The update provided clarity on the public disclosure requirements of the twelve indicators used in the assessment methodology. As per OSFI’s draft Advisory issued February 2014, the six 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 for 2014 year-end data by no later than the date of the bank’s first quarter 2015 public disclosure of shareholder financial data. Public disclosure of data for year-ends subsequent to 2014 is required no later than the date of the bank’s annual disclosure of shareholder financial data.

OSFI's Regulatory Target Ratios under Basel III on an "All-In" Basis

Basel III Capital Ratios	BCBS minimum	Capital Conservation buffer	OSFI Regulatory Targets without D-SIB surcharge	Effective Date	D-SIB surcharge	OSFI Regulatory Targets with D-SIB surcharge	Effective Date
Common Equity Tier 1 Capital ratio	4.5 %	2.5 %	7.0 %	January 1, 2013	1.0 %	8.0 %	January 1, 2016
Tier 1 Capital ratio	6.0 %	2.5 %	8.5 %	January 1, 2014	1.0 %	9.5 %	January 1, 2016
Total Capital ratio	8.0 %	2.5 %	10.5 %	January 1, 2014	1.0 %	11.5 %	January 1, 2016

OSFI continues to require Canadian banks to meet the assets-to-capital multiple (ACM) requirement until December 31, 2014, when it will be replaced by the Basel III leverage ratio. The ACM is calculated on a Basel III “transitional basis”, by dividing total assets, including specified off-balance sheet items, by Total Capital.

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 which results in regulatory and economic capital being more closely aligned than was the case under Basel I. Since the U.S. banking subsidiaries (TD Bank, National Association (TD Bank, N.A.), including South Financial and Chrysler Financial) were not originally required by their main regulators to convert to Basel II prior to being acquired by the Bank, the advanced approaches are not yet being utilized for the majority of assets in TD Bank, N.A.

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, 2014, the Bank’s CET1, Tier 1, and Total Capital ratios were 9.4%, 10.9%, and 13.4%, respectively. Compared with the Bank’s CET1 Capital ratio of 9.0% as at October 31, 2013, the October 31, 2014, CET1 Capital ratio increased primarily as a result of strong retained earnings growth, common share issuance through participation in the Bank’s dividend reinvestment plan, and exercise of stock options, partially offset by an increase in RWAs across all business segments including $6.2 billion CVA charge within Wholesale Bank and U.S. Retail segments. The CVA capital add-on charge represents approximately 32 bps, of which 57% (or 18 bps) is included in the 2014 CET1 Capital ratio, per OSFI’s determined scalar phase-in. As at October 31, 2014, CET1, Tier 1, and Total Capital RWA include 57%, 65%, and 77%, of the CVA charge, respectively. During the year, the Bank generated approximately $4.5 billion of CET1 Capital through organic growth and balance sheet optimization activities. In 2014, the Bank was able to fund acquisitions, support business growth, and improve the Bank’s capital position largely without raising additional capital.

Common Equity Tier 1 Capital

CET1 Capital was $31 billion as at October 31, 2014. Strong earnings contributed to the majority of CET1 Capital growth in the year. Capital management funding activities during the year included the common share issuance of $538 million under the dividend reinvestment plan and from stock option exercises. The growth in CET1 Capital is partially offset by share repurchases and the impact of acquisitions during the year.

Tier 1 and Tier 2 Capital

Tier 1 Capital was $36 billion as at October 31, 2014, consisting of CET1 Capital and Additional Tier 1 Capital of $31 billion and $5 billion, respectively. Capital management funding activities during the year consisted of the issuance of $500 million Non-cumulative 5-Year Rate Reset Preferred Shares, Series 1 and $500 million Non-cumulative 5-Year Rate Reset Preferred Shares, Series 3, both of which included NVCC Provisions to ensure loss absorbency at the point of non-viability, and the redemption of $425 million Class A First Preferred Shares, Series O and 5-Year Rate Reset Preferred Shares, Series AA, Series AC, Series AE, Series AG, Series AI and Series AK, totaling $1.8 billion. 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, 2014, there was $450 million in principal amount of TD Capital Trust IV Notes – Series 2 issued and outstanding.

Tier 2 Capital was $8.3 billion as at October 31, 2014. In August 2014, the 10.05% subordinated notes of the Bank matured. There were no other redemptions or issuances of Tier 2 Capital instruments in 2014.

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 economic capital modeling and stress testing practices which help inform the Bank's overall capital adequacy requirements.

The ICAAP is facilitated by Risk Management and is supported by numerous functional areas who together help determine the Bank's internal capital adequacy assessment. This assessment ultimately represents the capacity to bear risk in congruence with the Bank's risk profile and RAS. Risk Management leads the ICAAP and assesses whether the Bank's internal view of required capital is appropriate for the Bank's risks. Enterprise Capital Management monitors the overall adequacy of the Bank's available capital in relation to both internal and regulatory capital requirements.

DIVIDENDS

The Bank's dividend policy is approved by the Board. At October 31, 2014, the quarterly dividend was $0.47 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 $1.84 per share (2013 – $1.62). For cash dividends payable on the Bank's preferred shares, see Notes 21 and 37 to the Consolidated Financial Statements. As at October 31, 2014, 1,845 million common shares were outstanding (2013 – 1,835 million). The Bank's ability to pay dividends is subject to the *Bank Act* (Canada) and the requirements of OSFI. See Note 21 to the Consolidated Financial Statements for further details on dividend restrictions.

NORMAL COURSE ISSUER BID

On June 19, 2013, the Bank announced that the Toronto Stock Exchange (TSX) approved the Bank's normal course issuer bid to repurchase, for cancellation, up to 24 million of the Bank's common shares. The bid commenced on June 21, 2013, and expired in accordance with its terms in June 2014. During the year ended October 31, 2014, the Bank repurchased 4 million common shares under this bid at an average price of $54.15 for a total amount of $220 million. During the year ended October 31, 2013, the Bank repurchased 18 million common shares under this bid at an average price of $43.25 for a total amount of $780 million.

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 is included in the following table.

TABLE 45: COMMON EQUITY TIER 1 CAPITAL RISK-WEIGHTED ASSETS [1]

(millions of Canadian dollars)

		As at
	October 31, 2014	October 31, 2013
Credit risk		
Retail		
Residential secured	**$ 25,910**	$ 23,895
Qualifying revolving retail	**12,016**	12,588
Other retail	**52,018**	47,504
Non-retail		
Corporate	**118,571**	99,608
Sovereign	**3,999**	3,340
Bank	**11,949**	12,198
Securitization exposures	**12,014**	10,894
Equity exposures	**926**	885
Exposures subject to standardized or IRB approaches	**237,403**	210,912
Adjustment to IRB RWA for scaling factor	**5,842**	5,463
Other assets not included in standardized or IRB approaches	**32,680**	23,177
Total credit risk	**275,925**	239,552
Market risk		
Trading book	**14,376**	11,734
Operational risk		
Standardized approach	**38,092**	35,069
Total	**$ 328,393**	$ 286,355

[1] Effective the third quarter of 2014, each capital ratio has its own RWA measure due to the OSFI prescribed scalar for inclusion of the CVA. Effective the third quarter of 2014, the scalars for inclusion of CVA for CET1, Tier 1, and Total Capital RWA are 57%, 65%, and 77% respectively.

During the year, RWA increased $42 billion, primarily due to higher RWA requirements with transition to Basel III and organic growth in the retail and commercial businesses in both Canada and the U.S. The new rules required a capital charge add-on for derivatives credit valuation adjustment effective January 1, 2014.

TABLE 46: FLOW STATEMENT FOR RISK-WEIGHTED ASSETS – Disclosure for non-counterparty credit risk and counterparty credit risk
Risk-weighted assets movement by key driver

(billions of Canadian dollars)

			For the three months ended	
	October 31, 2014		July 31, 2014	
	Non-counterparty credit risk	**Counterparty credit risk**	Non-counterparty credit risk	Counterparty credit risk
Common Equity Tier 1 Capital RWA, balance at beginning of period	**$ 249.1**	**$ 16.4**	$ 246.1	$ 17.6
Book size	**4.0**	**1.3**	5.8	(1.2)
Book quality	**(0.3)**	**–**	(0.9)	–
Model updates	**(0.1)**	**–**	(0.6)	–
Methodology and policy	**–**	**–**	–	–
Acquisitions and disposals	**–**	**–**	–	–
Foreign exchange movements	**5.2**	**0.2**	(0.7)	–
Other	**0.1**	**–**	(0.6)	–
Total RWA movement	**8.9**	**1.5**	3.0	(1.2)
Common Equity Tier 1 Capital RWA, balance at end of period	**$ 258.0**	**$ 17.9**	$ 249.1	$ 16.4

Counterparty credit risk comprises OTC derivatives, repo-style transactions, trades cleared through central counterparties, and CVA RWA (phased in at 57%).
Non-counterparty credit risk includes loans and advances to retail customers (individuals and small business), corporate entities (wholesale and commercial customers), banks and governments, as well as holdings of debt, equity securities, and other assets (including prepaid expenses, current and deferred income taxes, land, building, equipment, and other depreciable property).

The Book size category consists of organic changes in book size and composition (including new business and maturing loans) and, for the fourth quarter of 2014, is mainly due to growth in derivatives, corporate, and commercial loans in the Wholesale and U.S. Retail segments and across various portfolios in the Canadian Retail segment.

The Book quality category includes quality of book changes caused by experience such as underlying customer behaviour or demographics, including changes through model calibrations/realignments.

The Model updates category relates to model implementation, changes in model scope, or any changes to address model malfunctions.

The Methodology and policy category impacts are methodology changes to the calculations driven by regulatory policy changes, such as new regulations.

Foreign exchange movements are mainly due to a change in the U.S. dollar foreign exchange rate on the U.S. portfolios in the U.S. Retail segment.

The Other category consists of items not described in the above categories including changes in exposures not included under advanced or standardized methodologies such as prepaid expenses, current and deferred income taxes, land, building, equipment and other depreciable property, and other assets.

TABLE 47: FLOW STATEMENT FOR RISK-WEIGHTED ASSETS – Disclosure for market risk
Risk-weighted assets movement by key driver

(billions of Canadian dollars)

	For the three months ended	
	October 31, 2014	July 31, 2014
RWA, balance at beginning of period	**$ 13.7**	$ 12.8
Movement in risk levels	**0.9**	0.7
Model updates	**(0.2)**	0.2
Methodology and policy	**–**	–
Acquisitions and disposals	**–**	–
Foreign exchange movements and other	**n/m**[1]	n/m[1]
Total RWA movement	**0.7**	0.9
RWA, balance at end of period	**$ 14.4**	$ 13.7

1 Not meaningful.

The Movement in risk levels category reflects changes in risk due to position changes and market movements. Increases in Canadian provincial bonds drove the increase in contribution to RWA.

The Model updates category reflects updates to the model to reflect recent experience and changes in model scope. Updates to the Bank's model to incorporate changes to the treatment of TD's own debt, and improvements in the quality of the data underlying the model, drove the changes.

The Methodology and policy category reflects methodology changes to the calculations driven by regulatory policy changes.

Foreign exchange movements and other are deemed not meaningful since RWA exposure measures are calculated in Canadian dollars. Therefore, no foreign exchange translation is required.

TABLE 48: FLOW STATEMENT FOR RISK-WEIGHTED ASSETS – Disclosure for operational risk
Risk-weighted assets movement by key driver

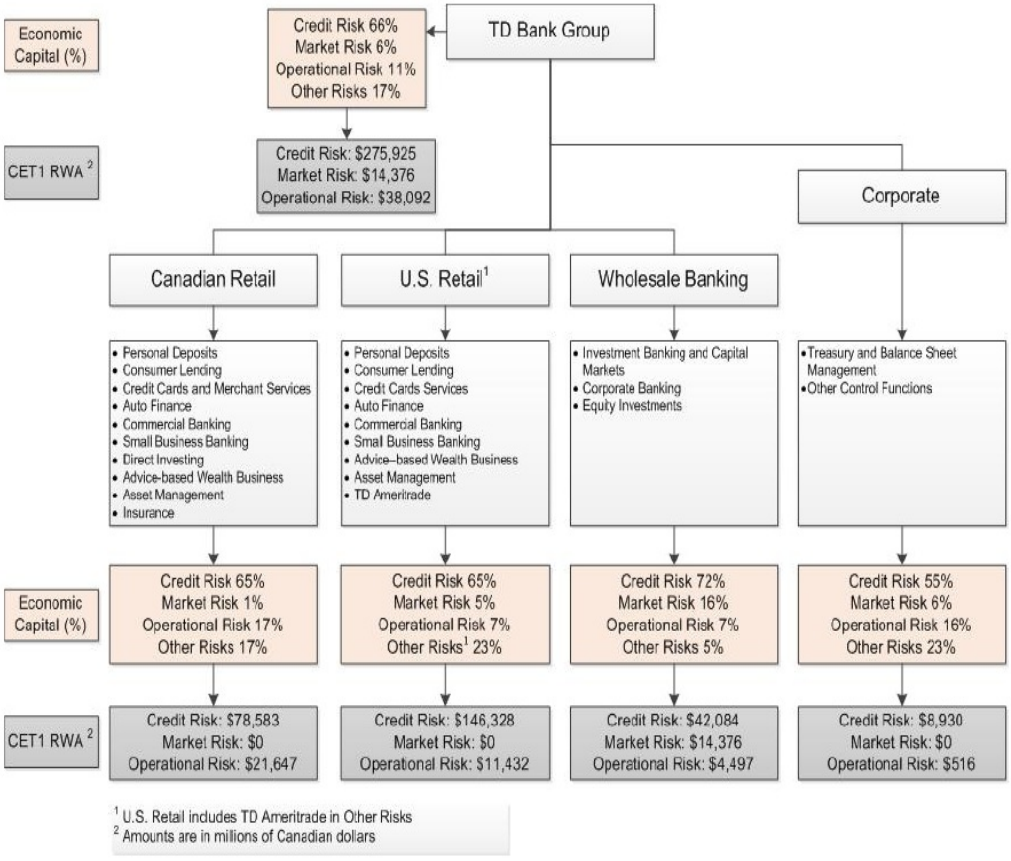
(billions of Canadian dollars)

	For the three months ended	
	October 31, 2014	July 31, 2014
RWA, balance at beginning of period	**$ 37.5**	$ 36.7
Revenue generation	**0.6**	0.8
RWA, balance at end of period	**$ 38.1**	$ 37.5

The movement in the Revenue generation category is mainly due to an increase in gross income related to the U.S. Retail and Canadian Retail segments.

ECONOMIC CAPITAL AND RISK WEIGHTED ASSETS BY SEGMENT

The following chart provides a breakdown of the Bank's regulatory capital and economic capital as at October 31, 2014. Regulatory Capital reflects the RWA required for Pillar I risks only, namely credit, trading market risk, and operational risk. Economic capital reflects the Bank's internal view of capital required for risks captured under the regulatory framework and includes those risks identified as Basel II Pillar II risks which are not captured within the assessment of RWA and are described in the "Economic Capital" section of this document. Economic capital is also assessed at a higher confidence level which is consistent with the Bank's overall target debt rating. The differences between economic capital and regulatory capital in the following figure are predominately due to the additional Pillar II risks captured under economic capital and the variance in confidence level. For additional information on the risks highlighted below, refer to the "Managing Risk" section of this document.



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

TABLE 49: OUTSTANDING EQUITY AND SECURITIES EXCHANGEABLE/CONVERTIBLE INTO EQUITY[1]

(millions of shares/units, except as noted)

	As at	
	October 31, 2014	October 31, 2013
	Number of shares/units	Number of shares/units
Common shares outstanding	**1,846.2**	1,838.9
Treasury shares – common	**(1.6)**	(3.9)
Total common shares	**1,844.6**	1,835.0
Stock options		
Vested	**7.1**	8.8
Non-vested	**12.3**	13.2
Series O[2]	**–**	17.0
Series P	**10.0**	10.0
Series Q	**8.0**	8.0
Series R	**10.0**	10.0
Series S[3]	**5.4**	5.4
Series T[3]	**4.6**	4.6
Series Y[4]	**5.5**	5.5
Series Z[4]	**4.5**	4.5
Series AA[5]	**–**	10.0
Series AC[6]	**–**	8.8
Series AE[7]	**–**	12.0
Series AG[8]	**–**	15.0
Series AI[9]	**–**	11.0
Series AK[10]	**–**	14.0
Series 1[11]	**20.0**	–
Series 3[12]	**20.0**	–
Total preferred shares – equity	**88.0**	135.8
Treasury shares – preferred	**–**	(0.1)
Total preferred shares	**88.0**	135.7
Capital Trust Securities (thousands of shares)		
Trust units issued by TD Capital Trust III:		
TD Capital Trust III Securities – Series 2008	**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, see Note 21 to the Consolidated Financial Statements.

2 On October 31, 2014, the Bank redeemed all of its outstanding Class A First Preferred Shares, Series O, at a redemption price of $25 per share.

3 On July 31, 2013, the Bank converted 4.6 million of its 10 million non-cumulative 5-year Rate Reset Preferred Shares, Series S, on a one-for-one basis, into non-cumulative Floating Rate Preferred Shares, Series T of the Bank.

4 On October 31, 2013, the Bank converted 4.5 million of its 10 million non-cumulative 5-year Rate Reset Preferred Shares, Series Y, on a one-for-one basis, into non-cumulative Floating Rate Preferred Shares, Series Z of the Bank.

5 On January 31, 2014, the Bank redeemed all of its outstanding 5-Year Rate Reset Preferred Shares, Series AA, at a redemption price of $25 per share.

6 On January 31, 2014, the Bank redeemed all of its outstanding 5-Year Rate Reset Preferred Shares, Series AC, at a redemption price of $25 per share.

7 On April 30, 2014, the Bank redeemed all of its outstanding 5-Year Rate Reset Preferred Shares, Series AE, at a redemption price of $25 per share.

8 On April 30, 2014, the Bank redeemed all of its outstanding 5-Year Rate Reset Preferred Shares, Series AG, at a redemption price of $25 per share.

9 On July 31, 2014, the Bank redeemed all of its outstanding 5-Year Rate Reset Preferred Shares, Series AI, at a redemption price of $25 per share.

10 On July 31, 2014, the Bank redeemed all of its outstanding 5-Year Rate Reset Preferred Shares, Series AK, at a redemption price of $25 per share.

11 On June 4, 2014, the Bank issued 20 million non-cumulative 5-Year Rate Reset Preferred Shares, Series 1 (Series 1 shares) for gross cash consideration of $500 million, which included NVCC Provisions to ensure loss absorbency at the point of non-viability. If the NVCC Provisions were to be triggered, the maximum number of common shares that could be issued based on the formula for conversion applicable to the Series 1 shares, and assuming there are no declared and unpaid dividends on the Series 1 shares or Series 2 shares, as applicable, would be 100 million.

12 On July 31, 2014, the Bank issued 20 million non-cumulative 5-Year Rate Reset Preferred Shares, Series 3 (Series 3 shares) for gross cash consideration of $500 million, which included NVCC Provisions to ensure loss absorbency at the point of non-viability. If the NVCC Provisions were to be triggered, the maximum number of common shares that could be issued based on the formula for conversion applicable to the Series 3 shares, and assuming there are no declared and unpaid dividends on the Series 3 shares or Series 4 shares, as applicable, would be 100 million.

FUTURE CHANGES IN BASEL

Future Regulatory Capital Developments

In December 2013, BCBS published a second consultative document proposing a revised securitization framework. The proposal aims to enhance current methodologies for calculating securitization RWA by making them more risk sensitive and limiting over-reliance on rating agencies. While the second consultative document yields capital requirements that are lower than those produced in the first consultative document, it would still generally increase the current risk weights of securitization exposures.

In January 2014, the BCBS issued an update to the exposure measure calculation and disclosure requirements of the Basel III leverage ratio framework. The leverage ratio was initially announced in the Basel III framework in December 2010 and, similar to the ACM, is intended to serve as a supplementary measure to risk-based capital requirements, with the objective of constraining the build-up of excess leverage in the banking sector. The January 2014 update made changes to the exposure measure calculation which are expected to result in a favourable impact to the Bank's Basel III leverage ratio. In July 2014, TD received its authorized leverage ratio from OSFI, which has been communicated on a bilateral basis. In October 2014, OSFI released its final guideline for the Leverage Ratio Requirements and replaces the ACM with the leverage ratio on January 1, 2015. While the Basel III leverage ratio has been reported to OSFI on a bilateral basis since 2013, public disclosure of the ratio will commence as part of TD's first quarter 2015 reporting. The Bank expects to meet OSFI's authorized leverage ratio as at January 1, 2015.

On August 1, 2014, the Department of Finance released a public consultation paper (the "Bail-in Consultation") regarding a proposed Taxpayer Protection and Bank Recapitalization regime (commonly referred to as "bail-in") which outlines their intent to implement a comprehensive risk management framework for Canada's D-SIBs. Refer to the section on "Regulatory Developments Concerning Liquidity and Funding" in this document for more details.

As part of adopting final Basel III rules in the U.S., effective January 1, 2014, the Bank's U.S. holding company and major U.S. retail bank subsidiaries commenced reporting available regulatory capital on a U.S. Basel III basis. RWA will continue to be reported according to the U.S. general risk-based capital rules (namely "Basel I"), until January 1, 2015, when the Bank's U.S. holding company and major U.S. retail bank subsidiaries will report both available regulatory capital and RWA on a U.S. Basel III basis.

In February 2014, the U.S. Federal Reserve Board released final rules on Enhanced Prudential Standards for large Foreign Bank Organizations and U.S. Bank Holding Companies (BHCs). As a result of these rules, TD will be required to consolidate 90% of its U.S. legal entity ownership interests under a single top-tier U.S. Intermediate Holding Company (IHC) by July 1, 2016, and consolidate 100% of its U.S. legal entity ownership interest by July 1, 2017. The IHC will be subject to the same extensive capital, liquidity, and risk management requirements as large BHCs.

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. See Note 2 to the Consolidated Financial Statements for further information regarding the accounting for SPEs.

Securitization of Bank-Originated Assets

The Bank securitizes residential mortgages, business and government loans, personal loans, automobile loans, and credit card 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 remain on the Bank's Consolidated Balance Sheet. Additionally, the Bank securitizes personal loans and credit card 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. All other products securitized by the Bank were originated in Canada and sold to Canadian securitization structures. See Notes 9 and 10 to the Consolidated Financial Statements for further information.

TABLE 50: 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, 2014
Residential mortgage loans	**$ 23,796**	**$ –**	**$ –**	**$ 9,765**	**$ –**
Consumer instalment and other personal loans[2]	**–**	**–**	**6,081**	**–**	**–**
Credit card loans[2]	**–**	**–**	**–**	**–**	**–**
Business and government loans	**2**	**–**	**–**	**2,031**	**44**
Total exposure	**$ 23,798**	**$ –**	**$ 6,081**	**$ 11,796**	**$ 44**
					October 31, 2013
Residential mortgage loans	$ 23,157	$ –	$ –	$ 16,229	$ –
Consumer instalment and other personal loans[2]	–	–	6,141	–	–
Credit card loans[2]	–	–	300	–	–
Business and government loans	35	–	–	2,322	52
Total exposure	$ 23,192	$ –	$ 6,441	$ 18,551	$ 52

[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. As at October 31, 2014, the Bank has not recognized any retained interests due to the securitization of residential mortgage loans on its Consolidated Balance Sheet.

Consumer Instalment and Other Personal Loans

The Bank securitizes consumer instalment and other personal loans through consolidated SPEs. The Bank consolidates the SPEs as they serve as financing vehicles 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 SPEs. As at October 31, 2014, the SPEs had $4 billion of issued commercial paper outstanding (October 31, 2013 – $5 billion) and $2 billion of issued notes outstanding (October 31, 2013 – $1 billion). As at October 31, 2014, the Bank's maximum potential exposure to loss for these conduits was $6 billion (October 31, 2013 – $6 billion) of which $1 billion of underlying consumer instalment and other personal loans was government insured (October 31, 2013 – $1 billion).

Credit Card Loans

The Bank securitizes credit card loans through a consolidated 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 is exposed to the majority of the residual risks of the SPE. As at October 31, 2014, the consolidated SPE had no issued notes outstanding as the remaining notes matured during the third quarter of 2014 (October 31, 2013 – $0.6 billion). As at October 31, 2014, the Bank's maximum potential exposure to loss for this SPE was nil (October 31, 2013 – $0.6 billion).

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 Consolidated Special Purpose Entities

The Bank has a securitization exposure to certain third-party originated assets through a consolidated SPE. The Bank consolidates the SPE since TD has power over the key economic decisions of the SPE, it is wholly-funded by the Bank, and the Bank is exposed to the majority of the risks of the SPE. As at October 31, 2014, the consolidated SPE had $524 million (October 31, 2013 – $312 million) of assets secured by underlying trade receivables originated in the U.S. The weighted-average life of these assets is 2.4 years (October 31, 2013 – 3.4 years). The Bank's maximum potential exposure to loss due to its funding of the SPE as at October 31, 2014, was $524 million (October 31, 2013 – $312 million). As at October 31, 2014, the funding is provided primarily through a senior facility that has an AA rating from the credit rating agency. Further, as at October 31, 2014, the Bank had committed to provide an additional $96 million (October 31, 2013 – $53 million) in funding to the SPE.

Significant Non-Consolidated 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. TD'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 $9.9 billion as at October 31, 2014 (October 31, 2013 – $9.8 billion). Further, as at October 31, 2014, the Bank had committed to provide an additional $1.4 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, 2013 – $2 billion).

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

TABLE 51: EXPOSURE TO THIRD PARTY-ORIGINATED ASSETS SECURITIZED BY BANK-SPONSORED CONDUITS

(millions of Canadian dollars, except as noted)

				As at
	October 31, 2014			October 31, 2013
	Exposure and ratings profile of unconsolidated SPEs AAA[1]	**Expected weighted-average life (years)[2]**	Exposure and ratings profile of unconsolidated SPEs AAA[1,3]	Expected weighted-average life (years)[2]
Residential mortgage loans	**$ 6,395**	**3.3**	$ 5,701	2.9
Credit card loans	**–**	**–**	–	–
Automobile loans and leases	**1,777**	**1.3**	2,208	1.3
Equipment loans and leases	**–**	**–**	–	–
Trade receivables	**1,753**	**1.7**	1,887	2.3
Total exposure	**$ 9,925**	**2.7**	$ 9,796	2.4

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.

3 Certain comparative amounts have been restated to conform with the presentation adopted in the current period.

As at October 31, 2014, the Bank held $1.3 billion of ABCP issued by Bank-sponsored multi-seller conduits within the Available-for-sale securities and Trading loans, securities, and other categories on its Consolidated Balance Sheet (October 31, 2013 – $1.7 billion).

EXPOSURE TO THIRD PARTY SPONSORED CONDUITS

The Bank has exposure to U.S. third party-sponsored conduits arising from providing liquidity facilities of $564 million as at October 31, 2014 (October 31, 2013 – $521 million), of which nil has been drawn (October 31, 2013 – nil). The assets within these conduits are comprised of individual notes backed by automotive loan receivables. As at October 31, 2014, these assets have maintained ratings from various credit rating agencies, with a minimum rating of AA.

The Bank did not have any exposure to Canadian third party-sponsored conduits in the form of margin funding facilities as at October 31, 2014, and October 31, 2013.

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 29 to the 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 29 to the Consolidated Financial Statements are leveraged finance credit commitments. Leveraged finance credit commitments are agreements that provide funding to a wholesale borrower with higher levels of debt, measured by the ratio of debt capital to equity capital of the borrower, relative to the industry in which it operates. The Bank's exposure to leveraged finance credit commitments as at October 31, 2014, was not significant (October 31, 2013 – not significant).

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, written options, and indemnification agreements. Certain guarantees remain off-balance sheet. See Note 29 to the Consolidated Financial Statements for further information regarding the accounting for guarantees.

GROUP FINANCIAL CONDITION

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 and their affiliates 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.

TABLE 52: LOANS TO KEY MANAGEMENT PERSONNEL, THEIR CLOSE FAMILY MEMBERS AND THEIR RELATED ENTITIES

(millions of Canadian dollars)

		As at	
		October 31 2014	October 31 2013
Personal loans, including mortgages	**$**	**4**	$ 3
Business loans		**262**	181
Total	**$**	**266**	$ 184

In addition, the Bank offers deferred share and other plans to non-employee directors, executives, and certain other key employees. See Note 25 to the 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 EQUITY-ACCOUNTED INVESTEES

(1) 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. Pursuant to the Stockholders Agreement in relation to the Bank's equity investment in TD Ameritrade, the Bank designated five of twelve members of TD Ameritrade's Board of Directors including the Bank's Group President and Chief Executive Officer, its former Group President and Chief Executive Officer, two independent directors of TD, and a former independent director of TD.

The following is a description of significant transactions of the Bank and its affiliates with TD Ameritrade.

Insured Deposit Account (formerly known as Money Market Deposit Account) Agreement

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, IDAs as designated sweep vehicles. TD Ameritrade provides marketing and support services with respect to the IDA. The Bank paid fees of $895 million in 2014 (2013 – $821 million; 2012 – $834 million) to TD Ameritrade for the deposit accounts. The fee paid by the Bank is based on the average insured deposit balance of $80 billion in 2014 (2013 – $70 billion; 2012 – $60 billion) with a portion of the fee 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 based on an agreed rate of return. The Bank earns a servicing fee of 25 basis points on the aggregate average daily balance in the sweep accounts (subject to adjustment based on a specified formula).

As at October 31, 2014, amounts receivable from TD Ameritrade were $103 million (October 31, 2013 – $54 million). As at October 31, 2014, amounts payable to TD Ameritrade were $104 million (October 31, 2013 – $103 million).

(2) TRANSACTIONS WITH SYMCOR INC.

The Bank has one-third ownership in Symcor Inc. (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 fiscal 2014, the Bank paid $122 million (2013 – $128 million; 2012 – $128 million) for these services. As at October 31, 2014, the amount payable to Symcor was $10 million (October 31, 2013 – $10 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, 2014, and October 31, 2013.

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, and derivative instruments; 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, loans, and securities designated at fair value through profit or loss, securities classified as available-for-sale, and all derivatives are measured at fair value in the Bank's Consolidated Financial Statements, with the exception of certain available-for-sale securities recorded at cost. Financial instruments classified as held-to-maturity, loans and receivables, 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 "Critical Accounting Estimates" – Determination of Fair Value 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 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. 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 MD&A.

TOP AND EMERGING RISKS THAT MAY AFFECT THE BANK AND FUTURE RESULTS

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. Many of the risks are beyond the Bank's control and their effects, which can be difficult to predict, 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.

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

General Business and Economic Conditions

TD and customers of the Bank operate in Canada, the U.S., and 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 and capital markets, real estate prices, employment levels, consumer spending and debt levels, business investment, government spending, exchange rates, sovereign debt risks, the strength of the economy, threats of terrorism, civil unrest, 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 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 risks.

Executing on Key Priorities and Strategies

The Bank regularly has a number of priorities and strategies, including as detailed in each segment's "Business Segment Analysis" section of this document, which may include large scale initiatives that are at various stages of development or implementation. Examples include new acquisitions, integration of recently acquired businesses, projects to meet new regulatory requirements or enhancement of existing technology. Risk can be elevated due to the size, scope, 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 thorough due diligence before completing an acquisition and closely monitors integration activities and performance post acquisition. However, there is no assurance that TD will achieve its objectives, including anticipated cost savings, or revenue synergies following acquisitions and integration. In general, while significant management attention is in place on the governance, oversight, methodology, tools, and resources to manage our priorities and strategies, our ability to execute on them are dependent on a number of assumptions and factors. These include those set out in the "Business Outlook" and "Risk Management" sections of this document, as well as on 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 acquisition, strategic plans or priorities do not meet with success, 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 Information Security Risk

Technology and information 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 socio political 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, 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 and the third parties providing services to us, may be subject to attacks, breaches or other compromises. These may include cyber-attacks such as targeted attacks on banking systems and applications, malicious software, denial of service attacks, phishing attacks and theft of data. The Bank actively monitors, manages and continues to enhance its ability to mitigate these technology and information security risks through enterprise-wide programs, industry best practices, and robust threat and vulnerability assessments and responses. It is possible that the Bank, or those with whom the Bank does business, may not anticipate or implement effective measures against all such risks, particularly because the techniques used change frequently and risks can originate from a wide variety of sources that have also become increasingly sophisticated. As such, with any attack, breach or compromise of technology or information systems, hardware or related processes, the Bank may experience, among other things, financial loss, a loss of customer or business opportunities, disruption to operations, misappropriation or unauthorized release of confidential, financial or personal information, litigation, regulatory penalties or intervention, remediation, investigation or restoration cost, and reputational damage.

Evolution of Fraud and Criminal Behaviour
The Bank is routinely exposed to various types of fraud. The sophistication, complexity and materiality of these crimes is evolving quickly. 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 other parties including financial statements and financial information. The Bank may also rely on the representations of customers and counterparties as to the accuracy and completeness of such information. In addition to the risk of material loss that could result in the event of a financial crime, client and market confidence in the Bank could be potentially impacted. TD has invested in a coordinated approach to strengthen the Bank's fraud defenses and build upon existing practices in Canada and the U.S. The Bank continues to introduce new capabilities and defenses that will help achieve an enhanced position to combat more complex fraud.

Third Party Service Providers
The Bank recognizes the value of using third parties to support its business, as they provide access to leading processes and solutions, specialized expertise, innovation, economies of scale and operational efficiencies. However, they also create a reliance upon the continuity, reliability and security of these relationships and their associated processes, people and facilities. As the financial services industry and its supply chains become more complex, the need for robust, sophisticated controls and ongoing oversight also grows. Just as the Bank's own services, information technology, facilities and processes could be subject to failures or disruptions as a result of human error, natural disasters, utility disruptions, and criminal or terrorist acts (such as cyber-attacks) each of its suppliers may be exposed to similar risks which could in turn impact the Bank's operations. Such adverse effects could limit TD's ability to deliver products and services to customers, and/or damage the Bank's reputation. Consequently, the Bank has established expertise and resources dedicated to third party supplier risk management, and policies and procedures governing third party relationships from the point of selection through the life cycle of both the relationship and the good or service. 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 introduction of new, and changes to current laws and regulations, changes in interpretation of existing laws and regulations, judicial decisions, as well as the fiscal, economic and monetary policies of various regulatory agencies in Canada and the U.S. and other countries internationally, and changes in their interpretation or implementation, could adversely affect TD's operations and profitability. 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; and 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). In particular, the most recent financial crisis resulted in, and could further result in, unprecedented and considerable change to laws and regulations applicable to financial institutions and the financial industry. 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.

Dodd-Frank Wall Street Reform and Consumer Protection Act
The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank), a United States federal law, was signed into law on July 21, 2010. It requires significant structural reform to the U.S. financial services industry and ultimately affects every financial institution operating in the U.S., including the Bank. Due to certain extraterritorial aspects, it also impacts the Bank's operations outside the U.S., including in Canada. Many parts of the law are now in effect and others are now in the implementation stage, while regulations on other portions of the law remain to be finalized. Certain of the rules that impact the Bank include:

- *The "Volcker Rule"* – In December 2013, the U.S. Federal Reserve and other U.S. federal regulatory agencies issued final regulations implementing the Volcker Rule provision of Dodd-Frank, which restricts banking entities from engaging in proprietary trading and from sponsoring or investing in certain hedge funds and private equity funds. Under the final Volcker Rule regulations, banking entities are required to conform their covered trading activities, investments and sponsorship activities to the Volcker Rule by July 21, 2015, absent an applicable exemption or further extension to the conformance period by the Federal Reserve – The Bank has established conformance plans, where relevant, but we are still in the process of evaluating the full impact of the Volcker Rule on our current activities. The Volcker Rule has and will likely continue to increase our operational and compliance costs, and may also restrict certain of our trading and fund investment or sponsorship activities.
- *Debit Interchange* – On July 31, 2013, the U.S. District Court for the District of Columbia issued a ruling regarding the Federal Reserve's rules implementing a limit on debit interchange fees. The district court's ruling effectively required the Federal Reserve to lower the cap on debit interchange fees by requiring the Federal Reserve to recalculate the cap without considering certain costs to issuers. Subsequently, the Appellate court overturned the District Court's decision. That Appellate court decision is now under appeal by the merchant plaintiffs. If the Federal Reserve, upon final resolution of the dispute, implements a lower cap on debit interchange fees, there may be adverse impact on our debit card interchange fee revenue.
- *Capital planning and Stress testing* – Pursuant to the Federal Reserve's Comprehensive Capital Analysis and Review (CCAR) process, we must submit our capital plan and stress test results to the Federal Reserve on an annual and semi-annual basis respectively, beginning in 2016. In addition, TD Bank, N.A. and TD Bank USA are required to conduct stress testing pursuant to the requirements of the Office of the Comptroller of the Currency (OCC), which also defines the stress test scenarios. Any issues arising from stress testing may negatively impact the Bank's market position, businesses, operations and reputation and lead to increased costs.
- *Intermediate Holding Company* – On February 18, 2014, the U.S. Federal Reserve adopted a final rule that imposes "enhanced prudential standards" on the operations of foreign banking organizations (FBO) with consolidated assets of $10 billion or more in the U.S., such standards including, for example, enhanced capital and liquidity standards, stress testing requirements, and risk management standards. In addition, FBOs with consolidated U.S. assets of $50 billion or more, such as the Bank, must place all of their U.S. operations (excluding branch and agency operations) under a top-tier U.S. intermediate holding company (IHC), with 90 percent of assets being transferred to the IHC by July 1, 2016, and the remaining by July 1, 2017. It is anticipated that the foregoing actions will likely require TD to incur operational and compliance costs and may impact its businesses, operations and results in the U.S. and overall.

The Bank has instituted an enterprise-wide regulatory reform delivery program to analyze and implement applicable Dodd-Frank rules and regulations in an integrated and comprehensive manner. However, the full extent and magnitude of the adjustments to our businesses that will be required under Dodd-Frank, and our ability to make them, remain unclear and difficult to predict. As such, in general, in connection with Dodd-Frank regulations and actions by regulators, the Bank could be negatively impacted by loss of revenue, limitations on the products or services it offers, and additional compliance costs.

Basel III

OSFI's guideline on "Liquidity Adequacy Requirements" (LAR) requires banks to meet the Basel III Liquidity Coverage Ratio (LCR) of 100% starting in January 2015 and the Net Stable Funding Ratio (NSFR) starting in January 2018. The Bank has been managing its liquidity risk under a prudent framework and is making necessary adjustments to ensure compliance with LCR while maintaining liquidity levels within the Risk Appetite of the Bank. Certain business lines will be modestly impacted by the cost of implementing regulatory liquidity measures. In addition, the Basel III Leverage Ratio is a non-risk based ratio that acts as a supplementary measure to the risk-based capital requirements, with the objective of constraining the build-up of excess leverage in the banking sector. Effective January 1, 2015, the Leverage Ratio replaces the Assets-to-Capital multiple and is required to be publicly disclosed. The Bank continues to monitor and manage its capital and asset levels to ensure compliance.

Consumer Businesses

Our consumer businesses are subject to extensive regulation and oversight. Regulatory change is occurring in all of the geographies we operate, with some of the most significant changes arising in the U.S. where, for instance, Dodd-Frank established the Consumer Financial Protection Bureau (CFPB), a regulatory agency with its own examination and enforcement authority. Regulators in the U.S. have demonstrated a trend towards establishing new standards and best practice expectations via enforcement actions and an increased use of public enforcement with substantial fines and penalties when compliance breaches occur. TD continually monitors and evaluates the potential impact of rules, proposals, consent orders and regulatory guidance relevant to its consumer businesses and has a Fair & Responsible Banking Compliance group which provides oversight, monitoring and analysis of fair lending and unfair, deceptive or abusive acts or practices risks. However, while we devote substantial compliance, legal and operational business resources to facilitate compliance with these rules by their respective effective dates, it is possible that we may not be able to accurately predict the impact of final versions of rules or enforcement actions taken by regulators. In addition, regulators may continue to take formal enforcement action, rather than taking informal supervisory actions, more frequently than they have done historically. As a result of the foregoing, despite its prudence and management efforts, the Bank's operations and its 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. As such, the Bank may continue to face a greater number or wider scope of investigations, enforcement actions and litigation, and the Bank 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.

Principles for Effective Risk Data Aggregation

In January 2013, the Basel Committee on Banking Supervision (BCBS) finalized their ‘Principles for Effective Risk Data Aggregation and Reporting’. The principles provide guidelines for areas such as: governance of risk data, architecture and infrastructure, accuracy, completeness, timeliness, and adaptability of reporting. As a result, the bank faces increased complexity with respect to operational compliance and may incur increased compliance and operating costs. The Bank has assessed itself against each of the principles at enterprise and risk specific levels. Programs are in place to manage the enhancement of Risk Data Aggregation.

Level of Competition and Disruptive Technology

The Bank currently operates in a highly competitive industry and its performance is impacted by the level of competition. Customer retention and attraction of new customers can be influenced by many factors, such as pricing and distribution of products or services. Deterioration in these factors or a loss of market share could adversely affect the Bank’s earnings. The Bank operates in a global environment and laws and regulations that apply to it may not universally apply to competitors in various jurisdictions creating an uneven playing field that may favour certain domestic institutions. In addition, other types of financial institutions, such as insurance companies, as well as non-financial institutions are increasingly offering products and services traditionally offered by banks and through other distribution methods including internet and mobile technology. The nature of disruption is such that it can be difficult to anticipate and/or respond adequately, representing inherent risks to certain businesses including payments. This type of competition could adversely impact the Bank’s earnings by reducing fee revenue and net interest income. Each of the business segments of the Bank monitors the competitive environment including reviewing and amending customer acquisition and management strategies as appropriate. The Bank has been investing in enhanced capabilities for our customers to transact across all of our channels seamlessly, with a particular emphasis on mobile technologies.

Managing Risk

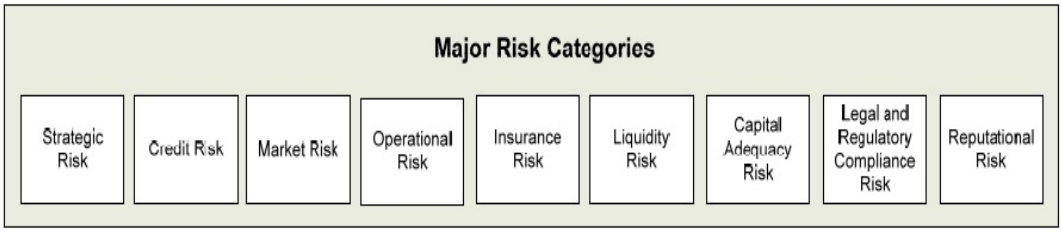
EXECUTIVE SUMMARY

Growing profitability in financial services involves selectively taking and managing risks within TD'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 TD's businesses to ensure it can meet its future strategic objectives.

The Bank's Enterprise Risk Framework (ERF) reinforces TD'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 business 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 TD's risk appetite.

RISKS INVOLVED IN TD'S BUSINESSES

TD's Risk Inventory describes the 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. TD's major risk categories are: Strategic Risk, Credit Risk, Market Risk, Operational Risk, Insurance Risk, Liquidity Risk, Capital Adequacy Risk, Legal and Regulatory Compliance Risk, and Reputational Risk.



RISK APPETITE

TD's Risk Appetite Statement (RAS) is the primary means used to communicate how TD defines risk and determines the risks it is willing to take. In defining its risk appetite, The Bank takes into account its vision, mission, strategy, guiding principles, risk philosophy, and capacity to bear risk. The guiding principles for TD'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.

TD considers current 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. TD'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 TD'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 of the Board (Risk Committee); other RAS 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 TD's RAS measures.

RISK CULTURE

The Bank's risk culture embodies the "tone at the top" set by the Board, Chief Executive Officer (CEO), and Senior Executive Team (SET), which informs TD's vision, mission, guiding principles, and leadership profile. These governing objectives describe the attitudes and 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. TD's risk culture promotes accountability, learning from past experiences, and encourages open communication and transparency on all aspects of risk taking. TD 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 TD's risk culture. TD'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 TD 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. TD'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 prepared by Risk Management and reviewed by the Risk Committee 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 employees 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 independent oversight and objective 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 TD'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 TD's risk culture by increasing the knowledge and understanding of the Bank's expectations for risk taking.

WHO MANAGES RISK

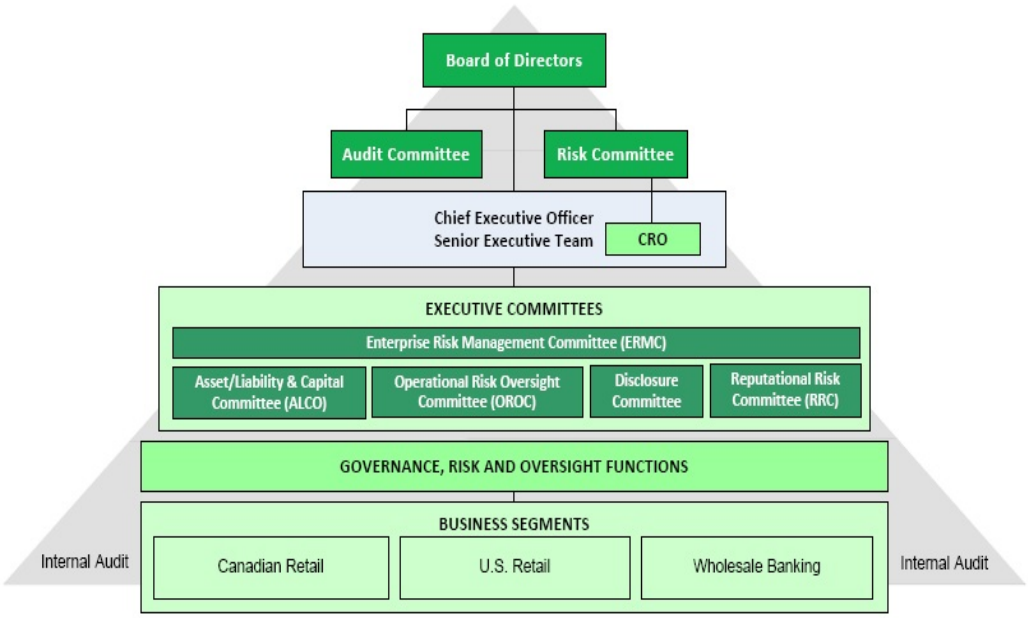
TD's risk governance structure emphasizes and balances strong independent oversight with clear ownership for risk control within each business segment. Under the Bank's approach to risk governance, business segments are accountable for risks arising in their business and are responsible for identifying, assessing and measuring the risks, as well as designing and implementing mitigating controls. Business segments also monitor and report on the ongoing effectiveness of their controls to safeguard TD from exceeding its risk appetite.

The Bank's risk governance model includes a senior management committee structure that is designed to support transparent risk reporting and discussions. TD'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 within the Bank's risk appetite and apply it to the business segments. Risk Management, headed by the Group Head and CRO, recommends 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 also employs a "three lines of defense" model to describe the role of business segments (First Line), governance, risk, and oversight functions, such as Risk Management, and Legal and Regulatory Compliance functions (Second Line), and Internal Audit (Third Line) in managing risk across TD.

Within the U.S. Retail business segment, additional 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 management culture, and the internal control framework across the enterprise. It accomplishes its risk management mandate both directly and indirectly through its four committees, primarily the Risk Committee and the Audit Committee, as well as the Human Resources and Corporate Governance Committees. On an annual basis, the Board reviews and approves TD's RAS and related measures to ensure ongoing relevance and alignment with TD's strategy.

The Risk Committee
The Risk Committee is responsible for reviewing and challenging TD's RAS prior to recommending it 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, challenges, and approves certain enterprise risk management policies that support compliance with TD's risk appetite, and monitors the management of risks and risk trends via the quarterly review of the risk dashboard.

The Audit Committee
The Audit Committee, in addition to overseeing financial reporting, assesses the adequacy and effectiveness of internal controls, including controls over relevant enterprise risk management processes and the activities of the Bank's Global Anti-Money Laundering (AML) and Compliance groups. The Committee monitors compliance with policies in respect of ethical personal and business conduct, including the Bank's Code of Conduct and Ethics.

The Human Resources Committee
The Human Resources Committee, in addition to its other responsibilities, satisfies itself that Human Resources risks are appropriately identified and assessed, measured, controlled, and monitored 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 a set of corporate governance principles, including a code of conduct and ethics, aimed at fostering a healthy governance culture at TD.

Chief Executive Officer and Senior Executive Team
The CEO and the SET develop and recommend to the Board the Bank's long-term strategic plan and direction and also develop and recommend for Board approval TD's risk appetite. The SET manages enterprise risk in accordance with TD's risk appetite and considers the impact of emerging risks on the Bank's strategy. This accountability includes identifying and reporting significant risks to the Risk Committee.

Executive Committees
The CEO, in consultation with the CRO, designates TD'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 related risk activities and practices.

The ERMC, chaired by the CEO, oversees the management of major enterprise governance, risk, and control activities and promotes an integrated and effective risk 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, Insurance, Credit Cards, and Enterprise Strategy, ALCO oversees directly and through its standing subcommittees (the Risk Capital Committee, Global Liquidity Forum and Enterprise Investment Committee) the management of TD's non-trading market risk and each of its consolidated liquidity, funding, investments, and capital positions.
- OROC – chaired by the CRO, OROC oversees the strategic assessment of TD's governance, control, and operational risk structure.
- Disclosure Committee – chaired by the Group Head, Finance, Sourcing and Corporate Communications and Chief Financial Officer, the Disclosure Committee ensures that appropriate controls and procedures are in place and operating to permit timely, accurate, balanced, and compliant disclosure to regulators, shareholders, and the market.
- RRC – chaired by the CRO, RRC oversees that corporate and business initiatives, as well as matters escalated under the Reputational Risk Policy, with significant reputational risk profiles receive adequate review for reputational risk implications prior to implementation.

Risk Management
The Risk Management function, headed by the CRO, provides independent oversight of enterprise risk management, risk governance, and control and is responsible for establishing risk management strategy, frameworks, policies, and practices. Risk Management's primary objective is to support a comprehensive and proactive approach to risk management that promotes a strong risk management culture. Risk Management works with the business segments and other corporate oversight functions to establish policies, standards, and limits that align with TD's risk appetite and monitors and reports on existing and emerging risks and compliance with TD'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 central oversight while emphasizing accountability for risk within the business segment. Business management is responsible for recommending 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 TD's risk appetite and manage risk within approved risk limits.

Internal Audit
TD's internal audit function provides independent assurance to the Board regarding the effectiveness of risk management, control, and governance processes employed to ensure compliance with TD's risk appetite. Internal Audit reports on its evaluation to management and the Board.

Compliance
The mandate of TD's Compliance Department is to manage compliance risk across the Bank to align with the policies established and approved by the Audit and Risk Committees. The Compliance Department is responsible for establishing risk-based programs and standards to proactively manage known and emerging compliance risk across TD. The Compliance Department provides independent oversight and delivers operational control processes to comply with applicable legislation and regulatory requirements.

Anti-Money Laundering
The Global AML group establishes a risk-based program with standards to proactively manage known and emerging AML compliance risk across the Bank. The AML group provides independent oversight and delivers operational control processes to comply with the applicable legislation and regulatory requirements. Business segments are accountable for AML risk and are responsible for identifying and assessing the risk, measuring, designing, and implementing mitigating controls, as well as monitoring the risk.

Treasury and Balance Sheet Management
The Treasury and Balance Sheet Management (TBSM) group manages, directs, and reports on the Bank's capital and investment positions, interest rate risk, liquidity and funding risk, and the market risks of TD's non-trading banking activities. The Risk Management function oversees TBSM's capital and investment activities.

Three Lines of Defense
In order to further the understanding of responsibilities for risk management, the Bank employs a "three lines of defense" model that describes the roles and responsibilities of the business segments, governance, risk and oversight functions, and Internal Audit in managing risk across the Bank. The following chart describes the respective accountabilities of each line of defense at TD.

THREE LINES OF DEFENSE	
FIRST LINE	**BUSINESS SEGMENT ACCOUNTABILITIES**
IDENTIFY AND CONTROL	• Manage and identify risk in day-to-day activities owned by the line of business. • Ensure activities are within TD's risk appetite and risk management policies. • Design, implement, and maintain effective internal controls. • Implement risk based approval processes for all new products, services, activities, processes, and systems. • Deliver training, tools, and advice to support its accountabilities. • Monitor and report on risk profile.
SECOND LINE	**GOVERNANCE, RISK, AND OVERSIGHT FUNCTION ACCOUNTABILITIES**
SET STANDARDS AND CHALLENGE	• Establish enterprise governance, risk, and control strategies and policies. • Provide oversight and independent challenge to the First Line of defense through review, inquiry, and discussion. • Develop and communicate governance, risk, and control policies. • Provide training, tools, and advice to support the First Line of defense in carrying out its accountabilities. • Monitor and report on compliance with risk appetite and policies.
THIRD LINE	**INTERNAL AUDIT ACCOUNTABILITIES**
INDEPENDENT ASSURANCE	• Verify independently that TD's ERF is operating effectively. • Validate the effectiveness of the First and Second Lines of defense in fulfilling their mandates and managing risk.

In support of a strong risk culture, TD applies the following principles to how it manages risks:
- ***Enterprise-Wide in Scope*** – Risk Management will span all areas of TD, including third-party alliances and joint venture undertakings to the extent they may impact TD, 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 TD's daily routines, decision-making, and strategy.
- ***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
TD's approach to the risk management process is comprised of four basic components: 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, 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, TD's Enterprise-Wide Stress Testing (EWST) program enables senior management, the Board, and its committees to identify and assess 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. TD'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, including Value-at-Risk (VaR) analysis, scenario analysis, stress testing, and limits. Other examples of risk measurements include credit exposures, provision for credit losses, peer comparisons, trending analysis, liquidity coverage, leverage ratios, and capital adequacy metrics. The Bank also requires significant business segments and corporate oversight functions to assess their own key risks and internal controls annually through a structured strategic Risk and Control Self-Assessment (RCSA) program and an ongoing process 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

TD'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 TD's risk appetite and risk tolerances.

The Bank's approach to risk control also includes risk and capital assessments to appropriately capture key risks in TD's measurement and management of capital adequacy. This involves the review, challenge, and endorsement by senior management committees of ICAAP and related economic capital practices. At TD, 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 TD's 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. The ERMC, the Risk Committee, and the Board also receive annual and periodic reporting on enterprise-wide stress testing and an annual update on the Bank's ICAAP. 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 risk or any significant changes to the Bank's risk profile.

Enterprise-Wide Stress Testing

EWST at TD is part of the long-term strategic, financial and capital planning exercise that helps validate the risk appetite of the Bank. TD'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 TD's risk profile. Stress testing engages senior management in each business segment, Finance, TBSM, Economics and Risk Management. The Risk Capital Committee, which is a subcommittee of the Asset Liability and Capital Committee, provides oversight of the processes and practices governing the EWST program.

As part of its 2014 program, the Bank evaluated two internally generated macroeconomic stress scenarios covering a range of severities and duration, as described below. The scenarios were constructed to cover a wide variety of risk factors meaningful to TD'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 forecast over the stress horizon which drives the assessment of impacts. In both scenarios evaluated in the 2014 program, the Bank remained adequately capitalized with management actions. 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	
Extreme Scenario • The scenario emanates from a banking crisis stemming from emerging markets leading to sovereign and private sector defaults and a subsequent global recession. Wholesale funding markets around the world experience massive disruptions, as confidence in the banking system rapidly deteriorates. • External shocks to the Canadian economy trigger an unwinding of household imbalances. Unemployment rises sharply as home prices deteriorate significantly.	Severe Scenario • The severe scenario is modeled from historical recessions that have taken place in the United States and Canada. The recessions extend four consecutive quarters followed by a modest recovery. • Deterioration in key macroeconomic variables such as GDP, home prices and unemployment align with historically observed recessions.

Separate from the EWST program, the Bank's U.S. based subsidiaries complete their own capital planning and regulatory stress testing exercises. These include Office of the Comptroller (OCC) Dodd-Frank Act Stress Testing (DFAST) requirements for operating banks, and the Federal Reserve Board's capital plan rule and related Comprehensive Capital and Analysis Review (CCAR) requirements beginning in 2015 for the holding company.

TD 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 TD reaching the point of non-viability in order to consider meaningful remedial actions for replenishing the Bank's capital and liquidity position.

Strategic Risk

Strategic risk is the potential for financial loss or reputational damage arising from ineffective business strategies, improper implementation of business strategies, or a lack of responsiveness to changes in the business environment. Business 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 group, under the leadership of the Group Head Insurance, Credit Cards, and Enterprise Strategy is charged with developing the Bank's overall long-term and short-term strategy with input and support from senior executives across TD. In addition, each member of the SET is responsible for establishing and managing long-term and short-term strategies for their business areas (organic and through acquisitions), and for ensuring such strategies are aligned with the overall enterprise strategy and risk appetite. Each SET member is also accountable to the CEO for identifying and assessing, measuring, controlling and reporting on the effectiveness and risks of their business strategies. The ERMC oversees the identification and monitoring of significant and emerging risks related to TD's strategies and ensures that mitigating actions are taken where appropriate. 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 they are managed.

HOW TD MANAGES STRATEGIC RISK

The strategies and operating performance of significant business units and corporate functions are assessed regularly by the CEO and the relevant members of the SET through an integrated financial and strategic planning process, management meetings, operating/financial reviews, and strategic business reviews. The Bank's annual planning process considers individual segment long-term and short-term strategies and associated key initiatives while also establishing enterprise asset concentration limits. The process evaluates alignment between segment-level and enterprise-level strategies and risk appetite. Once the strategy is set, regular strategic business reviews conducted throughout the year ensure that alignment is maintained. The reviews include an evaluation of the strategy of each business, the overall operating environment including competitive position, performance assessment, initiatives for strategy execution, and key business risks. The frequency of strategic business reviews depends on the risk profile and size of the business or function. The overall state of Strategic Risk and adherence to TD's risk appetite is reviewed by the ERMC in the normal course. Additionally, each material acquisition is assessed for its fit with the Bank's strategy and risk appetite in accordance with its 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, 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, 2014 and 2013.

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 ensure 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 each credit risk control unit separately reports 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 their discretionary authority.

Risk Management provides independent oversight of credit risk by developing policies that govern and control portfolio risks, and product-specific policies, as required.

The Risk Committee of the Board oversees the management of credit risk and annually approves major 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, and processes, as well as 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, including policy and limit exception management guidelines, 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 TD's Retail businesses, the Bank uses established underwriting guidelines (which includes 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 it 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 ensure that the loan portfolio is diversified. The Bank manages its risk using limits based on an internal risk rating score that combines TD's industry risk rating model and detailed industry analysis, and regularly reviews industry risk ratings to ensure that those 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 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 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 industry concentration and 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 to calculating credit, market, and operational RWA.

Credit Risk and the Basel Framework

The Bank received approval from OSFI to use the Basel Advanced Internal Ratings Based (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 the Standardized Approach for some small credit exposures in North America. Risk Management reconfirms annually that this approach remains appropriate.
- TD has received temporary waivers to use the Standardized Approach for the majority of its U.S. credit portfolios and for some small credit portfolios. The Bank is currently in the process of transitioning these portfolios 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

The AIRB Approach to credit risk is used for all material portfolios except in the areas noted in the "Credit Risk and the Basel Framework" section. 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 – the total amount the Bank is exposed to at the time of default. By applying these risk parameters, TD 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 Canadian retail exposures using the AIRB approach. RWA for U.S. retail exposures are currently reported under the Standardized Approach. All Canadian retail parameter models (PD, EAD, and LGD) are based exclusively on the internal default and loss performance history for each of the three retail exposure sub-types. For each Canadian retail portfolio, the Bank has retained performance history on a monthly basis at an individual account level beginning in 2000; all available history, which includes the 2001 and 2008-2009 recessions in Canada, is used to ensure that the models' output reflects an entire economic cycle.

Account-level PD, EAD, and LGD parameter 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 Basel Framework, the Bank defines default for Canadian exposures as 90+ day delinquency/charge-off for all retail credit portfolios. LGD estimates used in the RWA calculations reflect economic losses, and as such, include 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, EAD and LGD 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 recent 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.

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 borrower risk rating (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 1994-2012, 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 judgement, 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.

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 judgement 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 Undrawn), where UGD is a percentage between 0% and 100%.

Given that UGD is largely driven 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 the Standardized Approach to credit risk is used primarily for assets in the U.S. credit portfolio. The Bank is currently in the process of transitioning this portfolio to the AIRB Approach. Under the Standardized Approach, 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. TD 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 the Standardized Approach:

Sovereign	0%[1]
Bank	20%[1]
Residential secured	35% or 75%[2]
Other retail (including small business entities)	75%
Corporate	100%

1 The risk weight may vary according to the external risk rating.
2 35% applied when loan-to-value <=80%, 75% when loan-to-value >80%.

Lower risk weights apply where approved credit risk mitigants exist. Loans that are more than 90 days past due receive a risk weight of either 100% (residential secured) or 150% (all other).

For off-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 TD. 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 Credit 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 conduct stress tests to identify and quantify exposure to extreme events. The Bank establishes various limits including gross notional limits to manage business volumes and concentrations. TD 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 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 probability of default 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 probability of default 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, 2014, after taking into account risk mitigation strategies, TD 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, EADs, and LGDs 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 TD'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 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. These 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 exposure for the two approaches the Bank uses to measure credit risk is included in the following table.

TABLE 53: GROSS CREDIT RISK EXPOSURE – STANDARDIZED AND AIRB APPROACHES [1,2]

(millions of Canadian dollars)

						As at
	October 31, 2014			October 31, 2013		
	Standardized	**AIRB**	**Total**	Standardized	AIRB	Total
Retail						
Residential secured	**$ 28,599**	**$ 261,063**	**$ 289,662**	$ 25,671	$ 251,809	$ 277,480
Qualifying revolving retail	**–**	**59,316**	**59,316**	–	43,862	43,862
Other retail	**48,093**	**36,680**	**84,773**	41,225	34,465	75,690
Total retail	**76,692**	**357,059**	**433,751**	66,896	330,136	397,032
Non-retail						
Corporate	**85,948**	**177,826**	**263,774**	69,411	145,718	215,129
Sovereign	**35,788**	**96,948**	**132,736**	24,783	81,489	106,272
Bank	**9,794**	**98,736**	**108,530**	16,827	95,295	112,122
Total non-retail	**131,530**	**373,510**	**505,040**	111,021	322,502	433,523
Gross credit risk exposures	**$ 208,222**	**$ 730,569**	**$ 938,791**	$ 177,917	$ 652,638	$ 830,555

1 Gross credit risk exposures represent EAD and are before the effects of credit risk mitigation. This table excludes securitization, equity and other credit risk-weighted assets.

2 Prior to 2014, the amounts have not been adjusted to reflect the impact of the New IFRS Standards and Amendments.

Other Credit Risk Exposures

Non-trading Equity Exposures

TD'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 the Standardized Approach and the Ratings Based Approach (RBA). Both approaches assign risk weights to exposures using external ratings. The Bank uses ratings assigned by one or more 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 amount of detail available on the underlying 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, and 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 on the balance sheet due to adverse movements in market factors such as interest and exchange rates, prices, credit spreads, volatilities, and correlations from trading activities.

Non-Trading Market Risk is the risk of loss in financial instruments, or the balance sheet or in earnings, or the risk of volatility in earnings from non-trading activities such as asset-liability management or investments, predominantly from interest rate, foreign exchange and equity risks.

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, 2014, using the Internal Model Method.

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 54: MARKET RISK LINKAGE TO THE BALANCE SHEET

(millions of Canadian dollars)

	As at October 31, 2014			
	Balance Sheet	Trading Market Risk	Non-Trading Market Risk	Non-Trading Market Risk – primary risk sensitivity
Assets subject to market risk				
Interest-bearing deposits with banks	$ 43,773	$ 377	$ 43,396	Interest rate
Trading loans, securities, and other	101,173	99,274	1,899	Interest rate
Derivatives	55,363	48,731	6,632	Equity, foreign exchange, interest rate
Financial assets designated at fair value through profit or loss	4,745	–	4,745	Interest rate
Available-for-sale securities	63,008	–	63,008	Foreign exchange, interest rate
Held-to-maturity securities	56,977	–	56,977	Foreign exchange, interest rate
Securities purchased under reverse repurchase agreements	75,031	8,154	66,877	Interest rate
Loans	481,937	–	481,937	Interest rate
Customers' liability under acceptances	13,080	–	13,080	Interest rate
Investment in TD Ameritrade	5,569	–	5,569	Equity
Other assets[1]	1,434	–	1,434	Interest rate
Assets not exposed to market risk	42,652	–	–	
Total Assets	944,742	156,536	745,554	
Liabilities subject to market risk				
Trading deposits	59,334	1,793	57,541	Interest rate
Derivatives	50,776	47,050	3,726	Foreign exchange, interest rate
Securitization liabilities at fair value	11,198	10,190	1,008	Interest rate
Other financial liabilities designated at fair value through profit or loss	3,250	3,242	8	Interest rate
Deposits	600,716	–	600,716	Equity, interest rate
Acceptances	13,080	–	13,080	Interest rate
Obligations related to securities sold short	39,465	37,247	2,218	Interest rate
Obligations related to securities sold under repurchase agreements	45,587	8,242	37,345	Interest rate
Securitization liabilities at fair value	24,960	–	24,960	Interest rate
Subordinated notes and debentures	7,785	–	7,785	Interest rate
Other liabilities[1]	13,525	–	13,525	Interest rate
Liabilities and Equity not exposed to market risk	75,066	–	–	
Total Liabilities and equity	$ 944,742	$ 107,764	$ 761,912	

	October 31, 2013			
Assets subject to market risk				
Interest-bearing deposits with banks	$ 28,583	$ 285	$ 28,298	Interest rate
Trading loans, securities, and other	101,940	98,682	3,258	Interest rate
Derivatives	49,461	44,077	5,384	Equity, foreign exchange, interest rate
Financial assets designated at fair value through profit or loss	6,532	–	6,532	Interest rate
Available-for-sale securities	79,544	–	79,544	Foreign exchange, interest rate
Held-to-maturity securities	29,961	–	29,961	Foreign exchange, interest rate
Securities purchased under reverse repurchase agreements	64,283	5,331	58,952	Interest rate
Loans	447,777	–	447,777	Interest rate
Customers' liability under acceptances	6,399	–	6,399	Interest rate
Investment in TD Ameritrade	5,300	–	5,300	Equity
Other assets[1]	1,465	–	1,465	Interest rate
Assets not exposed to market risk	40,776	–	–	
Total Assets	862,021	148,375	672,870	
Liabilities subject to market risk				
Trading deposits	50,967	1,531	49,436	Interest rate
Derivatives	49,471	45,655	3,816	Foreign exchange, interest rate
Securitization liabilities at fair value	21,960	10,216	11,744	Interest rate
Other financial liabilities designated at fair value through profit or loss	12	–	12	Interest rate
Deposits	541,605	–	541,605	Equity, interest rate
Acceptances	6,399	–	6,399	Interest rate
Obligations related to securities sold short	41,829	39,479	2,350	Interest rate
Obligations related to securities sold under repurchase agreements	34,414	5,825	28,589	Interest rate
Securitization liabilities at fair value	25,592	–	25,592	Interest rate
Subordinated notes and debentures	7,982	–	7,982	Interest rate
Other liabilities[1]	13,071	–	13,071	Interest rate
Liabilities and Equity not exposed to market risk	68,719	–	–	
Total Liabilities and equity	$ 862,021	$ 102,706	$ 690,596	

[1] Other assets and liabilities related to retirement benefits, insurance and special purpose entity liabilities.

MARKET RISK IN TRADING ACTIVITIES

The overall objective of TD's trading businesses is to provide wholesale banking services, including facilitation and liquidity, to clients of the Bank. TD 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 and Capital Committee meets regularly to conduct a review of the market risk profile and trading results of the Bank's trading businesses, recommend changes to risk policies, review underwriting inventories, and review the usage of capital and assets in Wholesale Banking. 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 fiscal 2014.

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 TD'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.

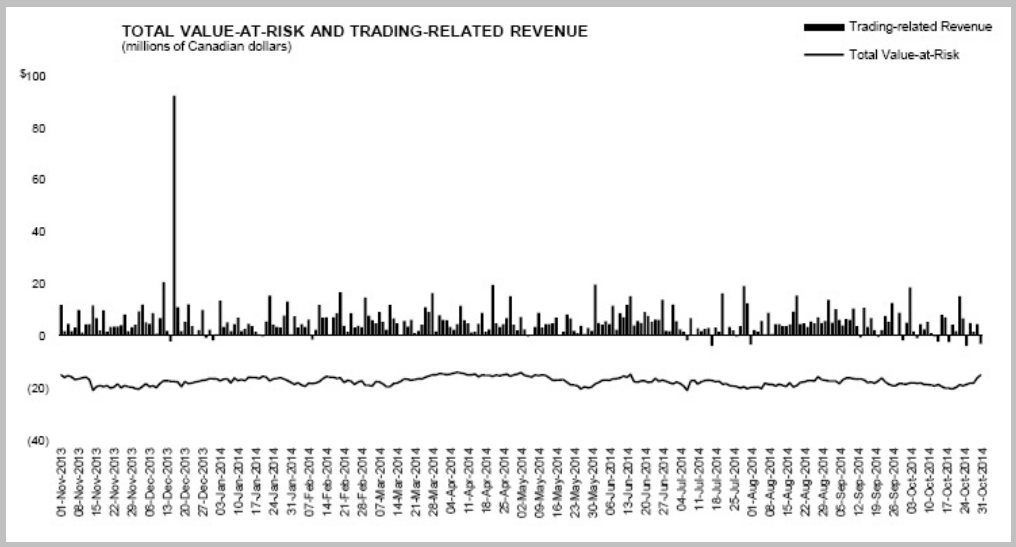
Calculating VaR

TD computes total VaR on a daily basis by combining the General Market Risk (GMR) and Idiosyncratic Debt Specific Risk (IDSR) associated with the Bank's 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-related revenue within Wholesale Banking. Trading-related revenue is the total of trading revenue reported in other income and the net interest income on trading positions reported in net interest income, and is reported on a taxable equivalent basis. For the year ending October 31, 2014, there were 20 days of trading losses and trading-related revenue was positive for 92% of the trading days, reflecting normal trading activity and underwriting. 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. During 2014, the Bank implemented a modification to improve volatility risk modeling in VaR calculations.

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, 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 2014, 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 incremental risk charge (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. TD 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.

TABLE 55: PORTFOLIO MARKET RISK MEASURES

(millions of Canadian dollars)

	2014				2013			
	As at	**Average**	**High**	**Low**	As at	Average	High	Low
Interest rate risk	**$ 5.3**	**$ 5.8**	**$ 12.8**	**$ 3.3**	$ 3.2	$ 9.7	$ 19.2	$ 2.9
Credit spread risk	**4.9**	**6.3**	**8.8**	**3.9**	6.0	6.0	10.9	2.4
Equity risk	**5.1**	**3.7**	**9.6**	**1.5**	2.5	3.6	8.8	1.8
Foreign exchange risk	**1.6**	**2.7**	**5.5**	**0.7**	1.7	1.4	5.8	0.3
Commodity risk	**0.9**	**1.4**	**4**	**0.6**	0.5	0.9	2.3	0.4
Idiosyncratic debt specific risk	**13.6**	**15.8**	**20.5**	**12.1**	14.2	16.5	23.6	11.3
Diversification effect[1]	**(16.1)**	**(17.8)**	**n/m**[2]	**n/m**[2]	(12.8)	(18.8)	n/m[2]	n/m[2]
Total Value-at-Risk	**$ 15.3**	**$ 17.9**	**$ 22.1**	**$ 14.2**	$ 15.3	$ 19.3	$ 26.9	$ 13.7
Stressed Value-at-Risk (one day)	**29.3**	**27.8**	**36.1**	**21.1**	27.6	32.0	44.3	22.4
Incremental Risk Capital Charge (one year)	**275.6**	**313.6**	**428.7**	**222.0**	185.6	267.9	369.6	177.6

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 interest rate risk VaR decreased by $3.9 million compared to the prior year due to reduced interest rate risk positions. Improvement in the quality of data underlying the idiosyncratic debt specific model introduced during 2013 coupled with a reduction in Canadian provincial bond positions in the second quarter of 2014 decreased average Stressed VaR compared with the prior year by $4.2 million. Larger U.S. Agency and financial bond positions increased average IRC by $46 million to $314 million compared to the prior year.

Validation of VaR Model

The Bank uses a back-testing process to compare the actual and theoretical profit and losses to VaR to ensure 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, and the credit crisis of Fall 2008.

Stress tests are produced and reviewed regularly with the Market Risk and Capital 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.

The Bank is exposed to market risk when it enters into non-trading banking transactions with its customers. These transactions primarily include deposit taking and lending, which are also referred to as “asset and liability” positions.

Asset/Liability Management

Asset/liability management deals with managing the market risks of TD's traditional banking activities. Such market risks primarily include interest rate risk and foreign exchange risk.

WHO IS RESPONSIBLE FOR ASSET/LIABILITY MANAGEMENT

TBSM 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 Insurance, Credit Cards and Enterprise Strategy, and includes other senior executives. The Market Risk Control function provides independent oversight, governance, and control over these market risks. The Risk Committee of the Board 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. The objective of interest rate risk management is 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 banking products.

The Bank is exposed to interest rate risk when asset and liability principal and interest cash flows have different interest payment or maturity dates. These are called “mismatched positions”. An interest-sensitive asset or liability is repriced when interest rates change, when there is cash flow from final maturity, normal amortization, or when customers exercise prepayment, conversion, or redemption options offered for the specific product.

TD'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 to estimate the impact of changes in interest rates on the Bank. Two measures that are used are Earnings at Risk (EaR) and Economic Value at Risk (EVaR). EaR is defined as the change in net interest income over the next twelve months for an immediate and sustained 100 bps unfavourable interest rate shock. EaR 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 as a result of the interest rate shock. 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 EaR exposures will be calculated by measuring the impact of a decline in interest rates where the resultant rate does not become negative.

The model used to calculate EaR 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.

TD’s policy sets overall limits on EVaR and EaR which are linked to capital and net interest income, respectively. These Board limits are consistent with the Bank’s enterprise risk appetite and are periodically reviewed and approved by the Risk Committee of the Board. Exposures against Board limits are routinely monitored 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 EaR 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 Bank regularly performs valuations of all asset and liability positions, as well as off-balance sheet exposures. TD's objective is to stabilize net interest income over time through disciplined asset/liability matching and hedging.

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 core deposit portfolio;
- a target investment profile on its net equity position; and
- liquidation assumptions on mortgages other than from embedded pre-payment options.

The objective of portfolio management within the closed 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 TD to a significant financial risk.

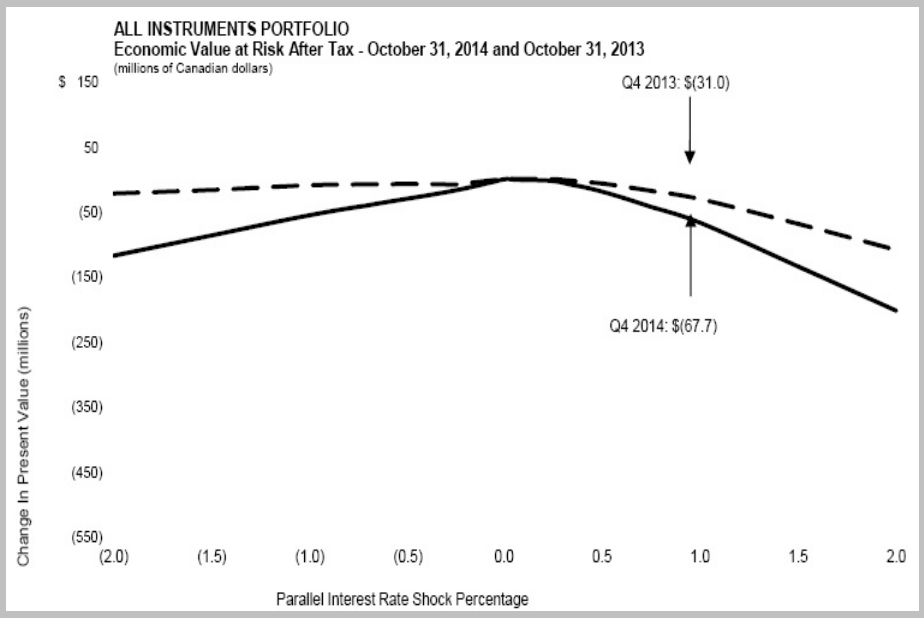
- **Rate Commitments**: The Bank models its exposure from freestanding mortgage rate commitment options using an expected funding profile based on historical experience. Customers' propensity to fund, and their preference for fixed or floating rate mortgage products, is influenced by factors such as 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 non-market incentives, 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.
- **Non-Maturity Liabilities**: The Bank models its exposure to non-maturity liabilities, such as core deposits, by assessing interest rate elasticity and balance permanence using historical data and business judgement. Fluctuations of non-maturity deposits can occur because of factors such as interest rate movements, equity market movements, and changes to customer liquidity preferences.

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 interest rate sensitive demand deposit accounts.

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 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 interest rate risk management.



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, 2014, an immediate and sustained 100 bps increase in interest rates would have decreased the economic value of shareholders' equity by $67.7 million (October 31, 2013 – $31 million) after tax. An immediate and sustained 100 bps decrease in Canadian interest rates and a 25 bps decrease in U.S. interest rates would have reduced the economic value of shareholders' equity by $55.7 million (October 31, 2013 – $9.4 million) after tax.

The following table shows the sensitivity of the economic value of shareholders' equity (after tax) by currency for those currencies where TD has material exposure.

TABLE 56: SENSITIVITY OF AFTER-TAX ECONOMIC VALUE AT RISK BY CURRENCY

(millions of Canadian dollars)

	October 31, 2014		October 31, 2013	
Currency	**100 bps increase**	**100 bps decrease**	100 bps increase	100 bps decrease
Canadian dollar	**$ 6.9**	**$ (46.9)**	$ 9.5	$ (1.3)
U.S. dollar[1]	**(74.6)**	**(8.8)**	(40.5)	(8.1)
	$ (67.7)	**$ (55.7)**	$ (31.0)	$ (9.4)

1 EVaR sensitivity has been measured using a 25 bps rate decline for U.S. interest rates, corresponding to an interest rate environment that is floored at 0%.

For the EaR measure (not shown on the graph), a 100 bps increase in interest rates on October 31, 2014, would have increased pre-tax net interest income by $438 million (October 31, 2013 – $562 million increase) in the next twelve months. A 100 basis point decrease in interest rates on October 31, 2014, would have decreased pre-tax net interest income by $385 million (October 31, 2013 – $373 million decrease) in the next twelve months. Over the last year, the reported EaR exposures have grown due to an increasing portion of permanent non-rate sensitive deposits being invested in a shorter term maturity profile. This is consistent with net interest income management strategies overseen by ALCO. Reported EaR 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 57: SENSITIVITY OF PRE-TAX EARNINGS AT RISK BY CURRENCY

(millions of Canadian dollars)

	October 31, 2014		October 31, 2013	
Currency	**100 bps increase**	**100 bps decrease**	100 bps increase	100 bps decrease
Canadian dollar	**$ 354.4**	**$ (354.3)**	$ 309.1	$ (309.1)
U.S. dollar[1]	**83.7**	**(31.1)**	252.9	(63.4)
	$ 438.1	**$ (385.4)**	$ 562.0	$ (372.5)

1 EaR sensitivity has been measured using a 25 bps rate decline for U.S. interest rates, corresponding to an interest rate environment that is floored at 0%.

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 have foreign exchange risk.

The Bank is exposed to non-trading foreign exchange risk 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 interest 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 that are 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 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 in excess of lending; (2) to provide a sufficient margin of liquid assets to meet unanticipated deposit and loan fluctuations and overall funds management objectives; (3) to provide eligible securities to meet collateral requirements and cash management operations; and (4) to manage the target interest rate risk profile of the balance sheet. Strategies for the investment portfolio are managed based on the interest rate environment, balance sheet mix, actual and anticipated loan demand, funding opportunities, and the overall interest rate sensitivity of the Bank. The Risk Committee reviews and approves the Enterprise Investment Policy that sets out limits for the Bank's own portfolio.

WHY MARGINS ON AVERAGE EARNING ASSETS FLUCTUATE OVER TIME

As previously noted, the objective of 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 embedded options. This approach also creates margin certainty on fixed rate loans and deposits as they are booked. Despite this approach however, the margin on average earning assets is subject to change over time for the following reasons:

- margins earned on new and renewing fixed-rate products relative to the margin previously earned on matured products will affect the existing portfolio margin;
- the weighted-average margin on average earning assets will shift as the mix of business changes; and/or
- changes in the prime Bankers' Acceptances (BA) basis and the lag in changing product prices in response to changes in wholesale rates may have an impact on margins earned.

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 tends to moderate the impact of these factors over time, resulting in a more stable and predictable earnings stream.

The Bank uses simulation modeling of net interest income to assess the level and changes in net interest income to be earned over time under various interest rate scenarios.

The model also includes the impact of projected product volume growth, new margin, and product mix assumptions.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes or systems or from human activities or from external events.

Operating a complex financial institution exposes the Bank's businesses to a broad range of operational risks, including failed transaction processing and documentation errors, fiduciary and information breaches, technology failures, business disruption, theft and fraud, workplace injury and damage to physical assets as a result of internal or outsourced business activities. The impact can result in significant financial loss, reputational harm or regulatory censure and penalties.

Operational risk is embedded in all of the Bank's business activities including the practices for managing other risks such as credit, market and liquidity risk. The Bank must mitigate and manage operational risk so that it can 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.

Under Basel, the Bank uses the Standardized Approach to calculate operational risk regulatory capital. The Bank's operational risk management framework, described below, has been enhanced to meet the requirements of the Advanced Measurement Approach for operational risk and work is underway to obtain regulatory approval for implementation.

WHO MANAGES OPERATIONAL RISK

Operational Risk Management is an independent function that designs 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, and monitor and report operational risk. Risk Management provides reporting of the Bank's operational risk exposures to senior management through the Operational Risk Oversight Committee, the ERMC and the Risk Committee of the Board.

The Bank also maintains program groups who oversee specific enterprise wide operational risk policies that require dedicated mitigation and control activities. These policies govern the activities of the corporate functions responsible for the management and appropriate oversight of business continuity and crisis/incident management, supplier risk management, financial crime risk management, project change management, technology risk management, and information security.

The senior management of individual business units is responsible for the day-to-day management of operational risk following the Bank's established operational risk management policies. Within each business segment and corporate area, an independent risk management function uses the elements of the operational risk management framework according to the nature and scope of the operational risks inherent in the area. The senior executives in each business unit 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 risk appetite, limits, governance, policies, and processes. The Operational Risk Management Framework is maintained by Risk Management and supports alignment with TD's risk appetite for operational risk. 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 of the Board and senior management for managing operational risk are set out by enterprise-wide policies and practices.

Risk and Control Self-Assessment

Internal control is one of the primary lines of defense in safeguarding the Bank's employees, customers, assets, and information, and in preventing and detecting errors and fraud. Annually, 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 ensure 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 ensure that the Bank analyzes and manages such risks appropriately and takes suitable corrective and preventative action. The Bank also reviews, analyzes, and benchmarks TD against industry operational risk losses that have occurred at other financial institutions using information acquired through recognized industry data providers.

Risk Reporting

Risk Management, in partnership with senior management, regularly monitors risk-related measures and the status of risk throughout the Bank to report to senior business management and the Risk Committee of the Board. Operational risk measures are systematically tracked, assessed, and reported to ensure management accountability and attention are maintained over current and emerging issues.

Insurance

Operational Risk Management includes oversight of the effective use of insurance aligned with the Bank's risk management strategy and risk appetite. To provide the Bank with additional protection from loss, Risk Management manages a comprehensive portfolio of insurance and other risk mitigating arrangements. The insurance terms and provisions, including types and amounts of coverage in the portfolio, are continually assessed to ensure that both 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 TD's risk to third parties where appropriate. The Bank transacts with external insurers that satisfy the Bank's minimum financial rating requirements.

Technology, Information 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 and delivery channels, and other business developments. The key risks are associated with the operational availability, integrity, confidentiality, and security of the Bank's information, systems, and infrastructure. These risks are actively managed through enterprise-wide technology risk and information security management programs using industry best practices and the Bank's operational risk management framework. These programs include robust threat and vulnerability assessments, as well as security and disciplined change management practices.

Business Continuity and Crisis/Incident Management
During incidents that could disrupt the Bank's business and operations, Business Continuity Management supports the ability of senior management to continue to manage and operate their businesses, and provide customers access to products and services. The Bank's robust enterprise-wide business continuity management program includes formal crisis management protocols and continuity strategies. All areas of the Bank are required to maintain and regularly test business continuity plans designed to respond to a broad range of potential scenarios.

Supplier Management
A third party supplier/vendor is an entity that supplies a particular product or service to or on behalf of the Bank. The benefits of leveraging third parties include access to leading technology, specialized expertise, economies of scale, and operational efficiencies. 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-level third-party risk management program that guides third-party activities throughout the life cycles of the arrangements and ensures the level of risk management and senior management oversight is appropriate to the size, risk, and importance 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 Management Office (EPMO). This approach involves senior management governance and oversight of the Bank's project portfolio and leverages leading industry practices to guide TD'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
Detecting fraud and other forms of financial crime is very important to the Bank. To do this, TD maintains extensive security systems, protocols and practices to detect and mitigate financial crimes against the Bank.

Excluding those events involving litigation, the Bank did not experience any material single operational risk loss event in 2014. Refer to Note 29 of the 2014 Consolidated Financial Statements for further information on material legal or regulatory actions.

Model Risk Management
TD defines Model Risk as the potential for adverse consequences arising from decisions based on incorrect or misused models and their outputs. It can lead to financial loss or incorrect business and strategic decisions.

The Bank manages this risk in accordance with management approved model risk, policies, and supervisory guidance which encompass the entire life cycle of a model, including proof of concept, development, initial and ongoing validation, implementation, usage, and ongoing model performance monitoring. The model risk management regime also captures key processes that may be partially or wholly qualitative, or based on expert judgment. Examples of key processes include ICAAP, liquidity management, and Basel frameworks.

Business segments identify the need for a new model or process and are responsible for development and documentation according to Bank policies and standards. During model development, all 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 to ensure there is no inappropriate use of models. 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.

Risk Management maintains a centralized model inventory and provides oversight of all models defined in the Bank's model risk policy and is responsible for validation and approval of new models, the periodic validation of all existing models on a pre-determined schedule depending on regulatory requirements and materiality, and regular monitoring of model performance. The validation process varies in rigour, depending on the model type and use, but generally includes 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, initial validation includes a benchmarking exercise which may include the building of an independent model based on a similar or alternative validation 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 implementation.

At the conclusion of the validation process, a model will either be approved for use, or should a model fail validation, 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. Decommissioning responsibilities are shared between business owners and Risk Management. In order to effectively mitigate model risk in this phase, implementation of Risk Management approved interim risk mitigation mechanisms is required before the model can be decommissioned or replaced.

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, 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 exposed to insurance risk through its property and casualty insurance business, life and health insurance business, and reinsurance business.

WHO MANAGES INSURANCE RISK

Senior management within the insurance business units has primary responsibility for managing insurance risk with oversight by the Chief Risk Officer 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 ensure strong independent oversight and control of risk within the insurance business. The Risk Committee for the insurance business provides critical oversight of the risk management activities within the business. 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 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 reserving policy.

Sound product design is an essential element of managing risk. The Bank's exposure to insurance risk is generally 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 automobile insurance legislation, the 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 and compliance with such policies is monitored by the Risk Committee for the insurance business.

Automobile insurance is provincially legislated and as such, policyholder benefits may differ between provinces. There is also exposure to geographic concentration risk associated with personal property coverage. Exposure to insurance risk concentrations is managed through established underwriting guidelines, limits, and authorization levels that govern the acceptance of risk. Concentration risk is also mitigated through the purchase of reinsurance.

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.

Liquidity Risk

The risk of having insufficient cash or collateral to meet financial obligations without, in a timely manner, raising funding at unfavourable rates or selling assets at distressed prices. Financial obligations can arise from deposit withdrawals, debt maturities, commitments to provide credit or liquidity support, or the need to pledge additional collateral.

As a financial organization, TD must ensure that the Bank has continuous access to sufficient and appropriate funding to cover its financial obligations as they come due, and to sustain and grow TD's businesses under normal and stress conditions. In the event of a funding disruption, the Bank must be able to continue operating without being required to sell non-marketable assets and/or significantly altering the Bank's business strategy. The process that ensures adequate access to funding, and availability of liquid assets and/or collateral under both normal and stress conditions is known as liquidity risk management.

TD's LIQUIDITY RISK APPETITE

The Bank maintains a sound and prudent 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 365-day survival horizon under a prolonged Bank-specific stress scenario that impacts the Bank's access to unsecured wholesale funding. The resultant management strategies and actions comprise an integrated liquidity risk management program that ensures low exposure to identified sources of liquidity risk.

LIQUIDITY RISK MANAGEMENT RESPONSIBILITY

The Bank's Asset, Liability and Capital Committee (ALCO) oversees the Bank's liquidity risk management program. It ensures there are effective management structures and policies in place to properly measure and manage liquidity risk. The Global Liquidity Forum (GLF), a subcommittee of the ALCO comprised of senior management from TBSM, Risk Management, Finance, Wholesale Banking, and representatives from foreign operations, identifies and monitors TD's liquidity risks. The GLF recommends actions to the ALCO to maintain TD's liquidity positions within limits under normal and stress conditions.

The following treasury areas are responsible for measuring, monitoring, and managing liquidity risks for major business segments:

- TBSM is responsible for maintaining the Global Liquidity and Asset Pledging Policy (GLAP) and associated limits, standards, and processes to ensure that consistent and efficient liquidity management approaches are applied across all of the Bank's operations. TBSM also manages and reports the combined Canadian Retail (including domestic wealth businesses), Corporate segment, and Wholesale Banking liquidity positions.
- U.S. TBSM is responsible for managing the liquidity position for U.S. Retail operations.
- Other regional treasury-related operations, including those within TD's insurance, foreign branches, and/or subsidiaries are responsible for managing their liquidity risk and positions.
- Management responsible for overseeing liquidity at the regional level ensure that policies and liquidity risk management programs are consistent with the GLAP and address local business conditions and/or regulatory requirements.
- The GLAP is subject to review and approval by the GLF and endorsement by the ALCO.
- The Risk Committee of the Board frequently reviews reporting of the Bank's liquidity position and approves the Liquidity Risk Management Framework and Board Policies annually.

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 TD's access to funding. The Bank does not rely on short-term wholesale funding for purposes other than funding marketable securities or short-term assets.

To define the amount of liquidity that must be held for a rolling 90-day period, the Bank uses a conservative "Severe Combined Stress" scenario that models potential liquidity requirements and asset marketability during a crisis that has been triggered in the markets, specifically with respect to a lack of confidence in TD's ability to meet obligations as they come due. The Bank also assumes loss of access to all forms of external unsecured funding during the 90-day period.

In addition to this bank-specific event, the "Severe Combined Stress" scenario also incorporates the impact of a stressed market-wide liquidity event that results in a significant reduction in the availability of both short-term and long-term funding for all institutions, a significant increase in the Bank's cost of funds, and a significant decrease in the marketability of assets. The Bank also calculates "required liquidity" for this scenario related to the following conditions:

- 100% of all maturing unsecured wholesale and secured funding coming due;
- accelerated attrition or "run-off" of retail deposit balances;
- increased utilization of available credit facilities to personal, commercial, and corporate lending customers;
- increased collateral requirements associated with downgrades in TD's credit rating and adverse movement in reference rates for all derivative contracts; and
- coverage of maturities related to Bank-sponsored funding programs, such as the bankers' acceptances the Bank issues on behalf of clients and short-term revolving asset-backed commercial paper (ABCP) channels.

TD's liquidity policy stipulates that the Bank must maintain sufficient "available liquidity" to cover "required liquidity" at all times throughout the Severe Combined Stress scenario. The liquid assets TD includes as available liquidity must be currently marketable, of sufficient credit quality and available-for-sale and/or pledging to be considered readily convertible into cash over the 90-day survival horizon. Liquid assets that TD considers when determining the Bank's available liquidity are summarized in the following table, which does not include assets held within the Bank's insurance businesses, as these assets are dedicated to cover insurance liabilities and are not considered available to meet the Bank's general liquidity requirements.

TABLE 58: SUMMARY OF LIQUID ASSETS BY TYPE AND CURRENCY [1,2]

(billions 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		Encumbered liquid assets	Unencumbered liquid assets
						October 31, 2014
Cash and due from Banks	$ 0.1	$ –	$ 0.1	– %	$ –	$ 0.1
Canadian government obligations	10.0	27.2	37.2	10	21.0	16.2
NHA MBS	39.4	1.0	40.4	11	2.1	38.3
Provincial government obligations	6.9	5.2	12.1	4	6.7	5.4
Corporate issuer obligations	8.3	3.4	11.7	3	0.2	11.5
Equities	22.7	3.8	26.5	7	6.2	20.3
Other marketable securities and/or loans	2.4	0.9	3.3	1	0.8	2.5
Total Canadian dollar-denominated	89.8	41.5	131.3	36	37.0	94.3
Cash and due from Banks	39.8	–	39.8	11	1.1	38.7
U.S. government obligations	–	24.8	24.8	7	23.6	1.2
U.S. federal agency obligations, including U.S. federal agency mortgage-backed obligations	31.2	5.6	36.8	10	13.1	23.7
Other sovereign obligations	23.3	28.7	52.0	14	10.5	41.5
Corporate issuer obligations	54.5	10.8	65.3	18	13.8	51.5
Equities	9.7	2.6	12.3	3	1.7	10.6
Other marketable securities and/or loans	4.2	0.1	4.3	1	–	4.3
Total non-Canadian dollar-denominated	162.7	72.6	235.3	64	63.8	171.5
Total	$ 252.5	$ 114.1	$ 366.6	100 %	$ 100.8	$ 265.8
						October 31, 2013
Canadian government obligations	$ 16.7	$ 27.3	$ 44.0	13 %	$ 25.3	$ 18.7
NHA MBS	42.6	0.6	43.2	13	7.9	35.3
Provincial government obligations	4.3	5.4	9.7	3	5.9	3.8
Corporate issuer obligations	6.5	4.0	10.5	3	0.6	9.9
Equities	20.1	3.0	23.1	7	4.8	18.3
Other marketable securities and/or loans	2.8	0.2	3.0	1	0.3	2.7
Total Canadian dollar-denominated	93.0	40.5	133.5	40	44.8	88.7
Cash and due from Banks	20.6	–	20.6	6	0.5	20.1
U.S. government obligations	1.7	28.6	30.3	9	28.6	1.7
U.S. federal agency obligations, including U.S. federal agency mortgage-backed obligations	26.0	4.9	30.9	9	7.7	23.2
Other sovereign obligations	27.4	23.8	51.2	16	3.1	48.1
Corporate issuer obligations	41.7	2.6	44.3	13	5.1	39.2
Equities	8.0	1.7	9.7	3	0.8	8.9
Other marketable securities and/or loans	6.0	5.5	11.5	4	5.8	5.7
Total non-Canadian dollar-denominated	131.4	67.1	198.5	60	51.6	146.9
Total	$ 224.4	$ 107.6	$ 332.0	100 %	$ 96.4	$ 235.6

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 rehypothecated or otherwise redeployed.

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 59: SUMMARY OF UNENCUMBERED LIQUID ASSETS BY BANK, SUBSIDIARIES, AND BRANCHES [1]

(billions of Canadian dollars)

As at

	October 31 2014	October 31 2013
The Toronto-Dominion Bank (Parent)	$ 89.4	$ 57.7
Bank subsidiaries	150.2	143.3
Foreign branches	26.2	34.6
Total	$ 265.8	$ 235.6

1 Certain comparative amounts have been reclassified to conform with the presentation adopted in the current year.

The Bank's monthly average liquid assets for the years ended October 31 are summarized in the following table.

TABLE 60: SUMMARY OF AVERAGE LIQUID ASSETS BY TYPE AND CURRENCY [1]

(billions of Canadian dollars, except as noted)

Average for the year ended

	Bank-owned liquid assets	Securities received as collateral from securities financing and derivative transactions[2]	Total liquid assets		Encumbered liquid assets	Unencumbered liquid assets[2]
						October 31, 2014
Cash and due from Banks	$ 0.3	$ –	$ 0.3	– %	$ –	$ 0.3
Canadian government obligations	10.2	30.0	40.2	11	23.3	16.9
NHA MBS	40.0	0.7	40.7	11	4.7	36.0
Provincial government obligations	5.4	5.5	10.9	3	6.0	4.9
Corporate issuer obligations	9.6	3.4	13.0	4	0.7	12.3
Equities	23.3	3.8	27.1	8	5.0	22.1
Other marketable securities and/or loans	2.1	1.0	3.1	1	0.9	2.2
Total Canadian dollar-denominated	90.9	44.4	135.3	38	40.6	94.7
Cash and due from Banks	33.8	–	33.8	9	0.8	33.0
U.S. government obligations	1.0	30.5	31.5	9	30.5	1.0
U.S. federal agency obligations, including U.S. federal agency mortgage-backed obligations	28.8	5.0	33.8	9	10.0	23.8
Other sovereign obligations	24.5	23.8	48.3	14	6.6	41.7
Corporate issuer obligations	49.5	4.7	54.2	15	8.5	45.7
Equities	8.8	2.8	11.6	3	1.8	9.8
Other marketable securities and/or loans	5.4	3.6	9.0	3	3.2	5.8
Total non-Canadian dollar-denominated	151.8	70.4	222.2	62	61.4	160.8
Total	$ 242.7	$ 114.8	$ 357.5	100 %	$ 102.0	$ 255.5
						October 31, 2013
Canadian government obligations	$ 15.0	$ 28.8	$ 43.8	14 %	$ 23.8	$ 20.0
NHA MBS	39.8	0.5	40.3	12	7.8	32.5
Provincial government obligations	4.0	5.6	9.6	3	5.4	4.2
Corporate issuer obligations	6.6	3.5	10.1	3	0.6	9.5
Equities	21.4	4.0	25.4	8	5.3	20.1
Other marketable securities and/or loans	1.6	0.2	1.8	1	0.3	1.5
Total Canadian dollar-denominated	88.4	42.6	131.0	41	43.2	87.8
Cash and due from Banks	19.0	–	19.0	6	0.1	18.9
U.S. government obligations	3.0	28.6	31.6	10	29.9	1.7
U.S. federal agency obligations, including U.S. federal agency mortgage-backed obligations	25.7	5.2	30.9	10	7.8	23.1
Other sovereign obligations	25.2	20.9	46.1	14	2.5	43.6
Corporate issuer obligations	37.0	2.4	39.4	12	4.9	34.5
Equities	5.3	1.8	7.1	2	1.1	6.0
Other marketable securities and/or loans	7.5	8.0	15.5	5	8.2	7.3
Total non-Canadian dollar-denominated	122.7	66.9	189.6	59	54.5	135.1
Total	$ 211.1	$ 109.5	$ 320.6	100 %	$ 97.7	$ 222.9

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 rehypothecated or otherwise redeployed.

Average liquid assets held in The Toronto-Dominion Bank and multiple domestic and foreign subsidiaries and branches are summarized in the following table.

TABLE 61: SUMMARY OF AVERAGE UNENCUMBERED LIQUID ASSETS BY BANK, SUBSIDIARIES, AND BRANCHES [1]

(billions of Canadian dollars)

Average for the year ended

	October 31, 2014	October 31, 2013
The Toronto-Dominion Bank (Parent)	$ 71.1	$ 60.0
Bank subsidiaries	149.5	131.4
Foreign branches	34.9	31.5
Total	$ 255.5	$ 222.9

1 Certain comparative amounts have been reclassified to conform with the presentation adopted in the current year.

Unencumbered liquid assets are represented in a cumulative liquidity gap framework with adjustments made for estimated market or trading depth for each asset class, settlement timing, and/or other identified impediments to potential sale or pledging. In addition, the fair market value of securities will fluctuate based on changes in prevailing interest rates, credit spreads, and/or market demand. Where appropriate, the Bank applies a downward adjustment to current market value reflective of expected market conditions and investor requirements during the "Severe Combined Stress" scenario. Overall, the Bank expects the reduction in current market value to be low given the underlying high credit quality and demonstrated liquidity of the Bank's liquid asset portfolio. Available liquidity also includes the Bank's estimated borrowing capacity through the Federal Home Loan Bank (FHLB) System in the U.S.

TD has access to the Bank of Canada's Emergency Lending Assistance Program, the Federal Reserve Bank Discount Window in the U.S. and European Central Bank standby liquidity facilities. TD does not consider borrowing capacity at central banks as a source of available liquidity when assessing liquidity positions.

The Bank does not consolidate the surplus liquidity of U.S. Retail with the positions of other entities due to investment restrictions imposed by the U.S. Federal Reserve on funds generated from deposit taking activities by member financial institutions. Surplus liquidity domiciled in certain wealth and insurance business subsidiaries are also not included in the enterprise liquidity position calculation due to local regulatory investment restrictions.

The ongoing management of business segment liquidity in accordance with stress scenario related limits ensures there will be sufficient sources of cash and collateral in a liquidity stress event. Additional stress scenarios are also used to evaluate the potential range of liquidity requirements the Bank could encounter. The Bank has liquidity contingency funding plans (CFP) in place at the enterprise level and for local entities, to document liquidity management actions and governance in relation to stress events. CFP documentation is an integral component of the Bank's overall liquidity risk management program.

Credit ratings are important to TD's borrowing costs and ability to raise funds. Rating downgrades could potentially result in higher financing costs and reduce access to capital markets, and could also affect the Bank's ability to enter into routine derivative or hedging transactions.

Credit ratings and outlooks provided by 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 rating agencies and conditions affecting the overall financial services industry.

TABLE 62: CREDIT RATINGS[1]

			October 31, 2014
Ratings agency	**Short-term debt rating**	**Senior long-term debt rating and outlook**	
Moody's	**P-1**	**Aa1**	**Negative**
S&P	**A-1+**	**AA-**	**Negative**
DBRS	**R-1 (high)**	**AA**	**Stable**

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.

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 TD is able to provide additional collateral required by trading counterparties in the event of a one-notch downgrade in the Bank's senior long-term credit ratings. Severe downgrades could have an impact on liquidity requirements by necessitating the Bank to post additional collateral for the benefit of the Bank's trading counterparties. The following table presents the additional collateral payments that could have been called at the reporting date in the event of one, two, and three-notch downgrades of the Bank's credit ratings.

TABLE 63: ADDITIONAL COLLATERAL REQUIREMENTS FOR RATING DOWNGRADES

(billions of Canadian dollars)

	Average for the year ended	
	October 31 2014	October 31 2013
One-notch downgrade	**$ 0.3**	$ 0.4
Two-notch downgrade	**0.3**	0.7
Three-notch downgrade	**0.6**	0.9

In the course of the Bank's day-to-day operations, securities and other assets are pledged to obtain funding and participate in clearing and/or settlement systems. A summary of encumbered and unencumbered assets is presented in the following table.

TABLE 64: ENCUMBERED AND UNENCUMBERED ASSETS[1]

(billions of Canadian dollars, except as noted)

As at

October 31, 2014

	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	$ –	$ –	$ –	$ 2.8	$ 2.8	– %
Interest-bearing deposits with banks	2.1	2.5	35.1	4.1	43.8	0.5
Securities, trading loans, and other[7]	55.5	9.8	147.4	13.1	225.8	6.9
Derivatives	–	–	–	55.4	55.4	–
Securities purchased under reverse repurchase agreements[8]	–	–	–	75.0	75.0	–
Loans, net of allowance for loan losses	15.1	48.2	75.4	340.2	478.9	6.7
Customers' liability under acceptances	–	–	–	13.1	13.1	–
Investment in TD Ameritrade	–	–	–	5.6	5.6	–
Goodwill	–	–	–	14.2	14.2	–
Other intangibles	–	–	–	2.7	2.7	–
Land, buildings, equipment, and other depreciable assets	–	–	–	4.9	4.9	–
Deferred tax assets	–	–	–	2.0	2.0	–
Other assets[9]	–	–	–	20.5	20.5	–
Total on-balance sheet assets	72.7	60.5	257.9	553.6	$ 944.7	14.1 %
Off-balance sheet items[10]						
Securities purchased under reverse repurchase agreements	66.5	–	29.0	(75.0)		
Securities borrowing and collateral received	16.4	–	7.1	–		
Margin loans and other client activity	1.7	–	11.0	(7.0)		
Total off-balance sheet items	84.6	–	47.1	(82.0)		
Total	$ 157.3	$ 60.5	$ 305.0	$ 471.6		

October 31, 2013

Cash and due from banks	$ –	$ –	$ –	$ 3.6	$ 3.6	– %
Interest-bearing deposits with banks	2.1	1.3	21.6	3.6	28.6	0.4
Securities, trading loans, and other[7]	53.9	10.1	135.7	18.2	217.9	7.4
Derivatives	–	–	–	49.5	49.5	–
Securities purchased under reverse repurchase agreements[8]	–	–	–	64.3	64.3	–
Loans, net of allowance for loan losses	15.0	55.1	67.0	307.8	444.9	8.1
Customers' liability under acceptances	–	–	–	6.4	6.4	–
Investment in TD Ameritrade	–	–	–	5.3	5.3	–
Goodwill	–	–	–	13.3	13.3	–
Other intangibles	–	–	–	2.5	2.5	–
Land, buildings, equipment, and other depreciable assets	–	–	–	4.6	4.6	–
Deferred tax assets	–	–	–	1.8	1.8	–
Other assets[9]	–	–	–	19.3	19.3	–
Total on-balance sheet assets	71.0	66.5	224.3	500.2	$ 862.0	15.9 %
Off-balance sheet items[10]						
Securities purchased under reverse repurchase agreements	51.8	–	30.8	(64.3)		
Securities borrowing and collateral received	17.7	–	6.0	–		
Margin loans and other client activity	1.3	–	11.5	(7.4)		
Total off-balance sheet items	70.8	–	48.3	(71.7)		
Total	$ 141.8	$ 66.5	$ 272.6	$ 428.5		

1 Certain comparative amounts have been restated to conform with the presentation adopted in the current year.

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, it is assumed for the purpose of this disclosure that the on-balance sheet holding is encumbered ahead of the off-balance sheet holding.

3 Represents assets that have been posted externally to support the Bank's liabilities and day-to-day operations including securities related to repurchase agreements, securities lending, clearing and payment systems, and assets pledged for derivative transactions. Also includes assets that have been pledged supporting Federal Home Loan Bank (FHLB) activity.

4 Assets supporting TD's funding activities, assets pledged against securitization liabilities, and assets held by consolidated securitization vehicles or in pools for covered bond issuance, and assets covering short sales.

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, and other financial assets designated at fair value through profit or loss, available-for-sale securities, and held-to-maturity securities.

8 Assets reported in Securities purchased under reverse repurchase agreements represent the value of these transactions, 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, 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.

Refer to Note 29 of the Consolidated Financial Statements “Pledged Assets and Collateral” discussion for details on financial assets accepted as collateral that the Bank is permitted to sell or repledge in the absence of default.

FUNDING

The Bank has access to a variety of short-term and long-term unsecured and secured funding sources, including securitization channels that it uses to meet funding requirements. The Bank’s funding activities are conducted in accordance with the GLAP Policy that requires, among other things, assets be funded to the appropriate term or stressed trading market depth.

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, domestic wealth, and TD Ameritrade sweep deposits (collectively P&C deposits) that make up over 70% of total funding excluding securitization. The amount of stable long-term funding provided by demand or non-specific maturity P&C deposits is determined based on demonstrated balance permanence under the “Severe Combined Stress” scenario.

TABLE 65: SUMMARY OF DEPOSIT FUNDING

(billions of Canadian dollars)

		2014	2013
P&C deposits – Canadian Retail	**$**	**273.2**	$ 260.5
P&C deposits – U.S. Retail		**227.1**	200.0
Other deposits		**1.1**	2.0
Total	**$**	**501.4**	$ 462.5

The Bank maintains an active external funding program to provide access to diversified funding sources, including asset securitization, covered bonds, and unsecured wholesale debt. The Bank's wholesale funding is diversified geographically, by currency, and by distribution network. The Bank maintains depositor concentration limits against short-term wholesale deposits so that it does not depend on one or small groups of depositors for funding. The Bank further limits short-term wholesale funding that can mature in a given time period 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, 2014 and October 31, 2013.

TABLE 66: WHOLESALE FUNDING

(millions of Canadian dollars)

							As at	
							October 31	October 31
							2014	2013
	Less than 1 month	**1 to 3 months**	**3 to 6 months**	**6 months to 1 year**	**Over 1 to 2 years**	**Over 2 years**	**Total**	**Total**
Deposits from Banks[1]	**$ 6,578**	**$ 3,126**	**$ 738**	**$ 29**	**$ 3**	**$ 17**	**$ 10,491**	$ 11,025
Bearer Deposit Note	**143**	**563**	**2**	**8**	**–**	**–**	**716**	2,627
Certificates of Deposit	**12,191**	**16,412**	**13,157**	**27,501**	**120**	**–**	**69,381**	56,139
Commercial Paper	**4,153**	**2,695**	**564**	**732**	**–**	**–**	**8,144**	8,192
Asset Backed Commercial Paper[2]	**1,075**	**1,510**	**504**	**10**	**–**	**–**	**3,099**	4,081
Covered Bonds	**–**	**–**	**–**	**2,253**	**3,398**	**10,860**	**16,511**	10,442
Mortgage Securitization	**19**	**679**	**2,864**	**1,590**	**7,657**	**23,349**	**36,158**	47,552
Senior Unsecured Medium Term Notes	**228**	**276**	**446**	**7,220**	**14,165**	**18,933**	**41,268**	23,290
Subordinated Notes and Debentures[3]	**–**	**–**	**–**	**–**	**–**	**7,785**	**7,785**	7,982
Term Asset Backed Securities	**–**	**–**	**–**	**–**	**–**	**1,953**	**1,953**	1,662
Other[4]	**2,339**	**1,172**	**78**	**131**	**–**	**–**	**3,720**	6,989
Total	**$ 26,726**	**$ 26,433**	**$ 18,353**	**$ 39,474**	**$ 25,343**	**$ 62,897**	**$ 199,226**	$ 179,981
Of which:								
Secured	**$ 1,094**	**$ 2,189**	**$ 3,368**	**$ 3,853**	**$ 11,055**	**$ 36,162**	**$ 57,721**	$ 63,737
Unsecured	**25,632**	**24,244**	**14,985**	**35,621**	**14,288**	**26,735**	**141,505**	116,244
Total	**$ 26,726**	**$ 26,433**	**$ 18,353**	**$ 39,474**	**$ 25,343**	**$ 62,897**	**$ 199,226**	$ 179,981

1 Includes fixed-term deposits with banks.
2 Represents asset-backed commercial paper (ABCP) issued by consolidated Bank-owned structured entities.
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.

Excluding Wholesale Banking mortgage aggregation business, the Bank's total 2014 mortgage-backed securities issuance was $3.8 billion (2013 – $6.3 billion), and other real-estate secured issuance using asset-backed securities was $1 billion (2013 – $1 billion). The Bank also issued $17.4 billion of unsecured medium-term notes (2013 – $13.4 billion) and $8.6 billion of covered bonds, in various currencies and markets during the year ended October 31, 2014 (2013 – nil). This includes unsecured medium-term notes and covered bonds settling subsequent to year end. Refer to Note 37 of the Bank’s 2014 Consolidated Financial Statements for further details.

REGULATORY DEVELOPMENTS CONCERNING LIQUIDITY AND FUNDING

In May 2014, OSFI released the final LAR guideline which establishes two minimum standards based on the Basel III framework with national supervisory discretion applied to certain treatments: the LCR effective January 1, 2015, and the Net Stable Funding Ratio (NSFR) effective January 1, 2018. These requirements are supplemented by additional supervisory monitoring metrics including the liquidity and intraday liquidity monitoring tools as considered in the Basel III framework and the OSFI-designed Net Cumulative Cash Flow (NCCF). Banks are required to submit monthly LCR and NCCF starting with the January 2015 positions and are required to comply with the 100% LCR limit from the first reporting. TD is well prepared to meet the regulatory reporting and LCR compliance requirements and is finalizing strategies to align its liquidity risk management framework with the new regulatory standards.

In July 2014, OSFI released the final guideline on “Public Disclosure Requirements for Domestic Systematically Important Banks on Liquidity Coverage Ratio”. D-SIBs are required to implement the Basel LCR Disclosure Standards beginning with the second quarter of 2015 reporting period.

In October 2014, Basel Committee on Banking Supervision released the final standard for “Basel III: the net stable funding ratio”. The 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 1 year to support their businesses. The NSFR is expected to become a minimum standard by January 1, 2018.

On August 1, 2014, the Department of Finance released a public consultation paper (the "Bail-in Consultation") regarding a proposed Taxpayer Protection and Bank Recapitalization regime (commonly referred to as "bail-in") which outlines their intent to implement a comprehensive risk management framework for Canada’s D-SIBs, which includes TD. The regime is aimed at reducing the likelihood of failure of systemically important banks and providing authorities with the means to restore a bank to viability in the unlikely event that a bank should fail, without disrupting the financial system or economy and without using taxpayer funds. When the regime is in place, it will allow for the expedient conversion of certain bank liabilities into regulatory capital when OSFI has determined that a bank has become or is about to become non-viable. It is proposed in the Bail-in Consultation that the conversion power only apply to long-term senior debt that is issued, originated, or renegotiated after an implementation date determined by the Government of Canada (GoC). The GoC has also proposed that in order to have sufficient loss absorbing capacity that D-SIBs be subject to a higher loss absorbency requirement of between 17 to 23% of RWA, which can be met through the sum of regulatory capital (for example, common equity and NVCC instruments) and long-term senior debt. The Bail-in Consultation period ended in September 2014, and no implementation timeline has been provided.

MATURITY ANALYSIS OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET COMMITMENTS

The following table summarizes on-balance and off-balance sheet categories by remaining contractual maturity. Off-balance sheet commitments include contractual obligations to make future payments on operating and capital lease commitments, certain purchase obligations and other liabilities. The values of credit instruments reported below represent the maximum amount of additional credit that the Bank could be obligated to extend should contracts be fully 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 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 Bank’s asset/liability matching or 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 (that is, the Bank does not fund illiquid long-term assets with short-term maturity borrowings). The Bank utilizes stable P&C non-specific maturity deposits (chequing and savings accounts) and P&C 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 sources. The Bank conducts long-term funding activities based on the projected net growth for non-trading assets after considering such items as new business volumes, renewals of both term loans and term deposits, and how customers exercise options to prepay loans and pre-redeem deposits. The Bank targets to match funding maturities as closely as possible to the expected maturity profile of its balance sheet. The Bank also raises shorter-term unsecured wholesale deposits to fund trading assets based on its internal estimates of liquidity of these assets under stressed market conditions.

TABLE 67: REMAINING CONTRACTUAL MATURITY

(millions of Canadian dollars)

As at

October 31, 2014

	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	$ 2,769	$ 12	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 2,781
Interest-bearing deposits with banks	28,693	358	355	45	145	–	–	–	14,177	43,773
Trading loans, securities, and other[1]	1,827	2,347	3,281	2,225	2,620	5,219	17,831	14,887	50,936	101,173
Derivatives	5,829	4,827	2,929	2,941	1,691	7,064	14,372	15,710	–	55,363
Financial assets designated at fair value through profit or loss	172	1,411	662	469	419	274	348	814	176	4,745
Available-for-sale securities	482	1,350	1,851	1,719	393	5,316	24,877	25,089	1,931	63,008
Held-to-maturity securities	98	1,353	485	966	573	5,807	20,478	27,217	–	56,977
Securities purchased under reverse repurchase agreements	33,684	18,090	13,563	3,413	6,037	205	39	–	–	75,031
Loans										
Residential mortgages	1,174	1,735	5,052	8,669	8,566	52,314	94,362	27,040	–	198,912
Consumer instalment and other personal	991	1,352	2,446	2,498	3,270	14,097	24,505	12,786	61,466	123,411
Credit card	–	–	–	–	–	–	–	–	25,570	25,570
Business and government	15,766	3,883	3,606	6,384	3,487	9,451	36,813	41,330	10,629	131,349
Debt securities classified as loans	12	12	34	254	–	147	499	1,737	–	2,695
Total loans	17,943	6,982	11,138	17,805	15,323	76,009	156,179	82,893	97,665	481,937
Allowance for loan losses	–	–	–	–	–	–	–	–	(3,028)	(3,028)
Loans, net of allowance for loan losses	17,943	6,982	11,138	17,805	15,323	76,009	156,179	82,893	94,637	478,909
Customers' liability under acceptances	11,256	1,796	22	6	–	–	–	–	–	13,080
Investment in TD Ameritrade	–	–	–	–	–	–	–	–	5,569	5,569
Goodwill[2]	–	–	–	–	–	–	–	–	14,233	14,233
Other intangibles[2]	–	–	–	–	–	–	–	–	2,680	2,680
Land, buildings, equipment, and other depreciable assets[2]	–	–	–	–	–	–	–	–	4,930	4,930
Deferred tax assets	–	–	–	–	–	–	–	–	2,008	2,008
Amounts receivable from brokers, dealers, and clients	9,319	–	–	–	–	–	–	–	–	9,319
Other assets	2,364	390	1,158	77	166	111	130	41	6,726	11,163
Total assets	$ 114,436	$ 38,916	$ 35,444	$ 29,666	$ 27,367	$ 100,005	$ 234,254	$ 166,651	$ 198,003	$ 944,742
Liabilities										
Trading deposits	$ 10,785	$ 14,876	$ 11,242	$ 9,587	$ 11,165	$ 171	$ 975	$ 533	$ –	$ 59,334
Derivatives	4,887	4,545	2,552	2,698	1,448	6,287	12,801	15,558	–	50,776
Securitization liabilities at fair value	–	290	1,284	356	–	797	5,527	2,944	–	11,198
Other financial liabilities designated at fair value through profit or loss	231	281	447	528	370	1,218	175	–	–	3,250
Deposits[3,4]										
Personal	5,136	6,616	6,616	5,753	5,278	9,431	13,260	170	290,980	343,240
Banks	6,316	4,071	1,239	76	800	3	6	11	3,249	15,771
Business and government	16,711	11,213	3,905	13,163	4,196	17,332	26,326	6,704	142,155	241,705
Total deposits	28,163	21,900	11,760	18,992	10,274	26,766	39,592	6,885	436,384	600,716
Acceptances	11,256	1,796	22	6	–	–	–	–	–	13,080
Obligations related to securities sold short[1]	2,817	2,861	691	518	425	3,812	7,152	9,440	11,749	39,465
Obligations related to securities sold under repurchase agreements	35,633	5,862	1,908	839	1,108	129	108	–	–	45,587
Securitization liabilities at amortized cost	19	389	1,580	715	519	6,860	11,934	2,944	–	24,960
Amounts payable to brokers, dealers, and clients	10,381	–	–	–	–	–	–	–	3	10,384
Insurance-related liabilities	151	236	314	–	531	774	1,468	954	1,651	6,079
Other liabilities[5]	2,697	3,554	903	339	285	400	2,536	99	5,084	15,897
Subordinated notes and debentures	–	–	–	–	–	–	–	7,785	–	7,785
Liability for capital trust securities	–	–	–	–	–	–	–	–	–	–
Equity	–	–	–	–	–	–	–	–	56,231	56,231
Total liabilities and equity	$ 107,020	$ 56,590	$ 32,703	$ 34,578	$ 26,125	$ 47,214	$ 82,268	$ 47,142	$ 511,102	$ 944,742
Off-balance sheet commitments										
Purchase obligations										
Operating lease commitments	$ 69	$ 137	$ 207	$ 205	$ 205	$ 786	$ 1,942	$ 3,183	$ –	$ 6,734
Network service agreements	2	3	5	5	5	20	–	–	–	40
Automated teller machines	20	34	53	41	28	42	47	–	–	265
Contact center technology	2	5	7	7	7	29	54	–	–	111
Software licensing and equipment maintenance	6	68	17	26	9	132	64	–	–	322
Credit and liquidity commitments										
Financial and performance standby letters of credit	647	1,295	2,378	2,605	1,637	2,633	6,316	884	–	18,395
Documentary and commercial letters of credit	24	59	43	21	9	21	20	10	–	207
Commitments to extend credit and liquidity[6,7]	12,616	12,366	5,779	4,195	4,161	11,416	45,269	3,061	1,505	100,368
Non-consolidated SPE commitments										
Commitments to liquidity facilities for ABCP	–	–	–	–	–	–	1	–	–	1

1 Amount has been recorded according to the remaining contractual maturity of the underlying security.
2 For the purposes of this table, non-financial assets have been recorded as having 'no specific maturity'.
3 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'.
4 Includes $17 billion of covered bonds with remaining contractual maturities of $2 billion in '6 months to 9 months', $4 billion in 'over 1 to 2 years', $10 billion in 'over 2 to 5 years', and $1 billion in 'over 5 years'.
5 Includes $119 million of capital lease commitments with remaining contractual maturities of $3 million in 'less than 1 month' , $6 million in '1 month to 3 months', $8 million in '3 months to 6 months', $8 million in '6 months to 9 months', $8 million in '9 months to 1 year', $28 million in 'over 1 to 2 years', $34 million in 'over 2 to 5 years', and $24 million in 'over 5 years'.
6 Includes $76 million in commitments to extend credit to private equity investments.
7 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 67: REMAINING CONTRACTUAL MATURITY (continued)[1]

(millions of Canadian dollars)

	As at October 31, 2013									
	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	$ 3,581	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 3,581
Interest-bearing deposits with banks	22,539	402	350	214	138	–	–	–	4,940	28,583
Trading loans, securities, and other[2]	2,087	4,113	2,844	2,919	3,185	7,089	18,528	12,028	49,147	101,940
Derivatives	5,658	2,588	1,887	1,543	1,379	6,801	14,832	14,773	–	49,461
Financial assets designated at fair value through profit or loss	180	636	539	911	739	2,132	527	693	175	6,532
Available-for-sale securities	3,470	4,284	4,373	1,097	1,851	5,873	22,725	34,033	1,838	79,544
Held-to-maturity securities	293	831	862	548	412	2,825	11,804	12,386	–	29,961
Securities purchased under reverse repurchase agreements	33,159	16,337	7,290	5,171	2,013	260	53	–	–	64,283
Loans										
Residential mortgages	1,194	1,842	4,552	7,725	6,219	31,175	108,098	25,015	–	185,820
Consumer instalment and other personal	1,014	1,376	2,147	2,375	2,700	10,460	28,099	8,895	62,126	119,192
Credit card	–	–	–	–	–	–	–	–	22,222	22,222
Business and government	17,832	3,886	3,340	4,382	3,090	8,059	31,745	32,682	11,783	116,799
Debt securities classified as loans	–	–	635	41	–	307	893	1,868	–	3,744
Total loans	20,040	7,104	10,674	14,523	12,009	50,001	168,835	68,460	96,131	447,777
Allowance for loan losses	–	–	–	–	–	–	–	–	(2,855)	(2,855)
Loans, net of allowance for loan losses	20,040	7,104	10,674	14,523	12,009	50,001	168,835	68,460	93,276	444,922
Customers' liability under acceptances	4,927	1,381	91	–	–	–	–	–	–	6,399
Investment in TD Ameritrade	–	–	–	–	–	–	–	–	5,300	5,300
Goodwill[3]	–	–	–	–	–	–	–	–	13,293	13,293
Other intangibles[3]	–	–	–	–	–	–	–	–	2,493	2,493
Land, buildings, equipment, and other depreciable assets[3]	–	–	–	–	–	–	–	–	4,635	4,635
Deferred tax assets	–	–	–	–	–	–	–	–	1,800	1,800
Amounts receivable from broker, dealers, and clients	9,183	–	–	–	–	–	–	–	–	9,183
Other assets	1,630	317	179	55	754	186	224	39	6,727	10,111
Total assets	$ 106,747	$ 37,993	$ 29,089	$ 26,981	$ 22,480	$ 75,167	$ 237,528	$ 142,412	$ 183,624	$ 862,021
Liabilities										
Trading deposits	$ 9,991	$ 14,000	$ 18,430	$ 5,562	$ 1,609	$ 156	$ 807	$ 412	$ –	$ 50,967
Derivatives	5,430	2,719	2,425	1,938	1,627	6,868	13,648	14,816	–	49,471
Securitization liabilities at fair value	1,896	2,385	2,619	3,529	2,401	1,962	4,662	2,506	–	21,960
Other financial liabilities designated at fair value through profit or loss	2	4	1	1	1	3	–	–	–	12
Deposits[4,5]										
Personal	5,288	8,461	9,116	6,778	6,366	9,180	12,666	150	261,463	319,468
Banks	9,412	3,056	355	255	37	14	25	27	3,968	17,149
Business and government	22,931	13,167	4,058	2,825	3,181	8,824	21,844	1,860	126,298	204,988
Total deposits	37,631	24,684	13,529	9,858	9,584	18,018	34,535	2,037	391,729	541,605
Acceptances	4,927	1,381	91	–	–	–	–	–	–	6,399
Obligations related to securities sold short[2]	689	605	1,481	156	777	2,603	9,649	8,526	17,343	41,829
Obligations related to securities sold under repurchase agreements	27,990	4,201	775	679	682	73	14	–	–	34,414
Securitization liabilities at amortized cost	40	517	730	578	1,428	3,482	15,794	3,023	–	25,592
Amounts payable to broker, dealers, and clients	8,842	3	–	–	–	–	–	–	37	8,882
Insurance-related liabilities	142	212	284	–	477	703	1,325	866	1,577	5,586
Other liabilities[6]	4,070	3,355	946	543	694	353	1,552	91	4,335	15,939
Subordinated notes and debentures	–	–	–	–	149	–	–	7,833	–	7,982
Liability for capital trust securities	–	–	–	–	–	–	–	–	–	–
Equity	–	–	–	–	–	–	–	–	51,383	51,383
Total liabilities and equity	$ 101,650	$ 54,066	$ 41,311	$ 22,844	$ 19,429	$ 34,221	$ 81,986	$ 40,110	$ 466,404	$ 862,021
Off-balance sheet commitments										
Purchase obligations										
Operating lease commitments	$ 64	$ 129	$ 193	$ 192	$ 190	$ 732	$ 1,838	$ 2,918	$ –	$ 6,256
Network service agreements	2	4	7	7	7	–	–	–	–	27
Automated teller machines	9	20	28	45	46	78	44	–	–	270
Contact center technology	–	–	–	–	–	–	–	–	–	–
Software licensing and equipment maintenance	6	69	6	24	7	32	19	–	–	163
Credit and liquidity commitments										
Financial and performance standby letters of credit	180	1,007	2,022	2,497	1,485	3,788	5,022	502	–	16,503
Documentary and commercial letters of credit	41	66	36	14	24	3	15	1	–	200
Commitments to extend credit and liquidity[7,8]	11,675	10,806	6,379	3,676	4,056	8,414	40,395	2,655	1,410	89,466
Non-consolidated SPE commitments										
Commitments to liquidity facilities for ABCP	–	561	226	237	187	4	765	–	–	1,980

1 Certain comparative amounts have been reclassified to conform with the presentation adopted in the current year.
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 $10 billion of covered bonds with remaining contractual maturities of $2 billion in '9 months to 1 year', $2 billion in 'over 1 to 2 years' and $6 billion in 'over 2 to 5 years'.
6 Includes $103 million of capital lease commitments with remaining contractual maturities of $3 million in 'less than 1 month' , $6 million in '1 month to 3 months', $8 million in '3 months to 6 months', $8 million in '6 months to 9 months', $7 million in '9 months to 1 year', $18 million in 'over 1 to 2 years' and $53 million in 'over 2 to 5 years'.
7 Includes $82 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 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.

Regulators prescribe minimum levels of capital, which are referred to as capital limits. Managing the capital levels of a financial institution exposes the Bank to the risk of breaching regulatory capital limits.

WHO MANAGES CAPITAL ADEQUACY RISK

The Board of Directors has the ultimate responsibility for overseeing adequacy of capital and capital management. The Board reviews the adherence to capital limits and thresholds and reviews and approves the annual capital plan and the Global Capital Management Policy. The Risk Committee of the Board 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 Chief Risk Officer ensures 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 limits and thresholds.

Enterprise Capital Management is responsible for forecasting and monitoring compliance with capital limits and thresholds, on a consolidated basis. Enterprise Capital Management updates the capital forecast and makes recommendations to the ALCO regarding capital issuance, repurchase and redemption. Risk Capital Assessment, within Risk Management, leads the ICAAP and EWST processes. Business segments are responsible for managing to allocated capital limits.

Additionally, U.S. regulated subsidiaries of the Bank and certain other jurisdictions manage their capital adequacy risk in accordance with local regulatory requirements. However, related local capital management policies and procedures conform with those of TD.

HOW TD MANAGES CAPITAL ADEQUACY RISK

Capital resources are managed 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 determines capital limits and thresholds in excess of minimum capital requirements. The purpose of capital limits 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 capital limits are breached. Capital thresholds are higher than limits, taking into account normal capital volatility. Capital limits and thresholds are defined in the Global Capital Management Policy.

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, associated with management's target debt rating.

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 limits or thresholds. It outlines potential management actions that may be taken to prevent such a breach from occurring.

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 capital limits. Capital usage is 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 thresholds.

Legal and Regulatory Compliance Risk

Legal and Regulatory Compliance Risk is the risk associated with the failure to meet the Bank's legal obligations from legislative, regulatory, or contractual perspectives. This includes risks associated with the failure to identify, communicate, and comply with current and changing laws, regulations, rules, regulatory guidance, self-regulatory organization standards, and codes of conduct. It also includes anti-money laundering, anti-terrorist financing and economic sanctions risk.

Financial services is one of the most closely regulated industries, and the management of a financial services business such as the Bank's is expected to meet high standards in all business dealings and transactions, wherever TD operates. As a result, the Bank is exposed to legal and regulatory compliance risk in virtually all of its activities. Failure to meet legal and regulatory requirements not only poses a risk of censure or penalty, and may lead to litigation, but also puts the Bank's reputation at risk. Financial penalties, sanctions, and other costs associated with legal proceedings and unfavourable judicial or regulatory judgments may also adversely affect the Bank's business, results of operations and financial condition.

Legal and regulatory compliance 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. It occurs as part of the normal course of operating the Bank's businesses.

WHO MANAGES LEGAL AND REGULATORY COMPLIANCE RISK

Business segments and corporate areas are responsible for managing day-to-day legal and regulatory compliance risk, while the Legal, Compliance, Global Anti-Money Laundering and Regulatory Risk (including Regulatory Relationships and Government Affairs) groups assist them by providing advice and oversight. Representatives of these groups participate, as required, in senior operating committees of the Bank's businesses. Also, the senior management of these groups have established regular meetings with and reporting to the Audit Committee, which oversees the establishment and maintenance of processes and policies that ensure the Bank is in compliance with the laws and regulations that apply to it (as well as its own policies).

The Legal, Compliance, Global Anti-Money Laundering and Regulatory Risk groups also establish risk-based programs and standards to proactively manage known and emerging legal and regulatory compliance risk. The Compliance, Global Anti-Money Laundering and Regulatory Risk groups also provide independent oversight and deliver operational control processes to comply with applicable legislation and regulatory requirements.

The Bank's Regulatory Risk groups also create and facilitate communication with elected officials and regulators, monitor legislation and regulations, support business relationships with governments, coordinate regulatory examinations, facilitate regulatory approvals of new products, and advance the public policy objectives of the Bank.

The Legal department works closely with the business segments and corporate functions to identify areas of potential legal and regulatory compliance risk, and actively manage them to reduce the Bank's exposure.

HOW TD MANAGES LEGAL AND REGULATORY COMPLIANCE RISK

TD's Code of Conduct and Ethics (the "Code") sets the "tone at the top" for a culture of integrity throughout the Bank. The Code stipulates that every business decision and action on TD's behalf must be assessed in light of what is right, legal, and fair. The Code is supported by a number of other policies, training programs and tools, and new employee or director orientation materials, covering a variety of relevant topics, such as anti-money laundering, sanctions, compliance, privacy, and anti-corruption practices. The Code applies not only to employees but also all the officers and directors of the Bank, all of whom are required to attest annually that they understand the Code and have complied with its provisions. Business segments and corporate areas manage day-to-day legal and regulatory compliance risk primarily by implementing appropriate policies, procedures, and controls. The Legal, Compliance, Global Anti-Money Laundering, and Regulatory Risk groups collectively assist them by:

- communicating and advising on regulatory and legal requirements and emerging compliance risks to each business unit as required, including reviewing and approving new products;
- implementing or assisting with policies, procedures and training;
- assessing regulatory and legislative requirements and compliance-related risks using an independent risk-based approach;
- independently monitoring and testing for adherence to significant regulatory and legal requirements, as well as the effectiveness of associated key internal controls;
- tracking, escalating and reporting significant issues and findings to senior management and the Board; and
- liaising with regulators and industry associations, as appropriate, regarding new or revised legislation, regulatory guidance and/or regulatory examinations.

The Bank's policies and processes also provide for the timely escalation of potential or actual material legal or regulatory issues to enable senior management and the Board to effectively perform their management and oversight responsibilities.

Finally, while it is not possible to completely eliminate legal risk, the Legal Department works closely with business segments and other corporate areas to identify and manage risk associated with contractual obligations and plays a gatekeeper function for unacceptable legal risk. The Legal Department also manages litigation risk within the TD Risk Appetite Statement and provides regular escalation of material matters to the Audit Committee.

Reputational Risk

Reputational risk is the potential that stakeholder impressions, whether true or not, regarding the Bank's business practices, actions or inactions, will or may cause a 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 in its own right, essential to optimizing shareholder value and therefore, is constantly at risk. Reputational risk can arise as a consequence of any of the organization's activities and cannot be managed in isolation from other forms of risk. All risk categories can have an impact on reputation, which in turn can impact TD's 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 executive committee with enterprise-wide responsibility for making decisions related to reputational risks. The mandate of the RRC is to ensure that corporate or business initiatives with significant reputational risk profiles have received adequate review for reputational risk implications prior to implementation.

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. This means 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 TD's reputation.

HOW TD MANAGES REPUTATIONAL RISK

Amongst other significant policies, TD's enterprise-wide Reputational Risk Management Policy is approved by the Risk Committee. This Policy sets out the requirements under which each business segment is required to manage reputational risk. These include implementing procedures, and designating a business-level committee to review reputational risk issues and escalating as appropriate to the enterprise RRC.

The Bank also has an enterprise-wide New Business and Product Approval Policy that is approved by the Risk Committee and establishes standard practices to be used across TD to approve new business and product initiatives. The policy is supported by business segment specific processes, which involve independent review from oversight functions, and includes consideration of 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 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 the environmental performance or environmental events, such as changing climate patterns that may impact the Bank's retail customers and clients to whom TD provides financing or in which TD invests; (3) identification and management of 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, Community, Environment and Chief Marketing Officer holds senior executive accountability for environmental management. The Executive Vice President is supported by the Chief Environment Officer who 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 Environmental Steering Committee (ESC) composed of senior executives from TD's main business segments and corporate functions. The ESC is responsible for approving environmental strategy and performance standards, and communicating these throughout the business. TD's business segments are responsible for implementing the environmental strategy and managing associated risks within their units.

HOW TD MANAGES ENVIRONMENTAL RISK

TD manages environmental risks within the Environmental Management System (EMS) which consist of three components: an Environmental Policy, an Environmental Management Framework, 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 Framework, 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.

TD applies its Environmental and Social Credit Risk Management Procedures to credit and lending in the wholesale, commercial, and retail businesses. These procedures include assessment of TD's clients' policies, procedures, and performance on material environmental and related social issues, such as climate risk, biodiversity, water risk, stakeholder engagement, and free, prior and informed consent of Aboriginal peoples. Within Wholesale 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.

TDAM is a signatory to the United Nations Principles for Responsible Investment (UNPRI). Under the UNPRI, investors commit to incorporate environmental and social issues into investment analysis and decision-making. TDAM applies its Sustainable Investing Policy across its operations. The Policy provides information on how TDAM is implementing the UNPRI.

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.

For more information on TD's environmental policy, management and performance, please refer to the Corporate Responsibility Report, which is available at the Bank's website: http://www.td.com/corporateresponsibility/.

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 and protocols 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 and protocols are aligned between the Bank and TD Ameritrade to coordinate necessary intercompany information flow. The Bank has designated the Group Head, Insurance, Credit Cards and Enterprise Strategy to have responsibility for the TD Ameritrade investment, including regular meetings with the TD Ameritrade Chief Executive Officer. In addition to regular communication at the Chief Executive 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 has established a compliance committee, pursuant to a U.S. federal supervisory letter, which provides a holistic overview of key compliance issues and developments across all of the Bank's businesses in the U.S. including, to the extent applicable, TD Ameritrade. As with other material risk issues, where required, material risk issues associated with TD Ameritrade are reported up to TD's Risk Committee.

Pursuant to the Stockholders Agreement in relation to the Bank's equity investment in TD Ameritrade, the Bank designated five of twelve members of TD Ameritrade's Board of Directors including the Bank's Group President and Chief Executive Officer, its former Group President and Chief Executive Officer, two independent directors of TD, and a former independent director of TD. 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 limited exceptions. Currently, the directors the Bank designates participate in a number of TD Ameritrade Board committees, including chairing the Audit Committee and the Human Resources and Compensation Committee, as well as participating in the Risk Committee and Corporate Governance Committee.

Critical Accounting Estimates

The Bank's accounting policies 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 to the 2014 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 could have a significant impact on the Bank's 2014 Consolidated Financial Statements. The Bank has established procedures to ensure that accounting policies are applied consistently and that the processes for changing methodologies 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 2014 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, see Notes 2 and 3 to the Bank's 2014 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 could have a significant 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 for determining estimates are well controlled and occur in an appropriate and systematic manner.

IMPAIRMENT OF FINANCIAL ASSETS

Available-for-Sale Securities

Impairment losses are recognized on available-for-sale securities if there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition and the loss event(s) results in a decrease in the estimated cash flows of the instrument. The Bank individually reviews 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 is considered objective evidence of impairment. For available-for-sale debt securities, a deterioration of credit quality is considered objective evidence of impairment. Other factors considered in the impairment assessment include 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 are recognized on held-to-maturity securities if there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition and the loss event(s) results in a decrease in the estimated cash flows of the instrument. The Bank reviews these securities at least quarterly for impairment at the counterparty-specific level. If there is no objective evidence of impairment at the counterparty-specific level then the security is grouped with other held-to-maturity securities with similar credit risk characteristics and collectively assessed for impairment, which considers losses incurred but not identified. A deterioration of credit quality is considered objective evidence of impairment. Other factors considered in the impairment assessment include 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) is considered impaired when there is objective evidence that there has been a deterioration of credit quality subsequent to the initial recognition of the loan to the extent the Bank no longer has reasonable assurance as to the timely collection of the full amount of principal and interest. The Bank assesses loans for objective evidence of impairment individually for loans that are individually significant, and collectively for loans that are not individually significant. The allowance for credit losses represents management's best estimate of impairment incurred in the lending portfolios, including any off-balance sheet exposures, at the balance sheet date. Management exercises judgment as to the timing of designating a loan as impaired, the amount of the allowance required, and the amount that will be recovered once the borrower defaults. Changes in the amount that management expects to recover would have a direct impact on the provision for credit losses and may result in a change in the allowance for credit losses.

If there is no objective evidence of impairment for an individual loan, whether significant or not, the loan is 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 employs internally developed models that utilize parameters for probability of default, loss given default and exposure at default. Management's judgment is used to determine the point within the range that is 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 are not fully incorporated into the model calculation. Changes in these assumptions would have a direct impact on the provision for incurred but not identified credit losses and may result in a change in the related allowance for credit losses.

FAIR VALUE MEASUREMENT

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.

The inherent nature of private equity investing is that the Bank's valuation may change over time due to developments in the business underlying the investment. Such fluctuations may be significant depending on the nature of the factors going into the valuation methodology and the extent of change in those factors.

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.

The Bank has implemented FVA in the fourth quarter of 2014 in response to growing evidence that market implied funding costs and benefits are now considered in the pricing and fair valuation of uncollateralized derivatives. The FVA involves estimates and judgment as there is currently no common industry practice or standard for determining the FVA. Some of the key drivers of FVA include the market implied cost of funding spread over LIBOR, expected term of the trades, and expected average exposure by counterparty. 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.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 5 to the Bank's 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 has been retained or transferred and the extent to which the risks and rewards of ownership of the financial asset has 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 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 using management's best estimates of key assumptions including credit losses, prepayment rates, forward yield curves and discount rates, that are commensurate with the risks involved. 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.

GOODWILL AND OTHER INTANGIBLES

The fair value of the Bank's cash generating unit (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 fair value of CGUs, and the use of different assumptions and estimates in the fair value 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 unallocated 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 measure plan obligations is based on long-term high quality corporate bond yields as at October 31. 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 to reduce costs in a sustainable manner and achieve greater operational efficiencies. 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. The main assumption underlying these techniques is that a company's 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. 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.

The Bank's mortality assumptions have been derived from a combination of its own experience and industry experience. Policyholders may allow their policies to lapse by choosing not to continue to pay premiums. The Bank bases its estimates of future lapse rates on previous experience when available, or industry experience. Estimates of future policy administration expenses are based on the Bank's previous and expected future experience.

CONSOLIDATION OF STRUCTURED ENTITIES

Management judgment is required when assessing whether the Bank should consolidate an entity, particularly complex entities. 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 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.

Current and Future Changes in Accounting Policies

CURRENT CHANGES IN ACCOUNTING POLICY

The following new and amended standards have been adopted by the Bank.

Consolidation

The following new and amended guidance relates to consolidated financial statements:

- IFRS 10, *Consolidated Financial Statements* (IFRS 10), which replaces IAS 27, *Consolidated and Separate Financial Statements* (IAS 27), and SIC-12, *Consolidation – Special-Purpose Entities* (SIC-12);
- IFRS 11, *Joint Arrangements* (IFRS 11); and
- IFRS 12, *Disclosure of Interests in Other Entities* (IFRS 12).

The Bank also adopted related amendments to IFRS 10 and any conforming changes to related standards.

The standards and amendments resulted in a revised definition of control that applies to all entities. Each of the above standards is effective for annual periods beginning on or after January 1, 2013, which was November 1, 2013, for the Bank, and have been applied retrospectively, allowing for certain practical exceptions and transition relief. In order to adopt the above standards the Bank reassessed its consolidation analyses for all of its investees, including but not limited to, its subsidiaries, associates, joint ventures, structured entities such as special purpose entities (SPEs) and its involvement with other third party entities.

Consolidated Financial Statements

The Bank consolidates an entity as a result of controlling the entity, based on the following criteria:

- The Bank has the power to direct the activities of the entity which have the most significant impact on the entity's risks and/or returns;
- The Bank is exposed to significant risks and/or returns arising from the entity; and
- The Bank is able to use its power to affect the risks and/or returns to which it is exposed.

When assessing whether the Bank controls an entity, the entity's purpose and design are considered in order to determine the activities which most significantly impact the entity's risks and/or returns.

On November 1, 2012, the transition date, the Bank's adoption of IFRS 10 resulted in the deconsolidation of TD Capital Trust IV (Trust IV) which was previously consolidated by the Bank. Upon deconsolidation of Trust IV, the TD Capital Trust IV Notes (TD CaTS IV Notes) issued by Trust IV were removed from the Bank's Consolidated Financial Statements. This resulted in a decrease to liabilities related to capital trust securities of $1.75 billion which was replaced with an equivalent amount of deposit note liabilities issued by the Bank to Trust IV. The impact to the Bank's opening retained earnings was not significant. Other than the deconsolidation of Trust IV, IFRS 10 did not result in a material impact on the financial position, cash flows, or earnings of the Bank.

Joint Arrangements

IFRS 11 replaces guidance previously provided in IAS 31 *Interests in Joint Ventures* (IAS 31) and SIC-13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers* . The new standard outlines the principles relating to the accounting for joint arrangements which are arrangements where two or more parties have joint control. It also requires use of the equity method of accounting when accounting for joint ventures as compared to proportionate consolidation which was the accounting policy choice adopted by the Bank under IAS 31. On November 1, 2012, the transition date, the Bank's adoption of IFRS 11 did not result in a material impact on the financial position, cash flows, or earnings of the Bank .

Disclosure of Interests in Other Entities

IFRS 12 requires enhanced disclosures about both consolidated and unconsolidated entities in which the Bank has involvement. The objective of IFRS 12 is to present information so that financial statement users may evaluate the basis of control; any restrictions on consolidated assets and liabilities; risk exposures arising from involvement with unconsolidated structured entities; non-controlling interest holders' involvement in the activities of consolidated entities; and the Bank's exposure to associates and joint ventures. The adoption of IFRS 12 did not result in a material impact on the Consolidated Financial Statements of the Bank; however, the standard resulted in additional disclosures, which are included in Note 10 on a retrospective basis.

Fair Value Measurement

IFRS 13, *Fair Value Measurement* (IFRS 13), provides a single framework for fair value measurement and applies when other IFRS require or permit fair value measurements or disclosures. The standard provides guidance on measuring fair value using the assumptions that market participants would use when pricing the asset or liability under current market conditions. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, which was November 1, 2013 for the Bank, and is applied prospectively. This new standard did not have a material impact on the financial position, cash flows, or earnings of the Bank; however the standard resulted in additional fair value disclosures which are disclosed in Note 5 of the Consolidated Financial Statements on a prospective basis.

Employee Benefits

The amendments to IAS 19, *Employee Benefits* (IAS 19), issued in June 2011, eliminate the corridor approach for actuarial gains and losses, requiring the Bank to recognize immediately all actuarial gains and losses in other comprehensive income. Under the amended standard, the Bank has elected to reclassify cumulative actuarial gains and losses to retained earnings. Net interest expense or income is calculated by applying the discount rate to the net defined benefit asset or liability, and is recorded on the Consolidated Statement of Income, along with present and past service costs for the period. Plan amendment costs are recognized in the period of a plan amendment, irrespective of its vested status. Curtailments and settlements are recognized in income 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. Furthermore, a termination benefit obligation is recognized when the Bank can no longer withdraw the offer of the termination benefit, or when it recognizes related restructuring costs.

The amendments to IAS 19 are effective for annual periods beginning on or after January 1, 2013, which was November 1, 2013, for the Bank, and have been applied retrospectively. On November 1, 2011, the transition date, the amendments resulted in an increase to deferred tax assets of $74 million, a decrease to other assets of $112 million, an increase in other liabilities of $98 million, and a decrease to retained earnings of $136 million.

Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to IFRS 7, *Financial Instruments: Disclosures* (IFRS 7), issued in December 2011 provide common disclosure requirements intended to help investors and other users to better assess the effect or potential effect of offsetting arrangements on a company's financial position. While the IFRS 7 amendments will result in additional disclosures, the amendments did not have a material impact on the Consolidated Financial Statements of the Bank. The IFRS 7 amendments are effective for annual periods beginning on or after January 1, 2013, which was November 1, 2013, for the Bank. The disclosures required by the IFRS 7 amendments have been presented on a retrospective basis by the Bank as at October 31, 2014. Refer to Note 6 for the disclosures required by the IFRS 7 amendments.

FUTURE CHANGES IN ACCOUNTING POLICIES

The IASB continues to make changes to IFRS to improve the overall quality of financial reporting. The Bank is actively monitoring all of the IASB's projects that are relevant to the Bank's financial reporting and 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.

Presentation – Offsetting Financial Assets and Financial Liabilities

In December 2011, the IASB issued amendments to IAS 32, *Financial Instruments: Presentation*, (the IAS 32 amendments) which clarified the existing requirements for offsetting financial assets and financial liabilities. These amendments are effective for annual periods beginning on or after January 1, 2014, which will be November 1, 2014, for the Bank. The Bank expects that certain bilateral transactions related to reverse repurchase and repurchase agreements, and amounts receivable from or payable to brokers, dealers, and clients will no longer qualify for offsetting under the new guidance.

The Bank estimates the impact of adopting the IAS 32 amendments will result in an increase in total assets and total liabilities of approximately $11 billion and $16 billion as at November 1, 2013, the transition date, and October 31, 2014, respectively. There will be no impact to opening equity, cash flows, or earnings of the Bank.

Levies

In May 2013, the IFRS Interpretations Committee (IFRIC), with the approval of the IASB, issued IFRIC 21, Levies (IFRIC 21). IFRIC 21 provides guidance on when to recognize a liability to pay a levy imposed by government, which is accounted for in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014, which will be November 1, 2014, for the Bank, and is to be applied retrospectively.

IFRIC 21 is expected to change the pattern and timing of recognition of certain levies paid by the Bank, in that it requires the obligation for these levies to be recognized at specific points in time in accordance with their applicable legislation. This change in timing of recognition is not expected to have a material impact on the financial position, cash flows, or earnings of the Bank on an annual basis.

Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments* (IFRS 9), which replaces the guidance in IAS 39, *Financial Instruments: Recognition and Measurement* (IAS 39). This final version includes requirements on: (1) Classification and measurement of financial assets and liabilities; (2) Impairment; and (3) Hedge accounting. Accounting for macro hedging has been decoupled from IFRS 9 and will now be considered and issued as a separate standard. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, which will be November 1, 2018, for the Bank, and is to be applied retrospectively with certain exceptions. Early adoption of IFRS 9 is permitted. IFRS 9 also permits early application of changes in the own credit risk provision, prior to adopting all other requirements within IFRS 9. The Bank is currently assessing the impact of adopting IFRS 9, including early application of the own credit risk provision.

Novation of Derivatives and Continuation of Hedge Accounting

In June 2013, the IASB issued amendments to IAS 39 which provides relief from discontinuing hedge accounting when novation of a derivative designated as a hedge accounting instrument meets certain criteria. The IAS 39 amendments are effective for annual periods beginning on or after January 1, 2014, which will be November 1, 2014, for the Bank, and is to be applied retrospectively. The IAS 39 amendments are not expected to have a material impact on the financial position, cash flows, or earnings of the Bank and have been retained in the final version of IFRS 9.

Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, which clarifies the principles for recognizing revenue and cash flows arising from contracts with customers. The standard is effective for annual periods beginning on or after January 1, 2017, which will be November 1, 2017, for the Bank, and is to be applied retrospectively. The Bank is currently assessing the impact of adopting this standard.

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, 2014. 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, 2014.

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, 2014, 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, 2014. 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, 2014.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

During the year and quarter ended October 31, 2014, 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.

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 68: INVESTMENT PORTFOLIO – Securities Maturity Schedule[1]

(millions of Canadian dollars)

	As at October 31, 2014						
	Remaining terms to maturities[2]						
	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
Available-for-sale securities							
Government and government-related securities							
Canadian government debt							
Federal							
Fair value	$ 2,220	$ 718	$ 4,694	$ 752	$ 20	$ –	$ 8,404
Amortized cost	2,215	710	4,672	740	18	–	8,355
Yield	1.22 %	1.79 %	2.06 %	2.04 %	3.99 %	– %	1.82 %
Provinces							
Fair value	655	741	1,876	1,264	9	–	4,545
Amortized cost	651	737	1,859	1,263	8	–	4,518
Yield	1.56 %	1.76 %	2.08 %	2.52 %	4.44 %	– %	2.08 %
U.S. federal government debt							
Fair value	152	–	–	–	–	–	152
Amortized cost	152	–	–	–	–	–	152
Yield	0.12 %	– %	– %	– %	– %	– %	0.12 %
U.S. states, municipalities and agencies							
Fair value	1,490	1,047	441	2,567	6,433	–	11,978
Amortized cost	1,491	1,032	431	2,433	6,411	–	11,798
Yield	1.21 %	1.90 %	2.43 %	2.75 %	1.53 %	– %	1.81 %
Other OECD government-guaranteed debt							
Fair value	1,171	578	1,165	408	–	–	3,322
Amortized cost	1,170	574	1,164	405	–	–	3,313
Yield	1.10 %	2.16 %	1.80 %	2.26 %	– %	– %	1.67 %
Canadian mortgage-backed securities							
Fair value	–	787	2,519	–	–	–	3,306
Amortized cost	–	779	2,477	–	–	–	3,256
Yield	– %	2.13 %	2.28 %	– %	– %	– %	2.24 %
Other debt securities							
Asset-backed securities							
Fair value	1,004	4,168	2,756	6,480	4,495	–	18,903
Amortized cost	1,003	4,157	2,753	6,445	4,473	–	18,831
Yield	1.20 %	1.08 %	0.73 %	1.21 %	1.00 %	– %	1.06 %
Non-agency CMO							
Fair value	–	–	–	–	1,722	–	1,722
Amortized cost	–	–	–	–	1,713	–	1,713
Yield	– %	– %	– %	– %	2.77 %	– %	2.77 %
Corporate and other debt							
Fair value	1,542	3,154	2,830	428	145	–	8,099
Amortized cost	1,530	3,107	2,812	417	142	–	8,008
Yield	2.66 %	2.98 %	2.72 %	3.79 %	5.41 %	– %	2.91 %
Equity securities							
Common shares							
Fair value	–	–	–	–	–	1,760	1,760
Amortized cost	–	–	–	–	–	1,642	1,642
Yield	– %	– %	– %	– %	– %	4.74 %	4.74 %
Preferred shares							
Fair value	–	–	–	–	–	171	171
Amortized cost	–	–	–	–	–	153	153
Yield	– %	– %	– %	– %	– %	1.26 %	1.26 %
Debt securities reclassified from trading							
Fair value	112	236	31	203	64	–	646
Amortized cost	109	216	27	182	62	–	596
Yield	4.07 %	3.93 %	3.97 %	5.61 %	5.27 %	– %	4.61 %
Total available-for-sale securities							
Fair value	$ 8,346	$ 11,429	$ 16,312	$ 12,102	$ 12,888	$ 1,931	$ 63,008
Amortized cost	8,321	11,312	16,195	11,885	12,827	1,795	62,335
Yield	1.51 %	1.94 %	1.98 %	1.91 %	1.58 %	4.44 %	1.89 %

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 Represents contractual maturities. Actual maturities may differ due to prepayment privileges in the applicable contract.

TABLE 68: INVESTMENT PORTFOLIO – Securities Maturity Schedule (continued)[1]

(millions of Canadian dollars)

	As at October 31, 2014						
	Remaining terms to maturities[2]						
	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
Held-to-maturity securities							
Government and government-related securities							
Canadian government debt							
Federal							
Fair value	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Amortized cost	–	–	–	–	–	–	–
Yield	– %	– %	– %	– %	– %	– %	– %
U.S. federal government and agencies debt							
Fair value	–	–	–	–	–	–	–
Amortized cost	–	–	–	–	–	–	–
Yield	– %	– %	– %	– %	– %	– %	– %
U.S. states, municipalities and agencies							
Fair value	–	282	4,846	9,534	4,217	–	18,879
Amortized cost	–	281	4,822	9,465	4,224	–	18,792
Yield	– %	– %	1.75 %	2.11 %	2.24 %	– %	2.04 %
Other OECD government-guaranteed debt							
Fair value	2,679	8,282	4,531	–	–	–	15,492
Amortized cost	2,677	8,226	4,424	–	–	–	15,327
Yield	1.57 %	0.89 %	0.85 %	– %	– %	– %	1.00 %
Other debt securities							
Other issuers							
Fair value	832	1,529	7,002	6,938	6,654	–	22,955
Amortized cost	833	1,536	6,961	6,917	6,611	–	22,858
Yield	1.93 %	2.20 %	1.09 %	0.85 %	0.94 %	– %	1.08 %
Total held-to-maturity schedules							
Fair value	$ 3,511	$ 10,093	$ 16,379	$ 16,472	$ 10,871	$ –	$ 57,326
Amortized cost	3,510	10,043	16,207	16,382	10,835	–	56,977
Yield	1.66 %	1.10 %	1.22 %	1.58 %	1.48 %	– %	1.38 %

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 Represents contractual maturities. Actual maturities may differ due to prepayment privileges in the applicable contract.

TABLE 68: INVESTMENT PORTFOLIO – Securities Maturity Schedule (continued)[1]

(millions of Canadian dollars)

	As at October 31, 2013						
	Remaining terms to maturities[2]						
	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
Available-for-sale securities							
Government and government-related securities							
Canadian government debt							
Federal							
Fair value	$ 5,041	$ 206	$ 2,979	$ 1,043	$ 60	$ –	$ 9,329
Amortized cost	5,040	203	2,967	1,034	57	–	9,301
Yield	0.58 %	1.56 %	0.69 %	0.94 %	3.16 %	– %	0.69 %
Provinces							
Fair value	175	540	1,417	448	8	–	2,588
Amortized cost	174	536	1,408	443	8	–	2,569
Yield	0.66 %	0.84 %	1.27 %	1.34 %	4.44 %	– %	1.16 %
U.S. federal government debt							
Fair value	141	–	–	–	–	–	141
Amortized cost	141	–	–	–	–	–	141
Yield	0.14 %	– %	– %	– %	– %	– %	0.14 %
U.S. states, municipalities and agencies							
Fair value	36	1,769	2,117	5,545	5,568	–	15,035
Amortized cost	36	1,757	2,089	5,398	5,550	–	14,830
Yield	1.71 %	1.48 %	1.91 %	2.34 %	1.47 %	– %	1.85 %
Other OECD government-guaranteed debt							
Fair value	5,568	1,933	371	122	–	–	7,994
Amortized cost	5,553	1,926	372	127	–	–	7,978
Yield	1.27 %	1.12 %	1.65 %	1.50 %	– %	– %	1.25 %
Canadian mortgage-backed securities							
Fair value	22	922	1,866	–	–	–	2,810
Amortized cost	22	914	1,855	–	–	–	2,791
Yield	0.12 %	2.13 %	2.35 %	– %	– %	– %	2.26 %
Other debt securities							
Asset-backed securities							
Fair value	1,813	3,229	4,776	10,464	9,038	–	29,320
Amortized cost	1,814	3,219	4,742	10,434	9,043	–	29,252
Yield	1.97 %	1.03 %	1.16 %	0.75 %	1.02 %	– %	1.01 %
Non-agency CMO							
Fair value	–	–	–	–	963	–	963
Amortized cost	–	–	–	–	948	–	948
Yield	– %	– %	– %	– %	1.75 %	– %	1.75 %
Corporate and other debt							
Fair value	2,161	3,819	2,127	394	152	–	8,653
Amortized cost	2,125	3,738	2,081	379	148	–	8,471
Yield	3.08 %	3.03 %	2.84 %	4.79 %	5.48 %	– %	3.12 %
Equity securities							
Common shares							
Fair value	–	–	–	–	–	1,640	1,640
Amortized cost	–	–	–	–	–	1,560	1,560
Yield	– %	– %	– %	– %	– %	3.69 %	3.69 %
Preferred shares							
Fair value	–	–	–	–	–	166	166
Amortized cost	–	–	–	–	–	152	152
Yield	– %	– %	– %	– %	– %	3.70 %	3.70 %
Debt securities reclassified from trading							
Fair value	118	353	174	171	57	32	905
Amortized cost	115	313	146	161	64	36	835
Yield	7.91 %	8.03 %	8.12 %	6.22 %	5.22 %	7.92 %	7.46 %
Total available-for-sale securities							
Fair value	$ 15,075	$ 12,771	$ 15,827	$ 18,187	$ 15,846	$ 1,838	$ 79,544
Amortized cost	15,020	12,606	15,660	17,976	15,818	1,748	78,828
Yield	1.41 %	1.95 %	1.62 %	1.39 %	1.29 %	3.77 %	1.56 %

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 Represents contractual maturities. Actual maturities may differ due to prepayment privileges in the applicable contract.

TABLE 68: INVESTMENT PORTFOLIO – Securities Maturity Schedule (continued)[1]

(millions of Canadian dollars)

	As at October 31, 2013						
	Remaining terms to maturities[2]						
	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
Held-to-maturity securities							
Government and government-related securities							
Canadian government debt							
Federal							
Fair value	$ 259	$ –	$ –	$ –	$ –	$ –	$ 259
Amortized cost	259	–	–	–	–	–	259
Yield	0.99 %	– %	– %	– %	– %	– %	0.99 %
U.S. federal government and agencies debt							
Fair value	–	–	–	–	–	–	–
Amortized cost	–	–	–	–	–	–	–
Yield	– %	– %	– %	– %	– %	– %	– %
U.S. states, municipalities and agencies							
Fair value	–	–	1,335	7,414	3,764	–	12,513
Amortized cost	–	–	1,334	7,447	3,770	–	12,551
Yield	– %	– %	1.47 %	2.13 %	2.23 %	– %	2.09 %
Other OECD government-guaranteed debt							
Fair value	1,914	7,011	4,106	72	–	–	13,103
Amortized cost	1,914	7,002	4,093	71	–	–	13,080
Yield	2.13 %	1.29 %	0.97 %	1.25 %	– %	– %	1.31 %
Other debt securities							
Other issuers							
Fair value	773	747	1,451	1,104	–	–	4,075
Amortized cost	773	749	1,451	1,098	–	–	4,071
Yield	2.54 %	2.72 %	2.08 %	1.83 %	– %	– %	2.22 %
Total held-to-maturity schedules							
Fair value	$ 2,946	$ 7,758	$ 6,892	$ 8,590	$ 3,764	$ –	$ 29,950
Amortized cost	2,946	7,751	6,878	8,616	3,770	–	29,961
Yield	2.14 %	1.43 %	1.30 %	2.08 %	2.23 %	– %	1.76 %

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 Represents contractual maturities. Actual maturities may differ due to prepayment privileges in the applicable contract.

TABLE 68: INVESTMENT PORTFOLIO – Securities Maturity Schedule (continued)[1]

(millions of Canadian dollars)

	As at October 31, 2012						
	Remaining terms to maturities[2]						
	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
Available-for-sale securities							
Government and government-related securities							
Canadian government debt							
Federal							
Fair value	$ 9,943	$ 122	$ 132	$ 630	$ 28	$ –	$ 10,855
Amortized cost	9,942	119	123	610	24	–	10,818
Yield	1.06 %	2.42 %	3.21 %	2.34 %	3.82 %	– %	1.18 %
Provinces							
Fair value	2,178	97	54	165	9	–	2,503
Amortized cost	2,177	93	50	157	8	–	2,485
Yield	1.17 %	3.47 %	3.62 %	3.34 %	4.44 %	– %	1.45 %
U.S. federal government debt							
Fair value	241	–	–	–	–	–	241
Amortized cost	241	–	–	–	–	–	241
Yield	0.13 %	– %	– %	– %	– %	– %	0.13 %
U.S. states, municipalities and agencies							
Fair value	1,835	1,369	1,221	11,670	13,319	–	29,414
Amortized cost	1,833	1,338	1,168	11,188	13,053	–	28,580
Yield	0.49 %	1.26 %	1.82 %	2.25 %	2.00 %	– %	1.96 %
Other OECD government-guaranteed debt							
Fair value	2,479	11,379	3,323	29	–	–	17,210
Amortized cost	2,433	11,193	3,203	27	–	–	16,856
Yield	2.86 %	1.55 %	1.73 %	2.62 %	– %	– %	1.77 %
Canadian mortgage-backed securities							
Fair value	61	31	1,050	–	–	–	1,142
Amortized cost	61	30	1,043	–	–	–	1,134
Yield	0.11 %	0.10 %	2.06 %	– %	– %	– %	1.91 %
Other debt securities							
Asset-backed securities							
Fair value	1,031	4,152	5,718	7,305	6,839	–	25,045
Amortized cost	1,024	4,131	5,683	7,202	6,828	–	24,868
Yield	3.96 %	1.54 %	0.97 %	1.20 %	1.26 %	– %	1.34 %
Non-agency CMO							
Fair value	–	–	–	–	961	–	961
Amortized cost	–	–	–	–	939	–	939
Yield	– %	– %	– %	– %	1.88 %	– %	1.88 %
Corporate and other debt							
Fair value	670	4,781	1,782	456	169	–	7,858
Amortized cost	654	4,656	1,705	423	149	–	7,587
Yield	3.30 %	2.93 %	3.80 %	5.28 %	6.38 %	– %	3.35 %
Equity securities							
Common shares							
Fair value	–	–	–	–	–	1,851	1,851
Amortized cost	–	–	–	–	–	1,749	1,749
Yield	– %	– %	– %	– %	– %	2.67 %	2.67 %
Preferred shares							
Fair value	–	–	–	–	–	232	232
Amortized cost	–	–	–	–	–	194	194
Yield	– %	– %	– %	– %	– %	1.85 %	1.85 %
Debt securities reclassified from trading							
Fair value	152	333	442	151	186	–	1,264
Amortized cost	147	301	378	124	215	–	1,165
Yield	7.85 %	8.16 %	7.51 %	7.90 %	5.86 %	– %	7.46 %
Total available-for-sale securities							
Fair value	$ 18,590	$ 22,264	$ 13,722	$ 20,406	$ 21,511	$ 2,083	$ 98,576
Amortized cost	18,512	21,861	13,353	19,731	21,216	1,943	96,616
Yield	1.53 %	1.93 %	1.89 %	1.98 %	1.83 %	2.59 %	1.85 %

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 Represents contractual maturities. Actual maturities may differ due to prepayment privileges in the applicable contract.

TABLE 68: INVESTMENT PORTFOLIO – Securities Maturity Schedule (continued)[1]

(millions of Canadian dollars)

	As at October 31, 2012						
	Remaining terms to maturities[2]						
	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
Held-to-maturity securities							
Government and government-related securities							
Canadian government debt							
Federal							
Fair value	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Amortized cost	–	–	–	–	–	–	–
Yield	– %	– %	– %	– %	– %	– %	– %
U.S. federal government and agencies debt							
Fair value	–	–	–	–	–	–	–
Amortized cost	–	–	–	–	–	–	–
Yield	– %	– %	– %	– %	– %	– %	– %
U.S. states, municipalities and agencies							
Fair value	–	–	–	–	–	–	–
Amortized cost	–	–	–	–	–	–	–
Yield	– %	– %	– %	– %	– %	– %	– %
Other OECD government-guaranteed debt							
Fair value	–	–	–	–	–	–	–
Amortized cost	–	–	–	–	–	–	–
Yield	– %	– %	– %	– %	– %	– %	– %
Other debt securities							
Other issuers							
Fair value	–	–	–	–	–	–	–
Amortized cost	–	–	–	–	–	–	–
Yield	– %	– %	– %	– %	– %	– %	– %
Total held-to-maturity schedules							
Fair value	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Amortized cost	–	–	–	–	–	–	–
Yield	– %	– %	– %	– %	– %	– %	– %

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 Represents contractual maturities. Actual maturities may differ due to prepayment privileges in the applicable contract.

TABLE 69: LOAN PORTFOLIO – Loans Maturity

(millions of Canadian dollars)

As at

	Remaining term to maturity			
	Under 1 year	1 to 5 years	Over 5 years	Total
				October 31, 2014
Canada				
Residential mortgages	$ 24,960	$ 143,145	$ 7,020	$ 175,125
Consumer instalment and other personal				
HELOC	44,025	15,539	4	59,568
Indirect Auto	126	7,308	9,041	16,475
Other	14,194	1,344	578	16,116
Credit card	17,927	–	–	17,927
Total personal	101,232	167,336	16,643	285,211
Real estate				
Residential	5,442	4,568	4,594	14,604
Non-residential	6,252	2,281	1,235	9,768
Total real estate	11,694	6,849	5,829	24,372
Total business and government (including real estate)	46,261	16,396	9,157	71,814
Total loans – Canada	147,493	183,732	25,800	357,025
United States				
Residential mortgages	214	105	23,016	23,335
Consumer instalment and other personal				
HELOC	9,196	172	2,297	11,665
Indirect Auto	4,254	13,806	722	18,782
Other	141	401	73	615
Credit card	7,637	–	–	7,637
Total personal	21,442	14,484	26,108	62,034
Real estate				
Residential	992	1,493	1,809	4,294
Non-residential	1,424	7,365	5,248	14,037
Total real estate	2,416	8,858	7,057	18,331
Total business and government (including real estate)	9,500	29,863	30,054	69,417
Total loans – United States	30,942	44,347	56,162	131,451
Other International				
Personal	5	4	–	9
Business and government	1,998	123	3	2,124
Total loans – Other international	2,003	127	3	2,133
Other loans				
Debt securities classified as loans	313	646	1,736	2,695
Acquired credit-impaired loans	434	434	845	1,713
Total other loans	747	1,080	2,581	4,408
Total loans	$ 181,185	$ 229,286	$ 84,546	$ 495,017

TABLE 69: LOAN PORTFOLIO – Loans Maturity (continued)

(millions of Canadian dollars)

				As at
	Remaining term to maturity			
	Under 1 year	1 to 5 years	Over 5 years	Total
				October 31, 2013
Canada				
Residential mortgages	$ 21,286	$ 139,175	$ 3,928	$ 164,389
Consumer instalment and other personal				
HELOC	46,630	14,949	2	61,581
Indirect Auto	509	9,307	4,850	14,666
Other	12,933	1,507	753	15,193
Credit card	15,288	–	–	15,288
Total personal	96,646	164,938	9,533	271,117
Real estate				
Residential	5,021	4,799	3,865	13,685
Non-residential	4,962	1,780	1,411	8,153
Total real estate	9,983	6,579	5,276	21,838
Total business and government (including real estate)	40,694	13,997	9,581	64,272
Total loans – Canada	137,340	178,935	19,114	335,389
United States				
Residential mortgages	246	98	20,601	20,945
Consumer instalment and other personal				
HELOC	7,974	164	2,469	10,607
Indirect Auto	3,368	12,248	707	16,323
Other	138	313	82	533
Credit card	6,900	–	–	6,900
Total personal	18,626	12,823	23,859	55,308
Real estate				
Residential	833	1,400	1,237	3,470
Non-residential	1,433	5,884	4,767	12,084
Total real estate	2,266	7,284	6,004	15,554
Total business and government (including real estate)	7,830	24,511	22,659	55,000
Total loans – United States	26,456	37,334	46,518	110,308
Other International				
Personal	1	9	–	10
Business and government	1,746	491	3	2,240
Total loans – Other international	1,747	500	3	2,250
Other loans				
Debt securities classified as loans	676	1,200	1,868	3,744
Acquired credit-impaired loans	661	867	957	2,485
Total other loans	1,337	2,067	2,825	6,229
Total loans	$ 166,880	$ 218,836	$ 68,460	$ 454,176

TABLE 69: LOAN PORTFOLIO – Loans Maturity (continued)

(millions of Canadian dollars)

				As at
	Remaining term to maturity			
	Under 1 year	1 to 5 years	Over 5 years	Total
				October 31, 2012
Canada				
Residential mortgages	$ 25,530	$ 123,174	$ 5,543	$ 154,247
Consumer instalment and other personal				
HELOC	50,606	13,588	559	64,753
Indirect Auto	2,244	8,683	3,038	13,965
Other	12,239	2,210	125	14,574
Credit card	14,236	–	–	14,236
Total personal	104,855	147,655	9,265	261,775
Real estate				
Residential	3,840	5,700	2,937	12,477
Non-residential	3,988	1,965	1,299	7,252
Total real estate	7,828	7,665	4,236	19,729
Total business and government (including real estate)	34,759	14,146	6,892	55,797
Total loans – Canada	139,614	161,801	16,157	317,572
United States				
Residential mortgages	117	35	17,210	17,362
Consumer instalment and other personal				
HELOC	7,304	215	2,603	10,122
Indirect Auto	2,918	9,747	801	13,466
Other	81	305	104	490
Credit card	1,097	–	–	1,097
Total personal	11,517	10,302	20,718	42,537
Real estate				
Residential	950	1,106	959	3,015
Non-residential	2,475	4,192	4,164	10,831
Total real estate	3,425	5,298	5,123	13,846
Total business and government (including real estate)	13,297	16,047	17,837	47,181
Total loans – United States	24,814	26,349	38,555	89,718
Other International				
Personal	1	10	–	11
Business and government	2,208	431	14	2,653
Total loans – Other international	2,209	441	14	2,664
Other loans				
Debt securities classified as loans	522	1,604	2,868	4,994
Acquired credit-impaired loans	979	1,734	1,054	3,767
Total other loans	1,501	3,338	3,922	8,761
Total loans	$ 168,138	$ 191,929	$ 58,648	$ 418,715

TABLE 70: LOAN PORTFOLIO – Rate Sensitivity

(millions of Canadian dollars)

						As at
	October 31, 2014		October 31, 2013		October 31, 2012	
	1 to 5 years	**Over 5 years**	1 to 5 years	Over 5 years	1 to 5 years	Over 5 years
Fixed rate	**$ 155,614**	**$ 59,555**	$ 158,435	$ 45,395	$ 133,730	$ 37,781
Variable rate	**73,672**	**24,991**	60,401	23,065	58,199	20,867
Total	**$ 229,286**	**$ 84,546**	$ 218,836	$ 68,460	$ 191,929	$ 58,648

The change in the Bank's allowance for credit losses for the years ended October 31, 2014, October 31, 2013, and October 31, 2012, are shown in the following table.

TABLE 71: ALLOWANCE FOR CREDIT LOSSES

(millions of Canadian dollars, except as noted)

	2014	2013	2012
Allowance for loan losses – Balance at beginning of year	**$ 2,855**	$ 2,644	$ 2,314
Provision for credit losses	**1,557**	1,631	1,795
Write-offs			
Canada			
Residential mortgages	**21**	20	18
Consumer instalment and other personal			
HELOC	**13**	18	16
Indirect Auto	**207**	160	155
Other	**234**	274	310
Credit card	**582**	543	335
Total personal	**1,057**	1,015	834
Real estate			
Residential	**1**	2	3
Non-residential	**3**	3	4
Total real estate	**4**	5	7
Total business and government (including real estate)	**109**	104	108
Total Canada	**1,166**	1,119	942
United States			
Residential mortgages	**17**	33	42
Consumer instalment and other personal			
HELOC	**43**	65	101
Indirect Auto	**232**	231	145
Other	**79**	74	67
Credit card	**288**	56	50
Total personal	**659**	459	405
Real estate			
Residential	**12**	16	91
Non-residential	**18**	59	84
Total real estate	**30**	75	175
Total business and government (including real estate)	**117**	191	385
Total United States	**776**	650	790
Other International			
Personal	**–**	–	–
Business and government	**–**	–	–
Total other international	**–**	–	–
Other loans			
Debt securities classified as loans	**5**	11	–
Acquired credit-impaired loans[1,2]	**20**	38	112
Total other loans	**25**	49	112
Total write-offs against portfolio	**1,967**	1,818	1,844
Recoveries			
Canada			
Residential mortgages	**5**	3	4
Consumer instalment and other personal			
HELOC	**5**	2	3
Indirect Auto	**138**	35	20
Other	**60**	55	51
Credit card	**109**	101	46
Total personal	**317**	196	124
Real estate			
Residential	**1**	1	1
Non-residential	**2**	1	1
Total real estate	**3**	2	2
Total business and government (including real estate)	**29**	28	25
Total Canada	**346**	224	149
United States			
Residential mortgages	**10**	17	15
Consumer instalment and other personal			
HELOC	**5**	4	6
Indirect Auto	**12**	64	35
Other	**20**	22	19
Credit card	**60**	5	5
Total personal	**107**	112	80
Real estate			
Residential	**14**	8	8
Non-residential	**15**	10	13
Total real estate	**29**	18	21
Total business and government (including real estate)	**73**	49	57
Total United States	**180**	161	137
Other International			
Personal	**–**	–	–
Business and government	**–**	–	–
Total other international	**–**	–	–
Other loans			
Debt securities classified as loans	**–**	–	–
Acquired credit-impaired loans[1,2]	**7**	9	1
Total other loans	**7**	9	1
Total recoveries on portfolio	**533**	394	287
Net write-offs	**(1,434)**	(1,424)	(1,557)
Disposals	**–**	(41)	–
Foreign exchange and other adjustments	**112**	46	20
Total allowance for credit losses	**3,090**	2,856	2,572
Less: Allowance for off-balance sheet positions[3]	**62**	1	(72)
Allowance for loan losses – Balance at end of year	**$ 3,028**	$ 2,855	$ 2,644
Ratio of net write-offs in the period to average loans outstanding	**0.31 %**	0.33 %	0.39 %

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. For additional information, see "FDIC Covered Loans" section in Note 8 of the Bank's Consolidated Financial Statements.
3 The allowance for credit losses for off-balance sheet instruments is recorded in Other Liabilities on the Consolidated Balance Sheet.

TABLE 72: AVERAGE DEPOSITS

(millions of Canadian dollars, except as noted)

	For the year ended								
	October 31, 2014			October 31, 2013			October 31, 2012		
	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	**$ 5,405**	**$ –**	**– %**	$ 4,050	$ –	– %	$ 4,218	$ –	– %
Interest bearing demand deposits	**38,443**	**597**	**1.55**	35,768	443	1.24	34,699	251	0.72
Notice deposits	**159,687**	**421**	**0.26**	144,463	459	0.32	127,564	528	0.41
Term deposits	**120,493**	**1,934**	**1.61**	110,648	2,039	1.84	112,516	2,371	2.11
Total deposits booked in Canada	**324,028**	**2,952**	**0.91**	294,929	2,941	1.00	278,997	3,150	1.13
Deposits booked in the United States									
Non-interest bearing demand deposits	**6,961**	**–**	**–**	7,544	–	–	5,742	–	–
Interest bearing demand deposits	**1,387**	**3**	**0.22**	897	3	0.33	504	1	0.20
Notice deposits	**196,735**	**1,059**	**0.54**	170,255	1,222	0.72	149,300	1,243	0.83
Term deposits	**74,999**	**216**	**0.29**	70,034	248	0.35	58,299	256	0.44
Total deposits booked in the United States	**280,082**	**1,278**	**0.46**	248,730	1,473	0.59	213,845	1,500	0.70
Deposits booked in the other international									
Non-interest bearing demand deposits	**20**	**–**	**–**	10	–	–	–	–	–
Interest bearing demand deposits	**1,803**	**2**	**0.11**	2,557	6	0.23	2,802	12	0.43
Notice deposits	**27**	**–**	**–**	28	–	–	26	–	–
Term deposits	**17,951**	**81**	**0.45**	9,435	41	0.43	7,912	8	0.10
Total deposits booked in other international	**19,801**	**83**	**0.42**	12,030	47	0.39	10,740	20	0.19
Total average deposits	**$ 623,911**	**$ 4,313**	**0.69 %**	$ 555,689	$ 4,461	0.80 %	$ 503,582	$ 4,670	0.93 %

1 As at October 31, 2014, deposits by foreign depositors in TD's Canadian bank offices amounted to $8 billion (October 31, 2013 – $7 billion, October 31, 2012 – $7 billion).

TABLE 73: 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, 2014
Canada	**$ 23,860**	**$ 3,411**	**$ 13,461**	**$ 54,743**	**$ 95,475**
United States	**32,950**	**13,359**	**28,012**	**2,380**	**76,701**
Other international	**12,131**	**1,985**	**1,446**	**–**	**15,562**
Total	**$ 68,941**	**$ 18,755**	**$ 42,919**	**$ 57,123**	**$ 187,738**
					October 31, 2013
Canada	$ 25,229	$ 5,196	$ 8,695	$ 36,036	$ 75,156
United States	41,595	15,634	7,974	1,684	66,887
Other international	11,141	4,504	77	18	15,740
Total	$ 77,965	$ 25,334	$ 16,746	$ 37,738	$ 157,783
					October 31, 2012
Canada	$ 32,421	$ 4,885	$ 8,524	$ 26,869	$ 72,699
United States	27,605	13,537	12,876	1,741	55,759
Other international	8,907	127	17	–	9,051
Total	$ 68,933	$ 18,549	$ 21,417	$ 28,610	$ 137,509

1 Deposits in Canada, U.S. and Other international include wholesale and retail deposits.

TABLE 74: SHORT-TERM BORROWINGS

(millions of Canadian dollars, except as noted)

	As at		
	October 31 2014	October 31 2013	October 31 2012
Obligations related to securities sold under repurchase agreements			
Balance at year-end	**$ 45,587**	$ 34,414	$ 38,816
Average balance during the year	**57,122**	46,234	42,578
Maximum month-end balance	**51,703**	42,726	40,349
Weighted-average rate at October 31	**0.33 %**	0.43 %	0.42 %
Weighted-average rate during the year	**0.41**	0.45	0.58

FINANCIAL RESULTS

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, 2014, 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, 2014, 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, 2014, 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

Colleen M. Johnston
Chief Financial Officer

Toronto, Canada
December 3, 2014

INDEPENDENT AUDITORS' REPORT OF REGISTERED PUBLIC ACCOUNTING FIRM TO SHAREHOLDERS

Report on Financial Statements

We have audited the accompanying consolidated financial statements of The Toronto-Dominion Bank, which comprise the Consolidated Balance Sheet as at October 31, 2014 and 2013, 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, 2014, and a summary of significant accounting policies and other explanatory information.

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 Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' 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, the auditors consider internal control relevant to the entity'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 examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, evaluating the appropriateness of accounting policies 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 basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Toronto-Dominion Bank as at October 31, 2014 and 2013, and its financial performance and its cash flows for each of the years in the three-year period ended October 31, 2014, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Other matter

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), The Toronto-Dominion Bank's internal control over financial reporting as of October 31, 2014, based on the criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) and our report dated December 3, 2014, expressed an unqualified opinion on The Toronto-Dominion Bank's internal control over financial reporting.

Ernst & Young LLP
Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
December 3, 2014

INDEPENDENT AUDITORS' REPORT OF REGISTERED PUBLIC ACCOUNTING FIRM TO SHAREHOLDERS

Report on Internal Control under Standards of the Public Company Accounting Oversight Board (United States)

We have audited The Toronto-Dominion Bank's internal control over financial reporting as of October 31, 2014, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) (the "COSO criteria"). The Toronto-Dominion Bank'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 The Toronto-Dominion Bank's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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.

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 (IFRS). 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 IFRS, 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.

In our opinion, The Toronto-Dominion Bank maintained, in all material respects, effective internal control over financial reporting as of October 31, 2014, 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), the Consolidated Balance Sheet of The Toronto-Dominion Bank as at October 31, 2014 and 2013, 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, 2014, of The Toronto-Dominion Bank and our report dated December 3, 2014, expressed an unqualified opinion thereon.

Ernst & Young LLP
Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
December 3, 2014

Consolidated Balance Sheet

(millions of Canadian dollars, except as noted)	As at October 31 2014	As at October 31 2013
ASSETS		
Cash and due from banks	**$ 2,781**	$ 3,581
Interest-bearing deposits with banks	**43,773**	28,583
	46,554	32,164
Trading loans, securities, and other **(Notes 5, 7)**	**101,173**	101,940
Derivatives **(Notes 5, 11)**	**55,363**	49,461
Financial assets designated at fair value through profit or loss **(Note 5)**	**4,745**	6,532
Available-for-sale securities **(Notes 5, 7)**	**63,008**	79,544
	224,289	237,477
Held-to-maturity securities (Note 7)	**56,977**	29,961
Securities purchased under reverse repurchase agreements	**75,031**	64,283
Loans (Note 8)		
Residential mortgages	**198,912**	185,820
Consumer instalment and other personal	**123,411**	119,192
Credit card	**25,570**	22,222
Business and government	**131,349**	116,799
Debt securities classified as loans	**2,695**	3,744
	481,937	447,777
Allowance for loan losses **(Note 8)**	**(3,028)**	(2,855)
Loans, net of allowance for loan losses	**478,909**	444,922
Other		
Customers' liability under acceptances	**13,080**	6,399
Investment in TD Ameritrade **(Note 12)**	**5,569**	5,300
Goodwill **(Note 14)**	**14,233**	13,293
Other intangibles (Note 14)	**2,680**	2,493
Land, buildings, equipment, and other depreciable assets **(Note 15)**	**4,930**	4,635
Deferred tax assets **(Note 27)**	**2,008**	1,800
Amounts receivable from brokers, dealers and clients	**9,319**	9,183
Other assets **(Note 16)**	**11,163**	10,111
	62,982	53,214
Total assets	**$ 944,742**	$ 862,021
LIABILITIES		
Trading deposits **(Notes 5, 17)**	**$ 59,334**	$ 50,967
Derivatives **(Notes 5, 11)**	**50,776**	49,471
Securitization liabilities at fair value **(Notes 5, 9)**	**11,198**	21,960
Other financial liabilities designated at fair value through profit or loss **(Note 5)**	**3,250**	12
	124,558	122,410
Deposits (Note 17)		
Personal	**343,240**	319,468
Banks	**15,771**	17,149
Business and government	**241,705**	204,988
	600,716	541,605
Other		
Acceptances	**13,080**	6,399
Obligations related to securities sold short **(Note 5)**	**39,465**	41,829
Obligations related to securities sold under repurchase agreements **(Note 5)**	**45,587**	34,414
Securitization liabilities at amortized cost **(Note 9)**	**24,960**	25,592
Amounts payable to brokers, dealers and clients	**10,384**	8,882
Insurance-related liabilities	**6,079**	5,586
Other liabilities **(Note 18)**	**15,897**	15,939
	155,452	138,641
Subordinated notes and debentures (Note 19)	**7,785**	7,982
Total liabilities	**888,511**	810,638
EQUITY		
Common shares (millions of shares issued and outstanding: **Oct. 31, 2014 – 1,846.2,** Oct. 31, 2013 – 1,838.9) **(Note 21)**	**19,811**	19,316
Preferred shares (millions of shares issued and outstanding: **Oct. 31, 2014 – 88.0,** Oct. 31, 2013 – 135.8) **(Note 21)**	**2,200**	3,395
Treasury shares – common (millions of shares held: **Oct. 31, 2014 – (1.6),** Oct. 31, 2013 – (3.9)) **(Note 21)**	**(54)**	(145)
Treasury shares – preferred (millions of shares held: **Oct 31, 2014 – (0.04)** , Oct. 31, 2013 – (0.1)) **(Note 21)**	**(1)**	(2)
Contributed surplus	**205**	170
Retained earnings	**27,585**	23,982
Accumulated other comprehensive income (loss)	**4,936**	3,159
	54,682	49,875
Non-controlling interests in subsidiaries (Note 22)	**1,549**	1,508
Total equity	**56,231**	51,383
Total liabilities and equity	**$ 944,742**	$ 862,021

Certain comparative amounts have been restated to conform with the presentation adopted in the current period.
The accompanying Notes are an integral part of these Consolidated Financial Statements.

Bharat B. Masrani
Group President and Chief Executi ve Officer

William E. Bennett
Chair, Audit Committee

Consolidated Statement of Income

For the years ended October 31

(millions of Canadian dollars, except as noted)	2014	2013	2012
Interest income			
Loans	**$ 19,758**	$ 18,514	$ 17,951
Securities			
Interest	**2,913**	2,965	3,259
Dividends	**1,173**	1,048	940
Deposits with banks	**84**	88	88
	23,928	22,615	22,238
Interest expense			
Deposits	**4,313**	4,461	4,670
Securitization liabilities	**777**	927	1,026
Subordinated notes and debentures	**412**	447	612
Other	**842**	706	904
	6,344	6,541	7,212
Net interest income	**17,584**	16,074	15,026
Non-interest income			
Investment and securities services	**3,346**	2,834	2,621
Credit fees	**845**	785	745
Net securities gains (losses) **(Note 7)**	**173**	304	373
Trading income (losses) **(Note 23)**	**(349)**	(279)	(41)
Service charges	**2,152**	1,966	1,849
Card services	**1,552**	1,220	942
Insurance revenue **(Note 24)**	**3,883**	3,734	3,537
Trust fees	**150**	148	149
Other income (loss)	**625**	473	345
	12,377	11,185	10,520
Total revenue	**29,961**	27,259	25,546
Provision for credit losses (Note 8)	**1,557**	1,631	1,795
Insurance claims and related expenses (Note 24)	**2,833**	3,056	2,424
Non-interest expenses			
Salaries and employee benefits **(Note 26)**	**8,451**	7,651	7,259
Occupancy, including depreciation	**1,549**	1,456	1,374
Equipment, including depreciation	**810**	847	825
Amortization of other intangibles	**598**	521	477
Marketing and business development	**756**	685	668
Restructuring costs	**29**	129	–
Brokerage-related fees	**321**	317	296
Professional and advisory services	**991**	1,009	925
Communications	**283**	281	282
Other	**2,708**	2,173	1,910
	16,496	15,069	14,016
Income before income taxes and equity in net income of an investment in associate	**9,075**	7,503	7,311
Provision for (recovery of) income taxes (Note 27)	**1,512**	1,135	1,085
Equity in net income of an investment in associate, net of income taxes (Note 12)	**320**	272	234
Net income	**7,883**	6,640	6,460
Preferred dividends	**143**	185	196
Net income available to common shareholders and non-controlling interests in subsidiaries	**$ 7,740**	$ 6,455	$ 6,264
Attributable to:			
Non-controlling interests in subsidiaries	**$ 107**	$ 105	$ 104
Common shareholders	**7,633**	6,350	6,160
Weighted-average number of common shares outstanding (millions) (Note 28)			
Basic	**1,839.1**	1,837.9	1,813.2
Diluted	**1,845.3**	1,845.1	1,829.7
Earnings per share (dollars) (Note 28)			
Basic	**$ 4.15**	$ 3.46	$ 3.40
Diluted	**4.14**	3.44	3.38
Dividends per share (dollars)	**1.84**	1.62	1.45

Certain comparative amounts have been restated to conform with the presentation adopted in the current period.
The accompanying Notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

For the years ended October 31

(millions of Canadian dollars)		2014		2013		2012
Net income	**$**	**7,883**	$	6,640	$	6,460
Other comprehensive income (loss), net of income taxes						
Items that will be subsequently reclassified to net income						
Change in unrealized gains (losses) on available-for-sale securities [1]		**69**		(472)		689
Reclassification to earnings of net losses (gains) in respect of available-for-sale securities [2]		**(163)**		(271)		(163)
Net change in unrealized foreign currency translation gains (losses) on investments in foreign operations		**3,697**		1,885		92
Reclassification to earnings of net losses (gains) on investments in foreign operations [3]		**(13)**		4		–
Net foreign currency translation gains (losses) from hedging activities [4]		**(1,390)**		(737)		(54)
Reclassification to earnings of net losses (gains) on hedges of investments in foreign operations [5]		**13**		(4)		–
Change in net gains (losses) on derivatives designated as cash flow hedges [6]		**1,647**		668		834
Reclassification to earnings of net losses (gains) on cash flow hedges [7]		**(2,083)**		(1,559)		(1,079)
Items that will not be subsequently reclassified to net income						
Actuarial gains and (losses) on employee benefit plans [8]		**(458)**		339		(748)
		1,319		(147)		(429)
Comprehensive income (loss) for the year	**$**	**9,202**	$	6,493	$	6,031
Attributable to:						
Preferred shareholders	**$**	**143**	$	185	$	196
Common shareholders		**8,952**		6,203		5,731
Non-controlling interests in subsidiaries		**107**		105		104

1 Net of income tax provision in 2014 of $67 million (2013 – income tax recovery of $285 million; 2012 – income tax provision of $302 million).
2 Net of income tax provision in 2014 of $81 million (2013 – income tax provision of $136 million; 2012 – income tax provision of $74 million).
3 Net of income tax provision in 2014 of nil (2013 – income tax provision of nil; 2012 – income tax provision of nil).
4 Net of income tax recovery in 2014 of $488 million (2013 – income tax recovery of $264 million; 2012 – income tax recovery of $22 million).
5 Net of income tax recovery in 2014 of $4 million (2013 – income tax provision of $1 million; 2012 – income tax provision of nil).
6 Net of income tax provision in 2014 of $1,113 million (2013 – income tax provision of $383 million; 2012 – income tax provision of $381 million).
7 Net of income tax provision in 2014 of $1,336 million (2013 – income tax provision of $830 million; 2012 – income tax provision of $485 million).
8 Net of income tax recovery in 2014 of $210 million (2013 – income tax provision of $172 million; 2012 – income tax recovery of $289 million).

Certain comparative amounts have been restated to conform with the presentation adopted in the current period.
The accompanying Notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

For the years ended October 31

(millions of Canadian dollars)	2014	2013	2012
Common shares (Note 21)			
Balance at beginning of year	**$ 19,316**	$ 18,691	$ 17,491
Proceeds from shares issued on exercise of stock options	**199**	297	253
Shares issued as a result of dividend reinvestment plan	**339**	515	947
Purchase of shares for cancellation	**(43)**	(187)	–
Balance at end of year	**19,811**	19,316	18,691
Preferred shares (Note 21)			
Balance at beginning of year	**3,395**	3,395	3,395
Issue of shares	**1,000**	–	–
Redemption of shares	**(2,195)**	–	–
Balance at end of year	**2,200**	3,395	3,395
Treasury shares – common (Note 21)			
Balance at beginning of year	**(145)**	(166)	(116)
Purchase of shares	**(4,197)**	(3,552)	(3,175)
Sale of shares	**4,288**	3,573	3,125
Balance at end of year	**(54)**	(145)	(166)
Treasury shares – preferred (Note 21)			
Balance at beginning of year	**(2)**	(1)	–
Purchase of shares	**(154)**	(86)	(77)
Sale of shares	**155**	85	76
Balance at end of year	**(1)**	(2)	(1)
Contributed surplus			
Balance at beginning of year	**170**	196	212
Net premium (discount) on sale of treasury shares	**48**	(3)	10
Stock options **(Note 25)**	**(5)**	(25)	(25)
Other	**(8)**	2	(1)
Balance at end of year	**205**	170	196
Retained earnings			
Balance at beginning of year	**23,982**	20,868	18,213
Transition adjustments on adoption of new and amended accounting standards **(Note 4)**	**–**	(5)	(136)
Net income attributable to shareholders	**7,776**	6,535	6,356
Common dividends	**(3,384)**	(2,977)	(2,621)
Preferred dividends	**(143)**	(185)	(196)
Share issue expenses and others	**(11)**	–	–
Net premium on repurchase of common shares	**(177)**	(593)	–
Actuarial gains and (losses) on employee benefit plans	**(458)**	339	(748)
Balance at end of year	**27,585**	23,982	20,868
Accumulated other comprehensive income (loss)			
Net unrealized gain (loss) on available-for-sale securities:			
Balance at beginning of year	**732**	1,475	949
Other comprehensive income (loss)	**(94)**	(743)	526
Balance at end of year	**638**	732	1,475
Net unrealized foreign currency translation gain (loss) on investments in foreign operations, net of hedging activities:			
Balance at beginning of year	**722**	(426)	(464)
Other comprehensive income (loss)	**2,307**	1,148	38
Balance at end of year	**3,029**	722	(426)
Net gain (loss) on derivatives designated as cash flow hedges:			
Balance at beginning of year	**1,705**	2,596	2,841
Other comprehensive income (loss)	**(436)**	(891)	(245)
Balance at end of year	**1,269**	1,705	2,596
Total	**4,936**	3,159	3,645
Non-controlling interests in subsidiaries			
Balance at beginning of year	**1,508**	1,477	1,483
Net income attributable to non-controlling interests in subsidiaries	**107**	105	104
Other	**(66)**	(74)	(110)
Balance at end of year	**1,549**	1,508	1,477
Total equity	**$ 56,231**	$ 51,383	$ 48,105

Certain comparative amounts have been restated to conform with the presentation adopted in the current period.
The accompanying Notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows

For the years ended October 31

(millions of Canadian dollars)	2014	2013	2012
Cash flows from (used in) operating activities			
Net income before income taxes	**$ 9,395**	$ 7,775	$ 7,545
Adjustments to determine net cash flows from (used in) operating activities			
Provision for credit losses **(Note 8)**	**1,557**	1,631	1,795
Depreciation **(Note 15)**	**542**	512	494
Amortization of other intangibles	**598**	521	477
Net securities losses (gains) **(Note 7)**	**(173)**	(304)	(373)
Equity in net income of an investment in associate **(Note 12)**	**(320)**	(272)	(234)
Deferred taxes **(Note 27)**	**31**	(370)	105
Changes in operating assets and liabilities			
Interest receivable and payable **(Notes 16, 18)**	**(204)**	(425)	(236)
Securities sold short	**(2,364)**	8,391	9,818
Trading loans and securities	**767**	(7,409)	(21,178)
Loans net of securitization and sales	**(33,717)**	(33,820)	(27,836)
Deposits	**72,059**	64,449	47,487
Derivatives	**(4,597)**	(4,068)	2,208
Financial assets and liabilities designated at fair value through profit or loss	**1,783**	(364)	(1,952)
Securitization liabilities	**(11,394)**	(3,962)	(2,265)
Other	**(7,996)**	(4,600)	(2,790)
Net cash from (used in) operating activities	**25,967**	27,685	13,065
Cash flows from (used in) financing activities			
Change in securities sold under repurchase agreements	**11,173**	(4,402)	12,825
Repayment of subordinated notes and debentures **(Note 19)**	**(150)**	(3,400)	(201)
Translation adjustment on subordinated notes and debentures issued in a foreign currency and other	**(45)**	(407)	(35)
Common shares issued **(Note 21)**	**168**	247	206
Preferred shares issued **(Note 21)**	**989**	–	–
Repurchase of common shares **(Note 21)**	**(220)**	(780)	–
Redemption of preferred shares **(Note 21)**	**(2,195)**	–	–
Sale of treasury shares **(Note 21)**	**4,491**	3,655	3,211
Purchase of treasury shares **(Note 21)**	**(4,351)**	(3,638)	(3,252)
Dividends paid	**(3,188)**	(2,647)	(1,870)
Distributions to non-controlling interests in subsidiaries	**(107)**	(105)	(104)
Net cash from (used in) financing activities	**6,565**	(11,477)	10,780
Cash flows from (used in) investing activities			
Interest-bearing deposits with banks	**(15,190)**	(7,075)	(676)
Activities in available-for-sale securities **(Note 7)**			
Purchases	**(38,887)**	(58,102)	(65,338)
Proceeds from maturities	**30,032**	39,468	40,223
Proceeds from sales	**6,403**	18,189	20,707
Activities in held-to-maturity securities **(Note 7)**			
Purchases	**(9,258)**	(11,352)	–
Proceeds from maturities	**6,542**	2,873	–
Activities in debt securities classified as loans			
Purchases	**(37)**	(489)	(286)
Proceeds from maturities	**1,263**	1,399	1,568
Proceeds from sales	**10**	1,030	162
Net purchases of land, buildings, equipment, and other depreciable assets	**(837)**	(745)	(813)
Changes in securities purchased (sold) under reverse repurchase agreements	**(10,748)**	4,915	(12,217)
Net cash acquired from (paid for) divestitures, acquisitions, and the sale of TD Ameritrade shares **(Notes 12, 13)**	**(2,768)**	(6,211)	(6,839)
Net cash from (used in) investing activities	**(33,475)**	(16,100)	(23,509)
Effect of exchange rate changes on cash and due from banks	**143**	37	4
Net increase (decrease) in cash and due from banks	**(800)**	145	340
Cash and due from banks at beginning of year	**3,581**	3,436	3,096
Cash and due from banks at end of year	**$ 2,781**	$ 3,581	$ 3,436
Supplementary disclosure of cash flow information			
Amount of income taxes paid (refunded) during the year	**$ 1,241**	$ 869	$ 1,296
Amount of interest paid during the year	**6,478**	6,931	7,368
Amount of interest received during the year	**22,685**	21,532	21,218
Amount of dividends received during the year	**1,179**	1,018	925

Certain comparative amounts have been restated to conform with the presentation adopted in the current period.
The accompanying Notes are an integral part of these Consolidated Financial Statements.

Notes to Consolidated Financial Statements

To facilitate a better understanding of the Bank's Consolidated Financial Statements, significant accounting policies, and related disclosures, a listing of all the notes is provided below.

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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.

The preparation of 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 (the "Board"), in accordance with the recommendation of the Audit Committee, on December 3, 2014.

Certain disclosures are included in the shaded sections of the "Managing Risk" section of the accompanying 2014 Management's Discussion and Analysis (MD&A), as permitted by IFRS, and form an integral part of the Consolidated Financial Statements. Certain comparative amounts have been restated to conform with the presentation adopted in the current year. 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 of more than an insignificant additional interest or disposal of more than an insignificant interest in an entity;
- Changes in contractual or governance arrangements of an entity;
- Additional activities undertaken, such as providing a liquidity facility beyond the terms established originally or entering into a transaction that was 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. Associates and joint ventures are accounted for using the equity method of accounting. 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. 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 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. The Bank's equity share in TD Ameritrade's earnings is reported on a one-month lag basis. The Bank takes into account changes in the subsequent period that would significantly affect the results.

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 is recognized as 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 income include asset management fees, administration and commission fees, and investment banking fees. Asset management fees and administration and commission fees include income from investment management and related services, custody and institutional trust services, and brokerage services, which are recognized as income over the period in which the related service is rendered. Investment banking fees, including advisory fees, are recognized as income when earned, and underwriting fees are recognized as income when the Bank has rendered all services to the issuer and is entitled to collect the fee.

Credit fees include commissions, liquidity fees, restructuring fees, and loan syndication fees and are recognized as earned.

Card services income, including interchange income from credit and debit cards and annual fees, is recognized as earned, except for annual fees, which are recognized over a twelve-month period. Service charges, trust, and other fee income is recognized as earned.

Revenue recognition policies related to financial instruments and insurance are described in the following accounting policies.

FINANCIAL INSTRUMENTS OTHER THAN DERIVATIVES

Trading Assets and Trading Liabilities

Financial instruments are included within the trading portfolio if they have been originated, acquired, or incurred principally for the purpose of selling or repurchasing in the near term, or they 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.

Included within the trading portfolio are trading securities, trading loans, trading deposits, securitization liabilities at fair value, obligations related to securities sold short, and physical commodities, as well as certain financing-type commodities transactions that are recorded on the Consolidated Balance Sheet as securities purchased under reverse repurchase agreements and obligations related to securities sold under repurchase agreements, respectively.

Trading portfolio assets and liabilities are recognized on a trade date basis and 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. Physical commodities are measured at fair value less costs to sell. Transaction costs are expensed as incurred. Dividends are recognized on the ex-dividend date and interest is recognized on an accrual basis using the effective interest rate method (EIRM). Both dividends and interest are included in interest income or interest expense.

Designated at Fair Value through Profit or Loss

Certain financial assets and liabilities that do not meet the definition of trading may be designated at fair value through profit or loss. To be designated at fair value through profit or loss, financial assets or 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 assets or liabilities, or both, 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 fair value through profit or loss designation is available only for those financial instruments for which a reliable estimate of fair value can be obtained. Once financial assets and liabilities are designated at fair value through profit or loss, the designation is irrevocable.

Assets and liabilities designated at fair value through profit or loss 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. Interest is recognized on an accrual basis using the EIRM and is included in interest income or interest expense.

Available-for-Sale Securities

Financial assets not classified as trading, designated at fair value through profit or loss, held-to-maturity or loans, are classified as available-for-sale and include equity securities and debt securities.

Available-for-sale securities are recognized on a trade date basis and are 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 are calculated on an average cost basis and are recognized in net securities gains (losses) in non-interest income. Dividends are recognized on the ex-dividend date and interest income is recognized on an accrual basis using the EIRM. Both dividends and interest are included in Interest income on the Consolidated Statement of Income.

Impairment losses are recognized if there is objective evidence of impairment as a result of one or more events that have occurred (a 'loss event') and the loss event(s) results in a decrease in the estimated future cash flows of the instrument. A significant or prolonged decline in fair value below cost is considered objective evidence of impairment for available-for-sale equity securities. A deterioration in credit quality is considered objective evidence of impairment for available-for-sale debt securities. Qualitative factors are also considered when assessing impairment for available-for-sale securities. When impairment is identified, the cumulative net loss previously recognized in Other comprehensive income, less any impairment loss previously recognized on the Consolidated Statement of Income, is 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 increases, the impairment loss is not reversed through the Consolidated Statement of Income. Subsequent increases in fair value are recognized in other comprehensive income. If the fair value of a previously impaired debt security subsequently increases and the increase can be objectively related to an event occurring after the impairment was recognized on the Consolidated Statement of Income, then the impairment loss is reversed through the Consolidated Statement of Income. An increase in fair value in excess of impairment recognized previously on the Consolidated Statement of Income is recognized in other comprehensive income.

Held-to-Maturity Securities

Debt securities with fixed or determinable payments and fixed maturity dates, that do not meet the definition of loans and receivables, and that the Bank intends and has the ability to hold to maturity are classified as held-to-maturity and are carried at amortized cost, net of impairment losses. Securities classified as held-to-maturity are assessed for objective evidence of impairment at the counterparty-specific level. If there is no objective evidence of impairment at the counterparty-specific level then the security is grouped with other held-to-maturity securities with similar credit risk characteristics and collectively assessed for impairment, which considers losses incurred but not identified. Interest income is recognized using the EIRM and is included in Interest income on the Consolidated Statement of Income.

Loans and Allowance for Loan Losses

Loans

Loans are non-derivative financial assets with fixed or determinable payments that the Bank does not intend to sell immediately or in the near term and that are not quoted in an active market. Loans are carried at amortized cost on the Consolidated Balance Sheet, net of an allowance for loan losses, 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 the 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 to interest income over the term of the loan.

Loan Impairment and the Allowance for Credit Losses, Excluding Acquired Credit-Impaired Loans

A loan, including a debt security classified as a loan, is considered impaired when there is objective evidence that there has been a deterioration of credit quality subsequent to the initial recognition of the loan (a 'loss event') to the extent the Bank no longer has reasonable assurance as to the timely collection of the full amount of principal and interest. Indicators of impairment could include, but are 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 will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for that financial asset.

A loan will be reclassified back to performing status when it has been determined that there is 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 have been remedied. 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 modified loan's estimated realizable value, discounted at the original loan's effective interest rate, has decreased as a result of the modification, additional impairment is recorded. Once modified, if a loan was classified as impaired prior to the modification, the loan is generally assessed for impairment consistent with the Bank's existing policies for impairment.

The allowance for credit losses represents 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 includes credit-related allowances for residential mortgages, consumer instalment and other personal, credit card, business and government loans, and debt securities classified as loans, is deducted from Loans on the Consolidated Balance Sheet. The allowance for credit 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. The Bank maintains both counterparty-specific and collectively assessed allowances. Each quarter, allowances are 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 continue to be recognized by means of an allowance for credit losses until a loan is written off.

A loan is written off against the related allowance for credit 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 secured 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.

Counterparty-Specific Allowance

Individually significant loans, such as the Bank's medium-sized business and government loans and debt securities classified as loans, are assessed for impairment at the counterparty-specific level. The impairment assessment is based on the counterparty's credit ratings, overall financial condition, and where applicable, the realizable value of the collateral. Collateral is reviewed at least annually and when conditions arise indicating an earlier review is necessary. An allowance, if applicable, is measured as the difference between the carrying amount of the loan and the estimated recoverable amount. The estimated recoverable amount is 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, are collectively assessed for impairment. Allowances are calculated using a formula that incorporates recent loss experience, historical default rates which are delinquency levels in interest or principal payments that indicate impairment, other applicable currently observable data, and the type of collateral pledged.

Collectively Assessed Allowance for Incurred but Not Identified Credit Losses
If there is no objective evidence of impairment for an individual loan, whether significant or not, the loan is included in a group of assets with similar credit risk characteristics and collectively assessed for impairment for losses incurred but not identified. This allowance is referred to as the allowance for incurred but not identified credit losses. The level of the allowance for each group depends upon an assessment of business and economic conditions, historical loss experience, loan portfolio composition, and other relevant indicators. Historical loss experience is adjusted based on current observable data to reflect the effects of current conditions. The allowance for incurred but not identified credit losses is calculated using credit risk models that consider probability of default (loss frequency), loss given credit default (loss severity), and exposure at default. For purposes of measuring the collectively assessed allowance for incurred but not identified credit losses, default is defined as delinquency levels in interest or principal payments that would indicate impairment.

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 the current market rates. As a result, no allowance for credit losses is recorded on the date of acquisition. 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 acquired credit-impaired (ACI) loans.

Acquired performing loans are subsequently accounted for at amortized cost based on their contractual cash flows and any acquisition related discount or premium is considered to be an adjustment to the loan yield and is recognized in interest income using the 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 are not accreted. Acquired loans are 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 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 that 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 EIR as compared to the carrying value of the loan. Impairment is 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 increase or decrease which may result 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 is recognized.

Federal Deposit Insurance Corporation Covered Loans
Loans subject to loss share agreements with the Federal Deposit Insurance Corporation (FDIC) are considered FDIC covered loans. The amounts expected to be reimbursed by the FDIC are considered separately as indemnification assets and are initially measured at fair value. If losses on the portfolio are greater than amounts expected at the acquisition date, an impairment loss is taken by establishing an allowance for credit losses, which is determined on a gross basis, exclusive of any adjustments to the indemnification assets.

Indemnification assets are subsequently adjusted for any changes in estimates related to the overall collectability of the underlying loan portfolio. Any additional impairment of the underlying loan portfolio generally results in an increase of the indemnification asset through the provision for credit losses. Alternatively, decreases in the expectation of losses of the underlying loan portfolio generally results in a decrease of the indemnification asset through net interest income (or through the provision for credit losses if impairment was previously taken). The indemnification asset is drawn down as payments are received from the FDIC pertaining to the loss share agreements.

FDIC covered loans are recorded in Loans on the Consolidated Balance Sheet. The indemnification assets are recorded in Other assets on the Consolidated Balance Sheet.

At the end of each loss share period, the Bank may be required to make a payment to the FDIC if actual losses incurred are less than the intrinsic loss estimate as defined in the loss share agreements. The payment is determined as 20% of the excess between the intrinsic loss estimate and actual covered losses determined in accordance with the loss sharing agreement, net of specified servicing costs. The fair value of the estimated payment is included in part of the indemnification asset at the date of acquisition. Subsequent changes to the estimated payment are considered in determining the adjustment to the indemnification asset as described above.

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.

Financial Liabilities Carried at Amortized Cost

Deposits

Deposits, other than deposits included in a trading portfolio, are accounted for at amortized cost. Accrued interest on deposits, calculated using the EIRM, is included in Other liabilities on the Consolidated Balance Sheet.

Subordinated Notes and Debentures

Subordinated notes and debentures are initially recognized at fair value and subsequently accounted for at amortized cost. Interest expense, including capitalized transaction costs, is recognized on an accrual basis using the EIRM.

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 which are over-the-counter (OTC) contracts designed to transfer the credit risk in an underlying financial instrument from one counterparty to another.

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 in 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.

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 to manage the risks associated with its funding and investment strategies. Derivatives are carried at their fair value on the Consolidated Balance Sheet.

The notional amounts of derivatives 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 in accordance with the contract. Notional amounts do not represent the potential gain or loss associated with the market risk nor indicative of the credit risk associated with derivatives.

Derivatives Held for Trading Purposes

The Bank enters into trading derivative contracts to meet the needs of its customers, to enter into trading positions primarily 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 (losses).

Derivatives Held for Non-trading Purposes

Non-trading derivatives are primarily used to manage the market, interest rate, and foreign exchange 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, *Financial Instruments: Recognition and Measurement* (IAS 39), they are classified by the Bank 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 classified 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 on the Consolidated Statement of Income.

Cash Flow Hedges

The Bank is exposed to variability in future cash flows that are denominated in foreign currencies, as well as the variability in future cash flows on non-trading assets and liabilities that bear interest at variable rates, or are expected to be reinvested in the future. 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 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 accumulated in other comprehensive income are reclassified to Net interest income or Non-interest income, as applicable, 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 other comprehensive income at that time remains in 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 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 accumulated in other comprehensive income are reclassified to the Consolidated Statement of Income upon the disposal or partial disposal of the investment in the foreign operation.

Embedded Derivatives

Derivatives may be embedded in other financial instruments (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 prevailing throughout the year. Translation gains and losses are included in non-interest income except for available-for-sale equity securities where unrealized translation gains and losses are recorded in other comprehensive income until the asset is sold or becomes impaired.

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 in effect 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 accumulated in 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 the closing rate at the end of the period 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 which includes observable market inputs, the difference is referred to as inception profit or loss. Inception profit or loss is recognized in income upon initial recognition of the instrument. When an instrument is measured using a valuation technique that utilizes 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 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 risk 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 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 under IFRS 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 the 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 expenses and Non-interest income, respectively, 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 determined using the EIRM and is included in Interest income and Interest expense, respectively, on the Consolidated Statement of Income.

Commodities purchased or sold with an agreement to sell or repurchase the 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 under IFRS 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 generate cash flows largely independent of the cash inflows from other assets or groups of assets. Each CGU or group of CGUs, to which the 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 to sell 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 is applied to the goodwill balance. An impairment loss cannot be reversed in future periods.

INTANGIBLE ASSETS

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 to sell 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. 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	3 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. 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 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 for the sale of the non-current assets (and 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 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 the effects of hedges, 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 based on long-term corporate AA bond yields as of the measurement date. 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, net of reinsurance, primarily property and casualty, are deferred as unearned premiums and reported in non-interest income on a pro rata basis over the terms of the policies, except for contracts where the period of risk differs significantly from the contract period. Unearned premiums are reported in other liabilities, gross of premiums attributable to reinsurers. The reinsurers' share is recognized as an asset in other assets. Premiums from life and health insurance policies are recognized as income when earned.

For property and casualty insurance, insurance claims and policy benefit liabilities represent current claims and estimates for future insurance policy claims related to insurable events occurring at or before the 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. To recognize the uncertainty in establishing these best estimates, to allow for possible deterioration in experience and to provide greater comfort that the actuarial liabilities are sufficient to pay future benefits, actuaries are required to include margins in some assumptions. A range of allowable margins is prescribed by the Canadian Institute of Actuaries relating to claims development, reinsurance recoveries and investment income variables. The impact of the margins is referred to as the provision for adverse deviation. Expected claims and policy benefit liabilities are discounted using a discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation, as required by Canadian accepted actuarial practices, and makes explicit provision for adverse deviation. For life and health insurance, actuarial liabilities represent the present values of future policy cash flows as determined using standard actuarial valuation practices. Changes in actuarial liabilities are 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 assessments of the time value of money and the risks specific to the obligation. The increase in provisions due to the passage of time is recognized as interest expense.

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 the period in which management determines they are no longer required or as determined by statute.

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 could have a significant 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 for determining estimates are well controlled and occur in an appropriate and systematic manner.

IMPAIRMENT OF FINANCIAL ASSETS

Available-for-Sale Securities

Impairment losses are recognized on available-for-sale securities if there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition and the loss event(s) results in a decrease in the estimated cash flows of the instrument. The Bank individually reviews 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 is considered objective evidence of impairment. For available-for-sale debt securities, a deterioration of credit quality is considered objective evidence of impairment. Other factors considered in the impairment assessment include 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 are recognized on held-to-maturity securities if there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition and the loss event(s) results in a decrease in the estimated cash flows of the instrument. The Bank reviews these securities at least quarterly for impairment at the counterparty-specific level. If there is no objective evidence of impairment at the counterparty-specific level then the security is grouped with other held-to-maturity securities with similar credit risk characteristics and collectively assessed for impairment, which considers losses incurred but not identified. A deterioration of credit quality is considered objective evidence of impairment. Other factors considered in the impairment assessment include 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) is considered impaired when there is objective evidence that there has been a deterioration of credit quality subsequent to the initial recognition of the loan to the extent the Bank no longer has reasonable assurance as to the timely collection of the full amount of principal and interest. The Bank assesses loans for objective evidence of impairment individually for loans that are individually significant, and collectively for loans that are not individually significant. The allowance for credit losses represents management's best estimate of impairment incurred in the lending portfolios, including any off-balance sheet exposures, at the balance sheet date. Management exercises judgment as to the timing of designating a loan as impaired, the amount of the allowance required, and the amount that will be recovered once the borrower defaults. Changes in the amount that management expects to recover would have a direct impact on the provision for credit losses and may result in a change in the allowance for credit losses.

If there is no objective evidence of impairment for an individual loan, whether significant or not, the loan is 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 employs internally developed models that utilize parameters for probability of default, loss given default and exposure at default. Management's judgment is used to determine the point within the range that is 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 are not fully incorporated into the model calculation. Changes in these assumptions would have a direct impact on the provision for incurred but not identified credit losses and may result in a change in the related allowance for credit losses.

FAIR VALUE MEASUREMENT

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.

The inherent nature of private equity investing is that the Bank's valuation may change over time due to developments in the business underlying the investment. Such fluctuations may be significant depending on the nature of the factors going into the valuation methodology and the extent of change in those factors.

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.

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 has been retained or transferred and the extent to which the risks and rewards of ownership of the financial asset has 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 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 using management's best estimates of key assumptions including credit losses, prepayment rates, forward yield curves and discount rates, that are commensurate with the risks involved. 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.

GOODWILL AND OTHER INTANGIBLES

The fair value of the Bank's cash generating unit (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 fair value of CGUs, and the use of different assumptions and estimates in the fair value 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 unallocated 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 measure plan obligations is based on long-term high quality corporate bond yields as at October 31. 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 to reduce costs in a sustainable manner and achieve greater operational efficiencies. 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. The main assumption underlying these techniques is that a company's 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. 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.

The Bank's mortality assumptions have been derived from a combination of its own experience and industry experience. Policyholders may allow their policies to lapse by choosing not to continue to pay premiums. The Bank bases its estimates of future lapse rates on previous experience when available, or industry experience. Estimates of future policy administration expenses are based on the Bank's previous and expected future experience.

CONSOLIDATION OF STRUCTURED ENTITIES

Management judgment is required when assessing whether the Bank should consolidate an entity, particularly complex entities. 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 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.

NOTE 4: CURRENT AND FUTURE CHANGES IN ACCOUNTING POLICIES

CURRENT CHANGES IN ACCOUNTING POLICY

The following new and amended standards have been adopted by the Bank.

Consolidation

The following new and amended guidance relates to consolidated financial statements:

- IFRS 10, *Consolidated Financial Statements* (IFRS 10), which replaces IAS 27, *Consolidated and Separate Financial Statements* (IAS 27), and SIC-12, *Consolidation – Special-Purpose Entities* (SIC-12);
- IFRS 11, *Joint Arrangements* (IFRS 11); and
- IFRS 12, *Disclosure of Interests in Other Entities* (IFRS 12).

The Bank also adopted related amendments to IFRS 10 and any conforming changes to related standards.

The standards and amendments resulted in a revised definition of control that applies to all entities. Each of the above standards is effective for annual periods beginning on or after January 1, 2013, which was November 1, 2013, for the Bank, and have been applied retrospectively, allowing for certain practical exceptions and transition relief. In order to adopt the above standards the Bank reassessed its consolidation analyses for all of its investees, including but not limited to, its subsidiaries, associates, joint ventures, structured entities such as special purpose entities (SPEs) and its involvement with other third party entities.

Consolidated Financial Statements

The Bank consolidates an entity as a result of controlling the entity, based on the following criteria:

- The Bank has the power to direct the activities of the entity which have the most significant impact on the entity's risks and/or returns;
- The Bank is exposed to significant risks and/or returns arising from the entity; and
- The Bank is able to use its power to affect the risks and/or returns to which it is exposed.

When assessing whether the Bank controls an entity, the entity's purpose and design are considered in order to determine the activities which most significantly impact the entity's risks and/or returns.

On November 1, 2012, the transition date, the Bank's adoption of IFRS 10 resulted in the deconsolidation of TD Capital Trust IV (Trust IV) which was previously consolidated by the Bank. Upon deconsolidation of Trust IV, the TD Capital Trust IV Notes (TD CaTS IV Notes) issued by Trust IV were removed from the Bank's Consolidated Financial Statements. This resulted in a decrease to liabilities related to capital trust securities of $1.75 billion which was replaced with an equivalent amount of deposit note liabilities issued by the Bank to Trust IV. The impact to the Bank's opening retained earnings was not significant. Other than the deconsolidation of Trust IV, IFRS 10 did not result in a material impact on the financial position, cash flows, or earnings of the Bank.

Joint Arrangements
IFRS 11 replaces guidance previously provided in IAS 31 *Interests in Joint Ventures* (IAS 31) and SIC-13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. The new standard outlines the principles relating to the accounting for joint arrangements which are arrangements where two or more parties have joint control. It also requires use of the equity method of accounting when accounting for joint ventures as compared to proportionate consolidation which was the accounting policy choice adopted by the Bank under IAS 31. On November 1, 2012, the transition date, the Bank's adoption of IFRS 11 did not result in a material impact on the financial position, cash flows, or earnings of the Bank .

Disclosure of Interests in Other Entities
IFRS 12 requires enhanced disclosures about both consolidated and unconsolidated entities in which the Bank has involvement. The objective of IFRS 12 is to present information so that financial statement users may evaluate the basis of control; any restrictions on consolidated assets and liabilities; risk exposures arising from involvement with unconsolidated structured entities; non-controlling interest holders' involvement in the activities of consolidated entities; and the Bank's exposure to associates and joint ventures. The adoption of IFRS 12 did not result in a material impact on the Consolidated Financial Statements of the Bank; however, the standard resulted in additional disclosures, which are included in Note 10 on a retrospective basis.

Fair Value Measurement
IFRS 13, *Fair Value Measurement* (IFRS 13), provides a single framework for fair value measurement and applies when other IFRS require or permit fair value measurements or disclosures. The standard provides guidance on measuring fair value using the assumptions that market participants would use when pricing the asset or liability under current market conditions. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, which was November 1, 2013 for the Bank, and is applied prospectively. This new standard did not have a material impact on the financial position, cash flows, or earnings of the Bank; however the standard resulted in additional fair value disclosures which are disclosed in Note 5 of the Consolidated Financial Statements on a prospective basis.

Employee Benefits
The amendments to IAS 19, *Employee Benefits* (IAS 19), issued in June 2011, eliminate the corridor approach for actuarial gains and losses, requiring the Bank to recognize immediately all actuarial gains and losses in other comprehensive income. Under the amended standard, the Bank has elected to reclassify cumulative actuarial gains and losses to retained earnings. Net interest expense or income is calculated by applying the discount rate to the net defined benefit asset or liability, and is recorded on the Consolidated Statement of Income, along with present and past service costs for the period. Plan amendment costs are recognized in the period of a plan amendment, irrespective of its vested status. Curtailments and settlements are recognized in income 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. Furthermore, a termination benefit obligation is recognized when the Bank can no longer withdraw the offer of the termination benefit, or when it recognizes related restructuring costs.

The amendments to IAS 19 are effective for annual periods beginning on or after January 1, 2013, which was November 1, 2013, for the Bank, and have been applied retrospectively. On November 1, 2011, the transition date, the amendments resulted in an increase to deferred tax assets of $74 million, a decrease to other assets of $112 million, an increase in other liabilities of $98 million, and a decrease to retained earnings of $136 million.

Disclosures – Offsetting Financial Assets and Financial Liabilities
The amendments to IFRS 7, *Financial Instruments: Disclosures* (IFRS 7), issued in December 2011 provide common disclosure requirements intended to help investors and other users to better assess the effect or potential effect of offsetting arrangements on a company's financial position. While the IFRS 7 amendments will result in additional disclosures, the amendments did not have a material impact on the Consolidated Financial Statements of the Bank. The IFRS 7 amendments are effective for annual periods beginning on or after January 1, 2013, which was November 1, 2013, for the Bank. The disclosures required by the IFRS 7 amendments have been presented on a retrospective basis by the Bank as at October 31, 2014. Refer to Note 6 for the disclosures required by the IFRS 7 amendments.

Summary of Impact upon Adoption of New and Amended Standards

The following table summarizes the impact upon adoption of the new and amended standards.

Impact Upon Adoption of New and Amended Standards

(millions of Canadian dollars)					*As at*
					October 31, 2013
	Previously reported	IAS 19 adjustment	IFRS 10 & 11 adjustment	Total adjustments	Amount after adjustments
ASSETS					
Interest-bearing deposits with banks	$ 28,855	$ –	$ (272)	$ (272)	$ 28,583
Trading loans, securities, and other	101,928	–	12	12	101,940
Available-for-sale securities	79,541	–	3	3	79,544
Goodwill	13,297	–	(4)	(4)	13,293
Deferred tax assets	1,588	212	–	212	1,800
Other assets	9,990	(450)	(12)	(462)	9,528
	235,199	(238)	(273)	(511)	234,688
LIABILITIES					
Deposits – Personal	319,749	–	(281)	(281)	319,468
Deposits – Business and government	203,204	–	1,784	1,784	204,988
Amounts payable to brokers, dealers and clients	8,908	–	(26)	(26)	8,882
Other liabilities	14,553	346	(4)	342	14,895
Liability for capital trust securities	1,740	–	(1,740)	(1,740)	–
	548,154	346	(267)	79	548,233
EQUITY					
Retained earnings	24,565	(578)	(5)	(583)	23,982
Accumulated other comprehensive income (loss)	3,166	(6)	(1)	(7)	3,159
	$ 27,731	$ (584)	$ (6)	$ (590)	$ 27,141
				For the year ended October 31, 2013	
Net income after tax and equity in associate	$ 6,662	$ (22)	$ –	$ (22)	$ 6,640
				For the year ended October 31, 2012	
Net income after tax and equity in associate	$ 6,471	$ (11)	$ –	$ (11)	$ 6,460

FUTURE CHANGES IN ACCOUNTING POLICIES

The IASB continues to make changes to IFRS to improve the overall quality of financial reporting. The Bank is actively monitoring all of the IASB's projects that are relevant to the Bank's financial reporting and 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.

Presentation – Offsetting Financial Assets and Financial Liabilities

In December 2011, the IASB issued amendments to IAS 32, *Financial Instruments: Presentation*, (the IAS 32 amendments) which clarified the existing requirements for offsetting financial assets and financial liabilities. These amendments are effective for annual periods beginning on or after January 1, 2014, which will be November 1, 2014, for the Bank. The Bank expects that certain bilateral transactions related to reverse repurchase and repurchase agreements, and amounts receivable from or payable to brokers, dealers, and clients will no longer qualify for offsetting under the new guidance.

The Bank estimates the impact of adopting the IAS 32 amendments will result in an increase in total assets and total liabilities of approximately $11 billion and $16 billion as at November 1, 2013, the transition date, and October 31, 2014, respectively. There will be no impact to opening equity, cash flows, or earnings of the Bank.

Levies

In May 2013, the IFRS Interpretations Committee (IFRIC), with the approval of the IASB, issued IFRIC 21, Levies (IFRIC 21). IFRIC 21 provides guidance on when to recognize a liability to pay a levy imposed by government, which is accounted for in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014, which will be November 1, 2014, for the Bank, and is to be applied retrospectively.

IFRIC 21 is expected to change the pattern and timing of recognition of certain levies paid by the Bank, in that it requires the obligation for these levies to be recognized at specific points in time in accordance with their applicable legislation. This change in timing of recognition is not expected to have a material impact on the financial position, cash flows, or earnings of the Bank on an annual basis.

Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments* (IFRS 9), which replaces the guidance in IAS 39, *Financial Instruments: Recognition and Measurement* (IAS 39). This final version includes requirements on: (1) Classification and measurement of financial assets and liabilities; (2) Impairment; and (3) Hedge accounting. Accounting for macro hedging has been decoupled from IFRS 9 and will now be considered and issued as a separate standard. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, which will be November 1, 2018, for the Bank, and is to be applied retrospectively with certain exceptions. Early adoption of IFRS 9 is permitted. IFRS 9 also permits early application of changes in the own credit risk provision, prior to adopting all other requirements within IFRS 9. The Bank is currently assessing the impact of adopting IFRS 9, including early application of the own credit risk provision.

Novation of Derivatives and Continuation of Hedge Accounting
In June 2013, the IASB issued amendments to IAS 39 which provides relief from discontinuing hedge accounting when novation of a derivative designated as a hedge accounting instrument meets certain criteria. The IAS 39 amendments are effective for annual periods beginning on or after January 1, 2014, which will be November 1, 2014, for the Bank, and is to be applied retrospectively. The IAS 39 amendments are not expected to have a material impact on the financial position, cash flows, or earnings of the Bank and have been retained in the final version of IFRS 9.

Revenue from Contracts with Customers
In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, which clarifies the principles for recognizing revenue and cash flows arising from contracts with customers. The standard is effective for annual periods beginning on or after January 1, 2017, which will be November 1, 2017, for the Bank, and is to be applied retrospectively. The Bank is currently assessing the impact of adopting this standard.

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, assets and liabilities designated at fair value through profit or loss, instruments classified as available-for-sale, 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 are carried at amortized cost and the fair value is disclosed as follows:

DETERMINATION OF FAIR VALUE
The fair value of financial instruments traded in active markets at the balance sheet date is based on their available 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.

The inherent nature of private equity investing is that the Bank's valuation may change over time due to developments in the business underlying the investment. Such fluctuations may be significant depending on the nature of the factors going into the valuation methodology and the extent of change in those factors.

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.

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 includes 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 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 primarily 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, including debt securities reclassified from trading to available-for-sale, is primarily based on broker quotes, third-party vendor prices, or other valuation techniques, such as discounted cash flow techniques. Market inputs used in the valuation techniques or underlying third-party vendor prices or broker quotes include benchmark and government 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 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 using management's best estimates of key assumptions including credit losses, prepayment rates, forward yield curves and discount rates, that are commensurate with the risks involved. 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, other than debt securities classified as loans, 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.

At initial recognition, debt securities classified as loans do not include securities with quoted prices in active markets. When quoted market prices are not readily available, fair value is based on quoted market prices of similar securities, other third-party evidence or by using a valuation technique that maximizes the use of observable market inputs. If quoted prices in active markets subsequently become available, these are used to determine fair value for debt securities classified as loans.

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.

Commodities

The fair value of physical commodities is based on quoted prices in active markets, where available. The Bank also transacts in commodity derivative contracts which can be traded on an exchange or in OTC markets. The fair value of derivative financial instruments is determined as follows:

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.

In the case of defaulted counterparties, a specific provision is established to recognize the estimated realizable value, net of collateral held, based on market pricing in effect at the time the default is recognized. In these instances, the estimated realizable value is measured by discounting the expected future cash flows at an appropriate effective interest rate immediately prior to impairment, after adjusting for the value of collateral. The fair value of non-trading derivatives is determined on the same basis as for trading derivatives.

The fair value of a derivative is partly a function of collateralization. The Bank uses the relevant overnight index swap (OIS) curve to discount the cash flows for collateralized derivatives as most collateral is posted in cash and can be funded at the overnight rate.

In the fourth quarter of 2014, the Bank implemented funding valuation adjustment (FVA) in response to growing evidence that market implied funding costs and benefits are now 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 LIBOR, expected term of the trade, and 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 FVA applies to both assets and liabilities, but the adjustment in the fourth quarter largely relates to uncollateralized derivative assets given the impact of the Bank's own credit risk, which is a significant component of the funding costs, is already incorporated in the valuation of uncollateralized derivative liabilities through the application of debit valuation adjustments (DVAs).

FVA was implemented on a prospective basis as a change in accounting estimate and resulted in a $69 million charge during the fourth quarter. There were no changes to the leveling in the fair value hierarchy as a result of the implementation of FVA. 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) prices.

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 purchased or sold with an agreement to sell or repurchase them at a later date at a fixed price are carried at fair value on the Consolidated Balance Sheet. 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.

Other Financial Liabilities Designated at Fair Value
For deposits designated at fair value through profit or loss, fair value is determined using discounted cash flow valuation techniques which maximize the use of observable market inputs such as benchmark yield curves. The Bank considers the impact of its own creditworthiness in the valuation of these deposits by reference to observable market inputs. The Bank currently issues mortgage loan commitments to its customers which allow them to lock in a fixed mortgage rate prior to their expected funding date. The Bank values loan commitments through the use of an option pricing model and with adjustments calculated using an expected funding ratio to arrive at the most representative fair value. The expected funding ratio represents the Bank's best estimate, based on historical analysis, as to the amount of loan commitments that will actually fund. If commitment extensions are exercised by the borrower, the Bank will remeasure the written option at fair value.

Portfolio Exception
IFRS 13 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 measured at Fair Value
The fair value of assets and liabilities not measured at fair value include loans, deposits, certain securitization liabilities, certain securities purchased and obligations relating to securities sold under reverse repurchase and 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, customers' liability under acceptances, and acceptances.

Carrying Value and Fair Value of Financial Instruments and Commodities

The fair values in the following table exclude the value of 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. The following table includes the fair value of commodities.

Financial Assets, Liabilities and Commodities

(millions of Canadian dollars)			*As at*	
	October 31, 2014		October 31, 2013	
	Carrying value	**Fair value**	Carrying value	Fair value
FINANCIAL ASSETS AND COMMODITIES				
Cash and due from banks	**$ 2,781**	**$ 2,781**	$ 3,581	$ 3,581
Interest-bearing deposits with banks	**43,773**	**43,773**	28,583	28,583
Trading loans, securities, and other				
Government and government-related securities	**30,899**	**30,899**	32,861	32,861
Other debt securities	**9,019**	**9,019**	9,628	9,628
Equity securities	**45,911**	**45,911**	45,751	45,751
Trading loans	**10,142**	**10,142**	10,219	10,219
Commodities	**5,154**	**5,154**	3,414	3,414
Retained interests	**48**	**48**	67	67
Total trading loans, securities, and other	**101,173**	**101,173**	101,940	101,940
Derivatives	**55,363**	**55,363**	49,461	49,461
Financial assets designated at fair value through profit or loss	**4,745**	**4,745**	6,532	6,532
Available-for-sale securities				
Government and government-related securities	**31,707**	**31,707**	37,897	37,897
Other debt securities	**28,724**	**28,724**	38,936	38,936
Equity securities[1]	**1,931**	**1,931**	1,806	1,806
Debt securities reclassified from trading	**646**	**646**	905	905
Total available-for-sale securities	**63,008**	**63,008**	79,544	79,544
Held-to-maturity securities[2]				
Government and government-related securities	**34,119**	**34,371**	25,890	25,875
Other debt securities	**22,858**	**22,955**	4,071	4,075
Total held-to-maturity securities	**56,977**	**57,326**	29,961	29,950
Securities purchased under reverse repurchase agreements	**75,031**	**75,031**	64,283	64,283
Loans	**478,909**	**483,044**	444,922	445,935
Customers' liability under acceptances	**13,080**	**13,080**	6,399	6,399
Amounts receivable from brokers, dealers and clients	**9,319**	**9,319**	9,183	9,183
Other assets	**3,590**	**3,590**	3,469	3,469
FINANCIAL LIABILITIES				
Trading deposits	**59,334**	**59,334**	50,967	50,967
Derivatives	**50,776**	**50,776**	49,471	49,471
Securitization liabilities at fair value	**11,198**	**11,198**	21,960	21,960
Other financial liabilities designated at fair value through profit or loss	**3,250**	**3,250**	12	12
Deposits	**600,716**	**601,705**	541,605	543,080
Acceptances	**13,080**	**13,080**	6,399	6,399
Obligations related to securities sold short	**39,465**	**39,465**	41,829	41,829
Obligations related to securities sold under repurchase agreements	**45,587**	**45,587**	34,414	34,414
Securitization liabilities at amortized cost	**24,960**	**25,271**	25,592	25,864
Amounts payable to brokers, dealers and clients	**10,384**	**10,384**	8,882	8,882
Other liabilities	**9,926**	**9,958**	12,839	12,857
Subordinated notes and debentures	**$ 7,785**	**$ 8,358**	$ 7,982	$ 8,678

1 As at October 31, 2014, the carrying values of certain available-for-sale equity securities of $5 million (October 31, 2013 – $6 million) are assumed to approximate fair value in the absence of quoted market prices in an active market.

2 Includes debt securities reclassified from available-for-sale to held-to-maturity. Refer to Note 7, Securities for carrying value and fair value of the reclassified debt securities.

Fair Value Hierarchy

IFRS requires disclosure of a three-level hierarchy for fair value measurements based upon transparency 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 in active markets for identical assets or liabilities. Level 1 assets and liabilities generally include debt and equity securities and derivative contracts that are traded in an active exchange market, as well as certain Canadian and U.S. Treasury bills and other Canadian and U.S. Government and agency mortgage-backed securities, and certain securitization liabilities, that are highly liquid and are 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. This category generally includes Canadian and U.S. Government securities, Canadian and U.S. agency mortgage-backed debt securities, corporate debt securities, certain derivative contracts, certain securitization liabilities, and certain trading deposits.

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. This category generally includes retained interests in certain loan securitizations and certain derivative contracts.

The following table presents the levels within the fair value hierarchy for each of the financial 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)								*As at*
	October 31, 2014				October 31, 2013			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS								
Trading loans, securities, and other								
Government and government-related securities								
Canadian government debt								
Federal	**$ 302**	**$ 12,229**	**$ –**	**$ 12,531**	$ 304	$ 12,908	$ –	$ 13,212
Provinces	**–**	**5,454**	**–**	**5,454**	1	4,518	–	4,519
U.S. federal, state, municipal governments, and agencies debt	**–**	**8,698**	**–**	**8,698**	105	11,250	–	11,355
Other OECD government guaranteed debt	**–**	**3,427**	**–**	**3,427**	–	2,685	–	2,685
Mortgage-backed securities	**–**	**789**	**–**	**789**	–	1,090	–	1,090
Other debt securities								
Canadian issuers	**–**	**2,805**	**20**	**2,825**	–	2,943	5	2,948
Other issuers	**–**	**6,128**	**66**	**6,194**	–	6,596	84	6,680
Equity securities								
Common shares	**40,695**	**5,172**	**4**	**45,871**	38,020	7,652	15	45,687
Preferred shares	**40**	**–**	**–**	**40**	64	–	–	64
Trading loans	**–**	**10,142**	**–**	**10,142**	–	10,219	–	10,219
Commodities	**5,154**	**–**	**–**	**5,154**	3,414	–	–	3,414
Retained interests	**–**	**–**	**48**	**48**	–	–	67	67
	46,191	**54,844**	**138**	**101,173**	41,908	59,861	171	101,940
Derivatives								
Interest rate contracts	**2**	**23,413**	**–**	**23,415**	1	25,690	–	25,691
Foreign exchange contracts	**56**	**24,852**	**16**	**24,924**	168	14,106	13	14,287
Credit contracts	**–**	**18**	**–**	**18**	–	60	3	63
Equity contracts	**–**	**5,577**	**1,033**	**6,610**	–	8,131	958	9,089
Commodity contracts	**53**	**341**	**2**	**396**	60	263	8	331
	111	**54,201**	**1,051**	**55,363**	229	48,250	982	49,461
Financial assets designated at fair value through profit or loss								
Securities	**202**	**4,538**	**–**	**4,740**	372	6,151	–	6,523
Loans	**–**	**–**	**5**	**5**	–	–	9	9
	202	**4,538**	**5**	**4,745**	372	6,151	9	6,532
Available-for-sale securities								
Government and government-related securities								
Canadian government debt								
Federal	**199**	**8,205**	**–**	**8,404**	–	9,329	–	9,329
Provinces	**–**	**4,494**	**51**	**4,545**	–	2,588	–	2,588
U.S. federal, state, municipal governments, and agencies debt	**–**	**12,130**	**–**	**12,130**	–	15,176	–	15,176
Other OECD government guaranteed debt	**–**	**3,317**	**5**	**3,322**	–	7,986	8	7,994
Mortgage-backed securities	**–**	**3,306**	**–**	**3,306**	–	2,810	–	2,810
Other debt securities								
Asset-backed securities	**–**	**18,903**	**–**	**18,903**	–	29,320	–	29,320
Non-agency collateralized mortgage obligation portfolio	**–**	**1,722**	**–**	**1,722**	–	963	–	963
Corporate and other debt	**–**	**8,080**	**19**	**8,099**	–	8,634	19	8,653
Equity securities								
Common shares[1,2]	**210**	**242**	**1,303**	**1,755**	197	222	1,215	1,634
Preferred shares	**29**	**1**	**141**	**171**	30	–	136	166
Debt securities reclassified from trading	**–**	**337**	**309**	**646**	–	677	228	905
	438	**60,737**	**1,828**	**63,003**	227	77,705	1,606	79,538
Securities purchased under reverse repurchase agreements	**$ –**	**$ 8,154**	**$ –**	**$ 8,154**	$ –	$ 5,331	$ –	$ 5,331
FINANCIAL LIABILITIES								
Trading deposits	**$ –**	**$ 57,703**	**$ 1,631**	**$ 59,334**	$ –	$ 49,571	$ 1,396	$ 50,967
Derivatives								
Interest rate contracts	**2**	**20,026**	**81**	**20,109**	1	22,789	58	22,848
Foreign exchange contracts	**43**	**22,975**	**14**	**23,032**	149	15,535	12	15,696
Credit contracts	**–**	**325**	**–**	**325**	–	355	3	358
Equity contracts	**–**	**5,275**	**1,537**	**6,812**	–	8,892	1,350	10,242
Commodity contracts	**52**	**440**	**6**	**498**	56	266	5	327
	97	**49,041**	**1,638**	**50,776**	206	47,837	1,428	49,471
Securitization liabilities at fair value	**–**	**11,198**	**–**	**11,198**	–	21,960	–	21,960
Other financial liabilities designated at fair value through profit or loss	**–**	**3,242**	**8**	**3,250**	–	–	12	12
Obligations related to securities sold short	**14,305**	**25,126**	**34**	**39,465**	17,698	24,124	7	41,829
Obligations related to securities sold under repurchase agreements	**$ –**	**$ 8,242**	**$ –**	**$ 8,242**	$ –	$ 5,825	$ –	$ 5,825

1 As at October 31, 2014, the carrying values of certain available-for-sale equity securities of $5 million (October 31, 2013 – $6 million) are assumed to approximate fair value in the absence of quoted market prices in an active market.

2 As at October 31, 2014, common shares include the fair value of Federal Reserve Stock and Federal Home Loan Bank stock of $972 million (October 31, 2013 – $930 million) which are redeemable by the issuer at cost for which cost approximates fair value. These securities cannot be traded in the market, hence these securities have not been subject to sensitivity analysis of Level 3 financial assets and liabilities.

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, 2014, the Bank transferred $1 billion of trading securities and $1 billion obligations related to securities sold short from Level 1 to Level 2. These transfers represented previously on-the-run treasury securities that are now off-the-run. During the year ended October 31, 2013, the Bank transferred $4 billion off-the run treasury securities classified as trading and $4 billion classified as available for sale from Level 1 to Level 2. In addition, the Bank transferred $2 billion off-the-run treasury securities sold short from Level 1 to Level 2.

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 judgement.

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 Financial Assets and Liabilities

(millions of Canadian dollars)

	Fair value as at November 1 2013	Total realized and unrealized gains (losses)		Movements			Transfers		Fair value as at October 31 2014	Change in unrealized gains (losses) on instrument 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										
Provinces	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Other debt securities										
Canadian issuers	5	–	–	10	–	(68)	73	–	20	–
Other issuers	84	3	–	145	–	(195)	37	(8)	66	(2)
Equity securities										
Common shares	15	–	–	159	–	(170)	–	–	4	–
Preferred shares	–	–	–	54	–	(54)	2	(2)	–	–
Trading loans	–	–	–	–	–	–	–	–	–	–
Retained interests	67	5	–	–	–	(24)	–	–	48	(7)
	171	8	–	368	–	(511)	112	(10)	138	(9)
Financial assets designated at fair value through profit or loss										
Loans	9	1	–	–	–	(5)	–	–	5	(4)
	9	1	–	–	–	(5)	–	–	5	(4)
Available-for-sale securities										
Government and government-related securities										
Canadian government debt										
Provinces	–	1	–	–	–	–	187	(137)	51	1
Other OECD government guaranteed debt	8	–	–	3	–	(6)	–	–	5	–
Other debt securities										
Asset-backed securities	–	–	–	–	–	–	–	–	–	–
Corporate and other debt	19	1	–	–	–	–	40	(41)	19	1
Equity securities										
Common shares	1,215	7	31	97	–	(48)	1	–	1,303	30
Preferred shares	136	(6)	4	6	–	1	–	–	141	4
Debt securities reclassified from trading	228	30	20	–	–	(14)	46	(1)	309	20
	$ 1,606	$ 33	$ 55	$ 106	$ –	$ (67)	$ 274	$ (179)	$ 1,828	$ 56

	Fair value as at November 1 2013	Total realized and unrealized losses (gains)		Movements			Transfers		Fair value as at October 31 2014	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	$ 1,396	$ 65	$ –	$ –	$ 687	$ (494)	$ 1	$ (24)	$ 1,631	$ 50
Derivatives[4]										
Interest rate contracts	58	21	–	–	–	1	–	1	81	23
Foreign exchange contracts	(1)	–	–	–	–	(2)	1	–	(2)	–
Credit contracts	–	1	–	–	–	(1)	–	–	–	–
Equity contracts	392	166	–	(119)	221	(161)	5	–	504	164
Commodity contracts	(3)	–	–	–	–	8	(1)	–	4	4
	446	188	–	(119)	221	(155)	5	1	587	191
Other financial liabilities designated at fair value through profit or loss	12	(49)	–	–	84	(39)	–	–	8	(52)
Obligations related to securities sold short	$ 7	$ –	$ –	$ (26)	$ –	$ 52	$ 1	$ –	$ 34	$ –

1 Gains (losses) on financial assets and liabilities are recognized in Net securities gains (losses), Trading income (losses), and Other income (loss) on the Consolidated Statement of Income.
2 Consists of sales and settlements.
3 Changes in unrealized gains (losses) on available-for-sale securities are recognized in accumulated other comprehensive income.
4 As at October 31, 2014, consists of derivative assets of $1.1 billion (November 1, 2013 – $982 million) and derivative liabilities of $1.6 billion (November 1, 2013 – $1.4 billion), which have been netted on this table for presentation purposes only.

Reconciliation of Changes in Fair Value for Level 3 Financial Assets and Liabilities

(millions of Canadian dollars)

	Fair value as at November 1 2012	Total realized and unrealized gains (losses)		Movements			Transfers		Fair value as at October 31 2013	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										
Provinces	$ –	$ –	$ –	$ 182	$ –	$ (182)	$ –	$ –	$ –	$ –
Other debt securities										
Canadian issuers	17	2	–	79	–	(111)	22	(4)	5	–
Other issuers	57	2	–	339	–	(369)	67	(12)	84	(2)
Equity securities										
Common shares	77	–	–	134	–	(196)	–	–	15	–
Preferred shares	–	–	–	88	–	(88)	–	–	–	–
Retained interests	85	6	–	–	10	(34)	–	–	67	(13)
	236	10	–	822	10	(980)	89	(16)	171	(15)
Financial assets designated at fair value through profit or loss										
Loans	13	4	–	–	–	(8)	–	–	9	1
	13	4	–	–	–	(8)	–	–	9	1
Available-for-sale securities										
Government and government-related securities										
Other OECD government guaranteed debt	2	–	–	8	–	(2)	–	–	8	–
Other debt securities										
Corporate and other debt	57	1	(3)	–	–	(36)	–	–	19	(4)
Equity securities										
Common shares	1,446	27	(7)	111	–	(421)	59	–	1,215	37
Preferred shares	163	(1)	(21)	–	–	(5)	–	–	136	7
Debt securities reclassified from trading	165	11	7	–	–	(2)	54	(7)	228	20
	$ 1,833	$ 38	$ (24)	$ 119	$ –	$ (466)	$ 113	$ (7)	$ 1,606	$ 60

	Fair value as at November 1 2012	Total realized and unrealized losses (gains)		Movements			Transfers		Fair value as at October 31 2013	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	$ 1,100	$ (24)	$ –	$ –	$ 375	$ (384)	$ 336	$ (7)	$ 1,396	$ 46
Derivatives[4]										
Interest rate contracts	97	(32)	–	–	–	(7)	–	–	58	(33)
Foreign exchange contracts	(2)	(1)	–	–	–	3	(1)	–	(1)	1
Credit contracts	(1)	1	–	–	–	–	–	–	–	2
Equity contracts	320	143	–	(125)	180	(125)	(1)	–	392	141
Commodity contracts	(12)	7	–	–	–	2	–	–	(3)	(1)
	402	118	–	(125)	180	(127)	(2)	–	446	110
Other financial liabilities designated at fair value through profit or loss	17	14	–	–	178	(197)	–	–	12	1
Obligations related to securities sold short	$ 21	$ –	$ –	$ (47)	$ –	$ 33	$ –	$ –	$ 7	$ –

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 and settlements.
3 Changes in unrealized gains (losses) on available-for-sale securities are recognized in accumulated other comprehensive income.
4 As at October 31, 2013, consists of derivative assets of $982 million (November 1, 2012 – $749 million) and derivative liabilities of $1.4 billion (November 1, 2012 – $1.2 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 observable 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. The price equivalent is expressed in points, and represents a percentage of the par amount. There may be wide ranges depending on the liquidity of the securities. Prices at the lower end of the range are generally a result of securities that are written down.

Credit Spread

Credit spread is a significant input used in the valuation of many derivatives. It is the primary reflection of the credit worthiness 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 credit worthiness.

Prepayment Rate and Liquidation Rate

Expected future prepayment and liquidation rates are significant inputs for retained interests and represent the amount of unscheduled principal repayment. The prepayment rate and liquidation rate will be obtained from prepayment forecasts which are based on a number of factors such as historical prepayment rates for similar pool loans and the future economic outlook, considering factors including, but not limited to, future interest rates.

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 mortgage 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. 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.

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

(millions of Canadian dollars, except as noted)							*As at* October 31, 2014
	Fair value assets	Fair value liabilities	Valuation technique	Significant unobservable inputs (Level 3)	Lower range	Upper range	Unit
Government and government-related securities	$ 56	$ n/a[1]	**Market comparable**	**Bond price equivalent**	**100**	**101**	**points**
Other debt securities	**414**	**n/a**	**Market comparable**	**Bond price equivalent**	**–**	**132**	**points**
Equity securities[2]	**476**	**n/a**	**Market comparable**	**New issue price**	**100**	**100**	**%**
			Discounted cash flow	**Discount rate**	**1**	**23**	**%**
			EBITDA multiple	**Earnings multiple**	**5.3x**	**25x**	
			Market comparable	**Price equivalent**	**98**	**98**	**%**
Retained interests	**48**	**n/a**	**Discounted cash flow**	**Prepayment and liquidation rates**	**–**	**10**	**%**
Other financial assets designated at fair value through profit or loss	**5**	**n/a**	**Market comparable**	**Bond price equivalent**	**105**	**105**	**points**
Derivatives							
Interest rate contracts	**–**	**81**	**Swaption model**	**Currency specific volatility**	**8**	**188**	**%**
Foreign exchange contracts	**16**	**14**	**Option model**	**Currency specific volatility**	**6**	**18**	**%**
Credit contracts	**–**	**–**	**Discounted cash flow**	**Credit spread**	**5**	**103**	**bps**[3]
Equity contracts	**1,033**	**1,537**	**Option model**	**Price correlation**	**14**	**85**	**%**
				Quanto correlation	**(40)**	**17**	**%**
				Dividend yield	**–**	**11**	**%**
				Equity volatility	**11**	**80**	**%**
Commodity contracts	**2**	**6**	**Option model**	**Quanto correlation**	**(45)**	**(25)**	**%**
				Swaption correlation	**34**	**46**	**%**
Trading deposits	**n/a**	**1,631**	**Option model**	**Price correlation**	**–**	**98**	**%**
				Quanto correlation	**(45)**	**18**	**%**
				Dividend yield	**–**	**11**	**%**
				Equity volatility	**10**	**68**	**%**
			Swaption model	**Currency specific volatility**	**8**	**188**	**%**
Other financial liabilities designated at fair value through profit or loss	**n/a**	**8**	**Option model**	**Funding ratio**	**3**	**72**	**%**
Obligations related to securities sold short	**n/a**	**34**	**Market comparable**	**New issue price**	**100**	**100**	**%**

1 Not applicable.
2 As at October 31, 2014, common shares exclude the fair value of Federal Reserve Stock and Federal Home Loan Bank stock of $972 million (October 31, 2013 – $930 million) 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.
3 Basis points.

The following table summarizes the potential effect of using reasonably possible alternative assumptions for financial assets and financial liabilities held, as at October 31, that are classified in Level 3 of the fair value hierarchy. For interest rate derivatives, the Bank performed a sensitivity analysis on the unobservable implied volatility. For credit derivatives, 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 by 5%, correlation by 10%, or the price of the underlying equity instrument by 10% and volatility from (13)% to 33%. 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, 2014		October 31, 2013	
	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				
Trading loans, securities, and other				
Equity securities				
Common shares	**$ –**	**$ –**	$ 1	$ 1
Preferred shares	**–**	**–**	–	–
Retained interests	**3**	**–**	5	2
	3	**–**	6	3
Derivatives				
Interest rate contracts	**–**	**–**	–	–
Foreign exchange contracts	**–**	**–**	–	–
Equity contracts	**21**	**22**	30	35
	21	**22**	30	35
Available-for-sale securities				
Government and government related securities				
Other OECD government guaranteed debt	**–**	**–**	1	1
Other debt securities				
Corporate and other debt	**2**	**–**	2	–
Equity securities				
Common shares	**54**	**20**	45	18
Preferred shares	**8**	**8**	7	7
Debt securities reclassified from trading	**4**	**4**	4	4
	68	**32**	59	30
FINANCIAL LIABILITIES				
Trading deposits	**6**	**10**	5	9
Derivatives				
Interest rate contracts	**20**	**16**	23	17
Equity contracts	**32**	**31**	49	42
	52	**47**	72	59
Other financial liabilities designated at fair value through profit or loss	**1**	**1**	2	2
Total	**$ 151**	**$ 112**	$ 174	$ 138

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 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 non-observable market inputs at initial recognition.

(millions of Canadian dollars)	*For the years ended October 31*	
	2014	2013
Balance as at beginning of year	**$ 41**	$ 48
New transactions	**44**	32
Recognized in the Consolidated Statement of Income during the year	**(52)**	(39)
Balance as at end of year	**$ 33**	$ 41

FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE

Loans Designated at Fair Value through Profit or Loss

Certain business and government loans held within a trading portfolio or economically hedged with derivatives are designated at fair value through profit or loss if the relevant criteria are met. The fair value of loans designated at fair value through profit or loss was $5 million as at October 31, 2014 (October 31, 2013 – $9 million), which represents their maximum credit exposure.

These loans are managed within risk limits that have been approved by the Bank's risk management group and are hedged for credit risk with credit derivatives.

Securities Designated at Fair Value through Profit or Loss

Certain securities that support insurance reserves within certain of the Bank's insurance subsidiaries have been designated at fair value through profit or loss. The actuarial valuation of the insurance reserve is measured using a discount factor which is based on the yield of the supporting invested assets, with changes in the discount factor being recognized in the Consolidated Statement of Income. By designating the securities at fair value through profit or loss, the unrealized gain or loss on the securities is recognized in the Consolidated Statement of Income in the same period as a portion of the income or loss resulting from changes to the discount rate used to value the insurance liabilities.

In addition, certain government and government-insured securities have been combined with derivatives to form economic hedging relationships. These securities are being held as part of the Bank's overall interest rate risk management strategy and 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.

Securitization Liabilities at Fair Value

Securitization liabilities at fair value include securitization liabilities classified as trading and those designated at fair value through profit or loss. The fair value of a financial liability incorporates the credit risk of that financial liability. The holders of the securitization liabilities are not exposed to credit risk of the Bank and accordingly, changes in the Bank's own credit does not impact the determination of fair value.

The amount that the Bank would be contractually required to pay at maturity for all securitization liabilities designated at fair value through profit or loss was $8 million less than the carrying amount as at October 31, 2014 (October 31, 2013 – $123 million less than the carrying amount).

Other Liabilities Designated at Fair Value through Profit or Loss

Certain deposits and loan commitments issued to customers to provide a mortgage at a fixed rate have been designated at fair value through profit or loss. These deposits and commitments are economically hedged with derivatives and other financial instruments where the changes in fair value are recognized in non-interest income. The designation of these deposits and loan commitments at fair value through profit or loss eliminates an accounting mismatch that would otherwise arise.

The amount the Bank would be contractually required to pay at maturity for the deposits designated at fair value through profit or loss was $48 million less than the carrying amount as at October 31, 2014 (October 31, 2013 – nil). As at October 31, 2014, the fair value of deposits designated at fair value through profit or loss includes $5 million of the Bank's own credit risk (October 31, 2013 – nil). Due to the short-term nature of these loan commitments, changes in the Bank's own credit do not have a significant impact on the determination of fair value.

Income (Loss) from Changes in Fair Value of Financial Assets and Liabilities Designated at Fair Value through Profit or Loss

During the year ended October 31, 2014, the income (loss) representing net changes in the fair value of financial assets and liabilities designated at fair value through profit or loss was $55 million (2013 – $(129) million).

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, 2014, but for which fair value is disclosed.

Fair Value Hierarchy for Assets and Liabilities not carried at Fair Value

(millions of Canadian dollars)				*As at*
				October 31, 2014
	Level 1	**Level 2**	**Level 3**	**Total**
ASSETS				
Cash and due from banks	**$ 2,781**	**$ –**	**$ –**	**$ 2,781**
Interest-bearing deposits with banks	**–**	**43,773**	**–**	**43,773**
Held-to-maturity securities				
Government and government-related securities	**–**	**34,371**	**–**	**34,371**
Other debt securities	**–**	**22,955**	**–**	**22,955**
Total held-to-maturity securities	**–**	**57,326**	**–**	**57,326**
Securities purchased under reverse repurchase agreements	**–**	**66,877**	**–**	**66,877**
Loans	**–**	**189,331**	**290,983**	**480,314**
Debt securities classified as loans	**–**	**984**	**1,746**	**2,730**
Total Loans	**–**	**190,315**	**292,729**	**483,044**
Other				
Customers' liability under acceptances	**–**	**13,080**	**–**	**13,080**
Amounts receivables from brokers, dealers, and clients	**–**	**9,319**	**–**	**9,319**
Other assets	**–**	**3,121**	**469**	**3,590**
Total Assets with fair value disclosures	**$ 2,781**	**$ 383,811**	**$ 293,198**	**$ 679,790**
LIABILITIES				
Deposits	**$ –**	**$ 601,705**	**$ –**	**$ 601,705**
Acceptances	**–**	**13,080**	**–**	**13,080**
Obligations related to securities sold under repurchase agreements	**–**	**37,345**	**–**	**37,345**
Securitization liabilities at amortized cost	**–**	**25,271**	**–**	**25,271**
Amounts payable to brokers, dealers, and clients	**–**	**10,384**	**–**	**10,384**
Other liabilities	**–**	**9,204**	**754**	**9,958**
Subordinated notes and debentures	**–**	**8,358**	**–**	**8,358**
Total liabilities with fair value disclosures	**$ –**	**$ 705,347**	**$ 754**	**$ 706,101**

NOTE 6: OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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 over-the-counter 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 gross 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.

(millions of Canadian dollars)

						As at October 31, 2014
				Amounts subject to an enforceable master netting arrangement or similar agreement that are not set-off in the Consolidated Balance Sheet[1]		
	Gross amounts of recognized financial instruments before balance sheet netting	Gross amounts of recognized financial instruments set-off 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	**$ 69,488**	**$ 14,125**	**$ 55,363**	**$ 39,783**	**$ 8,278**	**$ 7,302**
Securities purchased under reverse repurchase agreements	**94,877**	**19,846**	**75,031**	**6,828**	**68,127**	**76**
Total	**164,365**	**33,971**	**130,394**	**46,611**	**76,405**	**7,378**
Financial Liabilities						
Derivatives	**64,901**	**14,125**	**50,776**	**39,783**	**6,353**	**4,640**
Obligations related to securities sold under repurchase agreements	**65,433**	**19,846**	**45,587**	**6,828**	**38,757**	**2**
Total	**$ 130,334**	**$ 33,971**	**$ 96,363**	**$ 46,611**	**$ 45,110**	**$ 4,642**

						October 31, 2013
Financial Assets						
Derivatives	$ 60,326	$ 10,865	$ 49,461	$ 37,919	$ 5,609	$ 5,933
Securities purchased under reverse repurchase agreements	84,192	19,909	64,283	7,134	57,085	64
Total	144,518	30,774	113,744	45,053	62,694	5,997
Financial Liabilities						
Derivatives	60,336	10,865	49,471	37,919	6,250	5,302
Obligations related to securities sold under repurchase agreements	54,323	19,909	34,414	7,134	27,279	1
Total	$ 114,659	$ 30,774	$ 83,885	$ 45,053	$ 33,529	$ 5,303

1 Excess collateral as a result of overcollateralization has not been reflected in the table.

NOTE 7: SECURITIES

Reclassification of Certain Debt Securities – Trading to Available-for-Sale

During 2008, the Bank changed its trading strategy with respect to certain debt securities as a result of deterioration in markets and severe dislocation in the credit market. These debt securities were initially recorded as trading securities measured at fair value with any changes in fair value as well as any gains or losses realized on disposal recognized in Trading income. Since the Bank no longer intended to actively trade in these debt securities, the Bank reclassified these debt securities from trading to available-for-sale effective August 1, 2008.

The fair value of the reclassified debt securities was $646 million as at October 31, 2014 (October 31, 2013 – $905 million). For the year ended October 31, 2014, net interest income of $41 million after tax (October 31, 2013 – $62 million after tax) was recorded relating to the reclassified debt securities. The decrease in fair value of these securities during the year ended October 31, 2014, of $18 million after tax (October 31, 2013 – decrease of $25 million after tax) was recorded in other comprehensive income. Had the Bank not reclassified these debt securities, the change in the fair value of these debt securities would have been included as part of trading income, the impact of which would have resulted in a decrease in net income for the year ended October 31, 2014, of $18 million after tax (October 31, 2013 – decrease of $25 million after tax). During the year ended October 31, 2014, reclassified debt securities with a fair value of $331 million (October 31, 2013 – $420 million) were sold or matured, and $17 million after tax (October 31, 2013 – $28 million after tax) was recorded in net securities gains during the year ended October 31, 2014.

Reclassification of Certain Debt Securities – Available-for-Sale to Held-to-Maturity

The Bank has reclassified certain debt securities from available-for-sale to held-to-maturity. For these debt securities, the Bank's strategy is to earn the yield to maturity to aid in prudent capital management under Basel III. These debt securities were previously recorded at fair value, with changes in fair value recognized in other comprehensive income. Subsequent to the date of reclassification, the net unrealized gain or loss recognized in accumulated other comprehensive income is amortized to interest income over the remaining life of the reclassified debt securities using the EIRM. The reclassifications are non-cash transactions that are excluded from the Consolidated Statement of Cash Flows.

The Bank has completed the following reclassifications:

(millions of Canadian dollars, except as noted)							
		October 31, 2014		October 31, 2013		*As at the reclassification date*	
Reclassification Date	**Amount reclassified**	**Fair Value**	**Carrying Value**	Fair Value	Carrying Value	Weighted-Average Effective Interest Rate	Undiscounted Recoverable Cash Flows
March 1, 2013	**$ 11,084**	**$ 6,845**	**$ 6,805**	$ 9,405	$ 9,398	1.8 %	$ 11,341
September 23, 2013	**9,854**	**9,790**	**9,728**	9,978	9,941	1.9	10,742
November 1, 2013[1]	**21,597**	**21,949**	**21,863**	–	–	1.1	24,519

[1] The change in fair value of these securities recorded in other comprehensive income for the year ended October 31, 2014 was nil (October 31, 2013 – decrease of $163 million).

Had the Bank not reclassified these debt securities, the change in the fair value recognized in other comprehensive income for these debt securities would have been an increase of $53 million during the year ended October 31, 2014 (October 31, 2013 – a decrease of $44 million). After the reclassification, the debt securities contributed the following amounts to net income:

(millions of Canadian dollars)		*For the years ended*
	October 31, 2014	October 31, 2013
Net interest income[1]	**$ 541**	$ 138
Net income before income taxes	**541**	138
Provision for (recovery of) income taxes	**192**	37
Net income	**$ 349**	$ 101

1 Includes amortization of the net unrealized gains of $86 million during the year ended October 31, 2014 (October 31, 2013 – $85 million) associated with these reclassified held-to-maturity securities, that is presented as Reclassifications to earnings of net losses (gains) in respect of available-for-sale securities on the Consolidated Statement of Comprehensive Income. The impact of this amortization on net interest income is offset by the amortization of the corresponding net reclassification premium on these debt 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 2014	October 31 2013
	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	$ 2,489	$ 3,219	$ 1,777	$ 2,969	$ 2,077	$ –	$ 12,531	$ 13,212
Provinces	1,945	653	397	807	1,652	–	5,454	4,519
U.S. federal, state, municipal governments, and agencies debt	1,093	2,617	1,323	2,507	1,158	–	8,698	11,355
Other OECD government-guaranteed debt	2,025	481	317	449	155	–	3,427	2,685
Mortgage-backed securities								
Residential	482	176	55	–	–	–	713	1,022
Commercial	14	16	9	31	6	–	76	68
	8,048	7,162	3,878	6,763	5,048	–	30,899	32,861
Other debt securities								
Canadian issuers	384	858	633	565	385	–	2,825	2,948
Other issuers	2,986	1,727	798	568	115	–	6,194	6,680
	3,370	2,585	1,431	1,133	500	–	9,019	9,628
Equity securities								
Common shares	–	–	–	–	–	45,871	45,871	45,687
Preferred shares	–	–	–	–	–	40	40	64
	–	–	–	–	–	45,911	45,911	45,751
Retained interests	4	4	3	24	13	–	48	67
Total trading securities	$ 11,422	$ 9,751	$ 5,312	$ 7,920	$ 5,561	$ 45,911	$ 85,877	$ 88,307
Available-for-sale securities								
Government and government-related securities								
Canadian government debt								
Federal	$ 2,220	$ 718	$ 4,694	$ 752	$ 20	$ –	$ 8,404	$ 9,329
Provinces	655	741	1,876	1,264	9	–	4,545	2,588
U.S. federal, state, municipal governments, and agencies debt	1,642	1,047	441	2,567	6,433	–	12,130	15,176
Other OECD government-guaranteed debt	1,171	578	1,165	408	–	–	3,322	7,994
Mortgage-backed securities	–	787	2,519	–	–	–	3,306	2,810
	5,688	3,871	10,695	4,991	6,462	–	31,707	37,897
Other debt securities								
Asset-backed securities	1,004	4,168	2,756	6,480	4,495	–	18,903	29,320
Non-agency collateralized mortgage obligation portfolio	–	–	–	–	1,722	–	1,722	963
Corporate and other debt	1,542	3,154	2,830	428	145	–	8,099	8,653
	2,546	7,322	5,586	6,908	6,362	–	28,724	38,936
Equity securities								
Common shares	–	–	–	–	–	1,760	1,760	1,640
Preferred shares	–	–	–	–	–	171	171	166
	–	–	–	–	–	1,931	1,931	1,806
Debt securities reclassified from trading	112	236	31	203	64	–	646	905
Total available-for-sale securities	$ 8,346	$ 11,429	$ 16,312	$ 12,102	$ 12,888	$ 1,931	$ 63,008	$ 79,544
Held-to-maturity securities								
Government and government-related securities								
Canadian government debt								
Federal	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 259
U.S. federal, state, municipal governments, and agencies debt	–	281	4,822	9,465	4,224	–	18,792	12,551
Other OECD government guaranteed debt	2,677	8,226	4,424	–	–	–	15,327	13,080
	2,677	8,507	9,246	9,465	4,224	–	34,119	25,890
Other debt securities								
Asset-backed securities	–	345	4,670	6,917	6,001	–	17,933	1,239
Non-agency collateralized mortgage obligation portfolio	–	–	–	–	610	–	610	–
Other issuers	833	1,191	2,291	–	–	–	4,315	2,832
	833	1,536	6,961	6,917	6,611	–	22,858	4,071
Total held-to-maturity securities	3,510	10,043	16,207	16,382	10,835	–	56,977	29,961
Total securities	$ 23,278	$ 31,223	$ 37,831	$ 36,404	$ 29,284	$ 47,842	$ 205,862	$ 197,812

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, 2014, and October 31, 2013.

Unrealized Securities Gains (Losses)

(millions of Canadian dollars)								*As at*
	October 31, 2014				October 31, 2013			
	Cost/ amortized cost[1]	**Gross unrealized gains**	**Gross unrealized (losses)**	**Fair value**	Cost/ amortized cost[1]	Gross unrealized gains	Gross unrealized (losses)	Fair value
Available-for-sale securities								
Government and government-related securities								
Canadian government debt								
Federal	**$ 8,355**	**$ 50**	**$ (1)**	**$ 8,404**	$ 9,301	$ 32	$ (4)	$ 9,329
Provinces	**4,518**	**29**	**(2)**	**4,545**	2,569	21	(2)	2,588
U.S. federal, state, municipal governments, and agencies debt	**11,950**	**208**	**(28)**	**12,130**	14,971	269	(64)	15,176
Other OECD government guaranteed debt	**3,313**	**11**	**(2)**	**3,322**	7,978	23	(7)	7,994
Mortgage-backed securities	**3,256**	**50**	**–**	**3,306**	2,791	22	(3)	2,810
	31,392	**348**	**(33)**	**31,707**	37,610	367	(80)	37,897
Other debt securities								
Asset-backed securities	**18,831**	**84**	**(12)**	**18,903**	29,252	136	(68)	29,320
Non-agency collateralized mortgage obligation portfolio	**1,713**	**9**	**–**	**1,722**	948	15	–	963
Corporate and other debt	**8,008**	**117**	**(26)**	**8,099**	8,471	206	(24)	8,653
	28,552	**210**	**(38)**	**28,724**	38,671	357	(92)	38,936
Equity securities								
Common shares	**1,642**	**131**	**(13)**	**1,760**	1,560	108	(28)	1,640
Preferred shares	**153**	**18**	**–**	**171**	152	15	(1)	166
	1,795	**149**	**(13)**	**1,931**	1,712	123	(29)	1,806
Debt securities reclassified from trading	**596**	**55**	**(5)**	**646**	835	86	(16)	905
Total available-for-sale securities	**$ 62,335**	**$ 762**	**$ (89)**	**$ 63,008**	$ 78,828	$ 933	$ (217)	$ 79,544
Held-to-maturity securities								
Government and government-related securities								
Canadian government debt								
Federal	**$ –**	**$ –**	**$ –**	**$ –**	$ 259	$ –	$ –	$ 259
U.S. federal, state, municipal governments, and agencies debt	**18,792**	**143**	**(56)**	**18,879**	12,551	44	(82)	12,513
Other OECD government guaranteed debt	**15,327**	**167**	**(2)**	**15,492**	13,080	29	(6)	13,103
	34,119	**310**	**(58)**	**34,371**	25,890	73	(88)	25,875
Other debt securities								
Asset-backed securities	**17,933**	**85**	**(4)**	**18,014**	1,239	8	–	1,247
Non-agency collateralized mortgage obligation portfolio	**610**	**–**	**(4)**	**606**	–	–	–	–
Other issuers	**4,315**	**38**	**(18)**	**4,335**	2,832	9	(13)	2,828
	22,858	**123**	**(26)**	**22,955**	4,071	17	(13)	4,075
Total held-to-maturity securities	**56,977**	**433**	**(84)**	**57,326**	29,961	90	(101)	29,950
Total securities	**$ 119,312**	**$ 1,195**	**$ (173)**	**$ 120,334**	$ 108,789	$ 1,023	$ (318)	$ 109,494

1 Includes the foreign exchange translation of amortized cost balances at the period-end spot rate.

In the following table, unrealized losses for available-for-sale securities are categorized as "12 months or longer" if for each of the consecutive twelve months preceding October 31, 2014, and October 31, 2013, the fair value of the securities was less than the amortized cost. If not, they have been categorized as "Less than 12 months".

Unrealized Loss Positions for Available-for-Sale Securities[1]

(millions of Canadian dollars)

	As at October 31, 2014					
	Less than 12 months		12 months or longer		Total	
	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses	Fair value	Gross unrealized losses
Available-for-sale securities						
Government and government-related securities						
Canadian government debt						
Federal	**$ 954**	**$ 1**	**$ –**	**$ –**	**$ 954**	**$ 1**
Provinces	**1,166**	**2**	**–**	**–**	**1,166**	**2**
U.S. federal, state and municipal governments, and agencies debt	**1,932**	**11**	**1,033**	**17**	**2,965**	**28**
Other OECD government-guaranteed debt	**–**	**–**	**135**	**2**	**135**	**2**
Mortgage-backed securities						
Residential	**–**	**–**	**–**	**–**	**–**	**–**
	4,052	**14**	**1,168**	**19**	**5,220**	**33**
Other debt securities						
Asset-backed securities	**3,616**	**6**	**698**	**6**	**4,314**	**12**
Corporate and other debt	**2,316**	**14**	**153**	**12**	**2,469**	**26**
	5,932	**20**	**851**	**18**	**6,783**	**38**
Equity securities						
Common shares	**32**	**13**	**–**	**–**	**32**	**13**
Preferred shares	**–**	**–**	**–**	**–**	**–**	**–**
	32	**13**	**–**	**–**	**32**	**13**
Debt securities reclassified from trading	**–**	**–**	**59**	**5**	**59**	**5**
Total	**$ 10,016**	**$ 47**	**$ 2,078**	**$ 42**	**$ 12,094**	**$ 89**

	October 31, 2013					
Available-for-sale securities						
Government and government-related securities						
Canadian government debt						
Federal	$ 3,430	$ 4	$ –	$ –	$ 3,430	$ 4
Provinces	377	1	70	1	447	2
U.S. federal, state and municipal governments, and agencies debt	2,978	50	706	14	3,684	64
Other OECD government-guaranteed debt	1,622	6	312	1	1,934	7
Mortgage-backed securities						
Residential	875	3	–	–	875	3
	9,282	64	1,088	16	10,370	80
Other debt securities						
Asset-backed securities	8,465	44	648	24	9,113	68
Corporate and other debt	1,622	11	346	13	1,968	24
	10,087	55	994	37	11,081	92
Equity securities						
Common shares	59	14	22	14	81	28
Preferred shares	115	1	–	–	115	1
	174	15	22	14	196	29
Debt securities reclassified from trading	–	–	85	16	85	16
Total	$ 19,543	$ 134	$ 2,189	$ 83	$ 21,732	$ 217

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

Net Securities Gains (Losses)

(millions of Canadian dollars)

	For the years ended October 31		
	2014	2013	2012
Net realized gains (losses)			
Available-for-sale securities	**$ 183**	$ 312	$ 423
Impairment losses			
Available-for-sale securities[1]	**(10)**	(8)	(50)
Total	**$ 173**	$ 304	$ 373

1 None of the impairment losses for the years ended October 31, 2014, or 2013 related to debt securities in the reclassified portfolio as described in the "Reclassification of Certain Debt Securities – Trading to Available-for-Sale" section of the Note.

NOTE 8: LOANS, IMPAIRED LOANS, AND ALLOWANCE FOR CREDIT LOSSES

The following table presents the Bank's loans, impaired loans, and related allowance for loan losses.

Loans, Impaired Loans, and Allowance for Loan Losses

(millions of Canadian dollars)

										As at
										October 31, 2014
	Gross loans					**Allowance for loan losses[1]**				
	Neither past due nor impaired	**Past due but not impaired**	**Impaired**	**Total**	**Counter-party specific**	**Individually insignificant impaired loans**	**Incurred but not identified credit losses**	**Total allowance for loan losses**	**Net loans**
Residential mortgages[2,3,4]	**$ 195,466**	**$ 2,242**	**$ 752**	**$ 198,460**	**$ –**	**$ 22**	**$ 48**	**$ 70**	**$ 198,390**
Consumer instalment and other personal[5]	**116,971**	**5,406**	**853**	**123,230**	**–**	**110**	**577**	**687**	**122,543**
Credit card	**23,576**	**1,694**	**294**	**25,564**	**–**	**199**	**801**	**1,000**	**24,564**
Business and government[2,3,4]	**128,242**	**1,201**	**832**	**130,275**	**134**	**22**	**746**	**902**	**129,373**
	$ 464,255	**$ 10,543**	**$ 2,731**	**$ 477,529**	**$ 134**	**$ 353**	**$ 2,172**	**$ 2,659**	**$ 474,870**
Debt securities classified as loans				**2,695**	**213**	**–**	**59**	**272**	**2,423**
Acquired credit-impaired loans				**1,713**	**8**	**89**	**–**	**97**	**1,616**
Total				**$ 481,937**	**$ 355**	**$ 442**	**$ 2,231**	**$ 3,028**	**$ 478,909**

									October 31, 2013
Residential mortgages[2,3,4]	$ 182,169	$ 2,459	$ 706	$ 185,334	$ –	$ 22	$ 65	$ 87	$ 185,247
Consumer instalment and other personal[5]	112,528	5,648	737	118,913	–	118	541	659	118,254
Credit card	20,620	1,299	269	22,188	–	128	714	842	21,346
Business and government[2,3,4]	112,779	1,354	980	115,113	151	30	698	879	114,234
	$ 428,096	$ 10,760	$ 2,692	$ 441,548	$ 151	$ 298	$ 2,018	$ 2,467	$ 439,081
Debt securities classified as loans				3,744	173	–	98	271	3,473
Acquired credit-impaired loans				2,485	24	93	–	117	2,368
Total				$ 447,777	$ 348	$ 391	$ 2,116	$ 2,855	$ 444,922

1 Excludes allowance for off-balance sheet positions.
2 Excludes trading loans with a fair value of $10 billion as at October 31, 2014 (October 31, 2013 – $10 billion) and amortized cost of $10 billion as at October 31, 2014 (October 31, 2013 – $10 billion), and loans designated at fair value through profit or loss of $5 million as at October 31, 2014 (October 31, 2013 – $9 million). No allowance is recorded for trading loans or loans designated at fair value through profit or loss.
3 Includes insured mortgages of $131 billion as at October 31, 2014 (October 31, 2013 – $130 billion).
4 As at October 31, 2014, impaired loans with a balance of $435 million did not have a related allowance for loan losses (October 31, 2013 – $497 million). 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.
5 Includes Canadian government-insured real estate personal loans of $24 billion as at October 31, 2014 (October 31, 2013 – $27 billion).

RENEGOTIATED 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 modified loan's estimated realizable value, discounted at the original loan's effective interest rate, has decreased as a result of the modification, additional impairment is recorded. Once modified, if a loan was classified as impaired prior to the modification, the loan is generally assessed for impairment consistent with the Bank's existing policies for impairment.

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 $180 million as at October 31, 2014 (October 31, 2013 – $233 million) and were recorded in Other assets on the Consolidated Balance Sheet.

The following table presents information related to the Bank's impaired loans.

Impaired Loans[1]

(millions of Canadian dollars)	As at October 31, 2014			
	Unpaid principal balance[2]	**Carrying value**	**Related allowance for credit losses**	**Average gross impaired loans**
Residential mortgages	**$ 807**	**$ 752**	**$ 22**	**$ 740**
Consumer instalment and other personal	**977**	**853**	**110**	**796**
Credit card	**294**	**294**	**199**	**292**
Business and government	**978**	**832**	**156**	**910**
Total	**$ 3,056**	**$ 2,731**	**$ 487**	**$ 2,738**

	October 31, 2013			
Residential mortgages	$ 759	$ 706	$ 22	$ 697
Consumer instalment and other personal	834	737	118	709
Credit card	269	269	128	228
Business and government	1,179	980	181	968
Total	$ 3,041	$ 2,692	$ 449	$ 2,602

1 Excludes ACI loans and debt securities classified as loans.
2 Represents contractual amount of principal owed.

The changes in the Bank's allowance for credit losses for the years ended October 31 are shown in the following tables.

Allowance for Credit Losses

(millions of Canadian dollars)	Balance as at November 1 2013	Provision for credit losses	Write-offs	Recoveries	Disposals	Foreign exchange and other adjustments	Balance as at October 31 2014
Counterparty-specific allowance							
Business and government	$ 151	$ 68	$ (144)	$ 72	$ –	$ (13)	$ 134
Debt securities classified as loans	173	31	(5)	–	–	14	213
Total counterparty-specific allowance excluding acquired credit-impaired loans	324	99	(149)	72	–	1	347
Acquired credit-impaired loans[1,2]	24	(7)	(3)	4	–	(10)	8
Total counterparty-specific allowance	348	92	(152)	76	–	(9)	355
Collectively assessed allowance for individually insignificant impaired loans							
Residential mortgages	22	23	(38)	15	–	–	22
Consumer instalment and other personal	118	557	(808)	240	–	3	110
Credit card	128	771	(870)	169	–	1	199
Business and government	30	36	(82)	30	–	8	22
Total collectively assessed allowance for individually insignificant impaired loans excluding acquired credit-impaired loans	298	1,387	(1,798)	454	–	12	353
Acquired credit-impaired loans[1,2]	93	5	(17)	3	–	5	89
Total collectively assessed allowance for individually insignificant impaired loans	391	1,392	(1,815)	457	–	17	442
Collectively assessed allowance for incurred but not identified credit losses							
Residential mortgages	65	(19)	–	–	–	2	48
Consumer instalment and other personal	565	14	–	–	–	23	602
Credit card	767	138	–	–	–	19	924
Business and government	833	(13)	–	–	–	52	872
Debt securities classified as loans	98	(47)	–	–	–	8	59
Total collectively assessed allowance for incurred but not identified credit losses	2,328	73	–	–	–	104	2,505
Allowance for credit losses							
Residential mortgages	87	4	(38)	15	–	2	70
Consumer instalment and other personal	683	571	(808)	240	–	26	712
Credit card	895	909	(870)	169	–	20	1,123
Business and government	1,014	91	(226)	102	–	47	1,028
Debt securities classified as loans	271	(16)	(5)	–	–	22	272
Total allowance for credit losses excluding acquired credit-impaired loans	2,950	1,559	(1,947)	526	–	117	3,205
Acquired credit-impaired loans[1,2]	117	(2)	(20)	7	–	(5)	97
Total allowance for credit losses	3,067	1,557	(1,967)	533	–	112	3,302
Less: Allowance for off-balance sheet positions[3]	212	54	–	–	–	8	274
Allowance for loan losses	$ 2,855	$ 1,503	$ (1,967)	$ 533	$ –	$ 104	$ 3,028

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. For additional information, see the "FDIC Covered Loans" section in this Note.
3 The allowance for credit losses for off-balance sheet positions is recorded in Other liabilities on the Consolidated Balance Sheet.

Allowance for Credit Losses

(millions of Canadian dollars)	Balance as at November 1 2012	Provision for credit losses	Write-offs	Recoveries	Disposals	Foreign exchange and other adjustments	Balance as at October 31 2013
Counterparty-specific allowance							
Business and government	$ 170	$ 159	$ (208)	$ 41	$ –	$ (11)	$ 151
Debt securities classified as loans	185	13	(11)	–	(22)	8	173
Total counterparty-specific allowance excluding acquired credit-impaired loans	355	172	(219)	41	(22)	(3)	324
Acquired credit-impaired loans[1,2]	31	13	(14)	5	–	(11)	24
Total counterparty-specific allowance	386	185	(233)	46	(22)	(14)	348
Collectively assessed allowance for individually insignificant impaired loans							
Residential mortgages	27	27	(53)	20	–	1	22
Consumer instalment and other personal	118	638	(822)	182	–	2	118
Credit card	83	536	(599)	106	–	2	128
Business and government	22	59	(87)	36	–	–	30
Total collectively assessed allowance for individually insignificant impaired loans excluding acquired credit-impaired loans	250	1,260	(1,561)	344	–	5	298
Acquired credit-impaired loans[1,2]	67	36	(24)	4	–	10	93
Total collectively assessed allowance for individually insignificant impaired loans	317	1,296	(1,585)	348	–	15	391
Collectively assessed allowance for incurred but not identified credit losses							
Residential mortgages	50	14	–	–	–	1	65
Consumer instalment and other personal	452	106	–	–	–	7	565
Credit card	671	91	–	–	–	5	767
Business and government	824	(16)	–	–	–	25	833
Debt securities classified as loans	155	(45)	–	–	(19)	7	98
Total collectively assessed allowance for incurred but not identified credit losses	2,152	150	–	–	(19)	45	2,328
Allowance for credit losses							
Residential mortgages	77	41	(53)	20	–	2	87
Consumer instalment and other personal	570	744	(822)	182	–	9	683
Credit card	754	627	(599)	106	–	7	895
Business and government	1,016	202	(295)	77	–	14	1,014
Debt securities classified as loans	340	(32)	(11)	–	(41)	15	271
Total allowance for credit losses excluding acquired credit-impaired loans	2,757	1,582	(1,780)	385	(41)	47	2,950
Acquired credit-impaired loans[1,2]	98	49	(38)	9	–	(1)	117
Total allowance for credit losses	2,855	1,631	(1,818)	394	(41)	46	3,067
Less: Allowance for off-balance sheet positions[3]	211	(2)	–	–	–	3	212
Allowance for loan losses	$ 2,644	$ 1,633	$ (1,818)	$ 394	$ (41)	$ 43	$ 2,855

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. For additional information, see the "FDIC Covered Loans" section in this Note.
3 The allowance for credit losses for off-balance sheet positions is recorded in Other liabilities 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. U.S. Retail may grant a grace period of up to 15 days. As at October 31, 2014, there were $2 billion (October 31, 2013 – $2 billion) of U.S. Retail loans that were up to 15 days past due and are included in the 1-30 days category in the following tables.

Loans Past Due but not Impaired [1]

(millions of Canadian dollars)	*As at*			
	October 31, 2014			
	1-30 days	**31-60 days**	**61-89 days**	**Total**
Residential mortgages	**$ 1,406**	**$ 724**	**$ 112**	**$ 2,242**
Consumer instalment and other personal	**4,577**	**666**	**163**	**5,406**
Credit card	**1,254**	**279**	**161**	**1,694**
Business and government	**1,041**	**107**	**53**	**1,201**
Total	**$ 8,278**	**$ 1,776**	**$ 489**	**$ 10,543**

	October 31, 2013			
Residential mortgages	$ 1,560	$ 785	$ 114	$ 2,459
Consumer instalment and other personal	4,770	695	183	5,648
Credit card	956	216	127	1,299
Business and government	974	325	55	1,354
Total	$ 8,260	$ 2,021	$ 479	$ 10,760

1 Excludes all ACI loans and debt securities classified as loans.

Collateral

As at October 31, 2014, the fair value of financial collateral held against loans that were past due but not impaired was $155 million (October 31, 2013 – $172 million). In addition, the Bank also holds non-financial collateral as security for loans. The fair value of non-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.

GROSS IMPAIRED DEBT SECURITIES CLASSIFIED AS LOANS

As at October 31, 2014, impaired loans exclude $1.2 billion (October 31, 2013 – $1.2 billion) of gross impaired debt securities classified as loans. Subsequent to any recorded impairment, interest income continues to be recognized using the EIRM which was used to discount the future cash flows for the purpose of measuring the credit loss.

ACQUIRED CREDIT-IMPAIRED LOANS

ACI loans are comprised of commercial, retail and FDIC covered loans, from the acquisitions of South Financial, FDIC-assisted, Chrysler Financial, and the credit card portfolios of MBNA Canada (MBNA), Target Corporation (Target), and Aeroplan, and had outstanding unpaid principal balances of $6.3 billion, $2.1 billion, $874 million, $327 million, $143 million, and $32 million, respectively, and fair values of $5.6 billion, $1.9 billion, $794 million, $129 million, $85 million, and $10 million, respectively, at the acquisition dates.

Acquired Credit-Impaired Loans

(millions of Canadian dollars)		*As at*
	October 31 2014	October 31 2013
FDIC-assisted acquisitions		
Unpaid principal balance[1]	**$ 699**	$ 836
Credit related fair value adjustments[2]	**(18)**	(27)
Interest rate and other related premium/(discount)	**(21)**	(22)
Carrying value	**660**	787
Counterparty-specific allowance[3]	**(2)**	(5)
Allowance for individually insignificant impaired loans[3]	**(49)**	(55)
Carrying value net of related allowance – FDIC-assisted acquisitions[4]	**609**	727
South Financial		
Unpaid principal balance[1]	**1,090**	1,700
Credit related fair value adjustments[2]	**(19)**	(33)
Interest rate and other related premium/(discount)	**(25)**	(48)
Carrying value	**1,046**	1,619
Counterparty-specific allowance[3]	**(6)**	(19)
Allowance for individually insignificant impaired loans[3]	**(40)**	(38)
Carrying value net of related allowance – South Financial	**1,000**	1,562
Other[5]		
Unpaid principal balance[1]	**36**	105
Credit related fair value adjustments[2]	**(29)**	(26)
Carrying value	**7**	79
Allowance for individually insignificant impaired loans[3]	**–**	–
Carrying value net of related allowance – Other	**7**	79
Total carrying value net of related allowance – Acquired credit-impaired loans	**$ 1,616**	$ 2,368

1 Represents contractual amount owed net of charge-offs since the acquisition of the loan.
2 Credit related fair value adjustments include incurred credit losses on acquisition and are not accreted to interest income.
3 Management concluded as part of the Bank's assessment of the ACI loans that it was probable that higher than estimated principal credit losses would result in a decrease in expected cash flows subsequent to acquisition. As a result, counterparty-specific and individually insignificant allowances have been recognized.
4 Carrying value does not include the effect of the FDIC loss sharing agreement.
5 Includes Chrysler Financial, MBNA, Target, and Aeroplan.

FDIC COVERED LOANS

As at October 31, 2014, the balance of FDIC covered loans was $660 million (October 31, 2013 – $787 million) and was recorded in Loans on the Consolidated Balance Sheet. As at October 31, 2014, the balance of indemnification assets was $60 million (October 31, 2013 – $81 million) and was recorded in Other assets on the Consolidated Balance Sheet.

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 certain 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, the loan is 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 the 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 Canada Mortgage Bond (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. The NHA MBS and sales of NHA MBS into the CHT do not qualify for derecognition as the Bank continues to be exposed to substantially all of the risks of the underlying residential mortgages.

The Bank securitizes U.S. originated and purchased 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 full or partial derecognition of the financial assets depending on the individual arrangement of each transaction.

In addition, the Bank transfers financial assets to certain consolidated structured entities. See Note 10, Structured Entities for further details.

The following table summarizes the securitized asset types that did not qualify for derecognition, along with their associated securitization liabilities.

Financial Assets Not Qualifying for Derecognition Treatment as Part of the Bank's Securitization Programs

(millions of Canadian dollars)			*As at*	
	October 31, 2014		October 31, 2013	
	Fair value	**Carrying amount**	Fair value	Carrying amount
Nature of transaction				
Securitization of residential mortgage loans	**$ 33,792**	**$ 33,561**	$ 39,685	$ 39,386
Securitization of business and government loans	**2**	**2**	21	21
Other financial assets transferred related to securitization [1]	**2,321**	**2,321**	6,911	6,832
Total	**$ 36,115**	**$ 35,884**	$ 46,617	$ 46,239
Associated liabilities[2]	**$ (36,469)**	**$ (36,158)**	$ (47,824)	$ (47,552)

1 Includes asset-backed securities, asset-backed commercial paper, 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 $25 billion as at October 31, 2014 (October 31, 2013 – $25 billion) and securitization liabilities carried at fair value of $11 billion as at October 31, 2014 (October 31, 2013 – $22 billion).

Other Financial Assets Not Qualifying for Derecognition

The Bank enters into certain transactions where it transfers previously recognized financial assets, such as commodities, debt and equity securities, but retains substantially all of the risks and rewards of those assets. These transferred financial 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.

Other Financial Assets Not Qualifying for Derecognition

(millions of Canadian dollars)		*As at*
	October 31 2014	October 31 2013
Carrying amount of assets		
Nature of transaction		
Repurchase agreements[1,2]	**$ 19,924**	$ 16,658
Securities lending agreements	**10,718**	12,827
Total	**30,642**	29,485
Carrying amount of associated liabilities[2]	**$ 19,939**	$ 16,775

1 Includes $3.8 billion of assets related to precious metals repurchase agreements (October 31, 2013 – $2.2 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 but 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, 2014, the fair value of retained interests was $44 million (October 31, 2013 – $52 million). There are no expected credit losses on the retained interests of the securitized business and government loans as the 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, 2014, the trading income recognized on the retained interest was $3 million (October 31, 2013 – $2 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, 2014, the carrying value of these servicing rights was $16 million (October 31, 2013 – $17 million) and the fair value was $22 million (October 31, 2013 – $22 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, 2014, was $7 million (October 31, 2013 – $41 million).

TRANSFER OF DEBT SECURITIES CLASSIFIED AS LOANS

During the year ended October 31, 2014, the Bank did not sell any of its non-agency collateralized mortgage obligation securities (October 31, 2013 – sales of $539 million resulting in a gain of $108 million recorded in Other income on the Consolidated Statement of Income).

NOTE 10: STRUCTURED ENTITIES

A structured entity is typically created to accomplish a narrow, well-defined objective and may take the form of a corporation, trust, partnership, or unincorporated entity. 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.

Legal restrictions often impose limits on the decision-making power that the entity's governing board, trustee or management have over the economic activities of the entity. Control over structured entities is not typically determined on the basis of voting rights as any such voting rights may not confer substantive power over the key economic activities of the entity. As a result, structured entities are consolidated when the substance of the relationship between the Bank and the entity indicates that the entity is controlled by the Bank, in accordance with the Bank's accounting policy.

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 asset-backed commercial paper (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. Such securitizations serve a similar purpose for the Bank's clients, who transfer assets into the Bank's securitization entities in return for cash generated through the issuance of ABCP or term securities to third party investors. 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. The liquidity agreements 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 cannot be drawn if an entity is insolvent or bankrupt, preconditions that must be satisfied preceding each advance (that is, draw-down on the facility). These preconditions are in place so 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. The ABCP inventory held is monitored as part of the ongoing consolidation assessment process. 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. The customers sell their receivables to the conduit and the conduit funds its purchase of the receivables through the issuance of short-term commercial paper to third party investors. 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 assets under management (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 TD Mortgage 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 TD Mortgage 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. During fiscal 2014, the fair value of the mortgages repurchased as a result of a liquidity event was $84 million (2013 – $192 million). Generally, the term of these agreements do not exceed five years. While the Bank has power over the TD Mortgage Fund, it does not absorb a significant proportion of variable returns from the Fund, as the variability in the fund relates primarily to the credit risk of the underlying mortgages which are government guaranteed. As a result, the Bank does not consolidate the Fund.

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 Guarantor Limited Partnership and TD Covered Bond (Legislative) Guarantor Limited Partnership (together the "Covered Bond Entities").

The CaTS Entities issued innovative capital securities which currently count as Tier 1 Capital of the Bank but, under Basel III, are considered non-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, Capital Trust Securities for further details.

The Bank issues, or has issued, debt under its covered bond programs where the principal and interest payments of the notes are guaranteed by a covered bond entity, with such guarantee secured by a portfolio of assets held by the entity. 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 Entities as it has power over the key economic activities and retains all the variable returns in these entities.

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 noted in Note 9, Transfers of Financial Assets 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 the entity.

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 an arm'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 credit card loans, 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. Amounts in Other are predominantly related to investments in community-based U.S. tax-advantage entities described in Note 12, Investment in Associates and Joint Ventures.

Carrying Amount and Maximum Exposure to Unconsolidated Structured Entities

(millions of Canadian dollars)

	October 31, 2014				As at October 31, 2013			
	Securitizations	Investment Funds and Trusts	Other	Total	Securitizations	Investment Funds and Trusts	Other	Total
FINANCIAL ASSETS								
Trading loans, securities, and other	$ 3,450	$ 5,913	$ –	$ 9,363	$ 3,200	$ 8,456	$ –	$ 11,656
Derivatives[1]	–	335	–	335	–	301	–	301
Financial assets designated at fair value through profit or loss	35	34	41	110	59	18	41	118
Available-for-sale securities	41,426	584	120	42,130	52,658	593	119	53,370
Held-to-maturity securities	37,335	–	–	37,335	13,790	–	–	13,790
Loans	2,553	–	–	2,553	2,737	–	–	2,737
Other	6	–	2,101	2,107	6	–	1,697	1,703
Total assets	84,805	6,866	2,262	93,933	72,450	9,368	1,857	83,675
FINANCIAL LIABILITIES								
Derivatives[1]	–	187	–	187	–	970	–	970
Obligations related to securities sold short	1,432	163	–	1,595	2,052	51	–	2,103
Total liabilities	1,432	350	–	1,782	2,052	1,021	–	3,073
Off-balance sheet exposure[2]	9,925	356	986	11,267	9,796	458	741	10,995
Maximum exposure to loss from involvement with unconsolidated structured entities	93,298	6,872	3,248	103,418	80,194	8,805	2,598	91,597
Size of sponsored unconsolidated structured entities[3]	$ 9,756	$ 58,561	$ 1,750	$ 70,067	$ 9,625	$ 39,505	$ 1,750	$ 50,880

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 assets under management (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 $1.4 billion (October 31, 2013 – $1.2 billion) at the end of the period. The total AUM in these entities was $161 billion (October 31, 2013 – $138 billion) at the end of the period. 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 privately 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 options and futures.

Interest Rate Derivatives

The Bank uses interest rate derivatives, such as interest rate futures and forwards, swaps, and options in managing interest rate risks. Interest rate risk is the impact that changes in interest rates could have on the Bank's margins, earnings, and economic value. Changes in interest rate can impact the market value of fixed rate assets and liabilities. Further, certain assets and liabilities repayment rates vary depending on interest rates.

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 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.

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.

Foreign Exchange Derivatives

The Bank uses foreign exchange derivatives, such as futures, forwards, and swaps in managing foreign exchange risks. 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 have foreign exchange risk. The Bank is exposed to non-trading foreign exchange risk from its investments in foreign operations when the Bank's foreign currency assets are greater or less than the liabilities in that currency; they create foreign currency open positions.

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.

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 any deterioration in value of the reference asset or group of assets upon the occurrence of certain credit events such as bankruptcy or failure to pay. 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.

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.

Fair Value of Derivatives

(millions of Canadian dollars)	October 31, 2014				October 31, 2013	
	Average fair value for the year[1]		Fair value as at balance sheet date		Fair value as at balance sheet date	
	Positive	Negative	Positive	Negative	Positive	Negative
Derivatives held or issued for trading purposes						
Interest rate contracts						
Futures	$ 1	$ 2	$ 1	$ –	$ 2	$ –
Forward rate agreements	52	47	92	82	26	28
Swaps	21,029	19,299	20,059	17,873	21,663	20,188
Options written	–	590	–	592	–	617
Options purchased	561	–	594	–	586	–
Total interest rate contracts	21,643	19,938	20,746	18,547	22,277	20,833
Foreign exchange contracts						
Futures	–	–	–	–	–	–
Forward contracts	4,455	4,042	8,030	6,525	3,125	3,004
Swaps	–	–	–	–	–	–
Cross-currency interest rate swaps	10,248	12,204	11,936	14,487	8,631	10,699
Options written	–	262	–	351	–	200
Options purchased	255	–	346	–	190	–
Total foreign exchange contracts	14,958	16,508	20,312	21,363	11,946	13,903
Credit derivatives						
Credit default swaps – protection purchased	1	57	1	37	3	92
Credit default swaps – protection sold	20	2	12	2	57	4
Total credit derivative contracts	21	59	13	39	60	96
Other contracts						
Equity contracts	6,062	7,022	4,499	5,357	7,302	8,946
Commodity contracts	451	338	396	498	331	327
Total other contracts	6,513	7,360	4,895	5,855	7,633	9,273
Fair value – trading	43,135	43,865	45,966	45,804	41,916	44,105
Derivatives held or issued for non-trading purposes						
Interest rate contracts						
Forward rate agreements	–	–	–	–	–	–
Swaps	2,744	1,690	2,648	1,559	3,397	2,011
Options written	–	3	–	3	–	4
Options purchased	16	–	21	–	17	–
Total interest rate contracts	2,760	1,693	2,669	1,562	3,414	2,015
Foreign exchange contracts						
Forward contracts	1,386	910	1,612	398	648	616
Swaps	–	–	–	–	–	–
Cross-currency interest rate swaps	2,577	1,097	3,000	1,271	1,693	1,177
Total foreign exchange contracts	3,963	2,007	4,612	1,669	2,341	1,793
Credit derivatives						
Credit default swaps – protection purchased	2	274	5	286	3	262
Total credit derivative contracts	2	274	5	286	3	262
Other contracts						
Equity contracts	1,945	1,365	2,111	1,455	1,787	1,296
Total other contracts	1,945	1,365	2,111	1,455	1,787	1,296
Fair value – non-trading	8,670	5,339	9,397	4,972	7,545	5,366
Total fair value	$ 51,805	$ 49,204	$ 55,363	$ 50,776	$ 49,461	$ 49,471

1 The average fair value of trading derivatives for the year ended October 31, 2013, was: positive $56 billion and negative $58 billion. Averages are calculated on a monthly basis.

The following table distinguishes the 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

(millions of Canadian dollars)

As at

	October 31, 2014									
	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										
Forward rate agreements	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Swaps	6	744	–	1,898	2,648	224	297	–	1,038	1,559
Options written	–	–	–	–	–	–	–	–	3	3
Options purchased	14	–	–	7	21	–	–	–	–	–
Total interest rate contracts	20	744	–	1,905	2,669	224	297	–	1,041	1,562
Foreign exchange contracts										
Forward contracts	–	1,594	9	9	1,612	–	384	7	7	398
Swaps	–	–	–	–	–	–	–	–	–	–
Cross-currency interest rate swaps	–	2,223	–	777	3,000	–	629	110	532	1,271
Total foreign exchange contracts	–	3,817	9	786	4,612	–	1,013	117	539	1,669
Credit derivatives										
Credit default swaps – protection purchased	–	–	–	5	5	–	–	–	286	286
Total credit derivatives	–	–	–	5	5	–	–	–	286	286
Other contracts										
Equity contracts	–	650	–	1,461	2,111	–	–	–	1,455	1,455
Total other contracts	–	650	–	1,461	2,111	–	–	–	1,455	1,455
Fair value – non-trading	$ 20	$ 5,211	$ 9	$ 4,157	$ 9,397	$ 224	$ 1,310	$ 117	$ 3,321	$ 4,972

	October 31, 2013									
Derivatives held or issued for non-trading purposes										
Interest rate contracts										
Forward rate agreements	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Swaps	228	636	–	2,533	3,397	130	274	–	1,607	2,011
Options written	–	–	–	–	–	–	–	–	4	4
Options purchased	–	–	–	17	17	–	–	–	–	–
Total interest rate contracts	228	636	–	2,550	3,414	130	274	–	1,611	2,015
Foreign exchange contracts										
Forward contracts	–	622	–	26	648	–	566	30	20	616
Swaps	–	–	–	–	–	–	–	–	–	–
Cross-currency interest rate swaps	–	993	–	700	1,693	–	658	–	519	1,177
Total foreign exchange contracts	–	1,615	–	726	2,341	–	1,224	30	539	1,793
Credit derivatives										
Credit default swaps – protection purchased	–	–	–	3	3	–	–	–	262	262
Total credit derivatives	–	–	–	3	3	–	–	–	262	262
Other contracts										
Equity contracts	–	482	–	1,305	1,787	–	–	–	1,296	1,296
Total other contracts	–	482	–	1,305	1,787	–	–	–	1,296	1,296
Fair value – non-trading	$ 228	$ 2,733	$ –	$ 4,584	$ 7,545	$ 130	$ 1,498	$ 30	$ 3,708	$ 5,366

The following tables disclose the impact of derivatives and non-derivative instruments designated in hedge accounting relationships and the related hedged items, where appropriate, in the Consolidated Statement of Income and in other comprehensive income (OCI) for the years ended October 31.

Fair Value Hedges

(millions of Canadian dollars)

For the years ended October 31

	2014			
	Amounts recognized in income on derivatives[1]	Amounts recognized in income on hedged items[1]	Hedge ineffectiveness[1]	Amounts excluded from the assessment of hedge effectiveness[1]
Fair value hedges				
Interest rate contracts	**$ (144)**	**$ 115**	**$ (29)**	**$ 36**
Other contracts[2]	**2**	**(2)**	**–**	**–**
Total income (loss)	**$ (142)**	**$ 113**	**$ (29)**	**$ 36**

	2013			
Fair value hedges				
Interest rate contracts	$ 277	$ (248)	$ 29	$ (8)
Other contracts[2]	13	(14)	(1)	–
Total income (loss)	$ 290	$ (262)	$ 28	$ (8)

	2012			
Fair value hedges				
Interest rate contracts[2]	$ 129	$ (127)	$ 2	$ (1)
Total income (loss)	$ 129	$ (127)	$ 2	$ (1)

1 Amounts are recorded in non-interest income.

2 Includes non-derivative instruments designated as hedging instruments in qualifying foreign exchange fair value hedge accounting relationships (for example, foreign denominated liabilities).

During the years ended October 31, 2014, October 31, 2013, and October 31, 2012, the Bank did not recognize any net gain or loss in earnings as a result of hedged firm commitments that no longer qualified as fair value hedges.

Cash Flow and Net Investment Hedges

(millions of Canadian dollars)	*For the years ended October 31*			
	2014			
	Amounts recognized in OCI on derivatives[1]	**Amounts reclassified from OCI into income[1,2]**	**Hedge ineffectiveness[3]**	**Amounts excluded from the assessment of hedge effectiveness[3]**
Cash flow hedges				
Interest rate contracts	**$ 805**	**$ 1,169**	**$ 1**	**$ –**
Foreign exchange contracts	**1,665**	**1,949**	**–**	**–**
Other contracts	**305**	**302**	**–**	**–**
Total income (loss)	**$ 2,775**	**$ 3,420**	**$ 1**	**$ –**
Net investment hedges				
Foreign exchange contracts[4]	**$ (1,878)**	**$ 17**	**$ –**	**$ 1**

	2013			
Cash flow hedges				
Interest rate contracts	$ (197)	$ 1,167	$ (3)	$ –
Foreign exchange contracts	962	944	–	–
Other contracts	305	287	–	–
Total income (loss)	$ 1,070	$ 2,398	$ (3)	$ –
Net investment hedges				
Foreign exchange contracts[4]	$ (1,001)	$ (5)	$ –	$ –

	2012			
Cash flow hedges				
Interest rate contracts	$ 1,263	$ 1,611	$ –	$ –
Foreign exchange contracts	(28)	(17)	–	–
Other contracts	108	102	–	–
Total income (loss)	$ 1,343	$ 1,696	$ –	$ –
Net investment hedges				
Foreign exchange contracts[4]	$ (76)	$ –	$ –	$ 4

1 OCI is presented on a pre-tax basis.
2 Amounts are recorded in net interest income or non-interest income, as applicable.
3 Amounts are recorded in non-interest income.
4 Includes non-derivative instruments designated as hedging instruments in qualifying hedge accounting relationships (for example, foreign denominated liabilities).

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.

Hedged Cash Flows

(millions of Canadian dollars)	*As at*					
	October 31, 2014					
	Within 1 year	**Over 1 year to 3 years**	**Over 3 years to 5 years**	**Over 5 years to 10 years**	**Over 10 years**	**Total**
Cash flow hedges						
Cash inflows	**$ 16,877**	**$ 23,155**	**$ 10,107**	**$ 721**	**$ 275**	**$ 51,135**
Cash outflows	**(4,530)**	**(9,745)**	**(8,847)**	**(2,673)**	**–**	**(25,795)**
Net cash flows	**$ 12,347**	**$ 13,410**	**$ 1,260**	**$ (1,952)**	**$ 275**	**$ 25,340**

	October 31, 2013					
Cash flow hedges						
Cash inflows	$ 18,235	$ 21,582	$ 8,480	$ 1,063	$ 294	$ 49,654
Cash outflows	(1,485)	(7,276)	(6,731)	(389)	–	(15,881)
Net cash flows	$ 16,750	$ 14,306	$ 1,749	$ 674	$ 294	$ 33,773

Income related to interest cash flows is recognized using the EIRM over the life of the underlying instrument. Foreign currency translation gains and losses related to future cash flows on hedged items are recognized as incurred.

During the years ended October 31, 2014, and October 31, 2013, there were no significant instances where forecasted hedged transactions failed to occur.

The following table presents gains (losses) on non-trading derivatives that have not been designated in qualifying hedge accounting relationships for the years ended October 31. These gains (losses) are partially offset by gains (losses) recorded on the Consolidated Statement of Income and on the Consolidated Statement of Other Comprehensive Income on related non-derivative instruments.

Gains (Losses) on Non-Trading Derivatives not Designated in Qualifying Hedge Accounting Relationships [1]

(millions of Canadian dollars)	*For the years ended October 31*		
	2014	2013	2012
Interest rate contracts	**$ (66)**	$ 69	$ (111)
Foreign exchange contracts	**13**	(47)	(14)
Credit derivatives	**(100)**	(187)	(67)
Equity	**10**	4	3
Total	**$ (143)**	$ (161)	$ (189)

1 Amounts are recorded in non-interest income.

The following table discloses the notional amount of over-the-counter and exchange-traded derivatives.

Over-the-Counter and Exchange-Traded Derivatives

(billions of Canadian dollars)						*As at*	
						October 31 2014	October 31 2013
				Trading			
	Over-the-Counter[1]						
	Clearing house[2]	**Non Clearing house**	**Exchange-Traded**	**Total**	**Non-Trading**	**Total**	Total
Notional							
Interest rate contracts							
Futures	**$ –**	**$ –**	**$ 228**	**$ 228**	**$ –**	**$ 228**	$ 301
Forward rate agreements	**216**	**67**	**–**	**283**	**–**	**283**	173
Swaps	**2,524**	**1,030**	**–**	**3,554**	**702**	**4,256**	3,087
Options written	**–**	**25**	**11**	**36**	**–**	**36**	42
Options purchased	**–**	**24**	**15**	**39**	**2**	**41**	43
Total interest rate contracts	**2,740**	**1,146**	**254**	**4,140**	**704**	**4,844**	3,646
Foreign exchange contracts							
Futures	**–**	**–**	**36**	**36**	**–**	**36**	38
Forward contracts	**–**	**508**	**–**	**508**	**41**	**549**	426
Swaps	**–**	**–**	**–**	**–**	**1**	**1**	–
Cross-currency interest rate swaps	**–**	**444**	**–**	**444**	**51**	**495**	446
Options written	**–**	**19**	**–**	**19**	**–**	**19**	13
Options purchased	**–**	**19**	**–**	**19**	**–**	**19**	12
Total foreign exchange contracts	**–**	**990**	**36**	**1,026**	**93**	**1,119**	935
Credit derivatives							
Credit default swaps – protection purchased	**–**	**2**	**–**	**2**	**5**	**7**	9
Credit default swaps – protection sold	**–**	**1**	**–**	**1**	**–**	**1**	4
Total credit derivative contracts	**–**	**3**	**–**	**3**	**5**	**8**	13
Other contracts							
Equity contracts	**–**	**35**	**23**	**58**	**39**	**97**	87
Commodity contracts	**–**	**10**	**14**	**24**	**–**	**24**	31
Total other contracts	**–**	**45**	**37**	**82**	**39**	**121**	118
Total	**$ 2,740**	**$ 2,184**	**$ 327**	**$ 5,251**	**$ 841**	**$ 6,092**	$ 4,712

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. The Bank also receives preferential capital treatment relative to those settled with non-central clearing house counterparties.

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

(billions of Canadian dollars)							*As at*
						October 31 2014	October 31 2013
	Remaining term to maturity						
Notional Principal	**Within 1 year**	**Over 1 year to 3 years**	**Over 3 years to 5 years**	**Over 5 years to 10 years**	**Over 10 years**	**Total**	Total
Interest rate contracts							
Futures	**$ 179**	**$ 47**	**$ 2**	**$ –**	**$ –**	**$ 228**	$ 301
Forward rate agreements	**251**	**32**	**–**	**–**	**–**	**283**	173
Swaps	**1,179**	**1,314**	**944**	**713**	**106**	**4,256**	3,087
Options written	**27**	**5**	**2**	**1**	**1**	**36**	42
Options purchased	**30**	**5**	**2**	**2**	**2**	**41**	43
Total interest rate contracts	**1,666**	**1,403**	**950**	**716**	**109**	**4,844**	3,646
Foreign exchange contracts							
Futures	**20**	**15**	**1**	**–**	**–**	**36**	38
Forward contracts	**498**	**37**	**14**	**–**	**–**	**549**	426
Swaps	**1**	**–**	**–**	**–**	**–**	**1**	–
Cross-currency interest rate swaps	**121**	**144**	**108**	**103**	**19**	**495**	446
Options written	**19**	**–**	**–**	**–**	**–**	**19**	13
Options purchased	**19**	**–**	**–**	**–**	**–**	**19**	12
Total foreign exchange contracts	**678**	**196**	**123**	**103**	**19**	**1,119**	935
Credit derivatives							
Credit default swaps – protection purchased	**1**	**3**	**2**	**1**	**–**	**7**	9
Credit default swaps – protection sold	**–**	**1**	**–**	**–**	**–**	**1**	4
Total credit derivative contracts	**1**	**4**	**2**	**1**	**–**	**8**	13
Other contracts							
Equity contracts	**42**	**23**	**31**	**1**	**–**	**97**	87
Commodity contracts	**17**	**6**	**1**	**–**	**–**	**24**	31
Total other contracts	**59**	**29**	**32**	**1**	**–**	**121**	118
Total	**$ 2,404**	**$ 1,632**	**$ 1,107**	**$ 821**	**$ 128**	**$ 6,092**	$ 4,712

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 business 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 Treasury Credit area within Wholesale Banking 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, and represents the Bank's maximum derivative credit exposure. 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, 2014			As at October 31, 2013		
	Current replacement cost	**Credit equivalent amount**	**Risk-weighted amount**	Current replacement cost	Credit equivalent amount	Risk-weighted amount
Interest rate contracts						
Forward rate agreements	**$ 22**	**$ 74**	**$ 25**	$ 26	$ 14	$ 3
Swaps	**20,919**	**26,737**	**14,571**	24,460	31,331	16,773
Options purchased	**614**	**707**	**363**	604	746	440
Total interest rate contracts	**21,555**	**27,518**	**14,959**	25,090	32,091	17,216
Foreign exchange contracts						
Forward contracts	**9,492**	**16,556**	**3,778**	3,656	9,303	2,174
Cross-currency interest rate swaps	**14,936**	**37,891**	**14,397**	10,321	31,288	11,955
Options purchased	**346**	**558**	**145**	190	395	126
Total foreign exchange contracts	**24,774**	**55,005**	**18,320**	14,167	40,986	14,255
Other contracts						
Credit derivatives	**13**	**184**	**106**	60	479	277
Equity contracts	**6,156**	**9,949**	**1,275**	8,721	12,269	1,168
Commodity contracts	**343**	**1,207**	**368**	271	927	280
Total other contracts	**6,512**	**11,340**	**1,749**	9,052	13,675	1,725
Total derivatives	**52,841**	**93,863**	**35,028**	48,309	86,752	33,196
Less: impact of master netting agreements	**39,783**	**58,632**	**23,988**	37,918	56,795	21,562
Total derivatives after netting	**13,058**	**35,231**	**11,040**	10,391	29,957	11,634
Less: impact of collateral	**5,678**	**6,002**	**2,135**	4,998	5,592	3,523
Net derivatives	**7,380**	**29,229**	**8,905**	5,393	24,365	8,111
Qualifying Central Counterparty (QCCP) Contracts	**998**	**11,700**	**1,659**	37	4,966	866
Total	**$ 8,378**	**$ 40,929**	**$ 10,564**	$ 5,430	$ 29,331	$ 8,977

Current Replacement Cost of Derivatives

(millions of Canadian dollars, except as noted)

	Canada[1]		United States[1]		Other international[1]		As at Total	
By sector	**October 31 2014**	October 31 2013	**October 31 2014**	October 31 2013	**October 31 2014**	October 31 2013	**October 31 2014**	October 31 2013
Financial	**$ 29,486**	$ 22,329	**$ 10,418**	$ 12,476	**$ 4,762**	$ 5,482	**$ 44,666**	$ 40,287
Government	**4,286**	4,653	**1,308**	1,217	**16**	9	**5,610**	5,879
Other	**1,112**	986	**1,298**	1,063	**155**	94	**2,565**	2,143
Current replacement cost	**$ 34,884**	$ 27,968	**$ 13,024**	$ 14,756	**$ 4,933**	$ 5,585	**$ 52,841**	$ 48,309
Less: impact of master netting agreements and collateral							**45,461**	42,916
Total current replacement cost							**$ 7,380**	$ 5,393

By location of risk[2]	**October 31 2014**	October 31 2013	**October 31 2014 % mix**	October 31 2013 % mix
Canada	**$ 2,811**	$ 2,694	**38.1 %**	50.0 %
United States	**2,375**	1,367	**32.2**	25.3
Other international				
United Kingdom	**632**	473	**8.5**	8.8
Europe – other	**832**	603	**11.3**	11.2
Other	**730**	256	**9.9**	4.7
Total Other international	**2,194**	1,332	**29.7**	24.7
Total current replacement cost	**$ 7,380**	$ 5,393	**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 ratings of the Bank, either as counterparty or as guarantor of one of the Bank's subsidiaries. At October 31, 2014, the aggregate net liability position of those contracts would require: (1) the posting of collateral or other acceptable remedy totalling $78 million (October 31, 2013 – $51 million) in the event of a one-notch or two-notch downgrade in the Bank's senior debt ratings; and (2) funding totalling $1 million (October 31, 2013 – $4 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 ratings.

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 senior debt ratings of the Bank, to post additional collateral. As at October 31, 2014, the fair value of all derivative instruments with credit risk related contingent features in a net liability position was $9 billion (October 31, 2013 – $8 billion). The Bank has posted $7 billion (October 31, 2013 – $6 billion) of collateral for this exposure in the normal course of business. As at October 31, 2014, the impact of a one-notch downgrade in the Bank's senior debt ratings would require the Bank to post an additional $293 million (October 31, 2013 – $254 million) of collateral to that posted in the normal course of business. A two-notch down grade in the Bank's senior debt ratings would require the Bank to post an additional $327 million (October 31, 2013 – $315 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. As at October 31, 2014, the Bank's reported investment in TD Ameritrade was 40.97% (October 31, 2013 – 42.22%) of the outstanding shares of TD Ameritrade with a fair value of $8 billion (October 31, 2013 – $7 billion) based on the closing price of US$33.74 (October 31, 2013 – US$27.26) on the New York Stock Exchange.

On December 6, 2013, the Bank completed a private sale of 5.5 million shares of its investment in TD Ameritrade. The shares were sold at a price of US$28.22, a 3% discount to the market price of US$29.09. On February 13, 2014, the Bank completed another private sale of 4 million shares of its investment in TD Ameritrade. The shares were sold at a price of US$32.05, a 3.3% discount to the closing market price of US$33.14. For the year ended October 31, 2014, the Bank recognized gains on the sale of TD Ameritrade shares of $85 million after tax, respectively. During the year ended October 31, 2014, TD Ameritrade repurchased 8.5 million shares (for the year ended October 31, 2013 – nil), resulting in the Bank's ownership position in TD Ameritrade of 40.97% as at October 31, 2014. The Bank will continue to account for its investment using the equity method.

On December 5, 2013, the Stockholders Agreement was extended by five years to January 24, 2021, and amended such that beginning January 24, 2016, 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, beginning January 24, 2016, in the event that stock repurchases by TD Ameritrade cause the Bank's ownership percentage to exceed 45%: (1) the Bank has no absolute obligation to reduce its ownership percentage to 45% by the termination of the Stockholders Agreement; and (2) stock repurchases cannot result in the Bank's ownership percentage exceeding 47%.

Pursuant to the Stockholders Agreement in relation to the Bank's equity investment in TD Ameritrade, the Bank designated five of twelve members of TD Ameritrade's Board of Directors including the Bank's Group President and Chief Executive Officer, its former Group President and Chief Executive Officer, two independent directors of TD, and a former independent director of TD.

TD Ameritrade has no significant contingent liabilities to which the Bank is exposed. During the years ended October 31, 2014, and October 31, 2013, 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 table.

CONDENSED CONSOLIDATED BALANCE SHEETS[1]

(millions of Canadian dollars)	*As at*	
	September 30 2014	September 30 2013
Assets		
Receivables from brokers, dealers, and clearing organizations	**$ 1,249**	$ 1,406
Receivables from clients, net	**13,118**	9,368
Other assets	**12,493**	11,994
Total assets	**$ 26,860**	$ 22,768
Liabilities		
Payable to brokers, dealers, and clearing organizations	**$ 2,729**	$ 2,057
Payable to clients	**16,340**	13,746
Other liabilities	**2,440**	2,089
Total liabilities	**21,509**	17,892
Stockholders' equity[2]	**5,351**	4,876
Total liabilities and stockholders' equity	**$ 26,860**	$ 22,768

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*		
	2014	2013	2012
Revenues			
Net interest revenue	**$ 629**	$ 477	$ 452
Fee-based and other revenues	**2,756**	2,332	2,209
Total revenues	**3,385**	2,809	2,661
Operating expenses			
Employee compensation and benefits	**823**	704	695
Other	**1,168**	1,031	1,025
Total operating expenses	**1,991**	1,735	1,720
Other expense (income)	**17**	(34)	28
Pre-tax income	**1,377**	1,108	913
Provision for income taxes	**524**	421	322
Net income[1]	**$ 853**	$ 687	$ 591
Earnings per share – basic (dollars)	**$ 1.55**	$ 1.25	$ 1.08
Earnings per share – diluted (dollars)	**1.54**	1.24	1.07

1 The Bank's equity share of net income of TD Ameritrade is subject to adjustments relating to amortization of intangibles, which are not included.

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, 2014 or October 31, 2013. The carrying amount of the Bank's investment in individually immaterial associates and joint ventures during the period was $2 billion (October 31, 2013 – $2 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.

NOTE 13: SIGNIFICANT ACQUISITIONS AND DISPOSALS

Acquisition of certain CIBC Aeroplan Credit Card Accounts

On December 27, 2013, the Bank, Aimia Inc. (Aimia), and the Canadian Imperial Bank of Commerce (CIBC) closed a transaction under which the Bank acquired approximately 50% of CIBC's existing Aeroplan credit card portfolio, which primarily included accounts held by customers who did not have an existing retail banking relationship with CIBC. The Bank accounted for the purchase as an asset acquisition. The results of the acquisition have been recorded in the Canadian Retail segment.

The Bank acquired approximately 540,000 cardholder accounts with an outstanding balance of $3.3 billion at a price of par plus $50 million less certain adjustments for total cash consideration of $3.3 billion. At the date of acquisition, the fair value of credit card receivables acquired was $3.2 billion and the fair value of an intangible asset for the purchased credit card relationships was $146 million.

In connection with the purchase agreement, the Bank agreed to pay CIBC a further $127 million under a commercial subsidy agreement. This payment was recognized as a non-interest expense in 2014.

Disposal of TD Waterhouse Institutional Services

On November 12, 2013, TD Waterhouse Canada Inc., a subsidiary of the Bank, completed the sale of the Bank's institutional services business, known as TD Waterhouse Institutional Services, to a subsidiary of National Bank of Canada. The transaction price was $250 million in cash, subject to certain price adjustment mechanisms. A pre-tax gain of $231 million was recorded in the Corporate segment in other income in the first quarter of 2014. An additional pre-tax gain of $13 million was recorded in the Corporate segment subsequently, upon the settlement of price adjustment mechanisms.

Acquisition of Epoch Investment Partners, Inc.

On March 27, 2013, the Bank acquired 100% of the outstanding equity of Epoch Holding Corporation including its wholly-owned subsidiary Epoch Investment Partners, Inc. (Epoch), a New York-based asset management firm. Epoch was acquired for cash consideration of $674 million. Epoch Holding Corporation shareholders received US$28 in cash per share.

The acquisition was accounted for as a business combination under the purchase method. The results of the acquisition from the acquisition date have been consolidated with the Bank's results and are reported in the U.S. Retail segment. As at March 27, 2013, the acquisition contributed $34 million of tangible assets, and $9 million of liabilities. The excess of consideration over the fair value of the acquired net assets of $649 million has been allocated to customer relationship intangibles of $149 million and goodwill of $500 million. Goodwill is not deductible for tax purposes.

For the year ended October 31, 2013, the acquisition contributed $96 million to revenue and $2 million to net income.

Acquisition of Target Corporation's U.S. Credit Card Portfolio

On March 13, 2013, the Bank, through its subsidiary, TD Bank USA N.A., acquired substantially all of Target Corporation's existing U.S. Visa and private label credit card portfolio, with a gross outstanding balance of $5.8 billion. TD Bank USA N.A. also entered into a seven-year program agreement under which it became the exclusive issuer of Target-branded Visa and private label consumer credit cards to Target Corporation's U.S. customers.

Under the terms of the program agreement, the Bank and Target Corporation share in the profits generated by the portfolios. Target Corporation is responsible for all elements of operations and customer service, and bears most of the operating costs to service the assets. The Bank controls risk management policies and regulatory compliance, and bears all costs relating to funding the receivables for existing Target Visa accounts and all existing and newly issued Target private label accounts in the U.S. The Bank accounted for the purchase as an asset acquisition. The results of the acquisition from the acquisition date have been recorded in the U.S. Retail segment.

At the date of acquisition the Bank recorded the credit card receivables acquired at their fair value of $5.7 billion and intangible assets totalling $98 million. The gross amount of revenue and credit losses have been recorded on the Consolidated Statement of Income since that date. Target Corporation shares in a fixed percentage of the revenue and credit losses incurred. Target Corporation's share of revenue and credit losses is recorded in Non-interest expenses on the Consolidated Statement of Income and related receivables from, or payables to Target Corporation are recorded in Other assets or Other liabilities, respectively, on the Consolidated Balance Sheet.

Acquisition of Credit Card Portfolio of MBNA Canada

On December 1, 2011, the Bank acquired substantially all of the credit card portfolio of MBNA Canada, a wholly-owned subsidiary of Bank of America Corporation, as well as certain other assets and liabilities for cash consideration of $6,839 million.

The acquisition was accounted for as a business combination under the purchase method. The results of the acquisition from the acquisition date have been consolidated with the Bank's results and are reported in the Canadian Retail segment.

Goodwill is not deductible for tax purposes. Subsequent to acquisition date, goodwill decreased by $27 million to $93 million due to the refinement of various fair value marks during the measurement period.

For the year ended October 31, 2012, the acquisition contributed $811 million to revenue and $(15) million to net income.

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		
Loans[1,2]	$	7,361
Other assets		275
Intangible assets		458
		8,094
Less: Liabilities assumed		1,348
Fair value of identifiable net assets acquired		6,746
Goodwill		93
Total purchase consideration	$	6,839

1 The acquisition included both acquired performing and ACI loans. The estimated fair value of acquired performing loans reflects incurred and future expected credit losses and the estimated fair value of ACI loans reflects incurred credit losses at the acquisition date.
2 Gross contractual receivables amount to $8 billion.

NOTE 14: GOODWILL AND OTHER INTANGIBLES

The fair value 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 fair value of CGUs, and the use of different assumptions and estimates in the fair value 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 unallocated 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 unallocated capital was $8 billion and primarily related to treasury assets 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 group of CGUs has been determined based on its value-in-use. In assessing value-in-use, the 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 the observable terminal multiples of comparable financial institutions and ranged from 8 times to 14 times.

In considering the sensitivity of the key assumptions discussed above, management determined that there is no reasonable possible change in any of the above that would result in the recoverable amount of any of the groups of CGUs to be less than its carrying amount.

Goodwill by Segment

(millions of Canadian dollars)

	Canadian Retail	U.S. Retail	Wholesale Banking	Total
Carrying amount of goodwill as at November 1, 2012	$ 1,753	$ 10,408	$ 150	$ 12,311
Transition adjustments on adoption of new and amended accounting standards	(2)	–	–	(2)
Additions[1]	425	75	–	500
Foreign currency translation adjustments and other	24	460	–	484
Carrying amount of goodwill as at October 31, 2013	2,200	10,943	150	13,293
Gross amount of goodwill	2,200	10,943	150	13,293
Accumulated impairment losses	–	–	–	–
Carrying amount of goodwill as at November 1, 2013	**2,200**	**10,943**	**150**	**13,293**
Additions	**5**	**–**	**–**	**5**
Disposals	**(13)**	**–**	**–**	**(13)**
Foreign currency translation adjustments and other	**57**	**891**	**–**	**948**
Carrying amount of goodwill as at October 31, 2014	**2,249**	**11,834**	**150**	**14,233**
Accumulated impairment losses	**$ –**	**$ –**	**$ –**	**$ –**

1 Relates to goodwill arising from the acquisition of Epoch which was re-allocated as a result of the realignment of the Bank's reportable segments. Refer to Note 31 for further details.

Pre-Tax Discount Rates

(millions of Canadian dollars, except as noted)

	October 31 2014	2014	October 31 2013	2013
	Carrying amount of goodwill	Discount rate	Carrying amount of goodwill	Discount rate
Canadian Retail	$ 2,249	10.3 - 12.4 %	$ 2,200	10.7 - 12.4 %
U.S. Retail[1]	11,834	10.7 - 12.0	10,943	10.8 - 12.0
Wholesale	150	13.8	150	13.8
Total	$ 14,233		$ 13,293	

1 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[1]

(millions of Canadian dollars)

	Core deposit intangibles	Credit card related intangibles	Internally generated software	Other Software	Other intangibles	Total
Cost						
At November 1, 2012	$ 1,954	$ 472	$ 1,008	$ 112	$ 376	$ 3,922
Additions	–	98	456	60	149	763
Disposals	–	–	(9)	–	(5)	(14)
Impairment	–	–	(12)	–	–	(12)
Fully amortized intangibles	–	–	(73)	(5)	–	(78)
Foreign currency translation adjustments and other	85	13	(1)	(10)	8	95
At October 31, 2013	2,039	583	1,369	157	528	4,676
Additions	**–**	**146**	**468**	**63**	**21**	**698**
Disposals	**–**	**–**	**(34)**	**–**	**–**	**(34)**
Fully amortized intangibles	**–**	**–**	**(154)**	**(4)**	**–**	**(158)**
Foreign currency translation adjustments and other	**165**	**9**	**28**	**11**	**23**	**236**
At October 31, 2014	**$ 2,204**	**$ 738**	**$ 1,677**	**$ 227**	**$ 572**	**$ 5,418**
Amortization and impairment						
At November 1, 2012	$ 1,096	$ 47	$ 308	$ 44	$ 210	$ 1,705
Disposals	–	–	(4)	–	(4)	(8)
Impairment	–	–	5	–	–	5
Amortization charge for the year	175	55	191	43	42	506
Fully amortized intangibles	–	–	(73)	(5)	–	(78)
Foreign currency translation adjustments and other	52	–	2	–	(1)	53
At October 31, 2013	1,323	102	429	82	247	2,183
Disposals	**–**	**–**	**(1)**	**–**	**–**	**(1)**
Impairment	**–**	**–**	**–**	**–**	**–**	**–**
Amortization charge for the year	**165**	**76**	**227**	**50**	**45**	**563**
Fully amortized intangibles	**–**	**–**	**(154)**	**(4)**	**–**	**(158)**
Foreign currency translation adjustments and other	**110**	**3**	**29**	**2**	**7**	**151**
At October 31, 2014	**$ 1,598**	**$ 181**	**$ 530**	**$ 130**	**$ 299**	**$ 2,738**
Net Book Value:						
At October 31, 2013	$ 716	$ 481	$ 940	$ 75	$ 281	$ 2,493
At October 31, 2014	**606**	**557**	**1,147**	**97**	**273**	**2,680**

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

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 [1]

(millions of Canadian dollars)

	Land	Buildings	Computer equipment	Furniture, fixtures and other depreciable assets	Leasehold improvements	Total
Cost						
As at November 1, 2012	$ 860	$ 2,432	$ 669	$ 1,412	$ 1,271	$ 6,644
Additions	5	148	320	125	112	710
Acquisitions through business combinations	–	–	–	2	5	7
Disposals	–	–	(45)	(66)	(19)	(130)
Impairment losses	–	–	–	–	(2)	(2)
Fully depreciated assets	–	(28)	(12)	(77)	(30)	(147)
Foreign currency translation adjustments and other	(7)	116	(146)	(28)	40	(25)
As at October 31, 2013	858	2,668	786	1,368	1,377	7,057
Additions	**5**	**141**	**195**	**155**	**183**	**679**
Acquisitions through business combinations	**–**	**–**	**–**	**–**	**–**	**–**
Disposals	**(6)**	**(21)**	**(51)**	**(29)**	**(24)**	**(131)**
Fully depreciated assets	**–**	**(130)**	**(86)**	**(81)**	**(65)**	**(362)**
Foreign currency translation adjustments and other	**52**	**239**	**30**	**(130)**	**90**	**281**
As at October 31, 2014	**$ 909**	**$ 2,897**	**$ 874**	**$ 1,283**	**$ 1,561**	**$ 7,524**
Accumulated depreciation and impairment/losses						
As at November 1, 2012	$ –	$ 691	$ 285	$ 754	$ 512	$ 2,242
Depreciation charge for the year	–	102	165	146	99	512
Disposals	–	(1)	(44)	(45)	(13)	(103)
Impairment losses	–	6	–	2	5	13
Fully depreciated assets	–	(28)	(12)	(77)	(30)	(147)
Foreign currency translation adjustments and other	–	17	(52)	(66)	6	(95)
As at October 31, 2013	–	787	342	714	579	2,422
Depreciation charge for the year	**–**	**125**	**182**	**126**	**109**	**542**
Disposals	**–**	**(4)**	**(38)**	**(22)**	**(30)**	**(94)**
Impairment losses	**–**	**–**	**–**	**1**	**–**	**1**
Fully depreciated assets	**–**	**(130)**	**(86)**	**(81)**	**(65)**	**(362)**
Foreign currency translation adjustments and other	**–**	**162**	**9**	**(106)**	**20**	**85**
As at October 31, 2014	**$ –**	**$ 940**	**$ 409**	**$ 632**	**$ 613**	**$ 2,594**
Net Book Value:						
As at October 31, 2013	$ 858	$ 1,881	$ 444	$ 654	$ 798	$ 4,635
As at October 31, 2014	**909**	**1,957**	**465**	**651**	**948**	**4,930**

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

NOTE 16: OTHER ASSETS

Other Assets

(millions of Canadian dollars)

	As at October 31 **2014**	October 31 2013
Accounts receivable and other items [1]	**$ 6,540**	$ 5,649
Accrued interest	**1,330**	1,260
Current income tax receivable	**1,030**	583
Defined benefit asset	**15**	56
Insurance-related assets, excluding investments	**1,419**	1,409
Prepaid expenses	**829**	1,154
Total	**$ 11,163**	$ 10,111

1 Includes foreclosed assets as at October 31, 2014, of $180 million (October 31, 2013 – $233 million) and FDIC indemnification assets as at October 31, 2014, of $60 million (October 31, 2013 – $81 million).

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. Accrued interest on deposits, calculated using the EIRM, is included in Other liabilities on the Consolidated Balance Sheet. 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, 2014, was $188 billion (October 31, 2013 – $158 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 by Type

(millions of Canadian dollars) *As at*

	Demand	Notice	Term	October 31 2014 Total	October 31 2013 Total
Personal	$ 11,908	$ 279,072	$ 52,260	$ 343,240	$ 319,468
Banks[1]	3,242	7	12,522	15,771	17,149
Business and government[2]	52,182	89,973	99,550	241,705	204,988
Designated at fair value through profit or loss[3]	–	–	3,242	3,242	–
Trading[1]	–	–	59,334	59,334	50,967
Total	$ 67,332	$ 369,052	$ 226,908	$ 663,292	$ 592,572
Non-interest-bearing deposits included above					
In domestic offices				$ 5,739	$ 4,738
In foreign offices				36,962	31,558
Interest-bearing deposits included above					
In domestic offices				340,993	306,631
In foreign offices				278,121	247,887
U.S. federal funds deposited[1]				1,477	1,758
Total[2,4]				$ 663,292	$ 592,572

1 Includes deposits with the Federal Home Loan Bank.
2 As at October 31, 2014, includes $17 billion in Deposits on the Consolidated Balance Sheet relating to covered bondholders (October 31, 2013 – $10 billion) and $2 billion (October 31, 2013 – $2 billion) due to Trust IV. Refer to Note 37 for further details on a covered bond issuance by the Bank subsequent to October 31, 2014.
3 Included in Other financial liabilities designated at fair value through profit or loss on the Consolidated Balance Sheet.
4 As at October 31, 2014, includes deposits of $370 billion (October 31, 2013 – $320 billion) denominated in U.S. dollars and $21 billion (October 31, 2013 – $16 billion) denominated in other foreign currencies.

Deposits by Country

(millions of Canadian dollars) *As at*

	Canada	United States	International	October 31 2014 Total	October 31 2013 Total
Personal	$ 177,681	$ 164,142	$ 1,417	$ 343,240	$ 319,468
Banks	6,284	2,408	7,079	15,771	17,149
Business and government	157,464	80,801	3,440	241,705	204,988
Designated at fair value through profit or loss[1]	3,242	–	–	3,242	–
Trading	2,061	51,866	5,407	59,334	50,967
Total	$ 346,732	$ 299,217	$ 17,343	$ 663,292	$ 592,572

1 Included in Other financial liabilities designated at fair value through profit or loss on the Consolidated Balance Sheet.

Term Deposits

(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 2014 Total	October 31 2013 Total
Personal	$ 29,399	$ 9,431	$ 6,834	$ 2,893	$ 3,533	$ 170	$ 52,260	$ 58,005
Banks	12,502	3	1	2	3	11	12,522	13,181
Business and government	49,188	17,332	9,719	7,938	8,669	6,704	99,550	78,690
Designated at fair value through profit or loss[1]	1,849	1,218	175	–	–	–	3,242	–
Trading	57,655	171	202	312	461	533	59,334	50,967
Total	$ 150,593	$ 28,155	$ 16,931	$ 11,145	$ 12,666	$ 7,418	$ 226,908	$ 200,843

1 Included in Other financial liabilities designated at fair value through profit or loss on the Consolidated Balance Sheet.

Term Deposits due within a Year

(millions of Canadian dollars)				As at	
				October 31 2014	October 31 2013
	Within 3 months	Over 3 months to 6 months	Over 6 months to 12 months	Total	Total
Personal	$ 11,752	$ 6,616	$ 11,031	$ 29,399	$ 36,009
Banks	10,387	1,239	876	12,502	13,115
Business and government	27,924	3,905	17,359	49,188	46,162
Designated at fair value through profit or loss [1]	505	446	898	1,849	–
Trading	25,661	11,242	20,752	57,655	49,592
Total	$ 76,229	$ 23,448	$ 50,916	$ 150,593	$ 144,878

1 Included in Other financial liabilities designated at fair value through profit or loss on the Consolidated Balance Sheet.

NOTE 18: OTHER LIABILITIES

Other Liabilities

(millions of Canadian dollars)		
	As at	
	October 31 2014	October 31 2013
Accounts payable, accrued expenses, and other items	$ 3,666	$ 2,887
Accrued interest	943	1,077
Accrued salaries and employee benefits	2,653	2,286
Cheques and other items in transit	237	1,077
Current income tax payable	34	137
Deferred tax liabilities	287	321
Defined benefit liability	2,393	1,715
Liabilities related to structured entities	5,053	5,743
Provisions	631	696
Total	$ 15,897	$ 15,939

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 (%)	Earliest par redemption date		October 31 2014	October 31 2013
August 2014	10.05	–	$	–	$ 149
April 2020	5.48 [1]	April 2015		869	871
November 2020	3.37 [2]	November 2015		997	1,000
September 2022 [3]	4.64 [4]	September 2017		268	270
July 2023	5.83 [5]	July 2018		650	650
May 2025	9.15	–		199	199
October 2104	4.97 [6]	October 2015		796	796
December 2105	4.78 [7]	December 2016		2,211	2,247
December 2106	5.76 [8]	December 2017		1,795	1,800
Total			$	7,785	$ 7,982

1 For the period to but excluding the earliest par redemption date and thereafter at a rate of 3-month Bankers' Acceptance rate plus 2.00%.
2 For the period to but excluding the earliest par redemption date and thereafter at a rate of 3-month Bankers' Acceptance rate plus 1.25%.
3 Obligation of a subsidiary.
4 For the period to but excluding the earliest par redemption date and thereafter at a rate of 3-month Bankers' Acceptance rate plus 1.00%.
5 For the period to but excluding the earliest par redemption date and thereafter at a rate of 3-month Bankers' Acceptance rate plus 2.55%.
6 For the period to but excluding the earliest par redemption date and thereafter resets every 5 years at a rate of 5-year Government of Canada yield plus 1.77%.
7 For the period to but excluding the earliest par redemption date and thereafter resets every 5 years at a rate of 5-year Government of Canada yield plus 1.74%.
8 For the period to but excluding the earliest par redemption date and thereafter resets every 5 years at a rate of 5-year Government of Canada yield plus 1.99%.

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 2014	October 31 2013
Within 1 year	**$ –**	$ 149
Over 1 year to 3 years	**–**	–
Over 3 years to 4 years	**–**	–
Over 4 years to 5 years	**–**	–
Over 5 years	**7,785**	7,833
Total	**$ 7,785**	$ 7,982

NOTE 20: CAPITAL TRUST SECURITIES

The Bank issues 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.

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.

Capital Trust Securities

(millions of Canadian dollars, except as noted)						As at
				Redemption date		
	Thousands of units	**Distribution/Interest payment dates**	**Annual yield**	**At the option of the issuer**	**October 31 2014**	October 31 2013
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**	$ 993
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: SHARE CAPITAL

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 a non-viability contingent capital (NVCC) provisions (NVCC Provisions), necessary for the preferred shares to qualify as regulatory capital under OSFI's Capital Adequacy Requirements (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.

STOCK DIVIDEND

On January 31, 2014, the Bank paid a stock dividend of one common share per each issued and outstanding common share, which has the same effect as a two-for-one split of the common shares. The following table summarizes the shares issued and outstanding and treasury shares held as at October 31, and reflects the impact of the stock dividend on the common shares as if it was retrospectively applied to all periods presented that occurred prior to the payment date of the stock dividend.

Common and Preferred Shares Issued and Outstanding and Treasury Shares Held

(millions of shares and millions of Canadian dollars)	October 31, 2014		October 31, 2013	
	Number of shares	**Amount**	Number of shares	Amount
Common Shares				
Balance as at beginning of year	**1,838.9**	**$ 19,316**	1,836.5	$ 18,691
Proceeds from shares issued on exercise of stock options	**5.0**	**199**	8.3	297
Shares issued as a result of dividend reinvestment plan	**6.4**	**339**	12.1	515
Purchase of shares for cancellation	**(4.1)**	**(43)**	(18.0)	(187)
Balance as at end of year – common shares	**1,846.2**	**$ 19,811**	1,838.9	$ 19,316
Preferred Shares – Class A				
Series O[1]	**–**	**$ –**	17.0	$ 425
Series P	**10.0**	**250**	10.0	250
Series Q	**8.0**	**200**	8.0	200
Series R	**10.0**	**250**	10.0	250
Series S	**5.4**	**135**	5.4	135
Series T	**4.6**	**115**	4.6	115
Series Y	**5.5**	**137**	5.5	137
Series Z	**4.5**	**113**	4.5	113
Series AA[2]	**–**	**–**	10.0	250
Series AC[3]	**–**	**–**	8.8	220
Series AE[4]	**–**	**–**	12.0	300
Series AG[5]	**–**	**–**	15.0	375
Series AI[6]	**–**	**–**	11.0	275
Series AK[7]	**–**	**–**	14.0	350
Series 1	**20.0**	**500**	–	–
Series 3	**20.0**	**500**	–	–
Balance as at end of year – preferred shares	**88.0**	**$ 2,200**	135.8	$ 3,395
Treasury shares – common				
Balance as at beginning of year	**(3.9)**	**$ (145)**	(4.2)	$ (166)
Purchase of shares	**(80.7)**	**(4,197)**	(83.4)	(3,552)
Sale of shares	**83.0**	**4,288**	83.7	3,573
Balance as at end of year – treasury shares – common	**(1.6)**	**$ (54)**	(3.9)	$ (145)
Treasury shares – preferred				
Balance as at beginning of year	**(0.1)**	**$ (2)**	–	$ (1)
Purchase of shares	**(6.1)**	**(154)**	(3.4)	(86)
Sale of shares	**6.2**	**155**	3.3	85
Balance as at end of year – treasury shares – preferred	**–**	**$ (1)**	(0.1)	$ (2)

1 On October 31, 2014, the Bank redeemed all of its outstanding Class A First Preferred Shares, Series O, at a redemption price of $25 per share.
2 On January 31, 2014, the Bank redeemed all of its outstanding 5-Year Rate Reset Preferred Shares, Series AA, at a redemption price of $25 per share.
3 On January 31, 2014, the Bank redeemed all of its outstanding 5-Year Rate Reset Preferred Shares, Series AC, at a redemption price of $25 per share.
4 On April 30, 2014, the Bank redeemed all of its outstanding 5-Year Rate Reset Preferred Shares, Series AE, at a redemption price of $25 per share.
5 On April 30, 2014, the Bank redeemed all of its outstanding 5-Year Rate Reset Preferred Shares, Series AG, at a redemption price of $25 per share.
6 On July 31, 2014, the Bank redeemed all of its outstanding 5-Year Rate Reset Preferred Shares, Series AI, at a redemption price of $25 per share.
7 On July 31, 2014, the Bank redeemed all of its outstanding 5-Year Rate Reset Preferred Shares, Series AK, at a redemption price of $25 per share.

Class A First Preferred Shares, Series P
On November 1, 2007, the Bank issued 10 million Class A First Preferred Shares, Series P (Series P shares) for gross cash consideration of $250 million. Quarterly non-cumulative cash dividends, if declared, will be paid at a per annum rate of 5.25% per Series P share. The Series P shares are redeemable by the Bank, subject to regulatory consent, by payment in cash of $26 per share if redeemed on or after November 1, 2012, and decreasing by $0.25 each twelve-month period thereafter to $25 per share if redeemed on or after October 31, 2016.

Class A First Preferred Shares, Series Q
On January 31, 2008, the Bank issued 8 million Class A First Preferred Shares, Series Q (Series Q shares) for gross cash consideration of $200 million. Quarterly non-cumulative cash dividends, if declared, will be paid at a per annum rate of 5.60% per Series Q share. The Series Q shares are redeemable by the Bank, subject to regulatory consent, by payment in cash of $26 per share if redeemed on or after January 31, 2013, and decreasing by $0.25 each twelve-month period thereafter to $25 per share if redeemed on or after January 31, 2017.

Class A First Preferred Shares, Series R
On March 12, 2008, the Bank issued 10 million Class A First Preferred Shares, Series R (Series R shares) for gross cash consideration of $250 million. Quarterly non-cumulative cash dividends, if declared, will be paid at a per annum rate of 5.60% per Series R share. The Series R shares are redeemable by the Bank, subject to regulatory consent, by payment in cash of $26 per share if redeemed on or after April 30, 2013, and decreasing by $0.25 each twelve-month period thereafter to $25 per share if redeemed on or after April 30, 2017.

5-Year Rate Reset Preferred Shares, Series S
On June 11, 2008, the Bank issued 10 million non-cumulative 5-Year Rate Reset Preferred Shares, Series S (Series S shares) for gross cash consideration of $250 million. Quarterly non-cumulative cash dividends, if declared, will be paid at a per annum rate of 3.371% for the period from and including July 31, 2013, to but excluding July 31, 2018. Thereafter, the dividend rate will reset every five years to equal the then five-year Government of Canada bond yield plus 1.60%. Holders of the Series S shares will have the right to convert all or any part of their shares into non-cumulative Floating Rate Preferred Shares, Series T, subject to certain conditions, on July 31, 2018, and on July 31 every five years thereafter and vice versa. The Series S shares are redeemable by the Bank for cash, subject to regulatory consent, at $25 per share on July 31, 2018, and on July 31 every five years thereafter. On July 31, 2013, the Bank converted 4.6 million of its 10 million Series S shares, on a one-for-one basis, into non-cumulative Floating Rate Preferred Shares, Series T.

Floating Rate Preferred Shares, Series T
On July 31, 2013, the Bank issued 4.6 million non-cumulative Floating Rate Preferred Shares, Series T (Series T shares) in a gross amount of $115 million through a one-for-one conversion of some of its Series S shares. Floating rate non-cumulative cash dividends, if declared, will be payable quarterly for the period from and including July 31, 2013, to but excluding July 31, 2018. The dividend rate for a quarterly period will be equal to the then 90-day Government of Canada Treasury Bill yield plus 1.60%. Holders of the Series T shares will have the right to convert all or any part of their shares into Series S shares, subject to certain conditions, on July 31, 2018, and on July 31 every five years thereafter and vice versa. The Series T shares are redeemable by the Bank for cash, subject to regulatory consent, at (1) $25 per share on July 31, 2018, and on July 31 every five years thereafter, or (2) $25.50 in the case of redemptions on any other date on or after July 31, 2013.

5-Year Rate Reset Preferred Shares, Series Y
On July 16, 2008, the Bank issued 10 million non-cumulative 5-Year Rate Reset Preferred Shares, Series Y (Series Y shares) for gross cash consideration of $250 million. Quarterly non-cumulative cash dividends, if declared, will be paid at a per annum rate of 3.5595% for the period from and including October 31, 2013, to but excluding October 31, 2018. Thereafter, the dividend rate will reset every five years to equal the then five-year Government of Canada bond yield plus 1.68%. Holders of the Series Y shares will have the right to convert their shares into non-cumulative Floating Rate Preferred Shares, Series Z, subject to certain conditions, on October 31, 2018, and on October 31 every five years thereafter and vice versa. The Series Y shares are redeemable by the Bank for cash, subject to regulatory consent, at $25 per share on October 31, 2018, and on October 31 every five years thereafter. On October 31, 2013, the Bank converted 4.5 million of its 10 million Series Y shares, on a one-for-one basis, into non-cumulative Floating Rate Preferred Shares, Series Z.

Floating Rate Preferred Shares, Series Z
On October 31, 2013, the Bank issued 4.5 million non-cumulative Floating Rate Preferred Shares, Series Z (Series Z shares) in a gross amount of $113 million through a one-for-one conversion of some of its Series Y shares. Floating rate non-cumulative cash dividends, if declared, will be payable quarterly for the period from and including October 31, 2013, to but excluding October 31, 2018. The dividend rate for a quarterly period will be equal to the then 90-day Government of Canada Treasury Bill yield plus 1.68%. Holders of the Series Z shares will have the right to convert all or any part of their shares into Series Y shares, subject to certain conditions, on October 31, 2018, and on October 31 every five years thereafter and vice versa. The Series Z shares are redeemable by the Bank for cash, subject to regulatory consent, at (1) $25 per share on October 31, 2018, and on October 31 every five years thereafter, or (2) $25.50 in the case of redemptions on any other date on or after October 31, 2013.

5-Year Rate Reset Preferred Shares, Series 1
On June 4, 2014, the Bank issued 20 million non-cumulative 5-Year Rate Reset Preferred Shares, Series 1 (Series 1 shares) for gross cash consideration of $500 million. Quarterly non-cumulative cash dividends, if declared, will be paid at a per annum rate of 3.90% for the initial period from and including June 4, 2014, to but excluding October 31, 2019. Thereafter, the dividend rate will reset every five years to equal the then five-year Government of Canada bond yield plus 2.24%. Holders of the Series 1 shares will have the right to convert their shares into non-cumulative Floating Rate Preferred Shares, Series 2 (Series 2 shares), subject to certain conditions, on October 31, 2019, and on October 31 every five years thereafter and vice versa. The Series 1 shares are redeemable by the Bank for cash, subject to regulatory consent, at $25 per share on October 31, 2019, and on October 31 every five years thereafter. If the NVCC Provisions were to be triggered, the maximum number of common shares that could be issued based on the formula for conversion applicable to the Series 1 shares, and assuming there are no declared and unpaid dividends on the Series 1 shares or Series 2 shares, as applicable, would be 100 million.

5-Year Rate Reset Preferred Shares, Series 3
On July 31, 2014, the Bank issued 20 million non-cumulative 5-Year Rate Reset Preferred Shares, Series 3 (Series 3 shares) for gross cash consideration of $500 million. Quarterly non-cumulative cash dividends, if declared, will be paid at a per annum rate of 3.80% for the initial period from and including July 31, 2014, to but excluding July 31, 2019. Thereafter, the dividend rate will reset every five years to equal the then five-year Government of Canada bond yield plus 2.27%. Holders of the Series 3 shares will have the right to convert their shares into non-cumulative Floating Rate Preferred Shares, Series 4 (Series 4 shares), subject to certain conditions, on July 31, 2019, and on July 31 every five years thereafter and vice versa. The Series 3 shares are redeemable by the Bank for cash, subject to regulatory consent, at $25 per share on July 31, 2019, and on July 31 every five years thereafter. If the NVCC Provisions were to be triggered, the maximum number of common shares that could be issued based on the formula for conversion applicable to the Series 3 shares, and assuming there are no declared and unpaid dividends on the Series 3 shares or Series 4 shares, as applicable, would be 100 million.

NORMAL COURSE ISSUER BID

On June 19, 2013, the Bank announced that the Toronto Stock Exchange (TSX) approved the Bank's normal course issuer bid to repurchase, for cancellation, up to 24 million of the Bank's common shares. The bid commenced on June 21, 2013, and expired in accordance with its terms in June 2014. During the year ended October 31, 2014, the Bank repurchased 4 million common shares under this bid at an average price of $54.15 for a total amount of $220 million. During the year ended October 31, 2013, the Bank repurchased 18 million common shares under this bid at an average price of $43.25 for a total amount of $780 million.

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, 6.4 million common shares at a discount of 0% were issued from the Bank's treasury (2013 – 6.5 million shares at a discount of 1% and 5.6 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.

NOTE 22: NON-CONTROLLING INTERESTS IN SUBSIDIARIES

Non-Controlling Interests in Subsidiaries

(millions of Canadian dollars)		*As at*
	October 31 2014	October 31 2013
REIT preferred stock, Series A	**$ 556**	$ 515
TD Capital Trust III Securities – Series 2008 [1]	**993**	993
Total	**$ 1,549**	$ 1,508

1 Refer to Note 20 for a description of the TD Capital Trust III securities.

REIT PREFERRED STOCK, FIXED-TO-FLOATING RATE EXCHANGEABLE NON-CUMULATIVE PERPETUAL PREFERRED STOCK, SERIES A

A real estate investment trust, Northgroup Preferred Capital Corporation (Northgroup REIT), a subsidiary of TD Bank, N.A., issued 500,000 shares of Fixed-to-Floating Rate Exchangeable Non-Cumulative Perpetual Preferred Stock, Series A (Series A shares). Each Series A share is entitled to semi-annual non-cumulative cash dividends, if declared, at a per annum rate of 6.378% until October 17, 2017, and at a per annum rate of three-month LIBOR plus 1.1725% payable quarterly thereafter. The Series A shares are redeemable by Northgroup REIT, subject to regulatory consent, at a price of US$1,000 plus a make-whole amount at any time after October 15, 2012, and prior to October 15, 2017, and at a price of US$1,000 per Series A share on October 15, 2017, and every five years thereafter. Each Series A share may be automatically exchanged, without the consent of the holders, into a newly issued share of preferred stock of TD Bank, N.A. on the occurrence of certain events.

NOTE 23: TRADING-RELATED INCOME

Trading assets and liabilities, including trading derivatives, certain securities and loans held within a trading portfolio that are designated at fair value through profit or loss, trading loans and trading deposits, are measured at fair value, with gains and losses recognized on the Consolidated Statement of Income.

Trading-related income comprises Net interest income, Trading income (losses), and income from financial instruments designated at fair value through profit or loss that are managed within a trading portfolio, all recorded on the Consolidated Statement of Income. 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. Realized and unrealized gains and losses on financial instruments designated at fair value through profit or loss are included in Non-interest income on the Consolidated Statement of Income.

Trading-related income excludes underwriting fees and commissions on securities transactions, which are shown separately on the Consolidated Statement of Income.

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

Trading-Related Income

(millions of Canadian dollars)	For the years ended October 31		
	2014	2013	2012
Net interest income (loss)	**$ 1,337**	$ 1,231	$ 1,050
Trading income (loss)	**(349)**	(279)	(41)
Financial instruments designated at fair value through profit or loss [1]	**(9)**	(6)	10
Total	**979**	946	1,019
By product			
Interest rate and credit portfolios	**601**	557	534
Foreign exchange portfolios	**385**	368	374
Equity and other portfolios	**2**	27	101
Financial instruments designated at fair value through profit or loss [1]	**(9)**	(6)	10
Total	**$ 979**	$ 946	$ 1,019

1 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.

NOTE 24: INSURANCE

INSURANCE RISK

The Bank is engaged in insurance businesses relating to property and casualty insurance, life and health insurance, and reinsurance through various subsidiaries.

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, 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 exposed to insurance risk through its property and casualty insurance business, life and health insurance business and reinsurance business.

Senior management within the insurance business units has primary responsibility for managing insurance risk with oversight by the Chief Risk Officer 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.

The Bank's risk governance practices ensure strong independent oversight and control of risk within the Insurance business. The Risk Committee for the Insurance business provides critical oversight of the risk management activities within the business. 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 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 reserving policy.

Sound product design is an essential element of managing risk. The Bank's exposure to insurance risk is generally 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 automobile insurance legislation, the 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 and compliance with such policies is monitored by the Risk Committee for the insurance business.

Automobile insurance is provincially legislated and as such, policyholder benefits may differ between provinces. There is also exposure to geographic concentration risk associated with personal property coverage. Exposure to insurance risk concentrations is managed through established underwriting guidelines, limits, and authorization levels that govern the acceptance of risk. Concentration risk is also mitigated through the purchase of reinsurance.

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.

OTHER RELATED RISKS

Credit risk is managed through a counterparty credit policy. To properly manage interest rate risk and liquidity risk, the Bank maintains a system to match a portion of its investments to the net provision for unpaid claims. Therefore, most of the change in the value of the assets held for matching purposes will be offset by a corresponding change in the net provision for unpaid claims' discounted values.

INSURANCE REVENUE AND EXPENSES

Insurance revenue is presented on the Consolidated Statement of Income under Insurance revenue and claims-related expenses are presented under Insurance claims and related expenses, including the impacts of claims and reinsurance on the Consolidated Statement of Income.

Insurance Revenue and Insurance Claims and Related Expenses

(millions of Canadian dollars)	For the years ended October 31		
	2014	2013	2012
Insurance Revenue			
Earned Premiums			
Gross	**$ 4,423**	$ 4,253	$ 3,990
Reinsurance ceded	**856**	836	834
Net earned premiums	**3,567**	3,417	3,156
Fee income and other revenue [1]	**316**	317	381
Insurance Revenue	**3,883**	3,734	3,537
Insurance Claims and Related Expenses			
Gross	**3,041**	3,273	2,771
Reinsurance ceded	**208**	217	347
Insurance Claims and Related Expenses	**$ 2,833**	$ 3,056	$ 2,424

1 Ceding commissions received and paid are included within fee income and other revenue. Ceding commissions paid and netted against fee income in 2014 were $182 million (2013 – $182 million; 2012 – $184 million).

RECONCILIATION OF CHANGES IN LIABILITIES FOR PROPERTY AND CASUALTY INSURANCE

For property and casualty insurance, the recognized liabilities are comprised of a provision for unpaid claims (see the following section (a)) and unearned premiums (see the following section (b)). The provision for unpaid claims is established to reflect the estimate of the full amount of all liabilities associated with the insurance premiums earned at the balance sheet date, including insurance claims incurred but not recorded. The ultimate amount of these liabilities will vary from the best estimate made for a variety of reasons, including additional information with respect to the facts and circumstances of the insurance claims incurred. The unearned premiums represent the portion of net written premiums that pertain to the unexpired term of the policies in force.

(a) Movement in Provision for Unpaid Claims

The following table presents movements in the property and casualty insurance net provision for unpaid claims during the year.

Movement in Provision for Unpaid Claims

(millions of Canadian dollars)	October 31, 2014			October 31, 2013		
	Gross	**Reinsurance**	**Net**	Gross	Reinsurance	Net
Balance as at beginning of year	**$ 3,939**	**$ 157**	**$ 3,782**	$ 3,276	$ 275	$ 3,001
Claims costs for current accident year	**2,504**	**39**	**2,465**	2,332	87	2,245
Prior accident years claims development (favourable) unfavourable	**(132)**	**(39)**	**(93)**	346	(65)	411
Increase (decrease) due to changes in assumptions:						
Discount rate	**(17)**	**1**	**(18)**	(80)	1	(81)
Provision for adverse deviation	**44**	**(1)**	**45**	70	–	70
Claims and related expenses	**2,399**	**–**	**2,399**	2,668	23	2,645
Claims paid during the year for:						
Current accident year	**(1,064)**	**(3)**	**(1,061)**	(1,011)	(47)	(964)
Prior accident years	**(934)**	**(37)**	**(897)**	(985)	(85)	(900)
	(1,998)	**(40)**	**(1,958)**	(1,996)	(132)	(1,864)
Increase (decrease) in other recoverables	**8**	**8**	**–**	(9)	(9)	–
Balance as at end of year	**$ 4,348**	**$ 125**	**$ 4,223**	$ 3,939	$ 157	$ 3,782

(b) Movement in Provision for Unearned Premiums

The following table presents movements in the property and casualty insurance net unearned premiums during the year.

Movement in Provision for Unearned Premiums

(millions of Canadian dollars)	October 31, 2014			October 31, 2013		
	Gross	**Reinsurance**	**Net**	Gross	Reinsurance	Net
Balance as at beginning of year	**$ 1,506**	**$ –**	**$ 1,506**	$ 1,397	$ –	$ 1,397
Written premiums	**3,006**	**91**	**2,915**	2,909	70	2,839
Earned premiums	**(2,953)**	**(91)**	**(2,862)**	(2,800)	(70)	(2,730)
Balance as at end of year	**$ 1,559**	**$ –**	**$ 1,559**	$ 1,506	$ –	$ 1,506

(c) Other Movements in Insurance Liabilities

Other movements in insurance liabilities consists of changes in life and health insurance policy benefit liabilities and other insurance payables that were caused primarily by the aging of in force business and changes in actuarial assumptions.

PROPERTY AND CASUALTY CLAIMS DEVELOPMENT

The following table shows the estimates of cumulative incurred claims for the seven most recent accident years, 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							
	2008 and prior	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**Total**
Net ultimate claims cost at end of accident year	**$ 3,335**	**$ 1,598**	**$ 1,742**	**$ 1,724**	**$ 1,830**	**$ 2,245**	**$ 2,465**	
Revised estimates								
One year later	**3,366**	**1,627**	**1,764**	**1,728**	**1,930**	**2,227**		
Two years later	**3,359**	**1,663**	**1,851**	**1,823**	**1,922**			
Three years later	**3,422**	**1,720**	**1,921**	**1,779**				
Four years later	**3,527**	**1,763**	**1,926**					
Five years later	**3,630**	**1,753**						
Six years later	**3,612**							
Current estimates of cumulative claims	**3,612**	**1,753**	**1,926**	**1,779**	**1,922**	**2,227**	**2,465**	
Cumulative payments to date	**(3,299)**	**(1,592)**	**(1,630)**	**(1,375)**	**(1,285)**	**(1,323)**	**(1,061)**	
Net undiscounted provision for unpaid claims	**313**	**161**	**296**	**404**	**637**	**904**	**1,404**	**$ 4,119**
Effect of discount								**(268)**
Provision for adverse deviation								**372**
Net provision for unpaid claims								**$ 4,223**

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 the determination of actuarial liabilities. 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 the Bank's future claims development will follow a similar pattern to past claims development experience.

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 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)			*As at*
	October 31, 2014		October 31, 2013
	Impact on net income (loss) before income taxes	**Impact on equity**	Impact on net income (loss) before income taxes	Impact on equity
Impact of an absolute change of 1% in key assumptions				
Discount rate assumption used				
Increase in assumption	**$ 118**	**$ 87**	$ 102	$ 75
Decrease in assumption	**(126)**	**(93)**	(110)	(81)
Margin for adverse deviation assumption used				
Increase in assumption	**(41)**	**(30)**	(31)	(23)
Decrease in assumption	**41**	**30**	31	23
Impact of an absolute change of 5% in key assumptions				
Frequency of claims				
Increase in assumption	**(31)**	**(23)**	(33)	(24)
Decrease in assumption	**31**	**23**	33	24
Severity of claims				
Increase in assumption	**(200)**	**(147)**	(180)	(133)
Decrease in assumption	**200**	**147**	180	133

For life and health Insurance, critical assumptions used in the measurement of insurance contract liabilities are determined by the Appointed Actuary. 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 exposure 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, in terms of 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, 2014, for the property and casualty insurance business, 70.3% of net written premiums were derived from automobile policies (October 31, 2013 – 71.9%) followed by residential with 29.4% (October 31, 2013 – 27.8%). The distribution by provinces show that business is mostly concentrated in Ontario with 60.6% of net written premiums (October 31, 2013 – 61.6%). The Western provinces represented 27.7% (October 31, 2013 – 26.6%) followed by Quebec, 6.1% (October 31, 2013 – 6.6%) and the Atlantic provinces with 5.6% (October 31, 2013 – 5.2%).

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. While the maximum claim could be $3.1 million (October 31, 2013 – $3.0 million), the majority of claims are less than $250 thousand (October 31, 2013 – $250 thousand). 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 25: SHARE-BASED COMPENSATION

STOCK OPTION PLAN

The Bank maintains a stock option program for certain key employees and non-employee directors. Non-employee directors have not been granted stock options since December 2001. Options on common shares are periodically granted to eligible employees of the Bank under the plan for terms of seven or 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, 25.9 million common shares have been reserved for future issuance (October 31, 2013 – 28.3 million). The outstanding options expire on various dates to December 12, 2023. The following table summarizes the Bank's stock option activity and related information, adjusted to reflect the impact of the stock dividend as discussed in Note 21 on a retrospective basis, for the years ended October 31.

Stock Option Activity

(millions of shares and Canadian dollars)	**2014**		2013		2012	
	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	**22.0**	**$ 33.89**	27.5	$ 31.00	31.8	$ 29.03
Granted	**2.6**	**47.59**	3.3	40.54	3.8	36.64
Exercised	**(5.0)**	**31.32**	(8.4)	27.60	(7.7)	25.54
Forfeited/cancelled	**(0.2)**	**39.60**	(0.4)	36.64	(0.4)	33.89
Number outstanding, end of year	**19.4**	**$ 36.72**	22.0	$ 33.89	27.5	$ 31.00
Exercisable, end of year	**7.1**	**$ 31.18**	8.8	$ 29.67	15.7	$ 29.04

The weighted average share price for the options exercised in 2014 was $52.15 (2013 – $43.26; 2012 – $40.11).

The following table summarizes information relating to stock options outstanding and exercisable as at October 31, 2014.

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**
$19.90 – $24.94	**1.7**	**1.0**	**$ 21.25**	**1.7**	**$ 21.25**
$29.70 – $32.34	**0.4**	**1.0**	**31.51**	**0.4**	**31.51**
$32.99 – $34.86	**3.3**	**4.5**	**33.13**	**3.3**	**33.13**
$36.34 – $38.14	**8.3**	**5.7**	**36.74**	**1.6**	**37.18**
$39.06 – $47.59	**5.7**	**8.4**	**43.67**	**0.1**	**39.06**

For fiscal 2014, the Bank recognized compensation expense for stock option awards of $25.6 million (2013 – $24.8 million; 2012 – $22.1 million). During 2014, 2.6 million (2013 – 3.3 million; 2012 – 3.8 million) options were granted by the Bank at a weighted-average fair value of $9.29 per option (2013 – $7.83 per option; 2012 – $7.26 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 Fair Value of Options

(in Canadian dollars, except as noted)	**2014**	2013	2012
Risk-free interest rate	**1.90 %**	1.43 %	1.50 %
Expected option life (years)	**6.2 years**	6.3 years	6.3 years
Expected volatility [1]	**27.09 %**	27.23 %	27.40 %
Expected dividend yield	**3.66 %**	3.51 %	3.40 %
Exercise price/share price	**$ 47.59**	$ 40.54	$ 36.64

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, 2014, was 26 million (2013 – 27 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 and/or maturing share units may be deferred 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, 2014, 7.6 million deferred share units were outstanding (October 31, 2013 – 7.1 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, 2014, the Bank recognized compensation expense, net of the effects of hedges, for these plans of $415 million (2013 – $336 million; 2012 – $326 million). The compensation expense recognized before the effects of hedges was $718 million (2013 – $621 million; 2012 – $429 million). The carrying amount of the liability relating to these plans, based on the closing share price, was $1.8 billion at October 31, 2014 (October 31, 2013 – $1.5 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 employees. Employees can contribute any amount of their eligible earnings (net of source deductions), subject to an annual cap of 10% of salary effective January 1, 2014, to the Employee Ownership Plan. 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, 2014, the Bank's contributions totalled $65 million (2013 – $63 million; 2012 – $61 million) and were expensed as salaries and employee benefits. As at October 31, 2014, an aggregate of 20 million common shares were held under the Employee Ownership Plan (October 31, 2013 – 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 26: 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. In addition, the Bank maintains other partially funded and non-funded pension plans for eligible 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.

Funding for the Bank's principal pension plans is provided by contributions from the Bank and members of the plans, as applicable. In accordance with legislation, the Bank contributes amounts determined on an actuarial basis to the plans and has the ultimate responsibility for ensuring that the liabilities of the plan are adequately funded over time. The Bank's contributions to the principal pension plans during 2014 were $302 million (2013 – $340 million). The 2014 contributions were made in accordance with the actuarial valuation reports for funding purposes as at October 31, 2013, and October 31, 2011, for the Society and the TDPP, respectively. The 2013 contributions were made in accordance with the actuarial valuation reports for funding purposes as at October 31, 2012, and October 31, 2011, for the Society and the TDPP, respectively. The next valuation date for funding purposes is as at October 31, 2014, for both of the principal pension plans.

The Bank also provides certain post-retirement benefits and post-employment benefits (non-pension employee benefits), which are generally non-funded. Non-pension employee 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. Employees eligible for post-employment benefits are those on disability and child-care leave.

INVESTMENT STRATEGY AND ASSET ALLOCATION

The primary objective of the Society and the TDPP is to achieve an annualized real rate of return of 1.50% and 1.75%, respectively, over rolling ten-year periods. The investment policies for the principal pension plans are detailed as follows and exclude Pension Enhancement Account (PEA) assets which are invested at the member's discretion in certain mutual funds. The investment policies and asset allocations by asset category for the principal pension plans (excluding PEA assets) are as follows:

Plan Asset Allocation

(millions of Canadian dollars except as noted)

			Society[1]				TDPP[1]	
			Fair Value				Fair Value	
As at October 31, 2014	Acceptable Range	% of Total	Quoted	Unquoted	Acceptable Range	% of Total	Quoted	Unquoted
Debt	58-72 %	60 %	$ –	$ 2,489	44-56 %	50 %	$ –	$ 277
Equity	24-34.5	32	1,228	84	44-56	50	–	280
Cash equivalents	0-4	2	–	93	n/a	n/a	n/a	n/a
Alternative investments[1]	0-12.5	6	40	188	n/a	n/a	n/a	n/a
Other[2]	n/a	n/a	–	101	n/a	n/a	–	25
Total		100 %	$ 1,268	$ 2,955		100 %	$ –	$ 582
As at October 31, 2013								
Debt	58-72 %	58 %	$ –	$ 2,094	44-56 %	49 %	$ –	$ 199
Equity	24-34.5	34	1,086	138	44-56	51	–	208
Cash equivalents	0-4	2	–	79	n/a	n/a	n/a	n/a
Alternative investments[1]	0-12.5	6	37	162	n/a	n/a	n/a	n/a
Other[2]	n/a	n/a	–	157	n/a	n/a	–	17
Total		100 %	$ 1,123	$ 2,630		100 %	$ –	$ 424
As at October 31, 2012								
Debt	57-71 %	60 %	$ –	$ 1,995	44-56 %	50 %	$ –	$ 165
Equity	25-35.5	31	917	118	44-56	50	–	168
Cash equivalents	0-4	3	–	114	n/a	n/a	n/a	n/a
Alternative investments[1]	0-12.5	6	27	167	n/a	n/a	n/a	n/a
Other[2]	n/a	n/a	–	63	n/a	n/a	–	9
Total		100 %	$ 944	$ 2,457		100 %	$ –	$ 342

1 The Society's alternative investments primarily include private equity funds, of which a fair value of nil in 2014 (2013 – $1 million; 2012 – $1 million) is invested in the Bank and its affiliates. The principal pension plans also invest in investment vehicles which may hold shares or debt issued by the Bank.

2 Consists mainly of PEA assets, interest and dividends receivable, and amounts due to and due from brokers for securities traded but not yet settled.

Society Investment Strategy

The investments of the Society are managed with the primary objective of providing reasonable and stable rates of return, consistent with available market opportunities, prudent portfolio management, and levels of risk commensurate with the return expectations and asset mix policy as set out by the risk budget of 9% surplus volatility.

Debt instruments generally must meet or exceed a credit rating of BBB at the time of purchase and during the holding period, except for the portion of the debt portfolio managed to the Financial Times Stock Exchange (FTSE) TMX Canada Universe Bond Index (formerly known as the DEX Universe Bond Index), which can invest in bonds with a credit rating below BBB. There are no limitations on the maximum amount allocated to each credit rating above BBB for the total debt portfolio.

The bond mandate managed to the FTSE TMX Canada Universe Bond Index, representing 10% to 29% of the total fund, may be invested in bonds with a credit rating below BBB-. Within this mandate, the following limitations apply: debt instruments rated BBB+ or lower must not exceed 25%; debt instruments rated below BBB- must not exceed 10%; debt instruments of non-government entities must not exceed 80%; debt instruments of non-Canadian government entities must not exceed 20%; and debt instruments of a single non-government or non-Canadian government entity must not exceed 10%. In addition, debt instruments issued by the Government of Canada, provinces of Canada, or municipalities must not exceed 100%, 75%, or 10% of this mandate, respectively. Asset-backed securities must have a minimum credit rating of AAA and those rated AAA must not exceed 25% of this mandate. The remainder of the debt portfolio is not permitted to invest in debt instruments of non-government entities.

The equity portfolio is broadly diversified primarily across medium 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 at any time. Foreign equities are also included to further diversify the portfolio. A maximum of 5% of the total fund may be invested in emerging market equities.

Alternative investments include hedge funds and private equities.

Derivatives can be utilized provided they are not used for speculative purposes or to create financial leverage for the Society. The Society may invest in hedge funds, which may employ leverage when executing their investment strategy.

The Society was in compliance with its investment policy throughout the year.

TDPP Investment Strategy

The investments of the TDPP are managed with the primary objective of providing reasonable and stable rates of return, consistent with available market opportunities, prudent portfolio management, and levels of risk commensurate with the return expectations and asset mix policy as set out by the risk budget of 22% surplus volatility.

The TDPP is not permitted to invest in debt instruments of non-government entities. Debt instruments generally must meet or exceed a credit rating of BBB at the time of purchase and during the holding period. There are no limitations on the maximum amount allocated to each credit rating above BBB for the total debt portfolio.

The equity portfolio is broadly diversified primarily across medium 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 at any time. Foreign equities are also included to further diversify the portfolio. A maximum of 5% of the total fund may be invested in emerging market equities.

Derivatives can be used provided they are not used for speculative purposes or to create financial leverage for the TDPP.

The TDPP was in compliance with its investment policy throughout the year.

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, and price risks), credit risk, longevity 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, and the principal pension plans' Statement of Investment Policies and Procedures. 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

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. Where required, approvals will also be sought from the applicable local body to comply with local regulatory requirements. 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 pension plan consisting of a defined benefit portion and a defined contribution portion. The defined benefit portion was closed to new members after May 31, 1987, and newly eligible employees joined the defined contribution portion of the plan. Effective August 18, 2002, the defined contribution portion of the plan was closed to new contributions from the Bank or active employees, except for employees on salary continuance and long-term disability, and employees eligible for that plan became eligible to join the Society or the TDPP for future service. Funding for the defined benefit portion is provided by contributions from the Bank and members of the plan.

The Bank received regulatory approval to wind-up the defined contribution portion of the plan effective April 1, 2011. After that date, the Bank's contributions to the defined contribution portion of the plan ceased. The wind-up was completed on May 31, 2012.

TD Bank, N.A. Retirement Plans

TD Bank, N.A. and its subsidiaries maintain a defined contribution 401(k) plan covering all employees. Effective January 1, 2009 the plan was amended to include annual core contributions from TD Bank, N.A. for all employees and a transition contribution for certain employees. The core and transition contributions to the plan for fiscal 2014 were $45 million (2013 – $42 million; 2012 – $41 million). In addition, on an ongoing basis, TD Bank, N.A., makes matching contributions to the 401(k) plan. The amount of the matching contribution for fiscal 2014 was $47 million (2013 – $39 million; 2012 – $37 million). Annual expense is equal to the Bank's contributions to the plan.

In addition, TD Bank, N.A. has a closed non-contributory defined benefit retirement plan covering certain legacy TD Banknorth employees. Supplemental retirement plans covering certain key officers and limited post-retirement benefit programs provide medical coverage and life insurance benefits to a closed group of employees and directors who meet minimum age and service requirements. Effective December 31, 2008, benefits under the retirement and supplemental retirement plans were frozen.

TD Auto Finance (legacy Chrysler Financial) Retirement Plans

TD Auto Finance has both contributory and non-contributory defined benefit retirement plans covering certain permanent employees. The non-contributory pension plan provides benefits based on a fixed rate for each year of service. The contributory plan provides benefits to salaried employees based on the employee's cumulative contributions, years of service during which employee contributions were made, and the employee's average salary during the consecutive five years in which the employee's salary was highest in the 15 years preceding retirement. These defined benefit retirement plans were frozen as of April 1, 2012. In addition, TD Auto Finance provides limited post-retirement benefit programs, including medical coverage and life insurance benefits to certain employees who meet minimum age and service requirements.

Supplemental Employee Retirement Plans

Supplemental employee retirement plans are partially funded by the Bank for eligible employees.

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]		
	2014	2013	2012	**2014**	2013	2012	**2014**	2013	2012
Change in projected benefit obligation									
Projected benefit obligation at beginning of year	**$ 4,338**	$ 4,143	$ 3,141	**$ 551**	$ 526	$ 426	**$ 2,196**	$ 2,325	$ 2,055
Service cost – benefits earned	**282**	278	179	**18**	17	13	**10**	12	17
Interest cost on projected benefit obligation	**205**	184	177	**26**	24	24	**106**	92	101
Remeasurement (gain) loss – financial	**591**	(234)	758	**50**	(29)	78	**188**	(223)	287
Remeasurement (gain) loss – demographic	**44**	98	–	**(82)**	30	–	**129**	19	(4)
Remeasurement (gain) loss – experience	**(1)**	(3)	1	**6**	(7)	(5)	**17**	10	7
Members' contributions	**66**	65	61	**–**	–	–	**–**	–	–
Benefits paid	**(204)**	(193)	(180)	**(12)**	(10)	(10)	**(114)**	(100)	(100)
Change in foreign currency exchange rate	**–**	–	–	**–**	–	–	**106**	61	2
Past service cost – plan amendment costs (credits)	**–**	–	6	**–**	–	–	**(1)**	–	(9)
Past service cost – curtailment (gains) losses[3]	**–**	–	–	**–**	–	–	**–**	–	(31)
Past service cost – other	**–**	–	–	**–**	–	–	**7**	–	–
Projected benefit obligation as at October 31	**5,321**	4,338	4,143	**557**	551	526	**2,644**	2,196	2,325
Change in plan assets									
Plan assets at fair value at beginning of year	**4,177**	3,743	3,300	**–**	–	–	**1,575**	1,462	1,374
Interest income on plan assets	**208**	175	195	**–**	–	–	**77**	56	64
Remeasurement gain (loss) – return on plan assets less interest income	**264**	54	81	**–**	–	–	**72**	86	87
Members' contributions	**66**	65	61	**–**	–	–	**–**	–	–
Employer's contributions	**302**	340	293	**12**	10	10	**35**	26	38
Benefits paid	**(204)**	(193)	(180)	**(12)**	(10)	(10)	**(114)**	(100)	(100)
Change in foreign currency exchange rate	**–**	–	–	**–**	–	–	**98**	49	1
Defined benefit administrative expenses	**(8)**	(7)	(7)	**–**	–	–	**(9)**	(4)	(2)
Plan assets at fair value as at October 31	**4,805**	4,177	3,743	**–**	–	–	**1,734**	1,575	1,462
Net defined benefit asset (liability)	**(516)**	(161)	(400)	**(557)**	(551)	(526)	**(910)**	(621)	(863)
Annual expense									
Net employee benefits expense includes the following:									
Service cost – benefits earned	**282**	278	179	**18**	17	13	**10**	12	17
Net interest cost (income) on net defined benefit liability (asset)	**(3)**	9	(18)	**26**	24	24	**29**	36	37
Past service cost – plan amendment costs (credits)	**–**	–	6	**–**	–	–	**(1)**	–	(9)
Past service cost – curtailment (gains) losses[3]	**–**	–	–	**–**	–	–	**–**	–	(31)
Past service cost – other	**–**	–	–	**–**	–	–	**7**	–	–
Defined benefit administrative expenses	**7**	7	7	**–**	–	–	**5**	4	2
Total expense	**$ 286**	$ 294	$ 174	**$ 44**	$ 41	$ 37	**$ 50**	$ 52	$ 16
Actuarial assumptions used to determine the annual expense (percentage)									
Weighted-average discount rate for projected benefit obligation	**4.82 %**	4.53 %	5.72 %	**4.80 %**	4.50 %	5.50 %	**4.75 %**	4.01 %	4.99 %
Weighted-average rate of compensation increase	**2.83**	2.82	3.50	**3.50**	3.50	3.50	**1.43**	1.37	1.98
Actuarial assumptions used to determine the projected benefit obligation as at October 31 (percentage)									
Weighted-average discount rate for projected benefit obligation	**4.21 %**	4.82 %	4.53 %	**4.30 %**	4.80 %	4.50 %	**4.27 %**	4.75 %	4.08 %
Weighted-average rate of compensation increase	**2.86**	2.83	2.82	**3.50**	3.50	3.50	**1.30**	1.43	1.86

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 5.5%. The rate is assumed to decrease gradually to 3.6% by the year 2028 and remain at that level thereafter.

2 Includes CT defined benefit pension plan, TD Banknorth defined benefit pension plan, certain 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 Certain TD Auto Finance retirement plans were curtailed during 2012.

In fiscal 2015, the Bank expects to contribute $300 million to its principal pension plans, $15 million to its principal non-pension post-retirement benefit plan, and $97 million to its other pension and retirement plans. Future contribution amounts may change upon the Bank's review of its contribution levels during the fiscal year.

Assumptions relating to future mortality to determine the defined benefit obligation and net benefit cost for the principal defined benefit pension plans are as follows:

Assumed Life Expectancy at Age 65

(number of years)	**2014**	2013	2012
Principal Pension Plans			
Male aged 65 at measurement date	**21.9**	22.0	21.0
Female aged 65 at measurement date	**23.8**	23.2	22.1
Male aged 40 at measurement date	**23.2**	23.2	22.8
Female aged 40 at measurement date	**25.0**	24.1	23.1
Principal Non-Pension Plans Post-Retirement Benefit Plan			
Male aged 65 at measurement date	**21.9**	22.0	21.0
Female aged 65 at measurement date	**23.8**	23.2	22.1
Male aged 40 at measurement date	**23.2**	23.2	22.8
Female aged 40 at measurement date	**25.0**	24.1	23.1
Other Pension and Retirement Plans			
Male aged 65 at measurement date	**22.0**	20.2	19.8
Female aged 65 at measurement date	**23.3**	21.9	21.4
Male aged 40 at measurement date	**23.1**	20.7	20.5
Female aged 40 at measurement date	**25.6**	22.2	21.8

The weighted-average durations of the defined benefit obligations 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 21 years (2013 – 20 years, 2012 – 20 years), 18 years (2013 – 17 years, 2012 – 17 years), and 13 years (2013 – 13 years, 2012 – 14 years), respectively.

The following table provides the sensitivity of the projected benefit obligation and expenses 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*			*For the year ended*		
	October 31, 2014			**October 31, 2014**		
	Obligation			**Expense**		
	Principal Pension Plans	**Principal Non-Pension Post-Retirement Benefit Plan**	**Other Pension and Retirement Plans**	**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	**$ 1,274**	**$ 107**	**$ 410**	**$ 149**	**$ 4**	**$ 8**
1% increase in assumption	**(943)**	**(83)**	**(328)**	**(120)**	**3**	**(11)**
Rates of compensation increase						
1% decrease in assumption	**(292)**	**n/a[1]**	**(1)**	**(41)**	**n/a[1]**	**n/a[1]**
1% increase in assumption	**323**	**n/a[1]**	**1**	**44**	**n/a[1]**	**n/a[1]**
Life expectancy						
1 year decrease in assumption	**(137)**	**(21)**	**(72)**	**(14)**	**(2)**	**(3)**
1 year increase in assumption	**135**	**22**	**71**	**14**	**2**	**3**
Health care cost initial trend rate						
1% decrease in assumption	**n/a**	**(81)**	**(4)**	**n/a**	**(9)**	**n/a[1]**
1% increase in assumption	**n/a**	**103**	**5**	**n/a**	**11**	**n/a[1]**

1 An absolute change in this assumption is immaterial.

The Bank recognized the following amounts on the Consolidated Balance Sheet as at October 31.

Amounts Recognized in the Consolidated Balance Sheet

(millions of Canadian dollars)			*As at*
	October 31 2014	October 31 2013	October 31 2012
Other assets			
Other pension and retirement plans	**$ 9**	$ 52	$ –
Other employee benefit plans[1]	**6**	4	1
Total other assets	**15**	56	1
Other liabilities			
Principal pension plans	**516**	161	400
Principal non-pension post-retirement benefit plan	**557**	551	526
Other pension and retirement plans	**919**	673	863
Other employee benefit plans[1]	**401**	330	361
Total other liabilities	**2,393**	1,715	2,150
Total net assets (liabilities)	**$ (2,378)**	$ (1,659)	$ (2,149)

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 for the years ended October 31.

Amounts Recognized in the Consolidated Statement of Other Comprehensive Income[1]

(millions of Canadian dollars)			*For the years ended*
	October 31 2014	October 31 2013	October 31 2012
Actuarial gains (losses) recognized in Other Comprehensive Income			
Principal pension plans	**$ (371)**	$ 193	$ (678)
Principal non-pension post-retirement benefit plan	**26**	6	(73)
Other pension and retirement plans	**(266)**	280	(203)
Other employee benefit plans	**(57)**	32	(83)
Total actuarial gains (losses) recognized in Other Comprehensive Income	**$ (668)**	$ 511	$ (1,037)

1 Amounts are presented on pre-tax basis.

NOTE 27: 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		
	2014	2013	2012
Provision for income taxes – Consolidated Statement of Income			
Current income taxes			
Provision for (recovery of) income taxes for the current period	**$ 1,450**	$ 1,619	$ 999
Adjustments in respect of prior years and other	**31**	(114)	(19)
Total current income taxes	**1,481**	1,505	980
Deferred income taxes			
Provision for (recovery of) deferred income taxes related to the origination and reversal of temporary differences	**37**	(398)	154
Effect of changes in tax rates	**1**	8	(14)
Recovery of income taxes due to recognition of previously unrecognized deductible temporary differences and unrecognized tax losses of a prior period	**(11)**	(2)	(1)
Adjustments in respect of prior years and other	**4**	22	(34)
Total deferred income taxes	**31**	(370)	105
Total provision for income taxes – Consolidated Statement of Income	**1,512**	1,135	1,085
Provision for (recovery of) income taxes – Statement of Other Comprehensive Income			
Current income taxes	**(623)**	(699)	172
Deferred income taxes	**(269)**	(221)	(356)
	(892)	(920)	(184)
Income taxes – other non-income related items including business combinations and other adjustments			
Current income taxes	**(9)**	(17)	6
Deferred income taxes	**(4)**	40	21
	(13)	23	27
Total provision for (recovery of) income taxes	**607**	238	928
Current income taxes			
Federal	**413**	353	604
Provincial	**284**	245	412
Foreign	**152**	191	142
	849	789	1,158
Deferred income taxes			
Federal	**(72)**	(4)	(246)
Provincial	**(44)**	(5)	(162)
Foreign	**(126)**	(542)	178
	(242)	(551)	(230)
Total provision for (recovery of) income taxes	**$ 607**	$ 238	$ 928

Reconciliation to Statutory Income Tax Rate

(millions of Canadian dollars, except as noted)	**2014**		2013		2012	
Income taxes at Canadian statutory income tax rate	**$ 2,385**	**26.3 %**	$ 1,970	26.3 %	$ 1,933	26.4 %
Increase (decrease) resulting from:						
Dividends received	**(321)**	**(3.5)**	(253)	(3.4)	(262)	(3.6)
Rate differentials on international operations	**(489)**	**(5.4)**	(487)	(6.5)	(483)	(6.6)
Tax rate changes	**–**	**–**	–	–	(18)	(0.2)
Other – net	**(63)**	**(0.7)**	(95)	(1.3)	(85)	(1.2)
Provision for income taxes and effective income tax rate	**$ 1,512**	**16.7 %**	$ 1,135	15.1 %	$ 1,085	14.8 %

Deferred tax assets and liabilities are comprised of the following.

Deferred Tax Assets and Liabilities

(millions of Canadian dollars)		*As at*
	October 31 2014 Consolidated Balance Sheet	October 31 2013 Consolidated Balance Sheet
Deferred tax assets		
Allowance for credit losses	**$ 582**	$ 557
Land, buildings, equipment, and other depreciable assets	**7**	–
Deferred (income) expense	**30**	43
Trading loans	**124**	131
Derecognition of financial assets and liabilities	**88**	176
Employee benefits	**695**	688
Pensions	**367**	77
Losses available for carry forward	**256**	313
Tax credits	**357**	360
Other	**123**	321
Total deferred tax assets[1]	**2,629**	2,666
Deferred tax liabilities		
Securities	**612**	789
Intangibles	**287**	382
Goodwill	**9**	7
Land, buildings, equipment, and other depreciable assets	**–**	9
Total deferred tax liabilities	**908**	1,187
Net deferred tax assets	**1,721**	1,479
Reflected on the Consolidated Balance Sheet as follows:		
Deferred tax assets	**2,008**	1,800
Deferred tax liabilities[2]	**287**	321
Net deferred tax assets	**$ 1,721**	$ 1,479

1 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 $18 million as at October 31, 2014 (October 31, 2013 – $37 million), of which $8 million (October 31, 2013 – $5 million) is scheduled to expire within five years.
2 Included in Other liabilities on the Consolidated Balance Sheet.

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)

	2014				2013			
	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	**$ (25)**	**$ –**	**$ –**	**$ (25)**	$ (25)	$ –	$ –	$ (25)
Land, buildings, equipment, and other depreciable assets	**(16)**	**–**	**–**	**(16)**	17	–	–	17
Deferred (income) expense	**13**	**–**	**–**	**13**	34	–	–	34
Trading loans	**7**	**–**	**–**	**7**	61	–	–	61
Derecognition of financial assets and liabilities	**74**	**14**	**–**	**–** **88**	74	(55)	–	– 19
Goodwill	**2**	**–**	**–**	**2**	13	–	–	13
Employee benefits	**(5)**	**(2)**	**–**	**(7)**	12	–	–	12
Losses available for carry forward	**57**	**–**	**–**	**57**	(28)	–	–	(28)
Tax credits	**3**	**–**	**–**	**3**	(176)	–	–	(176)
Other deferred tax assets	**202**	**–**	**(4)**	**198**	(11)	–	(18)	(29)
Securities	**(87)**	**(90)**	**–**	**(177)**	(265)	(337)	–	(602)
Intangible assets	**(95)**	**–**	**–**	**(95)**	(91)	–	61	(30)
Pensions	**(99)**	**(191)**	**–**	**(290)**	15	171	(3)	183
Total deferred income tax expense (recovery)	**$ 31**	**$ (269)**	**$ (4)**	**$ (242)**	$ (370)	$ (221)	$ 40	$ (551)

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, 2014. The total amount of these temporary differences was $37 billion as at October 31, 2014 (October 31, 2013 – $30 billion).

NOTE 28: 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, and reflects the impact of the stock dividend, as discussed in Note 21, on the Bank's basic and diluted earnings per share, as if it was retrospectively applied to all periods presented.

Basic and Diluted Earnings Per Share

(millions of Canadian dollars, except as noted)	*For the years ended October 31*		
	2014	2013	2012
Basic earnings per share			
Net income attributable to common shareholders	**$ 7,633**	$ 6,350	$ 6,160
Weighted-average number of common shares outstanding (millions)	**1,839.1**	1,837.9	1,813.2
Basic earnings per share (dollars)	**4.15**	3.46	3.40
Diluted earnings per share			
Net income attributable to common shareholders	**7,633**	6,350	6,160
Effect of dilutive securities			
Capital Trust II Securities – Series 2012-1	**–**	3	17
Net income available to common shareholders including impact of dilutive securities	**$ 7,633**	$ 6,353	$ 6,177
Weighted-average number of common shares outstanding (millions)	**1,839.1**	1,837.9	1,813.2
Effect of dilutive securities			
Stock options potentially exercisable (millions) [1]	**6.2**	5.7	6.5
TD Capital Trust II Securities – Series 2012-1 (millions)	**–**	1.5	10.0
Weighted-average number of common shares outstanding – diluted (millions)	**1,845.3**	1,845.1	1,829.7
Diluted earnings per share (dollars)[1]	**$ 4.14**	$ 3.44	$ 3.38

1 For the years ended October 31, 2014, October 31, 2013, and October 31, 2012, the computation of diluted earnings per share did not exclude any weighted-average options where the option price was greater than the average market price of the Bank's common shares.

NOTE 29: PROVISIONS, CONTINGENT LIABILITIES, COMMITMENTS, GUARANTEES, PLEDGED ASSETS, AND COLLATERAL

PROVISIONS

The following table summarizes the Bank's provisions as at October 31.

Provisions

(millions of Canadian dollars)

	Litigation	Restructuring	Asset Retirement Obligations	Other	Total
Balance as of November 1, 2012	$ 286	$ 4	$ 66	$ 89	$ 445
Additions	251	129	7	102	489
Amounts used	(279)	(28)	–	(105)	(412)
Release of unused amounts	(23)	–	(4)	(22)	(49)
Foreign currency translation adjustments and other	9	–	–	2	11
Balance as at October 31, 2013, before allowance for credit losses for off-balance sheet instruments	244	105	69	66	484
Add: allowance for credit losses for off-balance sheet instruments [1]					212
Balance as at October 31, 2013					696
Additions	**76**	**40**	**–**	**132**	**248**
Amounts used	**(146)**	**(79)**	**–**	**(99)**	**(324)**
Release of unused amounts	**(20)**	**(11)**	**(1)**	**(31)**	**(63)**
Foreign currency translation adjustments and other	**14**	**–**	**–**	**(2)**	**12**
Balance as at October 31, 2014, before allowance for credit losses for off-balance sheet instruments	**$ 168**	**$ 55**	**$ 68**	**$ 66**	**$ 357**
Add: allowance for credit losses for off-balance sheet instruments [1]					**274**
Balance as at October 31, 2014					**$ 631**

1 Refer to Note 8, Loans, Impaired Loans, and Allowance for Credit Losses for further details.

LITIGATION

In the ordinary course of business, the Bank and its subsidiaries are involved in various legal and regulatory actions, including class actions and other litigation or disputes with third parties. Legal provisions are established when it becomes probable that the Bank will incur an expense and the amount can be reliably estimated. The Bank may incur losses in addition to the amounts recorded when the loss is greater than estimated by management, or for matters when an unfavourable outcome is reasonably possible. The Bank considers losses to be reasonably possible when they are neither probable nor remote. The Bank believes the estimate of the aggregate range of reasonably possible losses, in excess of provisions, for its legal proceedings where it is possible to make such an estimate, is from zero to approximately $239 million as at October 31, 2014. This estimated aggregate range of reasonably possible losses is based upon currently available information for those proceedings in which the Bank is involved, taking into account the Bank's best estimate of such losses for those cases which an estimate can be made. The Bank's estimate involves significant judgment, given the varying stages of the proceedings and the existence of multiple defendants in many of such proceedings whose share of liability has yet to be determined. The matters underlying the estimated range will change from time to time, and actual losses may vary significantly from the current estimate. For certain cases, the Bank does not believe that an estimate can currently be made as many of them are in preliminary stages and certain cases have no specific amount claimed. Consequently, these cases are not included in the range.

In management's opinion, based on its current knowledge and after consultation with counsel, the Bank believes that 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, there are a number of uncertainties involved in such proceedings, some of which are beyond the Bank's control, including, for example, the risk that the requisite external approvals of a particular settlement may not be granted. As such, there is a possibility that the ultimate resolution of those legal or regulatory actions may be material to the Bank's consolidated results of operations for any particular reporting period.

The following is a description of the Bank's material legal or regulatory actions.

Rothstein Litigation

TD Bank, N.A. was named as a defendant in multiple lawsuits in state and federal court in Florida related to an alleged US$1.2 billion Ponzi scheme perpetrated by, among others, Scott Rothstein, a partner of the Fort Lauderdale, Florida based law firm, Rothstein, Rosenfeldt and Adler (RRA).

On July 11, 2013, the United States Bankruptcy Court for the Southern District of Florida confirmed a liquidation plan for the RRA bankruptcy estate that includes a litigation bar order in favor of TD Bank, N.A. (the "Bar Order"). TD Bank, N.A. and/or the Bank are or may be the subject of other litigation or regulatory proceedings related to the Rothstein fraud, although further civil litigation may be enjoined by the Bar Order. The outcome of any such proceedings is difficult to predict and could result in judgments, settlements, injunctions, or other results adverse to TD Bank, N.A. or the Bank. Two civil matters are specifically exempted from the Bar Order.

First, the lawsuit captioned *Coquina Investments v. TD Bank, N.A. et al.* was exempted from the bar order. The jury in the *Coquina* lawsuit returned a verdict against TD Bank, N.A. on January 18, 2012, in the amount of US$67 million, comprised of US$32 million of compensatory damages and US$35 million of punitive damages. On August 3, 2012, the trial court entered an order sanctioning TD Bank, N.A. and its former outside counsel, Greenberg Traurig, for alleged discovery misconduct. The sanctions order established certain facts relating to TD Bank, N.A.'s knowledge of the Rothstein fraud and the unreasonableness of TD Bank, N.A.'s monitoring and alert systems, and ordered TD Bank, N.A. and Greenberg Traurig to pay the costs incurred by the plaintiff in bringing the sanctions motions. TD Bank, N.A. appealed the judgment and sanctions order to the United States Court of Appeals for the Eleventh Circuit. On July 29, 2014, the Court of Appeals affirmed the judgment and sanctions order, but referred the case to the trial court to determine whether the amount of the judgment should be reduced. TD Bank, N.A. is considering its further options.

Second, the Bar Order did not apply to a motion seeking sanctions against TD Bank, N.A. filed by the plaintiffs in the matter captioned *Razorback Funding, LLC, et al. v. TD Bank, N.A., et al.* The motion for sanctions was, however, denied on July 25, 2014. Plaintiffs have appealed the denial of their motion, and that appeal is still pending.

Overdraft Litigation

TD Bank, N.A. was originally named as a defendant in six putative nationwide class actions challenging the manner in which it calculates and collects overdraft fees: *Dwyer v. TD Bank, N.A.* (D. Mass.); *Hughes v. TD Bank, N.A.* (D. N.J.); *Mascaro v. TD Bank, N.A.* (D. D.C.); *Mazzadra, et al. v. TD Bank, N.A.* (S.D. Fla.); *Kimenker v. TD Bank, N.A.* (D. N.J.); and *Mosser v. TD Bank, N.A.* (D. Pa.). These actions were transferred to the United States District Court for the Southern District of Florida and have now been dismissed or settled. Settlement payments were made to class members in June 2013, and a second distribution to eligible class members of residual settlement funds was made in October 2014. The Court retains jurisdiction over class members and distributions.

On August 21, 2013, TD Bank, N.A. was named as a defendant in *King, et al. v. TD Bank, N.A f/k/a Carolina First Bank* (D.S.C.), a putative nationwide class action filed in federal court in South Carolina challenging overdraft practices at Carolina First Bank prior to its merger into TD Bank, N.A. in September 2010, as well as the overdraft practices at TD Bank, N.A. from August 16, 2010, to the present. This case has progressed to the discovery stage.

On February 28, 2014, TD Bank, N.A. was named as a defendant in *Padilla, et al. v. TD Bank, N.A* . (E.D. Pa.), a putative nationwide class action filed in federal court in the Eastern District of Pennsylvania challenging TD Bank, N.A.'s overdraft practices on behalf of certain individuals who opened a chequing account after August 15, 2010, or were not included in the prior overdraft class action settlements. This case is in its preliminary stages.

Interchange Fee Class Actions

Between 2011 and 2013, seven proposed class actions were commenced in British Columbia, Alberta, Saskatchewan, Ontario, and Quebec: *Coburn and Watson's Metropolitan Home v. Bank of America Corporation, et al.; 1023916 Alberta Ltd. v. Bank of America Corporation, et al.; Macaronies Hair Club v. BOFA Canada Bank, et al.; The Crown & Hand Pub Ltd. v. Bank of America Corporation, 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 Quebec Inc. v. Visa Canada Corporation, et al.* The defendants in each action are Visa Canada Corporation (Visa) and MasterCard International Incorporated (MasterCard) (collectively, the "Networks"), along with TD and several other financial institutions. The plaintiff class members are Canadian merchants who accept payment for products and services by Visa and/or MasterCard. 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 (Honour All Cards and No Surcharge) have the effect of increasing the merchant discount fees. The actions include claims of civil conspiracy, breach of the Competition Act, interference with economic relations and unjust enrichment. Unspecified general and punitive damages are sought on behalf of the merchant class members. 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. This decision is under appeal by both class representatives and defendants. The appeals are expected to be heard in December 2014.

RESTRUCTURING

The Bank undertook certain measures commencing in the fourth quarter of 2013, which continued through fiscal year 2014, to reduce costs in a sustainable manner and achieve greater operational efficiencies. To implement these measures, the Bank recorded a provision of $129 million in 2013 and $29 million in 2014 for restructuring initiatives related primarily to retail branch, real estate and other optimization initiatives.

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. See 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 2014	October 31 2013
Financial and performance standby letters of credit	**$ 18,395**	$ 16,503
Documentary and commercial letters of credit	**207**	200
Commitments to extend credit[1]		
Original term to maturity of one year or less	**32,456**	32,593
Original term to maturity of more than one year	**67,913**	56,873
Total	**$ 118,971**	$ 106,169

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, 2014, the Bank is committed to fund $76 million (October 31, 2013 – $82 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 $823 million for 2015; $786 million for 2016; $725 million for 2017; $653 million for 2018, $564 million for 2019, and $3,183 million for 2020 and thereafter.

Future minimum finance lease commitments where the annual payment is in excess of $100 thousand, is estimated at $32 million for 2015; $28 million for 2016; $20 million for 2017; $8 million for 2018, $7 million for 2019, and $24 million for 2020 and thereafter.

The premises and equipment net rental expense, included under Non-interest expenses in the Consolidated Statement of Income, was $947 million for the year ended October 31, 2014 (October 31, 2013 – $971 million; October 31, 2012 – $914 million).

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, capital trust securities, 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. As at October 31, 2014, securities and other assets with a carrying value of $139 billion (October 31, 2013 – $134 billion) were pledged as collateral in respect of these transactions. See Note 9 for further details.

Certain consumer instalment and other personal loan assets with a carrying value of $8 billion (October 31, 2013 – $11 billion) and residential mortgages with a carrying value of $8 billion (October 31, 2013 – nil) were also pledged with respect to covered bonds issued by the Bank.

Assets that can be Repledged or Sold

(millions of Canadian dollars)		As at
	October 31 2014	October 31 2013
Trading loans, securities, and other	**$ 30,642**	$ 29,484
Other assets	**100**	120
Total	**$ 30,742**	$ 29,604

In addition, the Bank may accept financial assets as collateral that the Bank is permitted to sell or repledge in the absence of default. These transactions are conducted under terms that are usual and customary to standard lending, and security borrowing and lending activities. As at October 31, 2014, the fair value of financial assets accepted as collateral that the Bank is permitted to sell or repledge in the absence of default was $22 billion (October 31, 2013 – $20 billion). The fair value of financial assets accepted as collateral that have been sold or repledged (excluding cash collateral) was $4 billion as at October 31, 2014 (October 31, 2013 – $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 honor unit holder redemptions. For further details on the Bank's involvement with the Fund, please see Note 10, Structured Entities.

Credit Enhancements

The Bank guarantees payments to counterparties in the event that third party credit enhancements supporting asset pools are insufficient.

Written Options

Written options are agreements under which the Bank grants the buyer the future right, but not the obligation, to sell or buy at or by a specified date, a specific amount of a financial instrument at a price agreed when the option is arranged and which can be physically or cash settled.

Written options can be used by the counterparty to hedge foreign exchange, equity, credit, commodity, and interest rate risks. The Bank does not track, for accounting purposes, whether its clients enter into these derivative contracts for trading or hedging purposes and has not determined if the guaranteed party has the asset or liability related to the underlying. Accordingly, the Bank cannot ascertain which contracts are guarantees under the definition contained in the accounting guideline for disclosure of guarantees. The Bank employs a risk framework to define risk tolerances and establishes limits designed to ensure that losses do not exceed acceptable pre-defined limits. Due to the nature of these contracts, the Bank cannot make a reasonable estimate of the potential maximum amount payable to the counterparties.

The total notional principal amount of the written options as at October 31, 2014, was $86 billion (October 31, 2013 – $82 billion).

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 prevents 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 2014	October 31 2013
Financial and performance standby letters of credit	**$**	**18,395**	$ 16,503
Assets sold with contingent repurchase obligations		**267**	341
Total	**$**	**18,662**	$ 16,844

NOTE 30: 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 and their affiliates 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.

Loans to Key Management Personnel, their Close Family Members and their Related Entities

(millions of Canadian dollars)		*As at*	
		October 31 2014	October 31 2013
Personal loans, including mortgages	**$**	**4**	$ 3
Business loans		**262**	181
Total	**$**	**266**	$ 184

COMPENSATION

The remuneration of key management personnel was as follows:

Compensation

(millions of Canadian dollars)		*For the years ended October 31*		
		2014	2013	2012
Short-term employee benefits	**$**	**27**	$ 25	$ 23
Post-employment benefits		**1**	2	1
Share-based payments		**37**	32	32
Total	**$**	**65**	$ 59	$ 56

In addition, the Bank offers deferred share and other plans to non-employee directors, executives, and certain other key employees. See Note 25 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 also qualify as related party transactions. There were no significant transactions between the Bank, TD Ameritrade and Symcor during fiscal 2014, other than as described in the following sections.

Other Transactions with TD Ameritrade and Symcor Inc.

(1) TD *AMERITRADE HOLDING CORPORATION*

The following is a description of significant transactions of the Bank and its affiliates with TD Ameritrade.

Insured Deposit Account (formerly known as Money Market Deposit Account) Agreement

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, IDAs as designated sweep vehicles. TD Ameritrade provides marketing and support services with respect to the IDA. The Bank paid fees of $895 million in 2014 (2013 – $821 million; 2012 – $834 million) to TD Ameritrade for the deposit accounts. The fee paid by the Bank is based on the average insured deposit balance of $80 billion in 2014 (2013 – $70 billion; 2012 – $60 billion) with a portion of the fee 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 based on an agreed rate of return. The Bank earns a servicing fee of 25 basis points on the aggregate average daily balance in the sweep accounts (subject to adjustment based on a specified formula).

As at October 31, 2014, amounts receivable from TD Ameritrade were $103 million (October 31, 2013 – $54 million). As at October 31, 2014, amounts payable to TD Ameritrade were $104 million (October 31, 2013 – $103 million).

(2) TRANSACTIONS WITH SYMCOR INC.

The Bank has one-third ownership in Symcor Inc. (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 fiscal 2014, the Bank paid $122 million (2013 – $128 million; 2012 – $128 million) for these services. As at October 31, 2014, the amount payable to Symcor was $10 million (October 31, 2013 – $10 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, 2014, and October 31, 2013.

NOTE 31: SEGMENTED INFORMATION

Effective November 1, 2013, the Bank revised its reportable segments, and for management reporting purposes, 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 commercial banking businesses, 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. Certain goodwill pertaining to the former Wealth and Insurance segment was allocated on a relative fair value basis to the Canadian Retail and U.S. Retail segments when the segments were realigned. The segmented results for periods prior to the segment realignment have been restated accordingly.

The results of the Aeroplan credit card portfolio, acquired on December 27, 2013, are reported in the Canadian Retail segment. The results of Epoch Investment Partners, Inc., acquired on March 27, 2013, and the results of the U.S. credit card portfolio of Target Corporation, acquired on March 13, 2013, are reported in the U.S. Retail segment. The results of the credit card portfolio of MBNA Canada, acquired on December 1, 2011, as well as the integration charges related to the acquisition, are reported in the Canadian Retail 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 commercial 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 financial products and services to corporate, government, and institutional customers. The Bank's other activities are grouped into the Corporate segment. The Corporate segment includes the effects of asset securitization programs, treasury management, collective provision for 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. 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.

Net interest income within Wholesale Banking is calculated on a taxable equivalent basis (TEB), which means that the value of non-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 credit default swaps (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 reclassified certain debt securities from trading to the available-for-sale category effective August 1, 2008. As part of the Bank's trading strategy, these debt securities are economically hedged, primarily with CDS and interest rate swap contracts. These derivatives are not eligible for reclassification and are recorded on a fair value basis with changes in fair value recorded in the period's earnings. Management believes that this asymmetry in the accounting treatment between derivatives and the reclassified debt securities results in volatility in earnings from period to period that is not indicative of the economics of the underlying business performance in Wholesale Banking. As a result, the derivatives are accounted for on an accrual basis in Wholesale Banking and the gains and losses related to the derivatives, in excess of the accrued costs, are reported in the Corporate segment.

The following table summarizes the segment results for the years ended October 31.

Results by Business Segment

(millions of Canadian dollars, except as noted)	*For the years ended October 31*				
					2014
	Canadian Retail	**U.S. Retail**	**Wholesale Banking**	**Corporate**	**Total**
Net interest income (loss)	**$ 9,538**	**$ 6,000**	**$ 2,210**	**$ (164)**	**$ 17,584**
Non-interest income (loss)	**9,623**	**2,245**	**470**	**39**	**12,377**
Provision for (reversal of) credit losses	**946**	**676**	**11**	**(76)**	**1,557**
Insurance claims and related expenses	**2,833**	**–**	**–**	**–**	**2,833**
Non-interest expenses	**8,438**	**5,352**	**1,589**	**1,117**	**16,496**
Income (loss) before income taxes	**6,944**	**2,217**	**1,080**	**(1,166)**	**9,075**
Provision for (recovery of) income taxes	**1,710**	**412**	**267**	**(877)**	**1,512**
Equity in net income of an investment in associate, net of income taxes	**–**	**305**	**–**	**15**	**320**
Net income (loss)	**$ 5,234**	**$ 2,110**	**$ 813**	**$ (274)**	**$ 7,883**
Total assets as at October 31 (billions of Canadian dollars)	**$ 334.6**	**$ 277.1**	**$ 302.2**	**$ 30.8**	**$ 944.7**
					2013
Net interest income (loss)	$ 8,922	$ 5,173	$ 1,982	$ (3)	$ 16,074
Non-interest income (loss)	8,860	2,149	428	(252)	11,185
Provision for (reversal of) credit losses	929	779	26	(103)	1,631
Insurance claims and related expenses	3,056	–	–	–	3,056
Non-interest expenses	7,754	4,768	1,542	1,005	15,069
Income (loss) before income taxes	6,043	1,775	842	(1,157)	7,503
Provision for (recovery of) income taxes	1,474	269	192	(800)	1,135
Equity in net income of an investment in associate, net of income taxes	–	246	–	26	272
Net income (loss)	$ 4,569	$ 1,752	$ 650	$ (331)	$ 6,640
Total assets as at October 31 (billions of Canadian dollars)	$ 312.1	$ 244.5	$ 269.3	$ 36.1	$ 862.0
					2012
Net interest income (loss)	$ 8,606	$ 4,663	$ 1,805	$ (48)	$ 15,026
Non-interest income (loss)	8,387	1,570	849	(286)	10,520
Provision for (reversal of) credit losses	1,151	779	47	(182)	1,795
Insurance claims and related expenses	2,424	–	–	–	2,424
Non-interest expenses	7,485	4,246	1,570	715	14,016
Income (loss) before income taxes	5,933	1,208	1,037	(867)	7,311
Provision for (recovery of) income taxes	1,470	92	157	(634)	1,085
Equity in net income of an investment in associate, net of income taxes	–	209	–	25	234
Net income (loss)	$ 4,463	$ 1,325	$ 880	$ (208)	$ 6,460
Total assets as at October 31 (billions of Canadian dollars)	$ 303.8	$ 214.3	$ 260.7	$ 32.3	$ 811.1

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*	
			2014		**2014**
	Total revenue	**Income before income taxes**	**Net income**	**Goodwill**	**Total assets**
Canada	**$ 19,642**	**$ 6,314**	**$ 5,106**	**$ 1,540**	**$ 545,073**
United States	**8,363**	**1,579**	**1,284**	**12,641**	**320,130**
Other international	**1,956**	**1,182**	**1,493**	**52**	**79,539**
Total	**$ 29,961**	**$ 9,075**	**$ 7,883**	**$ 14,233**	**$ 944,742**
			2013		2013
Canada	$ 18,013	$ 5,220	$ 4,234	$ 1,592	$ 518,247
United States	7,205	1,023	864	11,694	262,679
Other international	2,041	1,260	1,542	7	81,095
Total	$ 27,259	$ 7,503	$ 6,640	$ 13,293	$ 862,021
			2012		2012
Canada	$ 17,314	$ 5,356	$ 4,293	$ 1,549	$ 498,334
United States	6,101	458	462	10,713	242,058
Other international	2,131	1,497	1,705	49	70,661
Total	$ 25,546	$ 7,311	$ 6,460	$ 12,311	$ 811,053

NOTE 32: INTEREST RATE RISK

The Bank earns and pays interest on certain assets and liabilities. To the extent that the assets, liabilities and financial instruments mature or reprice at different points in time, the Bank is exposed to interest rate risk. The following table details the balances of interest-rate sensitive instruments by the earlier of the maturity or repricing date. Contractual repricing dates may be adjusted according to management's estimates for prepayments or early redemptions that are independent of changes in interest rates. Certain assets and liabilities are shown as non-rate sensitive although the profile assumed for actual management may be different. Derivatives are presented in the floating rate category. The Bank's risk management policies and procedures relating to credit, market, and liquidity risks as required under IFRS 7 are outlined in the shaded sections of the "Managing Risk" section of the MD&A.

Interest Rate Risk

(billions of Canadian dollars, except as noted)

As at

	October 31, 2014							
	Floating rate	Within 3 months	3 months to 1 year	Total within 1 year	Over 1 year to 5 years	Over 5 years	Non-interest sensitive	Total
Assets								
Cash resources and other	$ 25.7	$ 20.0	$ 0.5	$ 46.2	$ –	$ –	$ 0.4	$ 46.6
Effective yield		*0.1 %*	*0.5 %*		*– %*	*– %*		
Trading loans, securities, and other	$ 0.5	$ 3.9	$ 7.4	$ 11.8	$ 19.6	$ 18.7	$ 51.1	$ 101.2
Effective yield		*0.9 %*	*0.9 %*		*1.0 %*	*1.4 %*		
Financial assets designated at fair value through profit or loss	$ 0.7	$ 1.2	$ 1.1	$ 3.0	$ 0.6	$ 0.9	$ 0.2	$ 4.7
Effective yield		*2.3 %*	*2.9 %*		*1.5 %*	*2.4 %*		
Available-for-sale	$ 0.4	$ 4.7	$ 17.7	$ 22.8	$ 26.8	$ 12.7	$ 0.7	$ 63.0
Effective yield		*0.8 %*	*0.7 %*		*2.1 %*	*2.5 %*		
Held-to-maturity	$ –	$ 1.5	$ 17.2	$ 18.7	$ 28.8	$ 9.5	$ –	$ 57.0
Effective yield		*7.3 %*	*0.8 %*		*1.4 %*	*2.2 %*		
Securities purchased under reverse repurchase agreements	$ 4.7	$ 42.2	$ 19.8	$ 66.7	$ 0.1	$ –	$ 8.2	$ 75.0
Effective yield		*0.4 %*	*0.3 %*		*1.1 %*	*– %*		
Loans	$ 15.3	$ 197.4	$ 49.7	$ 262.4	$ 173.4	$ 28.4	$ 14.7	$ 478.9
Effective yield		*1.9 %*	*3.6 %*		*3.4 %*	*3.8 %*		
Other	$ 68.3	$ –	$ –	$ 68.3	$ –	$ –	$ 50.0	$ 118.3
Total assets	$ 115.6	$ 270.9	$ 113.4	$ 499.9	$ 249.3	$ 70.2	$ 125.3	$ 944.7
Liabilities and equity								
Trading deposits	$ 14.0	$ 24.0	$ 19.5	$ 57.5	$ 0.2	$ 0.4	$ 1.2	$ 59.3
Effective yield		*0.3 %*	*0.3 %*		*1.5 %*	*1.9 %*		
Other financial liabilities designated at fair value through profit or loss	$ –	$ –	$ –	$ –	$ 3.3	$ –	$ –	$ 3.3
Effective yield		*– %*	*– %*	*–*	*1.5 %*	*– %*		
Other deposits	$ 204.0	$ 65.1	$ 36.2	$ 305.3	$ 61.7	$ 9.1	$ 224.6	$ 600.7
Effective yield		*0.7 %*	*1.3 %*		*1.6 %*	*2.9 %*		
Securitization liabilities at fair value	$ –	$ 0.3	$ 1.6	$ 1.9	$ 6.4	$ 2.9	$ –	$ 11.2
Effective yield		*0.3 %*	*2.3 %*		*1.4 %*	*2.2 %*		
Obligations related to securities sold short	$ 39.5	$ –	$ –	$ 39.5	$ –	$ –	$ –	$ 39.5
Obligations related to securities sold under repurchase agreements	$ 1.0	$ 35.7	$ 0.6	$ 37.3	$ –	$ –	$ 8.3	$ 45.6
Effective yield		*0.4 %*	*0.4 %*		*– %*	*– %*		
Securitization liabilities at amortized cost	$ –	$ 8.4	$ 2.3	$ 10.7	$ 11.4	$ 2.9	$ –	$ 25.0
Effective yield		*1.6 %*	*2.6 %*		*2.1 %*	*3.1 %*		
Subordinated notes and debentures	$ –	$ –	$ 1.7	$ 1.7	$ 5.9	$ 0.2	$ –	$ 7.8
Effective yield		*– %*	*5.2 %*		*4.9 %*	*9.2 %*		
Other	$ 62.3	$ –	$ –	$ 62.3	$ –	$ –	$ 33.8	$ 96.1
Equity	$ –	$ –	$ –	$ –	$ 2.2	$ –	$ 54.0	$ 56.2
Total liabilities and equity	$ 320.8	$ 133.5	$ 61.9	$ 516.2	$ 91.1	$ 15.5	$ 321.9	$ 944.7
Net position	$ (205.2)	$ 137.4	$ 51.5	$ (16.3)	$ 158.2	$ 54.7	$ (196.6)	$ –

	October 31, 2013							
Assets								
Cash resources and other	$ 10.5	$ 20.6	$ 0.8	$ 31.9	$ –	$ –	$ 0.3	$ 32.2
Effective yield		*0.3 %*	*0.6 %*		*– %*	*– %*		
Trading loans, securities, and other	$ 0.1	$ 6.0	$ 9.0	$ 15.1	$ 25.3	$ 11.8	$ 49.7	$ 101.9
Effective yield		*1.6 %*	*1.1 %*		*2.0 %*	*2.9 %*		
Financial assets designated at fair value through profit or loss	$ 0.7	$ 0.6	$ 2.0	$ 3.3	$ 2.6	$ 0.5	$ 0.1	$ 6.5
Effective yield		*4.8 %*	*2.9 %*		*3.6 %*	*3.0 %*		
Available-for-sale	$ 0.4	$ 7.4	$ 39.5	$ 47.3	$ 21.2	$ 10.4	$ 0.6	$ 79.5
Effective yield		*0.3 %*	*0.9 %*		*2.1 %*	*2.2 %*		
Held-to-maturity	$ –	$ 1.1	$ 2.0	$ 3.1	$ 17.6	$ 9.3	$ –	$ 30.0
Effective yield		*2.3 %*	*1.6 %*		*1.4 %*	*2.1 %*		
Securities purchased under reverse repurchase agreements	$ 2.2	$ 46.4	$ 7.2	$ 55.8	$ 2.1	$ –	$ 6.4	$ 64.3
Effective yield		*0.4 %*	*0.2 %*		*1.9 %*	*– %*		
Loans	$ 15.3	$ 190.5	$ 47.4	$ 253.2	$ 157.5	$ 23.7	$ 10.5	$ 444.9
Effective yield		*1.8 %*	*3.7 %*		*3.6 %*	*3.9 %*		
Other	$ 55.9	$ –	$ –	$ 55.9	$ –	$ –	$ 46.8	$ 102.7
Total assets	$ 85.1	$ 272.6	$ 107.9	$ 465.6	$ 226.3	$ 55.7	$ 114.4	$ 862.0
Liabilities and equity								
Trading deposits	$ –	$ 25.6	$ 23.2	$ 48.8	$ 0.7	$ 0.4	$ 1.1	$ 51.0
Effective yield		*0.2 %*	*0.4 %*		*0.6 %*	*2.1 %*		
Other deposits	$ 196.2	$ 53.9	$ 45.9	$ 296.0	$ 54.8	$ 3.4	$ 187.4	$ 541.6
Effective yield		*0.8 %*	*0.9 %*		*1.7 %*	*5.4 %*		
Securitization liabilities at fair value	$ –	$ 4.4	$ 8.5	$ 12.9	$ 6.6	$ 2.5	$ –	$ 22.0
Effective yield		*0.9 %*	*1.0 %*		*1.7 %*	*2.6 %*		
Obligations related to securities sold short	$ 41.8	$ –	$ –	$ 41.8	$ –	$ –	$ –	$ 41.8
Obligations related to securities sold under repurchase agreements	$ 0.8	$ 27.7	$ 0.1	$ 28.6	$ –	$ –	$ 5.8	$ 34.4
Effective yield		*0.4 %*	*0.4 %*		*– %*	*– %*		
Securitization liabilities at amortized cost	$ –	$ 8.1	$ 2.6	$ 10.7	$ 12.0	$ 2.9	$ –	$ 25.6
Effective yield		*1.9 %*	*1.5 %*		*1.9 %*	*2.9 %*		
Subordinated notes and debentures	$ –	$ –	$ 0.2	$ 0.2	$ 7.6	$ 0.2	$ –	$ 8.0
Effective yield		*– %*	*10.1 %*		*5.0 %*	*9.2 %*		
Other	$ 55.9	$ –	$ 1.0	$ 56.9	$ 0.7	$ –	$ 28.6	$ 86.2
Equity	$ –	$ 1.5	$ 0.7	$ 2.2	$ 0.5	$ –	$ 48.7	$ 51.4
Total liabilities and equity	$ 294.7	$ 121.2	$ 82.2	$ 498.1	$ 82.9	$ 9.4	$ 271.6	$ 862.0
Net position	$ (209.6)	$ 151.4	$ 25.7	$ (32.5)	$ 143.4	$ 46.3	$ (157.2)	$ –

Interest Rate Risk by Category

(billions of Canadian dollars)								As at
								October 31, 2014
	Floating Rate	Within 3 months	3 months to 1 year	Total within 1 year	Over 1 year to 5 years	Over 5 years	Non-interest sensitive	Total
Canadian currency	$ (186.1)	$ 109.7	$ 25.5	$ (50.9)	$ 103.2	$ 9.9	$ (49.5)	$ 12.7
Foreign currency	(19.1)	27.7	26.0	34.6	55.0	44.8	(147.1)	(12.7)
Net position	$ (205.2)	$ 137.4	$ 51.5	$ (16.3)	$ 158.2	$ 54.7	$ (196.6)	$ –

								October 31, 2013
Canadian currency	$ (177.4)	$ 110.7	$ 11.8	$ (54.9)	$ 95.2	$ 10.4	$ (40.3)	$ 10.4
Foreign currency	(32.2)	40.7	13.9	22.4	48.2	35.9	(116.9)	(10.4)
Net position	$ (209.6)	$ 151.4	$ 25.7	$ (32.5)	$ 143.4	$ 46.3	$ (157.2)	$ –

NOTE 33: 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

(billions of Canadian dollars, except as noted)							As at
	Loans and customers' liability under acceptances[1]		Credit Instruments[2,3]		Derivative financial instruments[4,5]		
	October 31	October 31	October 31	October 31	October 31	October 31	
	2014	2013	2014	2013	2014	2013	
Canada	72 %	74 %	48 %	50 %	34 %	39 %	
United States[6]	27	25	48	46	23	19	
United Kingdom	–	–	1	1	18	15	
Europe – other	–	–	2	2	18	20	
Other international	1	1	1	1	7	7	
Total	100 %	100 %	100 %	100 %	100 %	100 %	
	$ 492	$ 451	$ 119	$ 106	$ 53	$ 48	

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, 2014, was: real estate 9% (October 31, 2013 – 8%).

2 As at October 31, 2014, the Bank had commitments and contingent liability contracts in the amount of $119 billion (October 31, 2013 – $106 billion). Included are commitments to extend credit totalling $100 billion (October 31, 2013 – $89 billion), of which the credit risk is dispersed as detailed in the table above.

3 Of the commitments to extend credit, industry segments which equalled or exceeded 5% of the total concentration were as follows as at October 31, 2014: financial institutions 17% (October 31, 2013 – 17%); pipelines, oil and gas 9% (October 31, 2013 – 10%); power and utilities 9% (October 31, 2013 – 8%); government, public sector entities, and education 8% (October 31, 2013 – 7%); sundry manufacturing and wholesale 7% (October 31, 2013 – 7%); automotive 6% (October 31, 2013 – 7%); telecommunications, cable, and media 6% (October 31, 2013 – 7%); professional and other services 5% (October 31, 2013 – 4%).

4 As at October 31, 2014, the current replacement cost of derivative financial instruments amounted to $53 billion (October 31, 2013 – $48 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.

5 The largest concentration by counterparty type was with financial institutions (including non-banking financial institutions), which accounted for 85% of the total as at October 31, 2014 (October 31, 2013 – 83%). The second largest concentration was with governments, which accounted for 11% of the total as at October 31, 2014 (October 31, 2013 – 12%). No other industry segment exceeded 5% of the total.

6 Debt securities classified as loans were 1% as at October 31, 2014 (October 31, 2013 – 1%) of the total loans and customers' liability under acceptances.

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 2014	October 31 2013
Cash and due from banks	**$ 1,639**	$ 2,455
Interest-bearing deposits with banks	**43,773**	28,583
Securities[1]		
Trading		
Government and government-insured securities	**30,899**	32,861
Other debt securities	**9,019**	9,628
Retained interest	**48**	67
Available-for-sale		
Government and government-insured securities	**31,707**	37,897
Other debt securities	**28,724**	38,936
Held-to-maturity		
Government and government-insured securities	**34,119**	25,890
Other debt securities	**22,858**	4,071
Securities purchased under reverse purchase agreements	**75,031**	64,283
Derivatives[2]	**93,863**	86,752
Loans		
Residential mortgages	**198,815**	185,709
Consumer instalment and other personal	**122,714**	118,523
Credit card	**24,570**	21,380
Business and government	**130,387**	115,837
Debt securities classified as loans	**2,423**	3,473
Customers' liability under acceptances	**13,080**	6,399
Amounts receivable from brokers, dealers and clients	**9,319**	9,183
Other assets	**3,542**	3,424
Total assets	**876,530**	795,351
Credit instruments[3]	**118,971**	106,169
Unconditionally cancellable commitments to extend credit relating to personal lines of credit and credit card lines	**197,829**	177,755
Total credit exposure	**$ 1,193,330**	$ 1,079,275

1 Excludes equity securities.
2 The gross maximum credit exposure for derivatives is based on the credit equivalent amount. The amounts exclude exchange traded derivatives and non-trading credit derivatives. See 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. See Note 29 for further details.

Credit Quality of Financial Assets

The following table provides the on and off-balance sheet exposures by risk-weight for certain financial assets that are subject to the standardized approach to credit risk. Under the standardized approach, assets receive an OSFI-prescribed risk-weight based on factors including counterparty type, product type, collateral, and external credit assessments. These assets relate primarily to the Bank's U.S. Retail portfolio. Refer to the Managing Risk – Credit Risk section of the MD&A for a discussion on the risk rating for the standardized approach.

Financial Assets Subject to the Standardized Approach by Risk-Weights

(millions of Canadian dollars) *As at*

	October 31, 2014							
	0%	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**Total**
Loans								
Residential mortgages	**$ – $**	**– $**	**21,374 $**	**– $**	**2,090 $**	**255 $**	**3 $**	**23,722**
Consumer instalment and other personal	**244**	**336**	**4,187**	**–**	**26,597**	**73**	**262**	**31,699**
Credit card	**–**	**–**	**–**	**–**	**17,041**	**–**	**127**	**17,168**
Business and government	**6,689**	**2,164**	**–**	**–**	**3,444**	**54,286**	**838**	**67,421**
Debt securities classified as loans	**–**	**307**	**–**	**–**	**–**	**7**	**–**	**314**
Total loans	**6,933**	**2,807**	**25,561**	**–**	**49,172**	**54,621**	**1,230**	**140,324**
Held-to-maturity	**–**	**34,872**	**–**	**–**	**–**	**–**	**–**	**34,872**
Securities purchased under reverse repurchase agreements	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Customers' liability under acceptances	**–**	**–**	**–**	**–**	**–**	**2**	**–**	**2**
Other assets[1]	**9,063**	**490**	**–**	**1**	**–**	**–**	**–**	**9,554**
Total assets	**15,996**	**38,169**	**25,561**	**1**	**49,172**	**54,623**	**1,230**	**184,752**
Off-balance sheet credit instruments	**–**	**1,711**	**–**	**–**	**301**	**20,386**	**–**	**22,398**
Total	**$ 15,996 $**	**39,880 $**	**25,561 $**	**1 $**	**49,473 $**	**75,009 $**	**1,230 $**	**207,150**

	October 31, 2013							
Loans								
Residential mortgages	$ 146 $	273 $	19,080 $	– $	1,649 $	213 $	3 $	21,364
Consumer instalment and other personal	–	100	3,858	–	24,095	60	152	28,265
Credit card	–	–	–	–	13,987	–	119	14,106
Business and government	4,456	1,832	–	–	2,797	44,505	1,094	54,684
Debt securities classified as loans	–	571	–	–	–	9	–	580
Total loans	4,602	2,776	22,938	–	42,528	44,787	1,368	118,999
Held-to-maturity	–	11,440	–	–	–	–	–	11,440
Securities purchased under reverse repurchase agreements	–	2,085	–	–	–	–	–	2,085
Customers' liability under acceptances	–	–	–	–	–	1	–	1
Other assets[1]	3,585	622	–	1	–	32	–	4,240
Total assets	8,187	16,923	22,938	1	42,528	44,820	1,368	136,765
Off-balance sheet credit instruments	–	2,079	–	–	279	16,643	–	19,001
Total	$ 8,187 $	19,002 $	22,938 $	1 $	42,807 $	61,463 $	1,368 $	155,766

1 Other assets include amounts due from banks and interest-bearing deposits with banks.

The following tables provide the on and off-balance sheet exposures by risk rating for certain non-retail and retail financial assets that are subject to the Advanced Internal Rating Based (AIRB) approach to credit risk in the Basel III Capital Accord. Under the AIRB approach, assets receive a risk rating based on internal models of the Bank's historical loss experience (by counterparty type) and on other key risk assumptions. Refer to the Managing Risk – Credit Risk section of the MD&A for a discussion on the credit risk rating for non-retail and retail exposures subject to the AIRB approach.

Non-Retail Financial Assets Subject to the AIRB Approach by Risk Rating

(millions of Canadian dollars) *As at*

	October 31, 2014				
	Investment grade	**Non-Investment grade**	**Watch and classified**	**Impaired/ defaulted**	**Total**
Loans					
Residential mortgages[1]	**$ 108,027**	**$ –**	**$ –**	**$ –**	**$ 108,027**
Consumer instalment and other personal[1]	**22,888**	**31**	**–**	**–**	**22,919**
Business and government	**27,973**	**28,288**	**664**	**162**	**57,087**
Debt securities classified as loans	**1,686**	**148**	**112**	**213**	**2,159**
Total loans	**160,574**	**28,467**	**776**	**375**	**190,192**
Held-to-maturity	**22,105**	**–**	**–**	**–**	**22,105**
Securities purchased under reverse repurchase agreements	**67,134**	**7,897**	**–**	**–**	**75,031**
Customers' liability under acceptances	**6,911**	**6,067**	**100**	**–**	**13,078**
Other assets[2]	**34,698**	**50**	**–**	**–**	**34,748**
Total assets	**291,422**	**42,481**	**876**	**375**	**335,154**
Off-balance sheet credit instruments	**59,661**	**8,047**	**97**	**7**	**67,812**
Total	**$ 351,083**	**$ 50,528**	**$ 973**	**$ 382**	**$ 402,966**

	October 31, 2013				
Loans					
Residential mortgages[1]	$ 107,232	$ –	$ –	$ –	$ 107,232
Consumer instalment and other personal[1]	26,728	32	–	–	26,760
Business and government	27,167	27,340	617	133	55,257
Debt securities classified as loans	2,504	158	120	173	2,955
Total loans	163,631	27,530	737	306	192,204
Held-to-maturity	18,521	–	–	–	18,521
Securities purchased under reverse repurchase agreements	52,711	9,487	–	–	62,198
Customers' liability under acceptances	3,191	3,187	20	–	6,398
Other assets[2]	25,930	32	–	–	25,962
Total assets	263,984	40,236	757	306	305,283
Off-balance sheet credit instruments	58,886	7,151	276	10	66,323
Total	$ 322,870	$ 47,387	$ 1,033	$ 316	$ 371,606

1 Includes Canada Mortgage and Housing Corporation (CMHC) insured exposures classified as sovereign exposure under Basel III and therefore included in the non-retail category under the AIRB approach.
2 Other assets include amounts due from banks and interest-bearing deposits with banks.

Retail Financial Assets Subject to the AIRB Approach by Risk Rating[1]

(millions of Canadian dollars) *As at*

	October 31, 2014					
	Low risk	**Normal risk**	**Medium risk**	**High risk**	**Default**	**Total**
Loans						
Residential mortgages[2]	**$ 33,083**	**$ 27,519**	**$ 4,876**	**$ 1,518**	**$ 167**	**$ 67,163**
Consumer instalment and other personal[2]	**27,768**	**26,496**	**10,254**	**4,006**	**269**	**68,793**
Credit card	**2,417**	**2,238**	**2,286**	**1,411**	**50**	**8,402**
Business and government[3]	**487**	**3,023**	**2,179**	**1,085**	**67**	**6,841**
Total loans	**63,755**	**59,276**	**19,595**	**8,020**	**553**	**151,199**
Held-to-maturity	**–**	**–**	**–**	**–**	**–**	**–**
Off-balance sheet credit instruments	**54,143**	**11,836**	**3,088**	**835**	**4**	**69,906**
Total	**$ 117,898**	**$ 71,112**	**$ 22,683**	**$ 8,855**	**$ 557**	**$ 221,105**

	October 31, 2013					
Loans						
Residential mortgages[2]	$ 27,357	$ 23,310	$ 4,736	$ 1,661	$ 160	$ 57,224
Consumer instalment and other personal[2]	24,509	26,538	9,020	3,813	287	64,167
Credit card	1,073	2,420	2,919	1,651	53	8,116
Business and government[3]	403	2,967	2,255	1,153	80	6,858
Total loans	53,342	55,235	18,930	8,278	580	136,365
Held-to-maturity	–	–	–	–	–	–
Off-balance sheet credit instruments	35,589	13,747	3,936	921	4	54,197
Total	$ 88,931	$ 68,982	$ 22,866	$ 9,199	$ 584	$ 190,562

1 Credit exposures relating to the Bank's insurance subsidiaries have been excluded. The financial instruments held by the insurance subsidiaries are mainly comprised of available-for-sale securities and securities designated at fair value through profit or loss, which are carried at fair value on the Consolidated Balance Sheet.
2 Excludes CMHC insured exposures classified as sovereign exposure under Basel III and therefore included in the non-retail category under the AIRB approach.
3 Business and government loans in the retail portfolio include small business loans.

NOTE 34: 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 (after tax), 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

Changes in capital requirements approved by the Basel Committee on Banking and Supervision (BCBS) are commonly referred to as Basel III. These changes are intended to strengthen global capital rules with the goal of promoting a more resilient global banking sector.

Under Basel III, total capital consists of three components, namely Common Equity Tier 1 (CET1), Additional Tier 1, and Tier 2 Capital. The sum of the first two components is defined as Tier 1 Capital. CET1 Capital is mainly comprised of common shares, retained earnings, and accumulated other comprehensive income, and is the highest quality capital and the predominant form of Tier 1 Capital. CET1 Capital also includes regulatory adjustments and deductions for items such as goodwill, other intangibles, and amounts by which capital items (that is, significant investments in CET1 Capital of financial institutions, mortgage servicing rights, and deferred tax assets from temporary differences) exceed allowable thresholds. Tier 2 Capital is mainly comprised of subordinated debt, certain loan loss allowances, and minority interests in subsidiaries' Tier 2 instruments.

Under Basel III, risk-weighted assets are higher, primarily as a result of the 250% risk-weighted threshold items not deducted from CET1 Capital, securitization exposures being risk weighted (previously deducted from capital), and new capital charges for derivatives credit valuation adjustment and credit risk related to asset value correlation for financial institutions. Regulatory capital ratios are calculated by dividing CET1, Tier 1, and Total Capital by RWA.

The BCBS is finalizing a leverage ratio requirement with planned implementation in 2018, intended to serve as a supplementary measure to the risk-based capital requirements, with the objective of constraining excessive leverage. In October 2014, OSFI released its final guideline for the Leverage Ratio Requirements and replaces the Assets-to-Capital Multiple with the Leverage Ratio, effective January 1, 2015.

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 which results in regulatory and economic capital being more closely aligned than was the case under Basel I. Since the U.S. banking subsidiaries (TD Bank, N.A. including South Financial and Chrysler Financial) were not originally required by their main regulators to convert to Basel II prior to being acquired by the Bank, the advanced approaches are not yet being utilized for the majority of assets in TD Bank, N.A.

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, 2014, the Bank complied with the OSFI guideline related to capital ratios and the assets-to-capital multiple (ACM). This guideline is based on *"A global regulatory framework for more resilient banks and banking systems" (Basel III)* issued by the Basel Committee on Banking Supervision (BCBS). OSFI's target CET1, Tier 1 and Total Capital ratios for Canadian banks are 7%, 8.5% and 10.5%, respectively.

The Bank's regulatory capital position as at October 31 was as follows:

Regulatory Capital Position

(millions of Canadian dollars, except as noted)				As at
		October 31 2014		October 31 2013 [1]
Common Equity Tier 1 Capital	**$**	**30,965**	$	25,822
Common Equity Tier 1 Capital ratio [2]		**9.4 %**		9.0 %
Tier 1 Capital	**$**	**35,999**	$	31,546
Tier 1 Capital ratio [2,3]		**10.9 %**		11.0 %
Total Capital [4]	**$**	**44,255**	$	40,690
Total Capital ratio [2,5]		**13.4 %**		14.2 %
Assets-to-capital multiple [6]		**19.1**		18.2

1 The amounts have not been adjusted to reflect the impact of the New IFRS Standards and Amendments.
2 The final CAR Guideline postponed the Credit Valuation Adjustment (CVA) capital charge until January 1, 2014, and is being phased in until the first quarter of 2019. Effective 2014, each capital ratio has its own risk-weighted assets (RWA) measure due to the OSFI prescribed scalar for inclusion of the CVA. For 2014, the scalars for inclusion of CVA for CET1, Tier 1 and Total Capital RWA were 57%, 65%, and 77%, respectively.
3 Tier 1 Capital ratio is calculated as Tier 1 Capital divided by Tier 1 Capital RWA.
4 Total Capital includes CET1, Tier 1, and Tier 2 Capital.
5 Total Capital ratio is calculated as Total Capital divided by Total Capital RWA.
6 The ACM is calculated as total assets plus off-balance sheet credit instruments, such as certain letters of credit and guarantees, less investments in associated corporations, goodwill and net intangibles, divided by Total Capital.

OSFI has provided IFRS transitional provisions for the ACM, which allows for the exclusion of assets securitized and sold through CMHC-sponsored programs prior to March 31, 2010 from the calculation of ACM.

NOTE 35: 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 credit, market, and liquidity risks are an integral part of the 2014 Consolidated Financial Statements.

NOTE 36: INFORMATION ON SUBSIDIARIES

The following is a list of the directly or indirectly held significant subsidiaries of the Bank as at October 31, 2014.

SIGNIFICANT SUBSIDIARIES[1]

North America	Address of Head or Principal Office[2]	Description
Meloche Monnex Inc.	Montreal, Quebec	Holding Company providing management services to subsidiaries
Security National Insurance Company	Montreal, Quebec	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
TD Waterhouse Private Investment Counsel Inc.	Toronto, Ontario	Investment Counselling and Portfolio Management
TD Auto Finance (Canada) Inc.	Toronto, Ontario	Automotive Finance Entity
TD Auto Finance Services Inc.	Toronto, Ontario	Automotive Finance Entity
TD Equipment Finance Canada Inc.	Oakville, Ontario	Financial Services
TD Financing Services Home Inc.	Toronto, Ontario	Mortgage Lender
TD Financing Services Inc.	Toronto, Ontario	Financial Services Entity
TD Investment Services Inc.	Toronto, Ontario	Mutual Fund Dealer
TD Life Insurance Company[3]	Toronto, Ontario	Insurance Company
TD Mortgage Corporation	Toronto, Ontario	Loan Company
TD Pacific Mortgage Corporation	Vancouver, British Columbia	Loan Company
The Canada Trust Company	Toronto, Ontario	Trust Company
TD Securities Inc.	Toronto, Ontario	Investment Dealer and Broker
TD US P & C Holdings ULC	Calgary, Alberta	Holding Company
TD Bank US Holding Company	Cherry Hill, New Jersey	Holding Company
Epoch Investment Partners, Inc.	New York, New York	Investment Counselling and Portfolio Management
TD Bank USA, National Association	Wilmington, Delaware	U.S. National Bank
TD Bank, National Association	Wilmington, Delaware	U.S. National Bank
TD Auto Finance LLC	Farmington Hills, Michigan	Automotive Finance Entity
TD Equipment Finance, Inc.	Cherry Hill, New Jersey	Financial Services
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 Vermillion Holdings ULC	Calgary, Alberta	Holding Company
TD Financial International Ltd.	Hamilton, Bermuda	Holding Company
Canada Trustco International Limited	St. James, Barbados	Intragroup Lending 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
TDAM USA Inc.	Wilmington, Delaware	Investment Counselling and Portfolio Management
Toronto Dominion Holdings (U.S.A.), Inc.	New York, New York	Holding Company
TD Holdings II Inc.	New York, New York	Holding Company
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
International		
NatWest Personal Financial Management Limited	Leeds, England	Investment Holding Company
NatWest Stockbrokers Limited	Leeds, England	Foreign Securities Dealer
TD Bank International S.A.	Luxembourg, Luxembourg	International Direct Brokerage
TD Bank N.V.	Amsterdam, The Netherlands	Dutch Bank
TD Ireland	Dublin, Ireland	Holding Company
TD Global Finance	Dublin, Ireland	Securities Dealer
TD Wealth Holdings (UK) Limited	Leeds, England	Holding Company
TD Direct Investing (Europe) Limited	Leeds, England	Direct Broker
Toronto Dominion Australia Limited	Sydney, Australia	Securities Dealer
Toronto Dominion Investments B.V.	London, England	Holding Company
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	Merchant Bank

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 On November 1, 2014, CT Financial Assurance Company amalgamated with TD Life Insurance Company.

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 I and Pillar II;
- Local regulatory approval requirements; and
- Local corporate and/or securities laws.

As at October 31, 2014, the net assets of subsidiaries subject to regulatory or capital adequacy requirements was $48 billion (October 31, 2013 – $44 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 Note 9, Transfers of Financial Assets and Note 29, Provisions, Contingent Liabilities, Commitments, Guarantees, Pledged Assets, and Collateral.

Aside from non-controlling interests disclosed in Note 22, Non-Controlling Interests in Subsidiaries, 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 37: SUBSEQUENT EVENT

Medium Term Notes

On November 5, 2014, the Bank issued US$1.25 billion of fixed rate medium term notes and US$500 million of floating rate 5-year senior medium term notes.

Covered Bonds

On November 6, 2014, the Bank issued AUD $1 billion of 5-year floating rate covered bond in the Australian market.

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 2014	July 31 2014	April 30 2014	January 31 2014	**October 31 2014**	October 31 2013	October 31 2012
Return on Assets - reported[3]	**0.72 %**	0.90 %	0.88 %	0.88 %	**0.84 %**	0.76 %	0.79 %
Return on Assets - adjusted[4]	**0.77 %**	0.92 %	0.92 %	0.87 %	**0.87 %**	0.82 %	0.87 %
Dividend Payout - reported[5]	**51.3 %**	42.1 %	45.0 %	40.1 %	**44.3 %**	46.9 %	42.5 %
Dividend Payout Ratio - adjusted[6]	**48.0 %**	40.9 %	43.0 %	40.4 %	**43.0 %**	43.5 %	38.7 %
Equity to Asset Ratio[7]	**5.8 %**	5.9 %	5.9 %	5.9 %	**5.9 %**	5.9 %	5.8 %

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. See the "Financial Results Overview" section in the Bank's 2014 Consolidated Financial Statements (www.td.com/investor) for further explanation on adjusted and reported 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

(millions of Canadian dollars)

	Within 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 years	October 31 2014 Total	October 31 2013 Total
Deposits[1,2]	$ 429,308	$ 44,693	$ 22,966	$ 6,884	$ 503,851	$ 592,586
Securitization liabilities[3]						
Securitization liabilities at fair value	2,039	2,986	3,037	2,813	10,875	21,272
Securitization liabilities at amortization cost	10,619	7,122	4,306	2,878	24,925	25,576
Subordinated notes and debentures[3]	–	–	–	7,785	7,785	7,983
Liability for preferred shares	–	–	–	30	30	27
Structured entity liabilities	3,093	953	1,000	–	5,046	5,721
Contractual interest payments[4,5]	2,659	3,310	2,007	20,788	28,764	29,454
Operating lease commitments	823	1,511	1,217	3,183	6,734	6,256
Capital lease commitments	32	48	15	24	119	103
Network service agreements	20	20	–	–	40	27
Automated teller machines	176	59	30	–	265	270
Contact centre technology	28	57	26	–	111	–
Software licensing and equipment maintenance	126	196	–	–	322	163
Total	$ 448,923	$ 60,955	$ 34,604	$ 44,385	$ 588,867	$ 689,438

1 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.

2 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.

3 Amounts are presented on an undiscounted basis.

4 Amounts include accrued and future estimated interest obligations on term deposits, securitization liabilities, subordinated notes and debentures, liability for preferred shares, and asset-backed commercial paper based on applicable interest and foreign exchange rates as at October 31, 2014, and October 31, 2013, 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 2014 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 January 23, 2014.

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 December 3, 2014, with respect to the consolidated balance sheet of The Toronto-Dominion Bank (the “Bank”) as at October 31, 2014 and 2013, 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, 2014, and the effectiveness of internal control over financial reporting of the Bank as at October 31, 2014.

We also consent to the incorporation by reference of our reports dated December 3, 2014 in the following Registration Statements of the Bank:

1) Registration Statement (Form F-10 No. 333-185019),
2) Registration Statement (Form F-10 No. 333-196343),
3) Registration Statement (Form F-3 No. 333-83232),
4) Registration Statement (Form F-3 No. 333-197364)
5) Registration Statement (Form S-8 No. 333-12948),
6) Registration Statement (Form S-8 No. 333-101026),
7) Registration Statement (Form S-8 No. 333-120815),
8) Registration Statement (Form S-8 No. 333-142253),
9) Registration Statement (Form S-8 No. 333-150000).
10) Registration Statement (Form S-8 No. 333-167234), and
11) Registration Statement (Form S-8 No. 333-169721).

/s/Ernst & Young LLP
Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
December 4, 2014

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: December 4, 2014

/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, Colleen Johnston, 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: December 4, 2014

/s/ Colleen Johnston
Colleen Johnston
Group Head Finance, Sourcing and Corporate
Communications 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, 2014 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: December 4, 2014

/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, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Colleen Johnston, Group Head Finance, Sourcing and Corporate Communications 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: December 4, 2014

/s/ Colleen Johnston

Colleen Johnston
Group Head Finance, Sourcing and Corporate Communications and Chief Financial Officer