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, 2015** 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	1,856,191,620
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 (Non-Viability Contingent Capital)	20,000,000
Non-Cumulative 5-Year Rate Reset Preferred Shares, Series 3 (Non-Viability Contingent Capital)	20,000,000
Non-Cumulative 5-Year Rate Reset Preferred Shares, Series 5 (Non-Viability Contingent Capital)	20,000,000
Non-Cumulative 5-Year Rate Reset Preferred Shares, Series 7 (Non-Viability Contingent Capital)	14,000,000
Non-Cumulative 5-Year Rate Reset Preferred Shares, Series 9 (Non-Viability Contingent Capital)	8,000,000
Non-Cumulative Fixed Rate Class A First Preferred Shares, Series 11 (Non-Viability Contingent Capital)	6,000,000

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: 2015 Annual Financial Statements is incorporated by reference herein.

Changes in Internal Control Over Financial Reporting

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

Audit Committee Financial Expert

The disclosure provided under the heading *Directors and Executive Officers - Audit Committee* included in Exhibit 99.1**:** Annual Information Form dated December 2, 2015 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 29, 2015, 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 2B - *Gifts and Entertainment* - to address the inconsistency between the outright prohibition on accepting gifts from customers and other individuals; b) Section 2F – *Sales Misconduct* – new section to reinforce that employees must deal fairly with customers and not engage in activities that are motivated by increasing sales or other performance results; c) Section 2J – *TD's Expense Control Framework and Reasonable Expenses* – added language to remind employees and managers who approve expenses on behalf of TD of their respective responsibilities; and d) Section 3L – *Conflicting TD Interests* – new section to reinforce TD's commitment to avoid material conflicts between its interests, and the interests of its customers and other parties involved in financial transactions with TD. 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, 2015 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 Executive Officers - Pre-Approval Policies and Shareholders' Auditor Service Fees* included in Exhibit 99.1: Annual Information Form dated December 2, 2015 is incorporated by reference herein.

Pre-Approval Policy for Audit and Non-Audit Services

The disclosure provided under the heading *Directors and Executive Officers - Pre-Approval Policies and Shareholders' Auditor Service Fees* included in Exhibit 99.1: Annual Information Form dated December 2, 2015 is incorporated by reference herein.

During the fiscal year ended October 31, 2015, the waiver of pre-approval provisions set forth in the applicable rules of the SEC were not utilized for any services related to Audit-Related Fees, Tax Fees or All Other Fees and the Audit Committee did not approve any such fees subject to the waiver of pre-approval provisions.

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

Not Applicable

Off-balance Sheet Arrangements

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

Tabular Disclosure of Contractual Obligations

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

Identification of the Audit Committee

The disclosure provided under the heading *Directors and Executive Officers - Audit Committee* included in Exhibit 99.1: Annual Information Form dated December 2, 2015 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 3, 2015

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 2, 2015
99.2	Management's Discussion and Analysis
99.3	2015 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



The Toronto-Dominion Bank

ANNUAL INFORMATION FORM

December 2, 2015

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, 2015 (the "2015 MD&A") and are incorporated by reference into this AIF.

	Page Reference	Page / Incorporated by Reference From	
	Annual Information Form	Annual Financial Statements	2015 MD&A
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Unless otherwise specified, this AIF presents information as at October 31, 2015.

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 ("2015 MD&A") under the heading "Economic Summary and Outlook", for each business segment under headings "Business Outlook and Focus for 2016", and in other statements regarding the Bank's objectives and priorities for 2016 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, individually or in the aggregate, such differences include: credit, market (including equity, commodity, foreign exchange, and interest rate), liquidity, operational (including technology and infrastructure), reputational, insurance, strategic, regulatory, legal, environmental, capital adequacy, and other risks. Examples of such risk factors include the general business and economic conditions in the regions in which the Bank operates; the ability of the Bank to execute on key priorities, including to successfully complete acquisitions, business retention 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, or application of, current laws and regulations, including without limitation tax laws, risk-based capital guidelines and liquidity regulatory guidance; the overall difficult litigation environment, including in the U.S.; increased competition, including through internet and mobile banking and non-traditional competitors; changes to the Bank's credit ratings; changes in currency and interest rates; increased funding costs and market volatility due to market illiquidity and competition for funding; critical accounting estimates and changes to accounting standards, policies and methods used by the Bank; existing and potential international debt crises; and the occurrence of natural and unnatural catastrophic events and claims resulting from such events. The Bank cautions that the preceding list is not exhaustive of all possible risk factors and other factors could also adversely affect the Bank's results. For more detailed information, please refer to the "Risk Factors and Management" section of the 2015 MD&A, as may be updated in subsequently filed quarterly reports to shareholders and news releases (as applicable) related to any transactions or events 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 2015 MD&A under the headings "Economic Summary and Outlook", and for each business segment, "Business Outlook and Focus for 2016", 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, 2015, 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 24 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 10.2 million active online and mobile customers. TD had CDN$ 1.1 trillion in assets on October 31, 2015. 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 14 to 27 of the 2015 MD&A.

Developments in the Canadian Business

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. Effective February 24, 2015, the Bank extended its contract with Target in which it will continue to be the exclusive issuer of Target co-branded and private label consumer credit cards to Target's U.S. customers until March 2025.

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, for cash consideration of US$674 million.

The Bank completed the first phase of its internal reorganization to comply with the rule adopted by the Federal Reserve requiring large foreign banking organizations with U.S. subsidiaries to organize their U.S. subsidiaries under a top-tier single intermediate holding company. Effective July 1, 2015, TD US P&C Holdings ULC, the parent company to TD Bank US Holding Company, migrated from Canada to the U.S., becoming the Bank's top-tier bank holding company in the U.S. and was renamed TD Group US Holdings LLC.

On October 1, 2015, the Bank, through its subsidiary TD Bank USA, N.A., acquired substantially all of Nordstrom Inc.'s ("Nordstrom") existing U.S. Visa and private label credit card portfolios, with a gross outstanding balance of US$2.2 billion. TD Bank USA, N.A. also entered into an agreement under which it became the exclusive issuer of Nordstrom-branded Visa and private label consumer credit cards to Nordstrom's U.S. customers.

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, 2015, the Bank owned approximately 41.54% 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 2 and 14 to 27 of the 2015 MD&A.

Average Number of Employees

TD had an average of 81,483 full-time equivalent employees for fiscal 2015.

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 55 to 91 of the 2015 MD&A, which is incorporated by reference.

CAPITAL STRUCTURE

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

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

Common Shares

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

Preferred Shares

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

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

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

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

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

Constraints

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

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

Ratings

Credit ratings are important to the Bank's borrowing costs and ability to raise funds. Rating downgrades could potentially result in higher financing costs 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 78 of the 2015 MD&A.

As at October 31, 2015

<table>
<tr><th></th><th>DBRS</th><th>Moody's Investors Service</th><th>Standard & Poor's</th></tr>
<tr><td>Long Term Debt (deposits)</td><td>AA</td><td>Aa1</td><td>AA-</td></tr>
<tr><td>Short Term Debt (deposits)</td><td>R-1 (high)</td><td>P-1</td><td>A-1+</td></tr>
<tr><td>Tier 2B Subordinated Debt</td><td rowspan="2">AA (low)</td><td>A1</td><td>A</td></tr>
<tr><td>Tier 2A Subordinated Debt</td><td>A2</td><td>A-</td></tr>
<tr><td>Tier 2 Subordinated Debt (NVCC)</td><td>A (low)</td><td>A2 (hyb)</td><td>A-</td></tr>
<tr><td>Preferred Shares</td><td>Pfd-2 (high)</td><td>A3</td><td>P-2 (high)</td></tr>
<tr><td>Preferred Shares (NVCC)</td><td>Pfd-2</td><td>A3 (hyb)</td><td>P-2</td></tr>
<tr><td>Outlook</td><td>Negative</td><td>Negative</td><td>Negative</td></tr>
</table>

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. A: Good credit quality. The capacity for the payment of financial obligations is substantial, but of lesser credit quality than AA. May be vulnerable to future events, but qualifying negative factors are considered manageable.

The DBRS® short-term debt rating scale provides an opinion on the risk that an issuer will not meet its short-term financial obligations in a timely manner. R-1 (high): Highest credit quality. The capacity for the payment of short-term financial obligations as they fall due is exceptionally high. Unlikely to be adversely affected by future events.

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

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

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

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

Moody's short-term ratings are assigned to obligations 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	Preferred Shares (Series P – Y)					
		Series P[1]	Series Q[2]	Series R[3]	Series S	Series T	Series Y
November 2014							
High Price($)	57.89	26.43	26.49	26.64	25.76	25.59	25.89
Low Price($)	55.09	25.76	26.16	26.32	25.32	25.40	25.47
Volume('000)	39,142	75	59	47	25	68	41
December 2014							
High Price($)	57.82	26.50	26.46	26.50	25.71	25.56	25.80
Low Price($)	51.51	25.95	26.02	26.09	25.22	25.23	25.38
Volume('000)	81,491	124	114	75	126	55	116
January 2015							
High Price($)	55.49	26.48	26.31	26.51	25.99	25.50	26.02
Low Price($)	49.67	25.57	25.57	25.79	25.03	22.61	25.25
Volume('000)	78,649	247	394	115	104	146	84

	TORONTO STOCK EXCHANGE						
	Common Shares	Preferred Shares (Series P – Y)					
		Series P[1]	Series Q[2]	Series R[3]	Series S	Series T	Series Y
February 2015							
High Price($)	55.89	25.62	25.62	26.15	25.40	23.99	25.66
Low Price($)	50.71	25.58	25.58	25.78	25.03	23.00	25.06
Volume('000)	64,465	87	102	112	197	167	35
March 2015							
High Price($)	55.18	25.61	25.62	25.91	25.60	24.31	25.78
Low Price($)	52.81	25.61	25.62	25.71	25.23	23.84	25.33
Volume('000)	70,562	0	4	864	98	117	86
April 2015							
High Price($)	56.34			25.84	25.39	24.25	25.53
Low Price($)	53.84			25.47	25.03	23.76	25.12
Volume('000)	51,661			262	143	64	86
May 2015							
High Price($)	56.48			25.51	25.28	24.36	25.59
Low Price($)	54.15			25.50	24.95	24.01	25.17
Volume('000)	51,166			1	50	66	100
June 2015							
High Price($)	55.09				25.29	24.50	25.60
Low Price($)	52.57				25.06	23.94	25.25
Volume('000)	81,185				52	229	118
July 2015							
High Price($)	53.59				25.21	24.14	25.37
Low Price($)	50.29				24.50	23.19	24.75
Volume('000)	62,929				95	58	150
August 2015							
High Price($)	53.38				25.05	23.45	25.23
Low Price($)	47.75				24.14	22.71	24.66
Volume('000)	63,051				75	139	154
September 2015							
High Price($)	53.18				24.95	22.80	25.43
Low Price($)	50.52				24.03	21.62	24.18
Volume('000)	75,490				49	185	139
October 2015							
High Price($)	55.38				24.89	22.90	24.98
Low Price($)	51.15				22.91	21.30	22.91
Volume('000)	70,867				74	48	70

Notes:

1 On March 2, 2015, the Bank redeemed all of its 10 million outstanding Non-cumulative Redeemable Class A Preferred Shares, Series P.

2 On March 2, 2015, the Bank redeemed all of its 8 million outstanding Non-cumulative Redeemable Class A First Preferred Shares, Series Q.

3 On May 1, 2015, the Bank redeemed all of its 10 million Non-Cumulative Redeemable Class A Preferred Shares, Series R.

	TORONTO STOCK EXCHANGE						
	Preferred Shares (Series Z – 11)						
	Series Z	Series 1[1]	Series 3[1]	Series 5[1,2]	Series 7[1,3]	Series 9[1,4]	Series 11[1,5]
November 2014							
High Price($)	25.58	25.61	25.55				
Low Price($)	25.45	25.35	25.20				
Volume('000)	54	565	619				
December 2014							
High Price($)	25.63	25.69	25.55	25.00			
Low Price($)	25.16	25.05	24.87	24.74			
Volume('000)	46	210	401	1,631			
January 2015							
High Price($)	25.63	25.56	25.46	25.21			
Low Price($)	23.25	24.60	24.01	24.11			
Volume('000)	52	329	542	1,725			
February 2015							
High Price($)	24.20	25.04	24.95	24.90			
Low Price($)	23.16	24.50	24.38	24.36			
Volume('000)	92	368	291	780			
March 2015							
High Price($)	24.24	25.00	24.95	24.84	25.08		
Low Price($)	23.81	24.55	24.55	24.41	24.80		
Volume('000)	60	441	669	552	1,837		
April 2015							
High Price($)	24.31	24.98	24.79	24.70	25.07	25.13	
Low Price($)	23.90	23.15	22.86	22.80	24.67	24.79	
Volume('000)	50	260	418	561	777	1,108	
May 2015							
High Price($)	24.32	24.93	24.89	24.49	25.00	25.20	
Low Price($)	24.05	23.86	23.76	23.50	24.77	24.85	
Volume('000)	49	182	252	425	534	545	
June 2015							
High Price($)	24.35	24.06	23.93	23.81	25.00	25.17	
Low Price($)	24.01	22.77	22.78	22.45	24.72	24.82	
Volume('000)	115	163	279	340	250	402	
July 2015							
High Price($)	24.25	23.30	23.22	22.86	24.82	25.17	24.74
Low Price($)	23.22	21.00	21.00	20.68	23.92	24.00	23.56
Volume('000)	52	248	279	366	310	455	721
August 2015							
High Price($)	23.33	22.51	22.66	22.19	24.45	25.05	24.71
Low Price($)	22.76	20.65	20.53	20.48	22.80	23.74	23.66
Volume('000)	58	204	231	257	346	145	282
September 2015							
High Price($)	23.00	21.95	21.90	21.98	23.92	24.75	24.60
Low Price($)	21.62	18.50	18.36	18.00	20.40	21.39	22.65
Volume('000)	111	306	253	262	214	133	380
October 2015							
High Price($)	22.93	19.87	19.87	19.93	21.77	22.75	23.84
Low Price($)	20.99	16.80	16.63	16.41	18.49	19.00	21.80
Volume('000)	89	614	569	618	389	266	223

Notes:

1 Non-viability contingent capital (NVCC)
2 On December 16, 2014, the Bank issued 20 million Non-Cumulative 5-Year Rate Reset Preferred Shares, Series 5.
3 On March 10, 2015, the Bank issued 14 million Non-Cumulative 5-Year Rate Reset Preferred Shares, Series 7.
4 On April 24, 2015, the Bank issued 8 million Non-Cumulative 5-Year Rate Reset Preferred Shares, Series 9.
5 On July 21, 2015, the Bank issued 6 million Non-Cumulative Fixed Rate Preferred Shares, Series 11.

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, 2015, which note is incorporated by reference in this AIF.

DIVIDENDS

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

Type of Shares	2015	2014	2013
Common Shares	$2.00	$1.84	$1.62
Preferred Shares			
Series O[1]	-	$1.21	$1.21
Series P[2]	$0.33	$1.31	$1.31
Series Q[3]	$0.35	$1.40	$1.40
Series R[4]	$0.70	$1.40	$1.40
Series S[5]	$0.84	$0.84	$1.15
Series T[5]	$0.58	$0.63	$0.16[6]
Series Y[7]	$0.89	$0.89	$1.28
Series Z[7]	$0.60	$0.65	-
Series AA[8]	-	$0.31	$1.25
Series AC[8]	-	$0.35	$1.40
Series AE[9]	-	$0.78	$1.56
Series AG[9]	-	$0.78	$1.56
Series AI[10]	-	$1.17	$1.56
Series AK[10]	-	$1.17	$1.56
Series 1[11]	$0.98	$0.40	-
Series 3[11]	$0.95	$0.24	-
Series 5[11,12]	$0.82	-	-
Series 7[11,13]	$0.58	-	-
Series 9[11,14]	$0.48	-	-
Series 11[11,15]	$0.34	-	-

Notes:

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

2 On March 2, 2015, the Bank redeemed all of its 10 million outstanding Class A First Preferred Shares, Series P.

3 On March 2, 2015 the Bank redeemed all of its 8 million outstanding Class A First Preferred Shares, Series Q.

4 On May 1, 2015, the Bank redeemed all of its 10 million outstanding Class A First Preferred Shares, Series R.

5 On July 31, 2013, 4.6 million of the Bank's 10 million Non-Cumulative 5-Year Rate Reset Preferred Shares, Series S were converted on a one-for-one basis into Non-Cumulative Floating Rate Preferred Shares, Series T of the Bank.

6 This represents the amount of cash dividends paid per share on October 31, 2013.

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

8 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.

9 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.

10 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.

11 Non-viability contingent capital (NVCC).

12 On December 16, 2014, the Bank issued 20 million Non-Cumulative 5-Year Rate Reset Preferred Shares, Series 5.

13 On March 10, 2015, the Bank issued 14 million Non-Cumulative 5-Year Rate Reset Preferred Shares, Series 7.

14 On April 24, 2015, the Bank issued 8 million Non-Cumulative 5-Year Rate Reset Preferred Shares, Series 9.

15 On July 21, 2015, the Bank issued 6 million Non-Cumulative Fixed Rate Preferred Shares, Series 11.

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

TD Ameritrade declared a US$0.15 per share quarterly cash dividend on its common stock during each quarter of its 2015 fiscal year. On October 27, 2015, TD Ameritrade declared a US$0.17 per share quarterly cash dividend on its common stock for the first quarter of its 2016 fiscal year, payable on November 24, 2015 to all holders of record of TD Ameritrade common stock as of November 10, 2015. 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.

DIRECTORS AND EXECUTIVE OFFICERS

Directors and Board Committees of the Bank

The following table sets forth, as at December 2, 2015, 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

Director Name Principal Occupation & Municipality of Residence	Director Since
Amy W. Brinkley Consultant, AWB Consulting, LLC (executive advising and risk management consulting firm) Charlotte, North Carolina, U.S.A.	September 2010
Brian C. Ferguson President & Chief Executive Officer, Cenovus Energy Inc. (integrated oil company) Calgary, Alberta, Canada	March 2015
Colleen A. Goggins Corporate Director, and retired Worldwide Chairman, Consumer Group, Johnson & Johnson Princeton, New Jersey, U.S.A.	March 2012
Mary Jo Haddad Corporate Director, and retired President and Chief Executive Officer The Hospital for Sick Children Oakville, Ontario, Canada	December 2014
Jean-René Halde* Corporate Director, and retired President and Chief Executive Officer Business Development Bank of Canada Saint-Laurent, Québec, Canada **Mr. Halde was appointed to the Board on December 2, 2015*	December 2015
David E. Kepler Corporate Director, and retired Executive Vice President, The Dow Chemical Company Sanford, Michigan, U.S.A.	December 2013
Brian M. Levitt Chairman of the Board, The Toronto-Dominion Bank, 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
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

Director Name Principal Occupation & Municipality of Residence	Director Since
Irene R. Miller Chief Executive Officer, Akim, Inc. (U.S. investment management and consulting firm) New York, New York, U.S.A.	May 2006
Nadir H. Mohamed Corporate Director, and former President and Chief Executive Officer, Rogers Communications Inc. Toronto, Ontario, Canada	April 2008
Claude Mongeau President and Chief Executive Officer, Canadian National Railway Company (North American railroad and transportation company) Montreal, Quebec, Canada	March 2015
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. Halde was President and Chief Executive Officer of the Business Development Bank of Canada prior to July 2015. Mr. Kepler was Executive Vice President at the Dow Chemical Company from October 2014 to January 2015 and Executive Vice President, Business Services, Chief Sustainability Officer and Chief Information Officer at The Dow Chemical Company prior to October 2014. 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 31, 2016. 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 2, 2015 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 and recommend candidates to fill vacancies on the Board that occur between meetings of the 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 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 and development process, including review and approval of the succession plans for the senior officer positions and heads of control functions. • Review candidates for CEO and recommend the succession plan for this position to the Board for approval; 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.
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.

Committee	Members	Key Responsibilities
Audit Committee	William E. Bennett* (Chair) John L. Bragg Brian C. Ferguson* Jean-René Halde Alan N. MacGibbon* Karen E. Maidment* Irene R. Miller* Claude Mongeau	**Supervising the quality and integrity of TD's financial reporting:** • Oversee reliable, accurate and clear financial reporting to shareholders; • Oversee effectiveness of internal controls, including controls over financial reporting; • 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, Brian C. Ferguson, Jean-René Halde, Alan N. MacGibbon, Karen E. Maidment, Irene R. Miller and Claude Mongeau. The members of the Bank's Audit Committee bring significant skill and experience to their responsibilities, including academic and professional experience in accounting, business and finance. The Board has determined that each of Messrs. Bennett, Ferguson 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 committee of the board of TD Bank US Holding Company (the holding company of TD Bank, N.A. and TD Bank USA, N.A.), and previously served as chair of the audit committee of the boards of Capital Power Corporation and Nuveen Investments Bond and Mutual Funds. He holds an undergraduate degree in economics from Kenyon College and a master's degree in business administration from the University of Chicago. Mr. Bennett is one of the Bank's Audit Committee financial experts.

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.

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

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

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 is a member of the audit committee of the board of CAE, Inc. Mr. MacGibbon holds an undergraduate degree in business administration and an honorary doctorate degree from the University of New Brunswick. He is a Chartered Professional Accountant, a Chartered Accountant, and a Fellow of the Chartered Professional Accountants Ontario. Mr. MacGibbon is one of the Bank's Audit Committee financial experts.

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 committee and a member of the 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.

Claude Mongeau is President and Chief Executive Officer of Canadian National Railway Company. Prior to leading Canadian National Railway Company, Mr. Mongeau was the company's Executive Vice-President and Chief Financial Officer. Mr. Mongeau holds an undergraduate degree in psychology from the University of Quebec and a master's degree in business administration from McGill University.

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, 2015, 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
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, 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

Executive Officer	Principal Occupation	Municipality of Residence
Bharat B. Masrani	Group President and Chief Executive Officer, TD Bank Group	Toronto, Ontario, Canada
Frank J. McKenna	Deputy Chair, TD Bank Group	Toronto, Ontario, Canada
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. As announced on November 10, 2015, several changes to the Bank's senior executive team are anticipated to take effect on January 2, 2016.

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.

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 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 and Group Head, Marketing, Corporate and People Strategies, Corporate Office, TD Bank Group from November 1, 2010 to July 4, 2011.

Prior to commencing his current Group Head role on May 1, 2015, Mr. Hockey was Group Head, Canadian Banking, Auto Finance, and Wealth Management, TD Bank Group and President and Chief Executive Officer, TD Canada Trust from July 1, 2013 to May 1, 2015 and 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 and Group Head, Wealth Management, Direct Channels, and Corporate Shared Services, TD Bank Group from November 1, 2010 to July 4, 2011.

Shareholdings of Directors and Executive Officers

To the knowledge of the Bank, as at October 31, 2015, 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 2,295,067 of the Bank's common shares, representing approximately 0.12% 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 2, 2015, except as set out below:

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

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

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

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

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

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

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

Pre-Approval Policies and Shareholders' Auditor Service Fees

The Bank's Audit Committee has implemented a policy restricting the services that may be performed by the shareholders' independent external auditor. The policy provides detailed guidance to management as to the specific services that are eligible for Audit Committee pre-approval. By law, the shareholders' auditor may not provide certain services to the Bank or its subsidiaries.

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

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

	Fees paid to Ernst & Young LLP [1]		
(thousands of Canadian dollars)	**2015**	**2014**	**2013**
Audit fees [2]	22,242	$21,424	$19,649
Audit-related fees [3]	2,570	2,004	2,445
Tax fees [4]	2,775	5,089	3,588
All other fees [5]	852	609	403
Total	**$28,439**	**$29,126**	**$26,085**

Notes:

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

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

A description of certain legal proceedings to which the Bank is a party is set out under the heading "Litigation" in Note 28 of the Annual Financial Statements for the year ended October 31, 2015, which note is incorporated by reference in this AIF.

Regulatory Actions

From time to time, in the ordinary course of business, the Bank and its subsidiaries are assessed fees or fines by securities regulatory authorities in relation to administrative matters, including late filings or reporting, which may be considered penalties or sanctions pursuant to Canadian securities regulations but which are not, individually or in the aggregate, material to the Bank. In addition, the Bank and its subsidiaries are subject to numerous regulatory authorities around the world, and fees, administrative penalties, settlement agreements and sanctions may be categorized differently by each regulator. During the past financial year, TD Waterhouse Private Investment Counsel Inc. paid administrative filing fees relating to late filings to the Ontario Securities Commission (the "OSC") in the aggregate amount of $5,000, TD Investment Services Inc. paid an administrative filing fee relating to late filings to the OSC in the aggregate amount of $5,000, TD Securities Inc. paid administrative filing fees relating to late filings to the Montreal Exchange in the aggregate amount of $1,000 and TD Waterhouse Canada Inc. paid administrative filing fees relating to late filings to the Investment Industry Regulatory Organization of Canada in the aggregate amount of $5,600 and a regulatory fine of $10,000 by way of settlement agreement (and $1,000 towards costs) with the Nova Scotia Securities Commission in connection with the untimely mailing of statements to a customer.[2] In addition, three subsidiaries in the Bank's TD Wealth (Canada) segment - TD Waterhouse Canada Inc., TD Waterhouse Private Investment Counsel Inc., and TD Investment Services Inc. - entered into a settlement agreement with, and made a voluntary payment of $600,000 (and $50,000 towards costs) to, the OSC in connection with certain excess fees charged to clients as a result of direct and indirect fee overcharges. TD Wealth (Canada) self-reported the excess fees charged to the OSC and other regulators and has paid more than $13.5 million to compensate clients and former clients impacted by the overcharges.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the best of our knowledge, the Bank confirms that, as at December 2, 2015, 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

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

Co-transfer Agent and Registrar

Computershare
P.O. Box 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, 2015 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, 2015.

Appendix "A"

Intercorporate Relationships

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

SIGNIFICANT SUBSIDIARIES[1]

(millions of Canadian dollars)			As at October 31, 2015
North America	**Address of Head or Principal Office**[2]	**Description**	**Carrying value of shares owned by the Bank**
Meloche Monnex Inc.	Montréal, Québec	Holding Company providing management services to subsidiaries	**$ 1,628**
Security National Insurance Company	Montréal, Québec	Insurance Company	
Primmum Insurance Company	Toronto, Ontario	Insurance Company	
TD Direct Insurance Inc.	Toronto, Ontario	Insurance Company	
TD General Insurance Company	Toronto, Ontario	Insurance Company	
TD Home and Auto Insurance Company	Toronto, Ontario	Insurance Company	
TD Asset Management Inc.	Toronto, Ontario	Investment Counselling and Portfolio Management	**595**
TD Waterhouse Private Investment Counsel Inc.	Toronto, Ontario	Investment Counselling and Portfolio Management	
TD Auto Finance (Canada) Inc.	Toronto, Ontario	Automotive Finance Entity	**1,757**
TD Auto Finance Services Inc.	Toronto, Ontario	Automotive Finance Entity	**1,321**
TD Equipment Finance Canada Inc.	Oakville, Ontario	Financial Services	**8**
TD Financing Services Home Inc.	Toronto, Ontario	Mortgage Lender	**45**
TD Financing Services Inc.	Toronto, Ontario	Financial Services Entity	**145**
TD Group US Holdings LLC	Wilmington, Delaware	Holding Company	**40,310**
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 Investment Services Inc.	Toronto, Ontario	Mutual Fund Dealer	**25**
TD Life Insurance Company	Toronto, Ontario	Insurance Company	**59**
TD Mortgage Corporation	Toronto, Ontario	Loans and Deposits Entity	**11,632**
TD Pacific Mortgage Corporation	Vancouver, British Columbia	Deposit Taking Entity	
The Canada Trust Company	Toronto, Ontario	Trust, Loans and Deposits Entity	
TD Securities Inc.	Toronto, Ontario	Investment Dealer and Broker	**1,728**
TD Vermillion Holdings ULC	Calgary, Alberta	Holding Company	**19,696**
TD Financial International Ltd.	Hamilton, Bermuda	Holding Company	
TD Reinsurance (Barbados) Inc.	St. James, Barbados	Reinsurance Company	
Toronto Dominion International Inc.	St. James, Barbados	Intragroup Lending Company	
TD Waterhouse Canada Inc.	Toronto, Ontario	Investment Dealer	**2,056**
TDAM USA Inc.	Wilmington, Delaware	Investment Counselling and Portfolio Management	**12**
Toronto Dominion Holdings (U.S.A.), Inc.	New York, New York	Holding Company	**2,408**
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			
TD Bank International S.A.	Luxembourg, Luxembourg	International Direct Brokerage	**49**
TD Bank N.V.	Amsterdam, The Netherlands	Dutch Bank	**678**
TD Ireland	Dublin, Ireland	Holding Company	**1,051**
TD Global Finance	Dublin, Ireland	Securities Dealer	
TD Luxembourg International Holdings	Luxembourg, Luxembourg	Holding Company	**6,683**
TD Ameritrade Holding Corporation[3]	Omaha, Nebraska	Securities Dealer	
TD Wealth Holdings (UK) Limited	Leeds, England	Holding Company	**219**
TD Direct Investing (Europe) Limited	Leeds, England	Direct Broker	
Thirdco II Limited	Leeds, England	Investment Holding Company	**133**
TD Asset Administration UK Limited	Leeds, England	Foreign Securities Dealer	
Toronto Dominion Australia Limited	Sydney, Australia	Securities Dealer	**215**
Toronto Dominion Investments B.V.	London, England	Holding Company	**1,242**
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	**1,170**

[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] As at October 31, 2015, the Bank's reported indirect investment in TD Ameritrade Holding Corporation was 41.54% (October 31, 2014 – 40.97%) of the outstanding shares of TD Ameritrade Holding Corporation. TD Luxembourg International Holdings and its ownership of TD Ameritrade Holding Corporation is included given the significance of the Bank's investment in TD Ameritrade Holding Corporation.

Appendix "B"

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

CHARTER

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

Main Responsibilities:

- overseeing reliable, accurate and clear financial reporting to shareholders
- overseeing the effectiveness of internal controls, including internal controls over financial reporting
- directly responsible for the selection, compensation, retention and oversight of the work of the shareholders' auditor – the shareholders' auditor reports directly to the Committee
- 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 of the Bank or such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities.

Specific Duties and Responsibilities

Financial Reporting

The Committee shall be responsible for the oversight of reliable, accurate and clear financial reporting to shareholders, including reviewing and discussing the Bank's annual and interim financial statements and management's discussion and analysis and reviewing the shareholders' auditor opinion on the annual financial statements, 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 and any aspects of the internal audit function that are outsourced to a third party. The Committee shall satisfy itself that the internal audit division is sufficiently independent to perform its responsibilities. In addition, the Committee shall:

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

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

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

- review and approve the annual audit plans and engagement letters of the shareholders' auditor and satisfy itself that the plans are appropriate, risk-based and address all the relevant activities over a measurable cycle;
- at least annually, review the shareholders' auditor's processes for assuring the quality of their audit services including ensuring their independence and any other matters that may affect the audit firm's ability to serve as shareholders' auditor;
- discuss those matters that are required to be communicated by the shareholders' auditor to the Committee in accordance with the standards established by the Chartered Professional Accountants of Canada and the Public Company Accounting Oversight Board and the requirements of the *Bank Act (Canada)* and of the Bank's regulators, including its primary regulator OSFI, as such matters are applicable to the Bank from time to time;

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

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

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

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

- at least annually, review and evaluate the qualifications, performance and independence of the lead partner of the shareholders' auditor, and as required upon rotation of the lead partner, obtain confirmation from the shareholders' auditor that they are in compliance with the requirements for the qualifications for auditors pursuant to the *Bank Act (Canada)*;

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

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

Independence of Shareholders' Auditor

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

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

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

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

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

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

Finance Department

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

- reviewing and approving the mandate of the Finance Department and the mandate of the Chief Financial Officer at least annually;
- reviewing and approving, at least annually, the Finance Department budget and resource plan, including receiving reports from management on resource adequacy;
- annually assessing the effectiveness of the Finance Department;
- 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, 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 Complaint-Handling and Disclosure of Information to Customers Policy ; 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 regulatory 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, and shall satisfy itself that the Compliance Department is sufficiently independent to perform its responsibilities. In addition, the Committee shall:

- review and approve its annual plan, including its budget and resources, and any significant changes to the annual plan and/or methodology;
- annually review and approve the mandate of the Compliance Department and the mandate of the Chief Compliance Officer;
- at least annually assess the effectiveness of the Compliance 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, without management present, with the appointed actuaries of the subsidiaries of the Bank that are federally-regulated insurance companies;
- 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 October 2015

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, 2015, 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, 2015. This MD&A is dated December 2, 2015. Unless otherwise indicated, all amounts are expressed in Canadian dollars and have been primarily derived from the Bank's annual Consolidated Financial Statements prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Note that certain comparative amounts have been restated/reclassified to conform with the presentation adopted in the current 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 (as defined in this document) makes written and/or oral forward-looking statements, including in this document, in other filings with Canadian regulators or the United States (U.S.) Securities and Exchange Commission (SEC), and in other communications. In addition, representatives of the Bank may make forward-looking statements orally to analysts, investors, the media and others. All such statements are made pursuant to the "safe harbour" provisions of, and are intended to be forward-looking statements under, applicable Canadian and U.S. securities legislation, including the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, statements made in this document, including in the Management's Discussion and Analysis ("2015 MD&A") under the heading "Economic Summary and Outlook", for each business segment under headings "Business Outlook and Focus for 2016", and in other statements regarding the Bank's objectives and priorities for 2016 and beyond and strategies to achieve them, the regulatory environment in which the Bank operates, and the Bank's anticipated financial performance. Forward-looking statements are typically identified by words such as "will", "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, individually or in the aggregate, such differences include: credit, market (including equity, commodity, foreign exchange, and interest rate), liquidity, operational (including technology and infrastructure), reputational, insurance, strategic, regulatory, legal, environmental, capital adequacy, and other risks. Examples of such risk factors include the general business and economic conditions in the regions in which the Bank operates; the ability of the Bank to execute on key priorities, including to successfully complete acquisitions, business retention, 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, or application of, current laws and regulations, including without limitation tax laws, risk-based capital guidelines and liquidity regulatory guidance; the overall difficult litigation environment, including in the U.S.; increased competition, including through internet and mobile banking and non-traditional competitors; changes to the Bank's credit ratings; changes in currency and interest rates; increased funding costs and market volatility due to market illiquidity and competition for funding; critical accounting estimates and changes to accounting standards, policies, and methods used by the Bank; existing and potential international debt crises; and the occurrence of natural and unnatural catastrophic events and claims resulting from such events. The Bank cautions that the preceding list is not exhaustive of all possible risk factors and other factors could also adversely affect the Bank's results. For more detailed information, please refer to the "Risk Factors and Management" section of the 2015 MD&A, as may be updated in subsequently filed quarterly reports to shareholders and news releases (as applicable) related to any transactions or events 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 2015 MD&A under the headings "Economic Summary and Outlook", and for each business segment, "Business Outlook and Focus for 2016", 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 24 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 10.2 million active online and mobile customers. TD had $1.1 trillion in assets as at October 31, 2015. 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 to arrive at "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 on 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, which required retrospective application, effective in fiscal 2015 (2015 IFRS Standards and Amendments). As a result, certain comparative amounts have been restated where applicable. The 2015 IFRS Standards and Amendments were not incorporated into the regulatory capital disclosures presented prior to fiscal 2015. For more information, refer to Note 4 of the 2015 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)

	2015	2014	2013
Net interest income	**$ 18,724**	$ 17,584	$ 16,074
Non-interest income	**12,702**	12,377	11,185
Total revenue	**31,426**	29,961	27,259
Provision for credit losses	**1,683**	1,557	1,631
Insurance claims and related expenses	**2,500**	2,833	3,056
Non-interest expenses	**18,073**	16,496	15,069
Income before income taxes and equity in net income of an investment in associate	**9,170**	9,075	7,503
Provision for income taxes	**1,523**	1,512	1,135
Equity in net income of an investment in associate, net of income taxes	**377**	320	272
Net income – reported	**8,024**	7,883	6,640
Preferred dividends	**99**	143	185
Net income available to common shareholders and non-controlling interests in subsidiaries	**$ 7,925**	$ 7,740	$ 6,455
Attributable to:			
Non-controlling interests	**$ 112**	$ 107	$ 105
Common shareholders	**7,813**	7,633	6,350

TABLE 2 : NON-GAAP FINANCIAL MEASURES – Reconciliation of Adjusted to Reported Net Income

(millions of Canadian dollars)

	2015	2014	2013
Operating results – adjusted			
Net interest income	**$ 18,724**	$ 17,584	$ 16,074
Non-interest income[1]	**12,713**	12,097	11,114
Total revenue	**31,437**	29,681	27,188
Provision for credit losses[2]	**1,683**	1,582	1,606
Insurance claims and related expenses	**2,500**	2,833	3,056
Non-interest expenses[3]	**17,076**	15,863	14,390
Income before income taxes and equity in net income of an investment in associate	**10,178**	9,403	8,136
Provision for income taxes[4]	**1,862**	1,649	1,326
Equity in net income of an investment in associate, net of income taxes[5]	**438**	373	326
Net income – adjusted	**8,754**	8,127	7,136
Preferred dividends	**99**	143	185
Net income available to common shareholders and non-controlling interests in subsidiaries – adjusted	**8,655**	7,984	6,951
Attributable to:			
Non-controlling interests in subsidiaries, net of income taxes	**112**	107	105
Net income available to common shareholders – adjusted	**8,543**	7,877	6,846
Adjustments for items of note, net of income taxes			
Amortization of intangibles[6]	**(255)**	(246)	(232)
Restructuring charges[7]	**(471)**	–	(90)
Charge related to the acquisition of Nordstrom Inc.'s (Nordstrom) credit card portfolio and related integration costs[8]	**(51)**	–	–
Litigation and litigation-related charge/reserve[9]	**(8)**	–	(100)
Fair value of derivatives hedging the reclassified available-for-sale securities portfolio[10]	**55**	43	57
Integration charges and direct transaction costs relating to the acquisition of the credit card portfolio of MBNA Canada[11]	**–**	(125)	(92)
Set-up, conversion and other one-time costs related to affinity relationship with Aimia and acquisition of Aeroplan Visa credit card accounts[12]	**–**	(131)	(20)
Impact of Alberta flood on the loan portfolio[13]	**–**	19	(19)
Gain on sale of TD Waterhouse Institutional Services[14]	**–**	196	–
Total adjustments for items of note	**(730)**	(244)	(496)
Net income available to common shareholders – reported	**$ 7,813**	$ 7,633	$ 6,350

1 Adjusted non-interest income excludes the following items of note: $62 million gain due to change in fair value of derivatives hedging the reclassified available-for-sale securities portfolio, as explained in footnote 10; $73 million difference of the transaction price over the fair value of the Nordstrom assets acquired, as explained in footnote 8; 2014 – $49 million gain due to change in fair value of derivatives hedging the reclassified available-for-sale securities portfolio; $231 million gain due to the sale of TD Waterhouse Institutional Services, as explained in footnote 14; 2013 – $71 million gain due to change in fair value of derivatives hedging the reclassified available-for-sale securities portfolio.

2 In 2014, 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 13; 2013 – $25 million due to the impact of the Alberta flood on the loan portfolio.

3 Adjusted non-interest expenses exclude the following items of note: $289 million amortization of intangibles, as explained in footnote 6; $686 million due to the initiatives to reduce costs, as explained in footnote 7; $9 million due to integration costs related to the Nordstrom transaction, as explained in footnote 8; $52 million of litigation charges, as explained in footnote 9; $39 million recovery of litigation losses, as explained in footnote 9; 2014 – $286 million amortization of intangibles; $169 million of integration charges relating to the acquisition of the credit card portfolio of MBNA Canada, as explained in footnote 11; $178 million of costs in relation to the affinity relationship with Aimia and acquisition of Aeroplan Visa credit card accounts, as explained in footnote 12; 2013 – $272 million amortization of intangibles; $125 million of integration charges and direct transaction costs relating to the acquisition of the credit card portfolio of MBNA Canada; $127 million of litigation and litigation-related charges; $129 million due to the initiatives to reduce costs; $27 million of set-up costs in preparation for the affinity relationship with Aimia Inc. with respect to Aeroplan Visa credit cards.

4 For a reconciliation between reported and adjusted provision for income taxes, refer to the "Non-GAAP Financial Measures – Reconciliation of Reported to Adjusted Provision for Income Taxes" table in the "Income Taxes" section of the MD&A.

5 Adjusted equity in net income of an investment in associate excludes the following items of note: $61 million amortization of intangibles, as explained in footnote 6; 2014 – $53 million amortization of intangibles; 2013 – $54 million amortization of intangibles.

6 Amortization of intangibles relate to intangibles acquired as a result of asset acquisitions and business combinations. Although the amortization of software and asset servicing rights are recorded in amortization of intangibles, they are not included for purposes of the items of note.

7 In fiscal 2015, the Bank recorded restructuring charges of $686 million ($471 million after tax) on a net basis. During 2015 the Bank commenced its restructuring review and in the second quarter of 2015 recorded $337 million ($228 million after tax) of restructuring charges and recorded an additional restructuring charge of $349 million ($243 million after tax) on a net basis in the fourth quarter of 2015. The restructuring charges incurred in fiscal 2015 were intended to reduce costs and manage expenses in a sustainable manner and to achieve greater operational efficiencies. These measures included process redesign and business restructuring, retail branch and real estate optimization, and organizational review. These restructuring charges have been recorded as an adjustment to net income within the Corporate segment. 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 charges related primarily to retail branch and real estate optimization initiatives.

8 On October 1, 2015, the Bank acquired substantially all of Nordstrom's existing U.S. Visa and private label consumer credit card portfolio and became the primary issuer of Nordstrom credit cards in the U.S. The transaction was treated as an asset acquisition and the difference on the date of acquisition of the transaction price over the fair value of assets acquired has been recorded in Non-interest income. In addition, the Bank incurred set-up, conversion and other one-time costs related to integration of the acquired cards and related program agreement. These amounts are included as an item of note in the U.S. Retail segment.

9 As a result of developments and settlements reached in the U.S. in fiscal 2013, the Bank determined that litigation and litigation-related charges of $127 million ($100 million after tax) were required. As a result of an adverse judgment and evaluation of certain other developments and exposures in the U.S. in 2015, the Bank took prudent steps to reassess its litigation provision. Having considered these factors, including related or analogous cases, the Bank determined, in accordance with applicable accounting standards, that an increase of $52 million ($32 million after tax) to the Bank's litigation provision was required in the second quarter of 2015. During the third quarter of 2015, distributions of $39 million ($24 million after tax) were received by the Bank as a result of previous settlements reached on certain matters in the U.S., whereby the Bank was assigned the right to these distributions, if and when made available. The amount for fiscal 2015 reflects this recovery of previous settlements.

10 The Bank changed its trading strategy with respect to certain trading debt securities and reclassified these securities from trading to the available-for-sale category effective August 1, 2008. These debt securities are economically hedged, primarily with credit default swap and interest rate swap contracts which 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.

11 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 was the last quarter Canadian Retail included any further MBNA-related integration charges as an item of note.

12 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 were included as an item of note in the Canadian Retail segment. The third quarter of 2014 was the last quarter Canadian Retail included any set-up, conversion, or other one-time costs related to the acquired Aeroplan credit card portfolio as an item of note.

13 In the third quarter of 2013, the Bank recorded PCL 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.

14 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.

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

(Canadian dollars)

		2015	2014	2013
Basic earnings per share – reported	**$**	**4.22**	$ 4.15	$ 3.46
Adjustments for items of note[2]		**0.40**	0.13	0.26
Basic earnings per share – adjusted	**$**	**4.62**	$ 4.28	$ 3.72
Diluted earnings per share – reported	**$**	**4.21**	$ 4.14	$ 3.44
Adjustments for items of note[2]		**0.40**	0.13	0.27
Diluted earnings per share – adjusted	**$**	**4.61**	$ 4.27	$ 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 explanations of items of note, refer to the "Non-GAAP Financial Measures – Reconciliation of Adjusted to Reported Net Income" table in the "Financial Results Overview" section of this document.

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

(millions of Canadian dollars)

		2015	2014	2013
TD Bank, National Association (TD Bank, N.A.)	**$**	**116**	$ 115	$ 117
TD Ameritrade Holding Corporation (TD Ameritrade)[2]		**61**	53	54
MBNA Canada		**37**	37	36
Aeroplan		**17**	14	–
Other		**24**	27	25
		255	246	232
Software and other		**289**	236	176
Amortization of intangibles, net of income taxes	**$**	**544**	$ 482	$ 408

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

2 Included in equity in net income of an investment in associate.

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, 2014, capital allocated to the business segments is based on 9% Common Equity Tier 1 (CET1) Capital.

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)

		2015	2014	2013
Average common equity	**$**	**58,178**	$ 49,495	$ 44,791
Net income available to common shareholders – reported		**7,813**	7,633	6,350
Items of note, net of income taxes[1]		**730**	244	496
Net income available to common shareholders – adjusted		**8,543**	7,877	6,846
Return on common equity – adjusted		**14.7 %**	15.9 %	15.3 %

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

SIGNIFICANT EVENTS IN 2015

Restructuring Charges

In fiscal 2015, the Bank recorded restructuring charges of $686 million ($471 million after tax) on a net basis. During 2015, the Bank commenced its restructuring review and in the second quarter of 2015 recorded $337 million ($228 million after tax) of restructuring charges and recorded an additional restructuring charge of $349 million ($243 million after tax) on a net basis in the fourth quarter of 2015. The restructuring charges incurred in fiscal 2015 were intended to reduce costs and manage expenses in a sustainable manner and to achieve greater operational efficiencies. These measures included process redesign and business restructuring, retail branch and real estate optimization, and organizational review.

Acquisition of Nordstrom Inc.'s U.S. Credit Card Portfolio

On October 1, 2015, the Bank, through its subsidiary, TD Bank USA, National Association (TD Bank USA, N.A.), acquired substantially all of Nordstrom Inc.'s (Nordstrom) existing U.S. Visa and private label consumer credit card portfolio, with a gross outstanding balance of $2.9 billion (US$2.2 billion). In addition, the Bank and Nordstrom entered into a long-term agreement under which the Bank became the exclusive U.S. issuer of Nordstrom-branded Visa and private label consumer credit cards to Nordstrom customers.

At the date of acquisition the Bank recorded the credit card receivables at their fair value of $2.9 billion. The transaction was treated as an asset acquisition and the pre-tax difference of $73 million on the date of acquisition of the transaction price over the fair value of assets acquired has been recorded in Non-interest income. The gross amounts of revenue and credit losses have been recorded on the Consolidated Statement of Income in the U.S. Retail segment since that date. Nordstrom shares in a fixed percentage of the revenue and credit losses incurred. Nordstrom'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 Nordstrom are recorded in Other assets or Other liabilities, respectively, on the Consolidated Balance Sheet.

FINANCIAL RESULTS OVERVIEW

Net Income

AT A GLANCE OVERVIEW

- **Reported net income was $8,024 million, an increase of $141 million, or 2%, compared with last year.**
- **Adjusted net income was $8,754 million, an increase of $627 million, or 8%, compared with last year.**

Reported net income for the year was $8,024 million, an increase of $141 million, or 2%, compared with $7,883 million last year. Reported net income included a restructuring charge of $471 million after tax and other items of note. Adjusted net income for the year was $8,754 million, an increase of $627 million, or 8%, compared with $8,127 million last year. The increase in adjusted net income was due to higher earnings in the Canadian Retail, U.S. Retail, and Wholesale Banking segments, partially offset by a higher loss in the Corporate segment. Canadian Retail net income increased primarily due to good loan and deposit volume growth, good wealth asset growth, strong credit performance, and higher insurance earnings, partially offset by margin compression and expense growth. U.S. Retail net income increased primarily due to strong organic loan and deposit growth, lower provision for credit losses (PCL), good expense management, and the impact of foreign currency translation, partially offset by margin compression and lower gains on sales of securities. Wholesale Banking net income increased primarily due to higher revenue, partially offset by higher non-interest expenses and a higher effective tax rate. Corporate segment loss increased due to higher provisions for incurred but not identified credit losses related to the Canadian loan portfolio and certain non-recurring positives in the prior year including the gain on sale of TD Ameritrade shares and favourable impact of tax items in the prior year.

Reported diluted earnings per share (EPS) for the year were $4.21, a 2% increase, compared with $4.14 last year. Adjusted diluted EPS for the year were $4.61, an 8% increase, compared with $4.27 last year.

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 compared with last year.

Depreciation of the Canadian dollar had a favourable impact on consolidated earnings for the year ended October 31, 2015, 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)

		2015 vs. 2014		2014 vs. 2013
U.S. Retail (including TD Ameritrade)				
Increased total revenue – reported	**$**	**1,135**	$	570
Increased total revenue – adjusted		**1,146**		570
Increased non-interest expenses – reported		**747**		370
Increased non-interest expenses – adjusted		**745**		370
Increased net income – reported, after tax		**297**		143
Increased net income – adjusted, after tax		**304**		143
Increase in basic earnings per share – reported (dollars)	**$**	**0.16**	$	0.08
Increase in basic earnings per share – adjusted (dollars)		**0.16**		0.08

A one cent increase/decrease in the U.S. dollar to Canadian dollar exchange rate will decrease/increase total Bank annual net income by approximately $32 million.

FINANCIAL RESULTS OVERVIEW

Revenue

AT A GLANCE OVERVIEW

- **Reported revenue was $31,426 million, an increase of $1,465 million, or 5%, compared with last year.**
- **Adjusted revenue was $31,437 million, an increase of $1,756 million, or 6%, compared with last year.**
- **Net interest income increased by $1,140 million, or 6%, compared with last year.**
- **Reported non-interest income increased by $325 million, or 3%, compared with last year.**
- **Adjusted non-interest income increased by $617 million, or 5%, compared with last year.**

NET INTEREST INCOME

Net interest income for the year on a reported and adjusted basis was $18,724 million, an increase of $1,140 million, or 6%, 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, partially offset by a decline in the Corporate segment. U.S. Retail net interest income increased primarily due to strong organic loan and deposit growth, higher fee revenue, the contribution from Nordstrom, and the impact of foreign currency translation, partially offset by net margin compression and lower accretion. Canadian Retail net interest income increased primarily due to good loan and deposit volume growth and the full year impact of Aeroplan, partially offset by lower margins. Wholesale Banking net interest income increased primarily due to higher trading-related revenue and strong corporate lending growth. Corporate segment net interest income decreased primarily due to lower revenue from treasury and balance sheet management activities.



NET INTEREST MARGIN

Net interest margin declined by 13 basis points (bps) during the year to 2.05%, compared with 2.18% last year. Lower margins in the Canadian and U.S. Retail segments were primarily due to core margin compression.

TABLE 7: NET INTEREST INCOME ON AVERAGE EARNING BALANCES[1,2,3]

(millions of Canadian dollars, except as noted)

	2015			2014			2013		
	Average balance	Interest[4]	Average rate	Average balance	Interest[4]	Average rate	Average balance	Interest[4]	Average rate
Interest-earning assets									
Interest-bearing deposits with Banks									
Canada	**$ 4,738**	**$ 15**	**0.32 %**	$ 3,692	$ 17	0.46 %	$ 4,552	$ 23	0.51 %
U.S.	**40,684**	**107**	**0.26**	27,179	72	0.26	17,748	48	0.27
Securities									
Trading									
Canada	**50,234**	**1,297**	**2.58**	55,383	1,367	2.47	54,390	1,398	2.57
U.S.	**23,790**	**454**	**1.91**	18,424	333	1.81	16,781	321	1.91
Non-trading									
Canada	**31,639**	**479**	**1.51**	23,169	377	1.63	20,554	336	1.63
U.S.	**90,552**	**1,525**	**1.68**	76,245	1,370	1.80	66,675	1,384	2.08
Securities purchased under reverse repurchase agreements									
Canada	**39,384**	**249**	**0.63**	33,691	288	0.85	24,207	230	0.95
U.S.	**36,074**	**78**	**0.22**	35,512	62	0.17	31,422	94	0.30
Loans									
Residential mortgages[5]									
Canada	**188,048**	**4,924**	**2.62**	178,128	5,212	2.93	167,061	5,049	3.02
U.S.	**26,336**	**984**	**3.74**	22,677	858	3.78	20,010	764	3.82
Consumer instalment and other personal									
Canada	**93,943**	**4,600**	**4.90**	90,512	4,499	4.97	91,729	4,718	5.14
U.S.	**35,609**	**1,144**	**3.21**	29,272	1,058	3.61	26,206	1,016	3.88
Credit card									
Canada	**18,096**	**2,235**	**12.35**	17,984	2,245	12.48	14,582	1,828	12.54
U.S.	**8,778**	**1,450**	**16.52**	7,200	1,287	17.88	4,697	834	17.76
Business and government[5]									
Canada	**62,879**	**1,759**	**2.80**	55,048	1,808	3.28	52,820	1,584	3.00
U.S.	**85,553**	**2,730**	**3.19**	64,343	2,308	3.59	55,186	2,270	4.11
International	**77,467**	**800**	**1.03**	69,494	767	1.10	62,180	718	1.15
Total interest-earning assets	**$ 913,804**	**$ 24,830**	**2.72 %**	$ 807,953	$ 23,928	2.96 %	$ 730,800	$ 22,615	3.09 %
Interest-bearing liabilities									
Deposits									
Personal									
Canada	**$ 181,101**	**$ 1,158**	**0.64 %**	$ 172,897	$ 1,394	0.81 %	$ 168,369	$ 1,660	0.99 %
U.S.	**178,287**	**218**	**0.12**	147,025	197	0.13	130,378	211	0.16
Banks[6]									
Canada	**8,907**	**34**	**0.38**	5,898	18	0.31	6,134	11	0.18
U.S.	**11,764**	**32**	**0.27**	7,682	16	0.21	6,565	14	0.21
Business and government[6,7]									
Canada	**180,596**	**1,796**	**0.99**	145,233	1,540	1.06	120,426	1,270	1.05
U.S.	**154,578**	**909**	**0.59**	125,375	1,065	0.85	111,787	1,248	1.12
Subordinated notes and debentures	**7,953**	**390**	**4.90**	7,964	412	5.17	8,523	447	5.24
Obligations related to securities sold short and under repurchase agreements									
Canada	**46,340**	**450**	**0.97**	47,360	535	1.13	40,874	472	1.15
U.S.	**47,835**	**186**	**0.39**	42,962	122	0.28	37,534	102	0.27
Securitization liabilities[8]	**34,968**	**593**	**1.70**	41,745	777	1.86	50,591	927	1.83
Other liabilities									
Canada	**4,889**	**79**	**1.62**	5,652	88	1.56	5,625	82	1.46
U.S.	**33**	**4**	**12.06**	29	1	3.45	72	3	4.17
International[6]	**35,693**	**257**	**0.72**	32,673	179	0.55	19,766	94	0.48
Total interest-bearing liabilities	**$ 892,944**	**$ 6,106**	**0.68 %**	$ 782,495	$ 6,344	0.81 %	$ 706,644	$ 6,541	0.93 %
Total net interest income on average earning assets	**$ 913,804**	**$ 18,724**	**2.05 %**	$ 807,953	$ 17,584	2.18 %	$ 730,800	$ 16,074	2.20 %

1 Certain comparative amounts have been restated to conform with the presentation adopted in the current period.
2 Net interest income includes dividends on securities.
3 Geographic classification of assets and liabilities is based on the domicile of the booking point of assets and liabilities.
4 Interest income includes loan fees earned by the Bank, which are recognized in net interest income over the life of the loan through the effective interest rate method.
5 Includes average trading loans of $10 billion (2014 – $10 billion, 2013 – $9 billion).
6 Includes average trading deposits with a fair value of $71 billion (2014 – $58 billion, 2013 – $47 billion).
7 Includes marketing fees incurred on the TD Ameritrade Insured Deposit Accounts (IDA) of $1,051 million (2014 – $895 million, 2013 – $821 million).
8 Includes average securitization liabilities at fair value of $11 billion (2014 – $16 billion, 2013 – $25 billion) and average securitization liabilities at amortized cost of $24 billion (2014 – $26 billion, 2013 – $26 billion).

The following table presents an analysis of the change in net interest income of volume and interest rate changes. In this analysis, changes due to volume/interest rate variance have been allocated to average interest rate.

TABLE 8: ANALYSIS OF CHANGE IN NET INTEREST INCOME [1,2,3]

(millions of Canadian dollars)

	2015 vs. 2014			2014 vs. 2013		
	Increase (decrease) due to changes in			Increase (decrease) due to changes in		
	Average volume	Average rate	Net change	Average volume	Average rate	Net change
Interest-earning assets						
Interest-bearing deposits with banks						
Canada	$ 5	$ (7)	$ (2)	$ (5)	$ (1)	$ (6)
U.S.	36	(1)	35	25	(1)	24
Securities						
Trading						
Canada	(127)	57	(70)	26	(57)	(31)
U.S.	96	25	121	32	(20)	12
Non-trading						
Canada	138	(36)	102	43	(2)	41
U.S.	257	(102)	155	199	(213)	(14)
Securities purchased under reverse repurchase agreements						
Canada	49	(88)	(39)	90	(32)	58
U.S.	1	15	16	12	(44)	(32)
Loans						
Residential mortgages						
Canada	290	(578)	(288)	334	(171)	163
U.S.	139	(13)	126	102	(9)	93
Consumer instalment and other personal						
Canada	171	(70)	101	(62)	(157)	(219)
U.S.	229	(143)	86	119	(77)	42
Credit card						
Canada	14	(24)	(10)	426	(9)	417
U.S.	282	(119)	163	444	9	453
Business and government						
Canada	257	(306)	(49)	67	157	224
U.S.	761	(339)	422	377	(338)	39
International	75	(42)	33	96	(47)	49
Total interest income	$ 2,673	$ (1,771)	$ 902	$ 2,325	$ (1,012)	$ 1,313
Interest-bearing liabilities						
Deposits						
Personal						
Canada	$ 66	$ (302)	$ (236)	$ 44	$ (310)	$ (266)
U.S.	42	(21)	21	27	(41)	(14)
Banks						
Canada	9	7	16	–	7	7
U.S.	8	8	16	3	(1)	2
Business and government						
Canada	375	(119)	256	262	8	270
U.S.	248	(404)	(156)	152	(335)	(183)
Subordinated notes and debentures	–	(22)	(22)	(29)	(6)	(35)
Obligations related to securities sold short and under repurchase agreements						
Canada	(11)	(74)	(85)	75	(12)	63
U.S.	14	50	64	15	5	20
Securitization liabilities	(126)	(58)	(184)	(159)	9	(150)
Other liabilities						
Canada	(12)	3	(9)	1	5	6
U.S.	–	3	3	(2)	–	(2)
International	25	53	78	72	13	85
Total interest expense	$ 638	$ (876)	$ (238)	$ 461	$ (658)	$ (197)
Net interest income	$ 2,035	$ (895)	$ 1,140	$ 1,864	$ (354)	$ 1,510

1 Certain comparative amounts have been restated to conform with the presentation adopted in the current period.
2 Geographic classification of assets and liabilities is based on the domicile of the booking point of assets and liabilities.
3 Interest income includes loan fees earned by the Bank, which are recognized in net interest income over the life of the loan through the effective interest rate method.

NON-INTEREST INCOME

Non-interest income for the year on a reported basis was $12,702 million, an increase of $325 million, or 3%, compared with last year. Adjusted non-interest income for the year was $12,713 million, an increase of $616 million, or 5%, compared with last year. The increase in adjusted non-interest income was primarily driven by increases in the U.S. Retail, Canadian Retail, and Wholesale Banking segments, partially offset by the Corporate segment. U.S. Retail non-interest income increased primarily due to the contribution from Nordstrom and the impact of foreign currency translation, partially offset by lower gains on sales of securities. Canadian Retail non-interest income increased primarily due to wealth asset growth, higher personal and business banking fee-based revenue, and insurance premiums, partially offset by the impact of a change in mix of reinsurance contracts. Wholesale Banking non-interest income increased primarily due to strong debt underwriting fees and corporate lending growth. Corporate segment non-interest income decreased primarily due to the gains on sales of TD Ameritrade shares in the prior year.

TABLE 9: NON-INTEREST INCOME

(millions of Canadian dollars, except as noted)

				2015 vs. 2014
	2015	2014	2013	**% change**
Investment and securities services				
TD Waterhouse fees and commissions	**$ 430**	$ 412	$ 406	4 **%**
Full-service brokerage and other securities services	**760**	684	596	11
Underwriting and advisory	**443**	482	365	(8)
Investment management fees	**481**	413	326	16
Mutual fund management	**1,569**	1,355	1,141	16
Total investment and securities services	**3,683**	3,346	2,834	10
Credit fees	**925**	845	785	9
Net securities gains (losses)	**79**	173	304	(54)
Trading income (losses)	**(223)**	(349)	(279)	36
Service charges	**2,376**	2,152	1,966	10
Card services	**1,766**	1,552	1,220	14
Insurance revenue	**3,758**	3,883	3,734	(3)
Trust fees	**150**	150	148	–
Other income (loss)	**188**	625	473	(70)
Total	**$ 12,702**	$ 12,377	$ 11,185	3 **%**

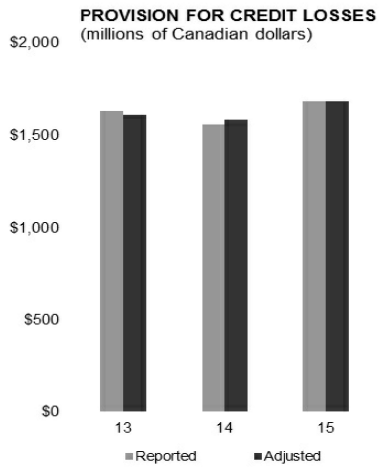
TRADING-RELATED INCOME

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 for the year was $1,152 million, an increase of $173 million, or 18%, compared with last year. For additional details, refer to Note 22 of the 2015 Consolidated Financial Statements. The increase in trading-related income over last year was primarily driven by broad-based performance from interest rate and credit trading, foreign exchange trading and equity trading that benefited from improved client activity in the year. Equity trading also benefited from increased volatility in the latter half of 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.

FINANCIAL RESULTS OVERVIEW

Provision for Credit Losses



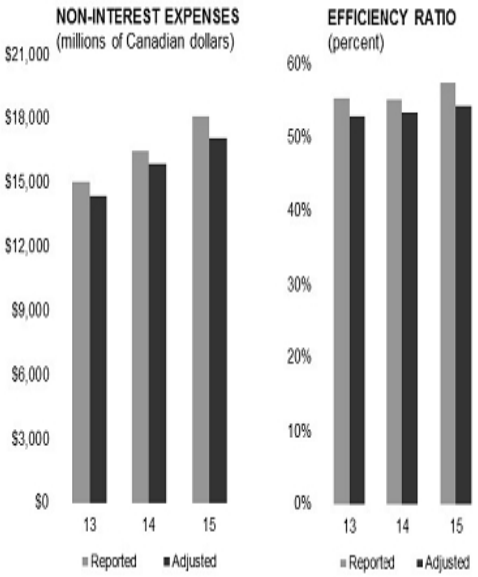
AT A GLANCE OVERVIEW

- **Reported PCL was $1,683 million, an increase of $126 million, or 8%, compared with last year.**
- **Adjusted PCL was $1,683 million, an increase of $101 million, or 6%, compared with last year.**

Reported PCL for the year was $1,683 million, an increase of $126 million, or 8%, compared with last year. Adjusted PCL for the year was $1,683 million, an increase of $101 million, or 6%, compared with last year. The increase was primarily driven by increases in the Corporate and U.S. Retail segments, partially offset by a decrease in the Canadian Retail segment. Corporate segment PCL increased primarily due to higher provisions for incurred but not identified credit losses related to the Canadian loan portfolio. U.S. Retail PCL increased primarily due to volume growth, provisions related to the flooding in South Carolina, and the impact of foreign currency translation partially offset by continued credit quality improvement across various portfolios. Canadian Retail PCL decreased primarily due to higher recoveries in business banking, the sale of charged-off accounts, and strong credit performance in personal banking.

FINANCIAL RESULTS OVERVIEW

Expenses



AT A GLANCE OVERVIEW

- **Reported non-interest expenses were $18,073 million, an increase of $1,577 million, or 10%, compared with last year.**
- **Adjusted non-interest expenses were $17,076 million, an increase of $1,213 million, or 8%, compared with last year.**
- **Insurance claims and related expenses were $2,500 million, a decrease of $333 million, or 12%, compared with last year.**
- **Reported efficiency ratio was 57.5%, compared with 55.1% last year.**
- **Adjusted efficiency ratio was 54.3%, compared with 53.4% last year.**

NON-INTEREST EXPENSES

Reported non-interest expenses for the year were $18,073 million, an increase of $1,577 million, or 10%, compared with last year. Reported non-interest expense included a restructuring charge of $686 million. Adjusted non-interest expenses were $17,076 million, an increase of $1,213 million, or 8%, compared with last year. The increase in adjusted non-interest expenses was driven by increases in the U.S. Retail, Canadian Retail, and Wholesale Banking segments. U.S. Retail non-interest expenses increased primarily due to investments to support business growth, the impact of foreign currency translation, and the Nordstrom acquisition, partially offset by productivity savings. Canadian Retail non-interest expenses increased primarily due to higher employee-related costs, including higher revenue-based variable expenses in the wealth business, business growth, and higher initiative spend, partially offset by productivity savings. Wholesale Banking non-interest expenses increased primarily due to the impact of foreign exchange translation and higher operating expenses.

INSURANCE CLAIMS AND RELATED EXPENSES

Insurance claims and related expenses were $2,500 million, a decrease of $333 million, or 12%, compared with last year, primarily due to a change in mix of reinsurance contracts, more favourable prior years' development, less severe weather conditions, and lower current year claims costs.

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 57.5%, compared with 55.1% last year. The adjusted efficiency ratio was 54.3%, compared with 53.4% last year. The adjusted efficiency ratio, with insurance claims and related expenses offset against revenues, was 59.0% compared with 59.1% last year.

TABLE 10: NON-INTEREST EXPENSES AND EFFICIENCY RATIO

(millions of Canadian dollars, except as noted)

				2015 vs. 2014	
	2015	2014	2013	**% change**	
Salaries and employee benefits					
Salaries	**$ 5,452**	$ 5,171	$ 4,751	**5**	
Incentive compensation	**2,057**	1,927	1,634	**7**	
Pension and other employee benefits	**1,534**	1,353	1,266	**13**	
Total salaries and employee benefits	**9,043**	8,451	7,651	**7**	
Occupancy					
Rent	**887**	800	755	**11**	
Depreciation and impairment losses	**376**	324	330	**16**	
Other	**456**	425	371	**7**	
Total occupancy	**1,719**	1,549	1,456	**11**	
Equipment					
Rent	**172**	147	216	**17**	
Depreciation and impairment losses	**212**	209	188	**1**	
Other	**508**	454	443	**12**	
Total equipment	**892**	810	847	**10**	
Amortization of other intangibles	**662**	598	521	**11**	
Marketing and business development	**728**	756	685	**(4)**	
Restructuring charges	**686**	29	129	**2,266**	
Brokerage-related fees	**324**	321	317	**1**	
Professional and advisory services	**1,032**	991	1,009	**4**	
Communications	**273**	283	281	**(4)**	
Other expenses					
Capital and business taxes	**139**	160	147	**(13)**	
Postage	**222**	212	201	**5**	
Travel and relocation	**175**	185	186	**(5)**	
Other	**2,178**	2,151	1,639	**1**	
Total other expenses	**2,714**	2,708	2,173	**–**	
Total expenses	**$ 18,073**	$ 16,496	$ 15,069	**10**	
Efficiency ratio – reported	**57.5 %**	55.1 %	55.3 %	**240**	**bps**
Efficiency ratio – adjusted	**54.3**	53.4	52.9	**90**	

FINANCIAL RESULTS OVERVIEW

Taxes

Reported total income and other taxes increased by $50 million, or 2%, compared with last year. Income tax expense, on a reported basis, was up $11 million, or 1%, compared with last year. Other taxes were up $39 million, or 3%, compared with last year. Adjusted total income and other taxes were up $252 million from last year. Total income tax expense, on an adjusted basis, was up $213 million, or 13%, from last year.

The Bank's effective income tax rate on a reported basis was 16.6% for 2015, compared with 16.7% last year. For a reconciliation of the Bank's effective income tax rate with the Canadian statutory income tax rate, refer to Note 26 of the 2015 Consolidated Financial Statements.

The Bank's adjusted effective tax rate for the year was 18.3%, compared with 17.5% last year. The year-over-year increase was largely due to changes in business mix and the resolution of certain audit items in 2014.

The Bank reports its investment in TD Ameritrade using the equity method of accounting. TD Ameritrade's tax expense of $221 million in the year, compared with $198 million last year, was not part of the Bank's effective tax rate.

Canadian Federal Budget

As mentioned in the Bank's second and third quarter 2015 Reports to Shareholders, the Government of Canada's April budget included proposals that would negatively impact financial institutions. We expect that these proposals will be maintained by the recently elected Federal government and the Bank will continue to monitor any change to them. We note that, if effective, parts of the proposals are expected to affect our Insurance business starting in fiscal 2016, resulting in an increase in income taxes for that business of approximately $30 million to $35 million, as calculated on a quarterly basis.

TABLE 11: NON-GAAP FINANCIAL MEASURES – Reconciliation of Reported to Adjusted Provision for Income Taxes

(millions of Canadian dollars, except as noted)

	2015	2014	2013
Provision for income taxes – reported	**$ 1,523**	$ 1,512	$ 1,135
Adjustments for items of note: Recovery of (provision for) incomes taxes[1,2]			
Amortization of intangibles	**95**	93	94
Restructuring charges	**215**	–	39
Charge related to the acquisition of Nordstrom's credit card portfolio and related integration costs	**31**	–	–
Litigation and litigation-related charge/reserve	**5**	–	26
Fair value of derivatives hedging the reclassified available-for-sale securities portfolio	**(7)**	(6)	(14)
Integration charges and direct transaction costs relating to the acquisition of the credit card portfolio of MBNA Canada	**–**	44	33
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)	–
Total adjustments for items of note	**339**	137	191
Provision for income taxes – adjusted	**1,862**	1,649	1,326
Other taxes			
Payroll	**485**	435	404
Capital and premium	**135**	157	140
GST, HST, and provincial sales[3]	**428**	426	380
Municipal and business	**181**	172	169
Total other taxes	**1,229**	1,190	1,093
Total taxes – adjusted	**$ 3,091**	$ 2,839	$ 2,419
Effective income tax rate – adjusted[4]	**18.3 %**	17.5 %	16.3 %

1 For explanations of items of note, refer to the "Non-GAAP Financial Measures – Reconciliation of Adjusted to Reported Net Income" table in the "Financial Results Overview" section of this document.
2 The tax effect for each item of note is calculated using the 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 2015 PERFORMANCE SUMMARY

Reported net income for the quarter was $1,839 million, an increase of $93 million, or 5%, compared with the fourth quarter last year. Reported net income included a restructuring charge of $243 million after tax and other items of note. Adjusted net income for the quarter was $2,177 million, an increase of $315 million, or 17%, compared with the fourth quarter last year. Reported diluted EPS for the quarter was $0.96, compared with $0.91 in the fourth quarter last year. Adjusted diluted EPS for the quarter was $1.14, compared with $0.98 in the fourth quarter last year.

Reported revenue for the quarter was $8,047 million, an increase of $595 million, or 8%, compared with the fourth quarter last year. Adjusted revenue for the quarter was $8,096 million, an increase of $645 million, or 9%, compared with the fourth quarter last year. The increase in adjusted revenue was primarily driven by increases in the U.S. Retail, Canadian Retail, and Wholesale Banking segments. U.S. Retail revenue increased primarily due to strong loan and deposit growth, broad-based fee growth, the Nordstrom acquisition, and the impact of foreign currency translation, partially offset by lower margins. Canadian Retail revenue increased primarily due to good loan and deposit volume growth, higher fee-based revenue, good wealth asset growth, and insurance premium growth, partially offset by lower margins, a change in mix of reinsurance contracts, and the change in fair value of investments supporting insurance claims liabilities. Wholesale Banking revenue increased primarily due to higher trading-related revenue, and corporate lending growth both in Canada and the U.S., partially offset by lower equity underwriting.

PCL for the quarter was $509 million, an increase of $138 million, or 37%, compared with the fourth quarter last year. The increase was primarily driven by increases in the U.S. Retail and Corporate segments partially offset by a decrease in the Canadian Retail segment. U.S. Retail PCL increased primarily due to higher provisions for commercial loans, provisions related to the South Carolina flooding, and the impact of foreign currency translation. Corporate segment PCL increased primarily due to higher provisions for incurred but not identified credit losses related to the Canadian loan portfolio. Canadian Retail PCL decreased primarily due to higher recoveries.

Insurance claims and related expenses for the quarter were $637 million, a decrease of $83 million, or 12%, compared with the fourth quarter last year, primarily due to the change in mix of reinsurance contracts, more favourable prior years' development and the change in fair value of investments supporting claims liabilities, partially offset by higher current year claims costs.

Reported non-interest expenses for the quarter were $4,911 million, an increase of $580 million, or 13%, compared with the fourth quarter last year. Reported non-interest expense included a restructuring charge of $349 million. Adjusted non-interest expenses for the quarter were $4,480 million, an increase of $293 million, or 7%, compared with the fourth quarter last year. The increase in adjusted non-interest expenses was primarily driven by an increase in the U.S. Retail segment partially offset by a decrease in the Corporate segment. Canadian Retail and Wholesale Banking non-interest expenses were relatively flat compared to the prior quarter. U.S. Retail non-interest expenses increased primarily due to the Nordstrom acquisition, investment to support business growth and the impact of foreign currency translation, partially offset by ongoing productivity savings.

The Bank's reported effective tax rate was 13.0% for the quarter, compared with 18.2% in the same quarter last year. The decrease was largely due to the tax impact associated with the restructuring charges. The Bank's adjusted effective tax rate was 16.9% for the quarter, compared with 18.9% in the same quarter last year. The decrease was largely due to higher 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 higher insurance earnings. U.S. Retail earnings have benefited from strong loan and deposit volume growth and continued investments to support business growth. Wholesale Banking earnings benefited from improved trading and investment banking results driven by strong client activity. 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. The Bank's earnings also benefited from the impact of foreign currency translation over the past eight quarters.

TABLE 12: QUARTERLY RESULTS[1]

(millions of Canadian dollars, except as noted)

	For the three months ended							
	2015				2014			
	Oct. 31	**Jul. 31**	**Apr. 30**	**Jan. 31**	Oct. 31	Jul. 31	Apr. 30	Jan. 31
Net interest income	**$ 4,887**	**$ 4,697**	**$ 4,580**	**$ 4,560**	$ 4,457	$ 4,435	$ 4,391	$ 4,301
Non-interest income	**3,160**	**3,309**	**3,179**	**3,054**	2,995	3,074	3,044	3,264
Total revenue	**8,047**	**8,006**	**7,759**	**7,614**	7,452	7,509	7,435	7,565
Provision for credit losses	**509**	**437**	**375**	**362**	371	338	392	456
Insurance claims and related expenses	**637**	**600**	**564**	**699**	720	771	659	683
Non-interest expenses	**4,911**	**4,292**	**4,705**	**4,165**	4,331	4,040	4,029	4,096
Provision for (recovery of) income taxes	**259**	**502**	**344**	**418**	370	330	447	365
Equity in net income of an investment in associate, net of income taxes	**108**	**91**	**88**	**90**	86	77	80	77
Net income – reported	**1,839**	**2,266**	**1,859**	**2,060**	1,746	2,107	1,988	2,042
Adjustments for items of note, net of income taxes[2]								
Amortization of intangibles	**65**	**62**	**65**	**63**	62	60	63	61
Restructuring charges	**243**	**–**	**228**	**–**	–	–	–	–
Charge related to the acquisition of Nordstrom's credit card portfolio and related integration costs	**51**	**–**	**–**	**–**	–	–	–	–
Litigation and litigation-related charge/reserve	**–**	**(24)**	**32**	**–**	–	–	–	–
Fair value of derivatives hedging the reclassified available-for-sale securities portfolio	**(21)**	**(19)**	**(15)**	**–**	–	(24)	–	(19)
Integration charges and direct transaction costs relating to the acquisition of the credit card portfolio of MBNA Canada	**–**	**–**	**–**	**–**	54	27	23	21
Set-up, conversion and other one-time costs related to affinity relationship with Aimia and acquisition of Aeroplan Visa credit card accounts	**–**	**–**	**–**	**–**	–	16	–	115
Impact of Alberta flood on the loan portfolio	**–**	**–**	**–**	**–**	–	(19)	–	–
Gain on sale of TD Waterhouse Institutional Services	**–**	**–**	**–**	**–**	–	–	–	(196)
Total adjustments for items of note	**338**	**19**	**310**	**63**	116	60	86	(18)
Net income – adjusted	**2,177**	**2,285**	**2,169**	**2,123**	1,862	2,167	2,074	2,024
Preferred dividends	**26**	**25**	**24**	**24**	32	25	40	46
Net income available to common shareholders and non-controlling interests in subsidiaries – adjusted	**2,151**	**2,260**	**2,145**	**2,099**	1,830	2,142	2,034	1,978
Attributable to:								
Non-controlling interests – adjusted	**29**	**28**	**28**	**27**	27	27	26	27
Common shareholders – adjusted	**$ 2,122**	**$ 2,232**	**$ 2,117**	**$ 2,072**	$ 1,803	$ 2,115	$ 2,008	$ 1,951
(Canadian dollars, except as noted)								
Basic earnings per share								
Reported	**$ 0.96**	**$ 1.20**	**$ 0.98**	**$ 1.09**	$ 0.92	$ 1.12	$ 1.05	$ 1.07
Adjusted	**1.15**	**1.21**	**1.15**	**1.12**	0.98	1.15	1.09	1.06
Diluted earnings per share								
Reported	**0.96**	**1.19**	**0.97**	**1.09**	0.91	1.11	1.04	1.07
Adjusted	**1.14**	**1.20**	**1.14**	**1.12**	0.98	1.15	1.09	1.06
Return on common equity – reported	**11.4 %**	**14.9 %**	**12.8 %**	**14.6 %**	13.1 %	16.3 %	15.9 %	16.4 %
Return on common equity – adjusted	**13.5**	**15.0**	**15.0**	**15.1**	14.0	16.8	16.6	16.2
(billions of Canadian dollars, except as noted)								
Average earning assets	**$ 958**	**$ 925**	**$ 906**	**$ 862**	$ 832	$ 810	$ 798	$ 791
Net interest margin as a percentage of average earning assets	**2.02 %**	**2.01 %**	**2.07 %**	**2.10 %**	2.13 %	2.17 %	2.26 %	2.16 %

1 Certain comparative amounts have been restated, where applicable, as a result of the implementation of the 2015 IFRS Standards and Amendments.
2 For explanations of items of note, refer to the "Non-GAAP Financial Measures – Reconciliation of Adjusted to Reported Net Income" table in the "Financial Results Overview" section of this document.

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, 3,153 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 ®, auto financing services, and wealth management services in the U.S. The retail banking operations provide a full range of financial products and services to over 8 million customers through multiple delivery channels, including a network of 1,298 stores located along the east coast from Maine to Florida, mobile and internet banking, automated teller machines (ATM), and telephone. The commercial banking operations serves the needs of businesses, through a diversified range of products and services to meet their financing, investment, cash management, international trade, and day-to-day banking needs. Auto finance provides flexible financing options to customers at point of sale for automotive vehicle purchases. Wealth management offers a wide range of wealth products and services to retail and institutional clients. U.S. Retail works with TD Ameritrade to refer mass affluent clients to TD Ameritrade for their direct investing needs. The results of the Bank's equity investment in TD Ameritrade are included in U.S. Retail and reported as equity in net income of an investment in 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, provisions for incurred but not identified credit losses, tax items at an enterprise level, the elimination of taxable equivalent and other intercompany adjustments, and residual unallocated revenue and expenses.

Effective October 1, 2015, the results of the acquired Nordstrom U.S. Credit Card Portfolio are reported in the U.S. Retail segment. Effective December 27, 2013, and January 1, 2014, the results of the acquired Aeroplan credit card portfolio and the results of the related affinity relationship with Aimia Inc. (collectively, "Aeroplan") are reported in the Canadian Retail 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, refer to the "Financial Results Overview" section of this document. For information concerning the Bank's measure of adjusted ROE, which is a non-GAAP financial measure, refer to the "Return on Common Equity" section. Segmented information also appears in Note 30 of the 2015 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 $417 million, compared with $428 million last year.

As noted in Note 9 of the 2015 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 2016" 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, refer to the "Caution Regarding Forward-Looking Statements" section and the "Risk Factors That May Affect Future Results" section.

TABLE 13: RESULTS BY SEGMENT

(millions of Canadian dollars)

	Canadian Retail		U.S. Retail		Wholesale Banking		Corporate		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Net interest income (loss)	**$ 9,781**	$ 9,538	**$ 7,011**	$ 6,000	**$ 2,295**	$ 2,210	**$ (363)**	$ (164)	**$ 18,724**	$ 17,584
Non-interest income (loss)	**9,904**	9,623	**2,414**	2,245	**631**	470	**(247)**	39	**12,702**	12,377
Provision for (recovery of) credit losses	**887**	946	**749**	676	**18**	11	**29**	(76)	**1,683**	1,557
Insurance claims and related expenses	**2,500**	2,833	**–**	–	**–**	–	**–**	–	**2,500**	2,833
Non-interest expenses	**8,407**	8,438	**6,170**	5,352	**1,701**	1,589	**1,795**	1,117	**18,073**	16,496
Income (loss) before provision for income taxes	**7,891**	6,944	**2,506**	2,217	**1,207**	1,080	**(2,434)**	(1,166)	**9,170**	9,075
Provision for (recovery of) income taxes	**1,953**	1,710	**394**	412	**334**	267	**(1,158)**	(877)	**1,523**	1,512
Equity in net income of an investment in associate, net of income taxes	**–**	–	**376**	305	**–**	–	**1**	15	**377**	320
Net income (loss) – reported	**5,938**	5,234	**2,488**	2,110	**873**	813	**(1,275)**	(274)	**8,024**	7,883
Adjustments for items of note, net of income taxes[1]										
Amortization of intangibles	**–**	–	**–**	–	**–**	–	**255**	246	**255**	246
Charge related to the acquisition of Nordstrom's credit card portfolio and related integration costs	**–**	–	**51**	–	**–**	–	**–**	–	**51**	–
Restructuring charges	**–**	–	**–**	–	**–**	–	**471**	–	**471**	–
Litigation and litigation-related charge/reserve	**–**	–	**8**	–	**–**	–	**–**	–	**8**	–
Fair value of derivatives hedging the reclassified available-for-sale securities portfolio	**–**	–	**–**	–	**–**	–	**(55)**	(43)	**(55)**	(43)
Integration charges and direct transaction costs relating to the acquisition of the credit card portfolio of MBNA Canada	**–**	125	**–**	–	**–**	–	**–**	–	**–**	125
Set-up, conversion and other one-time costs related to affinity relationship with Aimia and acquisition of Aeroplan Visa credit card accounts	**–**	131	**–**	–	**–**	–	**–**	–	**–**	131
Impact of Alberta flood on the loan portfolio	**–**	–	**–**	–	**–**	–	**–**	(19)	**–**	(19)
Gain on sale of TD Waterhouse Institutional Services	**–**	–	**–**	–	**–**	–	**–**	(196)	**–**	(196)
Total adjustments for items of note	**–**	256	**59**	–	**–**	–	**671**	(12)	**730**	244
Net income (loss) – adjusted	**$ 5,938**	$ 5,490	**$ 2,547**	$ 2,110	**$ 873**	$ 813	**$ (604)**	$ (286)	**$ 8,754**	$ 8,127
(billions of Canadian dollars)										
Average common equity[2]	**$ 13.9**	$ 12.6	**$ 31.1**	$ 25.1	**$ 5.8**	$ 4.7	**$ 7.4**	$ 7.1	**$ 58.2**	$ 49.5
CET1 Capital risk-weighted assets[3,4]	**106**	100	**200**	158	**65**	61	**11**	9	**382**	328

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

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

3 Prior to 2015, amounts have not been adjusted to reflect the impact of the 2015 IFRS Standards and Amendments.

4 Effective the third quarter of 2014, each capital ratio has its own risk-weighted assets (RWA) measure due to the Office of the Superintendent of Financial Institution (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. For fiscal 2015, the scalars are 64%, 71%, and 77%, respectively.

ECONOMIC SUMMARY AND OUTLOOK

The first half of calendar 2015 saw a marked downturn in the Canadian economy, as real gross domestic product (GDP) contracted in both the first and second quarters. It is estimated that economic growth resumed in the July to September period, helped in part by a rebound in exports to the U.S. and some one-time factors, including the resumption of production at a major automotive plant. Looking ahead to the next four to five quarters, real GDP is expected to average a moderate 2% on a quarterly annualized basis. In contrast, the U.S. economy has continued to expand steadily, growing an average of 2% per quarter between January and September 2015. Economic growth in the U.S. is expected to pick up to about 2.5% in subsequent quarters.

Beyond the North American borders, economic conditions are mixed. Signs of improvement can be seen in the main European economies and in the United Kingdom, but economies remain highly reliant on extraordinary monetary accommodation. Growth remains stubbornly weak in emerging markets. This emerging market weakness in many ways reflects concerns about the Chinese economy, which has entered a lower-growth phase. At the same time, global commodity prices, notably metals, have trended lower. This has resulted in a weaker growth outlook for economies with exposure to both commodity production and/or China exports, such as Australia.

While low commodity prices are proving a headwind for many economies, the converse is true in the U.S., where low commodity prices (particularly within the energy sector) are helping to support consumer spending. Indeed, while activity expanded only 1.5% in the June to September period, this reflected a drawdown in inventories and headwinds on exports from a strong U.S. dollar. Consumer spending far outpaced that of overall growth, rising a robust 3.2% in the same period reflecting solid pent-up demand and relatively low unemployment. Increased spending by households and domestic-oriented businesses is expected to yield above-trend economic growth in calendar 2016. Consistent with an economy that has less and less slack remaining, the U.S. Federal Reserve appears likely to raise rates in December 2015, with further gradual increases likely thereafter.

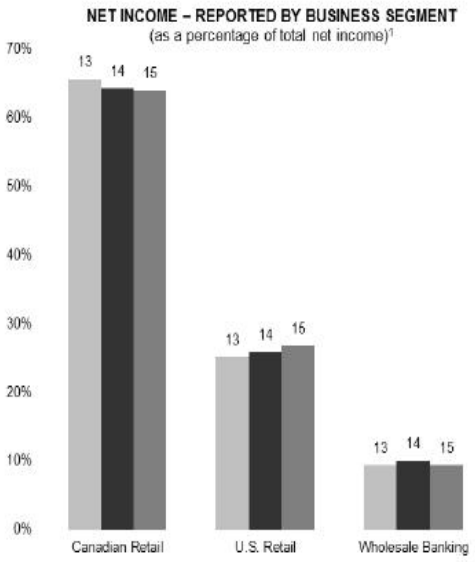
The outlook for the main sectors of the Canadian economy varies. Household consumption will likely be constrained by record-high debt levels, although debt service payments remain affordable helped by the low interest rate environment. The net effect will be an ongoing expansion of household spending, but at a slower pace than seen in the past. Non-residential investment is expected to continue contracting into the first half of calendar 2016, as persistently low oil prices continue to impact investment planning decisions in the important oil and gas sector.

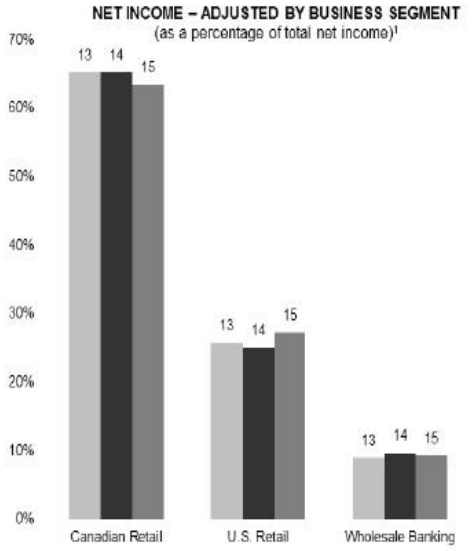
Residential investment has continued to be a key driver of the Canadian economy so far in calendar 2015. The effect of past interest rate cuts, which have been supportive of this sector, are expected to fade by mid-2016, and housing investment is expected to decline as further supply comes on market. Overall, a small pause in the sector is likely, helping rebalance the market after a prolonged period of expansion.

Canadian exporters are expected to be a key source of growth over the second half of calendar 2015 and throughout 2016, fuelled by rising U.S. demand and a favourable exchange rate against the U.S. dollar. Strong growth in this sector will likely lead to some investment spending, particularly on machinery and equipment, which is forecast to partially offset expected weakness in the oil and gas sector. Additional investment support is likely to come from the federal government, which has pledged further infrastructure spending. While details are not yet available, this spending may boost GDP growth in calendar years 2016 and 2017 by as much as 0.1 and 0.3 percentage points, respectively.

With growth expected to settle in at a moderate 2% in the coming quarters, there does not appear to be any significant fundamental inflationary pressures in Canada, and as a result, core inflation is expected to remain near 2% for the foreseeable future, in line with the Bank of Canada's target. Oil price movements have resulted in a significant deviation of overall inflation from the core rate, averaging just 1.1% year-on-year growth in the June to September period of 2015. With oil prices expected to remain persistently low, it is likely that inflation will remain well below the 2% target throughout both fiscal and calendar 2016. Prospects for relatively low inflation and the moderate growth profile provide little impetus for Bank of Canada to change interest rates. The policy interest rate is expected to remain at 0.50% until mid-2017, at which point the Bank of Canada is expected to begin increasing interest rates, albeit at a more gradual pace than seen in past tightening cycles.

We consider the forecast outlined above to be the most likely scenario. However, forecasts are by definition uncertain, and risks to the outlook exist. Significant uncertainty remains around the outlook for growth in China. A sharper slow-down of growth than anticipated would place sizeable downward pressure on commodity prices, reducing the value of Canadian exports and relative investment. Canadian exports themselves present a risk to the outlook, accounting for more than a quarter of expected growth in calendar 2016; should foreign demand fail to evolve in line with expectations, economic growth may disappoint. It is also possible that the Canadian economy may outperform our expectations. In particular, the resiliency of Canadian housing demand has been underestimated in the past, and this may continue to be the case given low interest rates and continued income gains.





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.

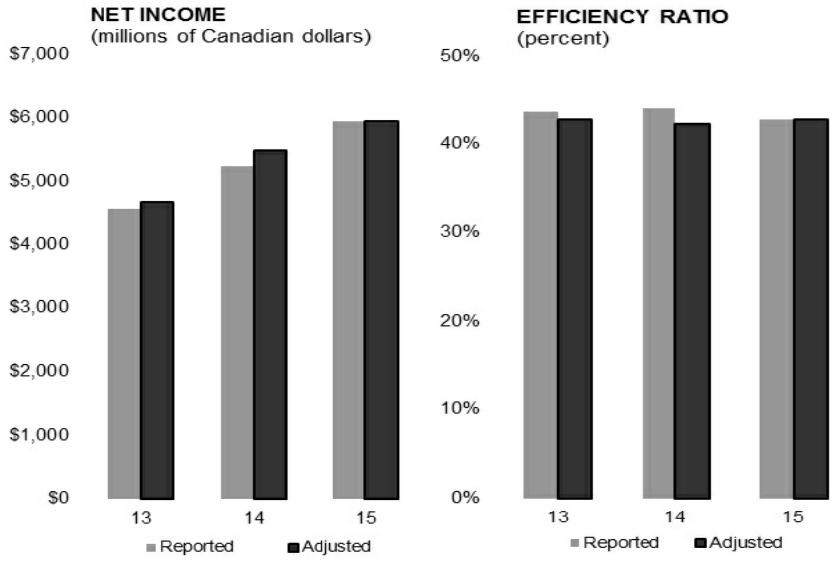


TABLE 14: REVENUE – Reported
(millions of Canadian dollars)

		2015		2014		2013
Personal banking	$	**9,993**	$	9,600	$	8,808
Business banking		**2,323**		2,284		2,232
Wealth		**3,436**		3,226		2,917
Insurance		**3,933**		4,051		3,825
Total	$	**19,685**	$	19,161	$	17,782

BUSINESS HIGHLIGHTS

- **Achieved record adjusted earnings of $5,938 million, and an adjusted efficiency ratio of 42.7%.**
- **Recognized as an industry leader in customer service excellence with distinctions that included the following:**
  - **TD Canada Trust ranked "Highest in Customer Satisfaction Among the Big Five Retail Banks" [2] for the tenth consecutive year by J.D. Power, a global marketing information company. The 2015 Canadian Retail Banking Customer Satisfaction Study included responses from over 14,000 customers who use a primary financial institution for personal banking.**
  - **TD Canada Trust retained the #1 spot in "Customer Service Excellence" [3] among the Big Five Retail Banks for the eleventh consecutive year according to Ipsos, a global market research firm.**
  - **TD Canada Trust has won the "Online Banking Excellence" [4] award among the Big Five Retail Banks for the eleventh consecutive year according to Ipsos, a global market research firm.**
  - **TD Canada Trust has won the "Mobile Banking Excellence" [5] award among the Big Five Retail Banks in every single year of the award's existence according to Ipsos, a global market research firm.**
  - **TD Wealth Private Investment Advice received the second-highest numerical score for overall customer satisfaction in the proprietary J.D. Power 2015 Canadian Full Service Investor Satisfaction Study[SM6].**
- **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 had record originations in Canada during the year ended October 31, 2015.**

2 Received the highest numerical score among the big five retail banks in the proprietary J.D. Power 2006-2015 Canadian Retail Banking Customer Satisfaction Studies [SM]. 2015 study based on over 14,000 total responses and measures opinions of consumers with their primary banking institution. Proprietary study results are based on experiences and perceptions of consumers surveyed April-May 2015. Your experiences may vary. Visit www.jdpower.com.

3 Ipsos 2015 Best Banking Awards are based on ongoing quarterly Customer Service Index (CSI) survey results. Sample size for the total 2015 CSI program year ended with the August 2015 survey wave was 45,391 completed surveys yielding 65,991 financial institution ratings nationally.

4 TD Canada Trust has won the Online Banking Excellence award among the big five retail banks in the proprietary Ipsos 2006-2015 Best Banking Studies [SM]. Ipsos 2015 Best Banking Awards are based on ongoing quarterly CSI survey results. Sample size for the total 2015 CSI program year ended with the August 2015 survey wave was 45,391 completed surveys yielding 65,991 financial institution ratings nationally.

5 TD Canada Trust has won the award among the big five retail banks in the proprietary Ipsos 2013-2015 Best Banking Studies [SM]. The Mobile Banking Excellence award was introduced in 2013. Ipsos 2015 Best Banking Awards are based on ongoing quarterly CSI survey results. Sample size for the total 2015 CSI program year ended with the August 2015 survey wave was 45,391 completed surveys yielding 65,991 financial institution ratings nationally.

6 Proprietary study results are based on responses from 4,827 investors who use advice-based investment services from financial institutions in Canada. The study was fielded in May and June 2015. Your experiences may vary. Visit www.jdpower.com.

- **Business banking continued to generate strong loan volume growth of 9%.**
- **TD Insurance achieved a record $3.9 billion in total premiums in 2015 [7].**
- **TD Asset Management (TDAM), the manager of TD Mutual Funds, had record long-term fund sales and record assets under management.**
- **TD has maintained strong Canadian market share [8] in key products:**
  - **#1 in real estate secured lending, personal deposit, and credit card market share.**
  - **#2 in personal loan market share.**
  - **#2 in Business Banking deposit and loan market share.**
  - **#1 in Direct Investing by asset, trade, and revenue market share.**

CHALLENGES IN 2015
- **Continued low interest rate environment, including two Bank of Canada rate cuts, 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 weak economic growth and elevated consumer debt levels.**

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 prudent expense management. 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 consistently deliver top tier earnings performance.

TABLE 15: CANADIAN RETAIL

(millions of Canadian dollars, except as noted)

	2015	2014	2013
Net interest income	**$ 9,781**	$ 9,538	$ 8,922
Non-interest income	**9,904**	9,623	8,860
Total revenue	**19,685**	19,161	17,782
Provision for credit losses	**887**	946	929
Insurance claims and related expenses	**2,500**	2,833	3,056
Non-interest expenses – reported	**8,407**	8,438	7,754
Non-interest expenses – adjusted	**8,407**	8,091	7,602
Net income – reported	**5,938**	5,234	4,569
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
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	**$ 5,938**	$ 5,490	$ 4,681
Selected volumes and ratios			
Return on common equity – reported [2]	**42.8 %**	41.7 %	42.3 %
Return on common equity – adjusted [2]	**42.8**	43.7	43.3
Margin on average earning assets (including securitized assets) – reported and adjusted	**2.87**	2.95	2.92
Efficiency ratio – reported	**42.7**	44.0	43.6
Efficiency ratio – adjusted	**42.7**	42.2	42.7
Number of Canadian retail branches	**1,165**	1,165	1,179
Average number of full-time equivalent staff [3]	**39,218**	39,389	39,535

1 For explanations of items of note, refer to the "Non-GAAP Financial Measures – Reconciliation of Adjusted to Reported Net Income" table in the "Financial Results Overview" section of this document.
2 Effective fiscal 2015, capital allocated to the business segments is based on 9% CET1 Capital. These changes have been applied prospectively.
3 In fiscal 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 fiscal 2013 have not been restated.

REVIEW OF FINANCIAL PERFORMANCE

Canadian Retail net income for the year on a reported basis was $5,938 million, an increase of $704 million, or 13%, compared with last year. Adjusted net income for the year was $5,938 million, an increase of $448 million, or 8%, compared with last year. The increase in adjusted earnings was primarily due to good loan and deposit volume growth, good wealth asset growth, strong credit performance, and higher insurance earnings, partially offset by margin compression and expense growth. The reported and adjusted annualized ROE for the year was 42.8%, compared with 41.7% and 43.7%, respectively, last year.

7 Gross Written Premiums for General Insurance business and Collected Premiums for Life and Health business.
8 Market share ranking is based on most current data available from the Canadian Bankers Association for Real Estate Secured Lending as at July 2015, from the Canadian Bankers Association for Business Deposits and Loans as at June 2015, from public financial disclosures for average credit card balances as at July 2015, from OSFI for Personal Deposits and Loans as at August 2015, and from Investor Economics for asset, trade, and revenue metrics as at September 2015.

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 $19,685 million, an increase of $524 million, or 3%, compared with last year. Net interest income increased $243 million, or 3%, driven primarily by good loan and deposit volume growth and the full year impact of Aeroplan, partially offset by lower margins. Non-interest income increased $281 million, or 3%, largely driven by wealth asset growth, higher personal and business banking fee-based revenue, and insurance premium growth, partially offset by a change in mix of reinsurance contracts. Margin on average earning assets was 2.87%, a decrease of 8 bps, primarily due to the low rate environment and competitive pricing.

The personal banking business generated good average lending volume growth of $12.8 billion, or 5%. Average real estate secured lending volume increased $9.5 billion, or 4%. Auto lending average volume increased $2.4 billion, or 16%, while all other personal lending average volumes increased $0.9 billion, or 3%. Business loans and acceptances average volume increased $4.5 billion, or 9%. Average personal deposit volumes increased $7.0 billion, or 5%, due to strong growth in core chequing and savings volumes, partially offset by lower term deposit volume. Average business deposit volumes increased $5.1 billion, or 7%.

Assets under administration (AUA) were $310 billion as at October 31, 2015, an increase of $17 billion, or 6%, and assets under management (AUM) were $245 billion at October 31, 2015, an increase of $18 billion, or 8%, compared with last year, driven by strong new asset growth.

PCL for the year was $887 million, a decrease of $59 million, or 6% compared with last year. Personal banking PCL was $855 million, a decrease of $20 million, or 2%, due primarily to the sale of charged-off accounts and strong credit performance, partially offset by higher provisions in the auto lending portfolio. Business banking PCL was $32 million, a decrease of $39 million, primarily due to higher recoveries in the current year. Annualized PCL as a percentage of credit volume was 0.26%, a decrease of 3 bps, compared with last year. Net impaired loans were $715 million, a decrease of $119 million, or 14%, compared with last year.

Insurance claims and related expenses were $2,500 million, a decrease of $333 million, or 12%, compared with last year, primarily due to a change in mix of reinsurance contracts, more favourable prior years' claims development, less severe weather conditions, and lower current year claims costs.

Reported non-interest expenses for the year were $8,407 million, a decrease of $31 million, compared to last year. Adjusted non-interest expenses for the year were $8,407 million, an increase of $316 million, or 4%, compared with last year. The increase was driven primarily by higher employee-related costs, including higher revenue-based variable expenses in the wealth business, business growth, and higher initiative spend, partially offset by productivity savings.

The reported and adjusted efficiency ratio was 42.7%, compared with 44.0% and 42.2%, respectively, last year.

KEY PRODUCT GROUPS

Personal Banking

- Personal Deposits – offers a full suite of chequing, savings, and investment products to retail clients across Canada. In 2015, TD achieved strong volume growth in Personal Deposits, and grew its market share leadership by focusing on acquiring and retaining core customer accounts. Growth in non-term deposits offset run-off in lower margin term deposits primarily in agent channels. The business was able to largely offset the impact of lower interest rates through volume growth, margin management, and growth in other income.
- Consumer Lending – offers a diverse range of financing products to suit the needs of retail clients across Canada. In 2015, lending volumes continued to grow at a moderate pace. TD maintained its leadership position in market share for real estate secured lending, focusing on new product offerings and increasing customer retention.
- Credit Cards and Merchant Services – offers a range of credit card products including co-branded and affinity credit card programs. In April 2015, TD enacted reductions to interchange rates along with the rest of the industry. The business maintained the number one position in credit card market share[9].
- Auto Finance – offers retail automotive and recreational vehicle financing through an extensive network of dealers across Canada. In 2015, TD delivered record 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. TD also took steps to enhance the productivity and efficiency of its operational and adjudication functions by automating key processes.

Business Banking

- Commercial Banking – serves the needs of Canadian businesses across a wide range of industries. In 2015, 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 2015, the business continued to make investments in technology and credit processes 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 AUA and trade volume in 2015. 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. New asset acquisition drove asset growth in 2015.
- 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. TDAM had another record year for AUM and long-term fund sales.

9 Market share ranking is based on the most current data available from public financial disclosures for average credit card balances as at July 2015.

Insurance

- Property and Casualty – TD is the largest direct distribution insurer [10] and the third largest personal insurer [10] 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.
- 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 2016

We will continue to focus on our 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 2016 due to a challenging operating environment. 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 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. Insurance results will depend upon, among other things, the frequency and severity of weather-related events, as well as any future potential regulatory and legislative changes. The tax rate on insurance earnings is expected to increase starting in 2016 if recent legislative proposals become effective. We expect an increase in credit losses for 2016 driven by normalizing credit conditions and volume growth. We will maintain our focus on productivity initiatives.

Our key priorities for 2016 are as follows:

- **Continue to deliver a legendary customer experience across all businesses and distribution channels.**
- **Invest in and deliver on organic growth opportunities across our businesses.**
- **Retain and grow our market leadership in Credit Cards.**
- **Accelerate our growth in the Wealth Advice channels, enrich the client offering in the Direct Investing business, and innovate for leadership in Asset Management.**
- **Continue to invest in our insurance product offerings ensuring that they are competitive, easy to understand and provide the protection our clients need.**
- **Keep our focus on productivity to enhance the customer experience, employee satisfaction, and shareholder value.**
- **Continue to be an extraordinary place to work.**

[10] Based on Gross Written Premiums for General Insurance business. Ranks based on data available from OSFI, Insurers, Insurance Bureau of Canada, and Provincial Regulators, as at December 31, 2014.

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, auto finance, and wealth management.

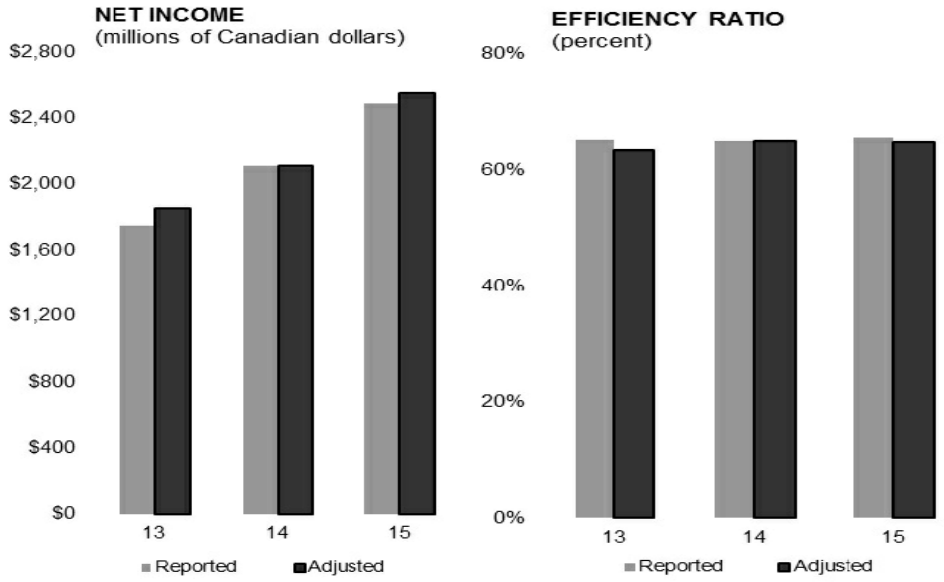


TABLE 16: REVENUE – Reported

(millions of dollars)

	Canadian dollars			U.S. dollars		
	2015	2014	2013	**2015**	2014	2013
Personal Banking	**$ 5,496**	$ 4,685	$ 3,778	**$ 4,415**	$ 4,297	$ 3,701
Business Banking	**2,729**	2,353	2,094	**2,192**	2,158	2,051
Wealth	**411**	330	202	**330**	303	198
Other[1]	**789**	877	1,248	**637**	805	1,223
Total	**$ 9,425**	$ 8,245	$ 7,322	**$ 7,574**	$ 7,563	$ 7,173

1 Other revenue consists primarily of revenue from investing activities.

BUSINESS HIGHLIGHTS

- **Record adjusted earnings of US$2,053 million, up 6% compared with last year.**
- **Continued to provide legendary customer service and convenience:**
  - **Named "Best Big Bank in America" by Money Magazine for the third year in a row [11].**
  - **Won the 2015 J.D. Power U.S. Small Business Banking Award for the Northeast.**
  - **Named to DiversityInc.'s Top 50 Companies in the U.S. for diversity for the third year in a row.**
- **Outperformed our peers in loan growth and household acquisition.**
- **Deepened share of wallet for new and existing customers.**
- **Continued to invest in digital and in our omni-channel experience.**
- **Expanded our credit cards business and closed the Nordstrom transaction.**

CHALLENGES IN 2015

- **The sustained low interest rate environment and a competitive lending landscape 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.**
- **We managed the impacts of the regulatory and legislative environment.**

11 TD Bank, N.A. received the highest numerical score in the northeast in the proprietary J.D. Power 2015 Small Business Banking Satisfaction Study SM. Study based on 8,086 total responses, measuring 8 financial institutions in the northeast (Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont) and measures opinions of small business customers with annual revenues from $100,000 to $10 million. Proprietary study results are based on experiences and perceptions of customers surveyed in July-August 2015. Your results may vary. Visit www.jdpower.com.

INDUSTRY PROFILE

The U.S. consumer and commercial banking industry is highly competitive and includes several very large financial institutions as well as regional banks, small community and savings banks, finance companies, credit unions, and other providers of financial services. The wealth management industry is also competitive and includes national and regional banks, insurance companies, independent mutual fund companies, brokers, and independent asset management companies. The keys to profitability are attracting and retaining customer relationships with legendary service and convenience, offering competitively priced products that meet customers' evolving needs, managing expenses, and disciplined risk management.

OVERALL BUSINESS STRATEGY

Our goal is to outgrow and outperform our peers in the U.S.

Where we Compete:

- Retail and Commercial Banking along the Eastern seaboard
- Profitable customer segments in growth markets where we have a competitive advantage
- Out-of-footprint opportunities within our risk appetite

How we Win:

- Deliver legendary service and convenience
- Grow and deepen customer relationships
- Leverage our differentiated brand as the "human" bank
- Deliver productivity initiatives that enhance both the employee and customer experience
- Maintain our conservative risk appetite
- Build upon our unique employee culture

TABLE 17: U.S. RETAIL[1,2]

(millions of dollars, except as noted)

	Canadian dollars			U.S. dollars		
	2015	2014	2013	**2015**	2014	2013
Net interest income	**$ 7,011**	$ 6,000	$ 5,173	**$ 5,632**	$ 5,503	$ 5,070
Non-interest income	**2,414**	2,245	2,149	**1,942**	2,060	2,103
Total revenue – reported	**9,425**	8,245	7,322	**7,574**	7,563	7,173
Total revenue – adjusted	**9,498**	8,245	7,322	**7,630**	7,563	7,173
Provision for credit losses – loans[3]	**787**	692	811	**632**	635	795
Provision for (recovery of) credit losses – debt securities classified as loans	**(38)**	(16)	(32)	**(29)**	(14)	(31)
Provision for credit losses	**749**	676	779	**603**	621	764
Non-interest expenses – reported	**6,170**	5,352	4,768	**4,952**	4,907	4,671
Non-interest expenses – adjusted	**6,148**	5,352	4,642	**4,933**	4,907	4,545
U.S. Retail Bank net income – reported [4]	**2,112**	1,805	1,506	**1,701**	1,657	1,474
Adjustments for items of note, net of income taxes[5]						
Charge related to the acquisition of Nordstrom's credit card portfolio and related integration costs	**51**	–	–	**39**	–	–
Litigation and litigation-related charge/reserve	**8**	–	100	**7**	–	100
U.S. Retail Bank net income – adjusted [4]	**2,171**	1,805	1,606	**1,747**	1,657	1,574
Equity in net income of an investment in associate, net of income taxes	**376**	305	246	**306**	281	241
Net income – adjusted	**$ 2,547**	$ 2,110	$ 1,852	**$ 2,053**	$ 1,938	$ 1,815
Net income – reported	**2,488**	2,110	1,752	**2,007**	1,938	1,715
Selected volumes and ratios						
Return on common equity – reported[6]	**8.0 %**	**8.4** %	8.0 %	**8.0 %**	8.4 %	8.0 %
Return on common equity – adjusted[6]	**8.2**	**8.4**	8.4	**8.2**	8.4	8.4
Margin on average earning assets (TEB)[7]	**3.61**	**3.75**	3.66	**3.61**	3.75	3.66
Efficiency ratio – reported	**65.5**	**64.9**	65.1	**65.5**	64.9	65.1
Efficiency ratio – adjusted	**64.7**	**64.9**	63.4	**64.7**	64.9	63.4
Number of U.S. retail stores	**1,298**	**1,318**	1,317	**1,298**	1,318	1,317
Average number of full-time equivalent staff[8]	**25,647**	**26,074**	25,247	**25,647**	26,074	25,247

1 Certain comparative amounts have been reclassified to conform with the presentation adopted in the current period.
2 Revenue, PCL, and expenses related to Target and Nordstrom are reported on a gross basis in the Consolidated Statement of Income.
3 Includes provisions for credit losses on acquired credit-impaired (ACI) loans including all Federal Deposit Insurance Corporation (FDIC) covered loans.
4 Results exclude the impact related to the equity in net income of the investment in TD Ameritrade.
5 For explanations of items of note, refer to the "Non-GAAP Financial Measures – Reconciliation of Adjusted to Reported Net Income" table in the "Financial Results Overview" section of this document.
6 Effective fiscal 2015, capital allocated to the business segments is based on 9% CET1 Capital. These changes have been applied prospectively.
7 The margin on average earning assets excludes the impact related to the TD Ameritrade insured deposit accounts (IDA). On a prospective basis, beginning in the second quarter of 2015, the margin on average earning assets (a) excludes the impact of cash collateral deposited by affiliates with the U.S. banks, which have been eliminated at the U.S. Retail segment level and (b) the allocation of investments to the IDA has been changed to reflect the Basel III liquidity rules.
8 In fiscal 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 fiscal 2013 have not been restated.

REVIEW OF FINANCIAL PERFORMANCE

U.S. Retail net income for the year on a reported basis was $2,488 million (US$2,007 million). U.S. Retail adjusted net income for the year was $2,547 million (US$2,053 million), which included net income of $2,171 million (US$1,747 million) from the U.S. Retail Bank and $376 million (US$306 million) from TD's investment in TD Ameritrade. Canadian dollar earnings benefited from a strengthening of the U.S. dollar during the year. The reported and adjusted annualized ROE for the year was 8.0% and 8.2% respectively, compared with 8.4% last year.

U.S. Retail Bank reported net income for the year was US$1,701 million, an increase of US$44 million, or 3%, compared with last year. U.S. Retail Bank adjusted earnings of US$1,747 million increased US$90 million, or 5%, compared with last year, primarily due to strong organic growth, lower PCL, good expense management, and a lower effective tax rate, partially offset by lower loan margins and lower gains on sales of securities. The contribution from TD Ameritrade of US$306 million was up 9% compared with last year, primarily due to strong asset growth and higher transaction revenue, partially offset by higher operating expenses and lower investment gains.

Reported revenue for the year was US$7,574 million, an increase of US$11 million, relatively flat compared with last year. Adjusted revenue was US$7,630 million, an increase of US$67 million, or 1%, compared with last year, primarily due to strong organic loan and deposit growth, higher fee revenue, and the contribution from Nordstrom, partially offset by net margin compression, as well as, lower accretion, and lower gains on sales of securities. Margin on average earning assets was 3.61%, a 14 bps decrease compared with last year primarily due to lower loan margins. Average loan volumes increased US$11 billion, or 10%, compared with last year, driven by a 17% increase in business loans and a 4% increase in personal loans. Average deposit volumes increased US$11 billion, or 5%, compared with last year driven by 7% growth in personal deposits, 5% growth in business deposits, and 4% growth in TD Ameritrade deposits.

AUA were US$9.6 billion at October 31, 2015, an increase of US$430 million, or 5%, compared with the last year, primarily due to market appreciation. AUM were US$76.9 billion at October 31, 2015, an increase of US$17.6 billion, or 30%, compared with last year, mainly driven by net new asset growth.

PCL for the year was US$603 million, a decrease of US$18 million, or 3%, compared with last year, primarily due to continued credit quality improvement across various portfolios, partially offset by volume growth and provisions related to South Carolina flooding. Personal banking PCL was US$538 million, a decrease of US$92 million, or 15%, compared with last year, reflecting good credit quality and favourable loss rates across various products, partially offset by the South Carolina flooding provision. Business banking PCL was US$93 million, an increase of US$90 million compared to last year primarily due to normalizing credit conditions and volume growth. Annualized PCL as a percentage of credit volume for loans, excluding debt securities classified as loans, was 0.48%, a decrease of 7 bps compared with last year. Net impaired loans, excluding acquired credit-impaired (ACI) loans and debt securities classified as loans, were US$1.5 billion, an increase of US$209 million, or 17%, compared with last year, driven primarily by inclusion of certain performing home equity loans that have been reported as impaired, because borrowers may not qualify under current underwriting guidelines. Net impaired loans as a percentage of total loans were 1.1% as at October 31, 2015, flat compared with last year. Net impaired debt securities classified as loans were US$797 million at October 31, 2015, compared with US$919 million at October 31, 2014.

Reported non-interest expenses for the year were US$4,952 million, an increase of US$45 million, or 1%, compared with last year. On an adjusted basis, non-interest expenses were US$4,933 million, an increase of US$26 million, or 1%, compared with last year, primarily due to the impact of Nordstrom and investments to support business growth, partially offset by productivity savings. The reported and adjusted efficiency ratio for the year was 65.5% and 64.7% respectively, compared with 64.9% last year.

KEY PRODUCT GROUPS

Personal Banking

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

Business Banking

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

Wealth

- Advice-based Business – provides private banking, investment advisory, and trust services to retail and institutional clients, to help clients protect, grow, and transition their wealth. The advice-based business is integrated with the U.S. personal and commercial banking businesses.
- Asset Management – the U.S. asset management business is comprised of the U.S. arm of TDAM's institutional investment business and Epoch Investment Partners Inc. Both asset management units work in close partnership with other TD businesses, including the advice-based business and personal and commercial banking, to align products and services to ensure a legendary client experience.

BUSINESS OUTLOOK AND FOCUS FOR 2016

The U.S. Retail business will remain focused on delivering legendary customer service and convenience and deepening client relationships. We anticipate modest economic growth, ongoing regulatory pressures, and a fiercely competitive operating environment in 2016. We expect to post strong loan and deposit growth, although competition for loans and deposits will remain intense. In the absence of interest rate increases, net interest margin is expected to remain under pressure. We are forecasting an increase in credit losses for 2016 driven by volume growth and normalizing credit conditions. We will continue to maintain a disciplined expense management approach as the benefits from restructuring activities and continued focus on productivity initiatives are expected to partially fund strategic business investments. Overall, in the absence of interest rate increases, we expect modest growth in adjusted earnings.

Our key priorities for 2016 are as follows:

- **Outgrow our competitors by acquiring more customers and deepening share of wallet.**
- **Advance our omni-channel strategy, including making key strategic investments in digital capabilities.**
- **Enhance the customer and employee experience as measured by internal and external surveys.**
- **Continue to meet heightened regulatory expectations.**
- **Drive productivity initiatives across the Bank.**

TD AMERITRADE HOLDING CORPORATION

Refer to Note 12 of the 2015 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.

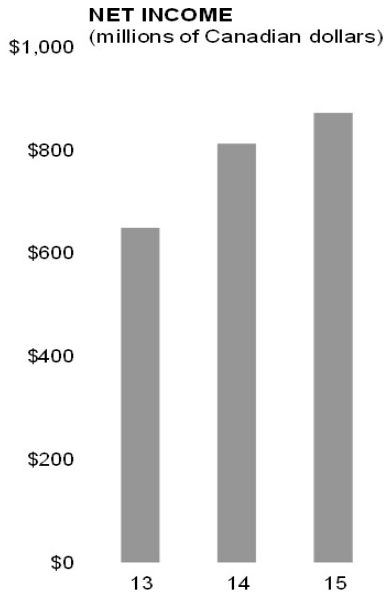




TABLE 18: REVENUE – Reported [1]

(millions of Canadian dollars)

		2015		2014		2013
Investment banking and capital markets	**$**	**2,334**	$	2,170	$	1,931
Corporate banking		**592**		510		479
Total	**$**	**2,926**	$	2,680	$	2,410

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

BUSINESS HIGHLIGHTS

- **Achieved earnings of $873 million and an ROE of 15.2%.**
- **Delivered strong core revenue growth.**
- **Robust performance in trading, corporate lending and debt underwriting both in Canada and the U.S.**
- **Expanded product offerings to our U.S. clients.**
- **Won a record four GlobalCapital Bond Awards in the Sovereign, Supranational and Agency category** [12]**.**
- **Awarded nine StarMine Analyst Awards in equity research** [13]**.**
- **Maintained top-three dealer status in Canada (for the nine-month period ended September 30, 2015)** [14]**:**
  - **#1 in equity options block trading**
  - **#2 in equity block trading**
  - **#2 in government debt underwriting**
  - **#3 in corporate debt underwriting**
  - **#3 in syndications (on rolling twelve-month basis)**

12 GlobalCapital Bond Market Awards recognize the best borrowers, banks and bankers in the sovereign, supranational and agency (SSA), financial institution group (FIG), corporate, and emerging markets sectors for 2015. The awards are based on the results of a market poll, with banks voting for their preferred issuers and borrowers. Based on ranking 1st in select SSA categories.

13 The Thomson Reuters StarMine Analyst Awards recognize the world's top individual sell-side analysts and sell-side firms for 2015. They measure the performance of sell-side analysts based on the returns of their buy/sell recommendations relative to industry benchmarks, and the accuracy of their earnings estimates in 16 regions across the globe. Based on ranking top 3 in select Industry and Overall Analyst categories.

14 Equity block trading is based on IRESS Market Data and equity options block trading is sourced from the Montreal Exchange. Government and corporate debt underwriting and syndications are sourced from Bloomberg.

CHALLENGES IN 2015

- **The sustained low interest rate environment and concerns over the timing of rate increases, combined with a challenging global environment, contributed to investor uncertainty.**
- **Weakening in the resource/energy sector impacted client activities.**
- **Regulatory changes had an impact on TD Securities' businesses.**

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. The trading environment was favourable in 2015, with strong client activity despite challenging markets that were impacted by global uncertainty and volatile energy prices. Fixed income issuance and lending volumes were strong, as clients continued to take advantage of the low interest rate environment. However, regulatory requirements and concerns over the timing of interest rate increases in the U.S. continued to have an impact on investor confidence and client activity. Overall, 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 and capital management. Longer term, wholesale banks that have a diversified client-focused business model, offer a wide range of products and services, and exhibit effective cost and capital management will be well positioned to achieve attractive returns for shareholders.

OVERALL BUSINESS STRATEGY

- Extend our client-centric franchise model through superior advice and execution.
- Strengthen our position as a top investment dealer in Canada.
- Grow our U.S. franchise in partnership with U.S. Retail.
- 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 19: WHOLESALE BANKING

(millions of Canadian dollars, except as noted)

	2015	2014	2013
Net interest income (TEB)	**$ 2,295**	$ 2,210	$ 1,982
Non-interest income	**631**	470	428
Total revenue	**2,926**	2,680	2,410
Provision for credit losses	**18**	11	26
Non-interest expenses	**1,701**	1,589	1,542
Net income	**$ 873**	$ 813	$ 650
Selected volumes and ratios			
Trading-related revenue[1]	**$ 1,545**	$ 1,394	$ 1,273
Gross drawn (billions of dollars)[2]	**16**	12	9
Return on common equity[3]	**15.2** %	17.5 %	15.6 %
Efficiency ratio	**58.1**	59.3	64.0
Average number of full-time equivalent staff[4]	**3,748**	3,654	3,536

1 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. Refer to Note 5 of the 2015 Consolidated Financial Statements for further information on FVA.
2 Includes gross loans and bankers' acceptances, excluding letters of credit and before any cash collateral, credit default swaps (CDS), reserves, etc., for the corporate lending business.
3 Effective fiscal 2015, capital allocated to the business segments is based on 9% CET1 Capital. These changes have been applied prospectively.
4 In fiscal 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 fiscal 2013 have not been restated.

REVIEW OF FINANCIAL PERFORMANCE

Wholesale Banking net income for the year was $873 million, an increase of $60 million, or 7%, compared with last year. The increase in earnings was due to higher revenue, partially offset by higher non-interest expenses and a higher effective tax rate. The ROE for the year was 15.2%, compared with 17.5% in the prior year.

Revenue for the year was $2,926 million, an increase of $246 million, or 9%, compared with the prior year. Revenue increased mainly due to higher trading-related revenue, while our continued focus on originations both in Canada and the U.S. resulted in robust debt underwriting fees and strong corporate lending growth. The increase in debt underwriting fees was largely driven by improved client activity, and corporate lending revenue increased on strong loan volume growth. The revenue increase also included the positive impact of foreign exchange translation. This was partially offset by lower mergers and acquisition (M&A) and equity underwriting fees. Trading-related revenue increased due to improved foreign exchange and fixed income trading that benefited from strong client activity in the year despite a challenging global environment, and higher equity trading on improved client volumes and increased volatility in the latter half of the year.

PCL is comprised of specific provisions 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 $18 million, an increase of $7 million compared with last year, and consisted of the accrual cost of credit protection and a specific credit provision in the corporate lending portfolio. PCL in the prior year consisted primarily of the accrual cost of credit protection.

Non-interest expenses for the year were $1,701 million, an increase of $112 million, or 7%, compared with last year. Non-interest expenses increased primarily due to the impact of foreign exchange translation and higher operating expenses.

ROE for the year was 15.2%, compared with 17.5% in the prior year, decreasing primarily due to a higher capital allocation to the segment and higher CET1 risk-weighted assets (RWA). CET1 RWA increased due to higher corporate loan volumes and the impact of foreign exchange translation.

KEY PRODUCT GROUPS

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 on improved capital markets client activity and strong debt underwriting fees.

Corporate Banking

- Includes corporate lending, trade finance and cash management services. Revenue increased over last year driven by higher fee revenue and strong loan volumes.

BUSINESS OUTLOOK AND FOCUS FOR 2016

Overall, the global economy is showing modest growth and we expect to see gradual improvements in capital markets in 2016. We remain committed to expanding our client-focused franchise dealer in North America, partnering with the rest of the Bank and positioning our business for growth. However, the combination of evolving capital and regulatory requirements, uncertainty over the outlook for interest rates, volatile energy markets and increased competition will continue to impact our business. While these factors will likely affect corporate and investor sentiment in the near term, we believe our diversified, integrated business model will deliver solid results and grow our franchise. In 2016, we remain focused on growing and deepening client relationships, being a valued counterparty, as well as managing our risks, capital, and productivity.

Our key priorities for 2016 are as follows:

- **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.**
- **Expand the U.S. franchise by growing our service offerings to our North American clients.**
- **Further strengthen alignment with our enterprise partners and their clients.**
- **Continue to invest in an agile and effective 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, provisions for incurred but not identified losses related to the Canadian loan portfolio, tax items at an enterprise level, the elimination of taxable equivalent and other intercompany adjustments, and residual unallocated revenue and expenses.

TABLE 20: CORPORATE

(millions of Canadian dollars)

		2015	2014	2013
Net income (loss) – reported	**$**	**(1,275)**	$ (274)	$ (331)
Adjustments for items of note, net of income taxes[1]				
Amortization of intangibles		**255**	246	232
Restructuring charges		**471**	–	90
Fair value of derivatives hedging the reclassified available-for-sale securities portfolio		**(55)**	(43)	(57)
Impact of Alberta flood on the loan portfolio		**–**	(19)	19
Gain on sale of TD Waterhouse Institutional Services		**–**	(196)	–
Total adjustments for items of note		**671**	(12)	284
Net income (loss) – adjusted	**$**	**(604)**	$ (286)	$ (47)
Decomposition of items included in net income (loss) – adjusted				
Net corporate expenses	**$**	**(734)**	$ (727)	$ (516)
Other		**18**	334	364
Non-controlling interests		**112**	107	105
Net income (loss) – adjusted	**$**	**(604)**	$ (286)	$ (47)

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

The Corporate segment reported net loss for the year was $1,275 million, compared with a reported net loss of $274 million last year. Current year reported net loss includes restructuring charges of $686 million ($471 million after-tax) on a net basis. For further details, refer to the "Significant Events in 2015" in the "Financial Results Overview" section of this document. The adjusted net loss for the year was $604 million, compared with an adjusted net loss of $286 million last year. The year-over-year increase in the adjusted net loss was attributable to Other items. Other items were lower due to the gain on sale of TD Ameritrade shares ($85 million after-tax) and favourable impact of tax items in the prior year, lower revenue from treasury and balance sheet management activities and higher provisions for incurred but not identified credit losses due to volume growth and refinements in allowance methodology in the Canadian loan portfolio.

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 2016

We expect Corporate segment adjusted net loss to be relatively consistent with this year's adjusted net loss.

Summary of 2014 Performance

TABLE 21: REVIEW OF 2014 FINANCIAL PERFORMANCE

(millions of Canadian dollars)

	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
Total revenue	19,161	8,245	2,680	(125)	29,961
Provision for (recovery 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
Net income (loss) before provision for 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) – reported	5,234	2,110	813	(274)	7,883
Adjustments for items of note, net of income taxes	256	–	–	(12)	244
Net income (loss) – adjusted	$ 5,490	$ 2,110	$ 813	$ (286)	$ 8,127

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.

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.

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.

INCOME TAX EXPENSE

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.

BALANCE SHEET
FACTORS AFFECTING ASSETS AND LIABILITIES

Total assets were $961 billion as at October 31, 2014, an increase of $98 billion, or 11%, 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), an $18 billion increase in securities purchased under reverse repurchase agreements, a $15 billion increase in interest-bearing deposits with banks, and a $5 billion increase in held-to-maturity securities (net of reclassification of $22 billion from available-for-sale securities).

Total liabilities were $904 billion as at October 31, 2014, an increase of $94 billion, or 12%, 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, a $19 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.

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.

2014 FINANCIAL RESULTS OVERVIEW

2014 Financial Performance by Business Line

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. 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. 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.

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 Bank adjusted earnings of US$1,657 million increased 5% compared with last year. The contribution from TD Ameritrade of US$281 million was up 17% compared with last year. Canadian dollar earnings growth benefited from a strengthening of the U.S. dollar during the 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. 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.

Wholesale Banking net income for the year was $813 million, an increase of $163 million, or 25%, compared with 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 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. 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.

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 ongoing 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.

GROUP FINANCIAL CONDITION

Balance Sheet Review

AT A GLANCE OVERVIEW

Total assets were $1,104 billion as at October 31, 2015, an increase of $144 billion, or 15%, compared with October 31, 2014.

TABLE 22: SELECTED CONSOLIDATED BALANCE SHEET ITEMS

(millions of Canadian dollars)

		As at
	October 31, 2015	October 31, 2014
Assets		
Loans (net of allowance for loan losses)	**$ 544,341**	$ 478,909
Available-for-sale securities	**88,782**	63,008
Securities purchased under reverse repurchase agreements	**97,364**	82,556
Held-to-maturity securities	**74,450**	56,977
Liabilities		
Deposits	**695,576**	600,716
Trading deposits	**74,759**	59,334
Obligations related to securities sold under repurchase agreements	**67,156**	53,112

FACTORS AFFECTING ASSETS AND LIABILITIES

Total assets were $1,104 billion as at October 31, 2015, an increase of $144 billion, or 15%, from October 31, 2014. The net increase was primarily due to a $65 billion increase in loans (net of allowance for loan losses), a $26 billion increase in available-for-sale securities, a $15 billion increase in securities purchased under reverse repurchase agreements, $17 billion increase in held-to-maturity securities, and a $14 billion increase in derivatives. The impact of foreign currency translation added $42 billion, or 4%, to growth in total assets.

Loans (net of allowance for loan losses) increased $65 billion primarily driven by increases in the U.S. Retail segments and Canadian Retail segments. 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. The increase in the Canadian Retail segment was primarily due to growth in residential mortgages and business and government loans.

Available-for-sale securities increased $26 billion due to new investments and the impact of foreign currency translation.

Securities purchased under reverse repurchase agreements increased $15 billion primarily due to an increase in trade volumes and foreign currency translation in Wholesale Banking.

Held-to-maturity securities increased $17 billion primarily due to new investments and the impact of foreign currency translation.

Total liabilities were $1,037 billion as at October 31, 2015, an increase of $133 billion, or 15%, from October 31, 2014. The net increase was primarily due to a $95 billion increase in deposits, a $15 billion increase in trading deposits, and a $14 billion increase in obligations related to securities sold under repurchase agreements. The impact of foreign currency translation added $41 billion, or 4%, to growth in total liabilities.

Deposits increased $95 billion primarily due to increases in personal non-term, business, and government deposits in both the U.S. Retail and Canadian Retail segments, and the impact of foreign currency translation.

Trading deposits increased $15 billion primarily due to higher issuance of certificates and commercial paper in Wholesale Banking.

Obligations related to securities sold under repurchase agreements increased $14 billion primarily due to an increase in trade volumes and foreign currency translation in Wholesale Banking.

Equity was $67 billion as at October 31, 2015, an increase of $11 billion, or 19%, from October 31, 2014. The increase was primarily due to higher retained earnings and an increase in accumulated other comprehensive income due to foreign currency translation.

Credit Portfolio Quality

AT A GLANCE OVERVIEW

- **Loans and acceptances net of allowance for loan losses were $561 billion, an increase of $69 billion compared with last year.**
- **Impaired loans net of counterparty-specific and individually insignificant allowances were $2,660 million, an increase of $416 million compared with last year.**
- **Provision for credit losses was $1,683 million, compared with $1,557 million last year.**
- **Total allowance for loan losses increased by $406 million to $3,434 million.**

LOAN PORTFOLIO

Overall in 2015, the Bank's credit quality remained stable despite uncertain economic conditions. During 2015, the Bank increased its credit portfolio by $69 billion, or 14%, from the prior year, largely due to volume growth in the Canadian and U.S. Retail segments and the impact of foreign exchange.

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 32 of the 2015 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 67% of total loans net of counterparty-specific and individually insignificant allowances, down from 70% in 2014. During the year, these portfolios increased by $30 billion, or 9%, and totalled $377 billion at year end. Residential mortgages represented 38% of the portfolio in 2015, down from 40% in 2014. Consumer instalment and other personal loans, and credit cards were 29% of total loans net of counterparty-specific and individually insignificant allowances in 2015, down from 30% in 2014.

The Bank's business and government credit exposure was 33% of total loans net of counterparty-specific and individually insignificant allowances, up from 29% in 2014. 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 2014.

Geographically, the credit portfolio remained concentrated in Canada. In 2015, the percentage of loans held in Canada was 68%, down from 72% in 2014. The largest Canadian exposure was in Ontario, which represented 40% of total loans net of counterparty-specific and individually insignificant allowance for loan losses for 2015, down from 41% in 2014.

The balance of the credit portfolio was predominantly in the U.S., which represented 31% of the portfolio, up from 27% in 2014 primarily due to the impact of foreign exchange and volume growth in business and government loans, consumer indirect auto and credit cards. Exposures to debt securities classified as loans, ACI loans, and other geographic regions were relatively small. The largest U.S. exposures by state were in New England and New Jersey which represented 7% and 6% of total loans net of counterparty-specific and individually insignificant allowances, respectively, consistent with 2014.

During fiscal 2015, West Texas Intermediate crude oil prices fell from approximately US$80 per barrel to US$47 as at October 31 2015. Within the non-retail credit portfolio, TD had $3.8 billion of drawn exposure to oil and gas production and servicing borrowers as at October 31, 2015, representing less than 1% of the Bank's total loans and acceptances outstanding. The portfolio of oil and gas exposure is broadly diversified and consistent with TD's North American strategy. For certain borrowers, a borrowing base re-determination is performed on a semi-annual basis, the results of which are used to determine exposure levels and credit terms. Within the retail credit portfolios, TD had $52.5 billion of consumer lending drawn exposure in Alberta as at October 31, 2015, the region most impacted by lower oil prices. The Bank regularly conducts stress testing on its credit portfolios in light of the current market conditions. The Bank's portfolios continue to perform within expectations given the current level and near term outlook for commodity prices in this sector.

TABLE 23: 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 2015	October 31 2014	October 31 2013	**October 31 2015**	October 31 2014	October 31 2013
	Gross loans	**Counterparty-specific and individually insignificant allowances**	**Net loans**	Net loans	Net loans			
Canada								
Residential mortgages	**$ 185,009**	**$ 17**	**$ 184,992**	$ 175,112	$ 164,375	**32.8 %**	35.4 %	36.3 %
Consumer instalment and other personal								
HELOC	**61,317**	**14**	**61,303**	59,549	61,561	**10.9**	12.0	13.6
Indirect Auto	**19,038**	**30**	**19,008**	16,453	14,641	**3.4**	3.3	3.2
Other	**16,075**	**33**	**16,042**	16,073	15,141	**2.8**	3.3	3.3
Credit card	**17,941**	**108**	**17,833**	17,822	15,173	**3.2**	3.6	3.3
Total personal	**299,380**	**202**	**299,178**	285,009	270,891	**53.1**	57.6	59.7
Real estate								
Residential	**14,862**	**7**	**14,855**	14,592	13,673	**2.6**	3.0	3.0
Non-residential	**11,330**	**3**	**11,327**	9,766	8,151	**2.0**	2.0	1.8
Total real estate	**26,192**	**10**	**26,182**	24,358	21,824	**4.6**	5.0	4.8
Agriculture	**5,411**	**2**	**5,409**	4,586	3,914	**1.0**	0.9	0.9
Automotive	**4,049**	**1**	**4,048**	3,288	2,325	**0.7**	0.7	0.5
Financial	**10,590**	**–**	**10,590**	7,616	8,811	**1.9**	1.5	1.9
Food, beverage, and tobacco	**1,463**	**11**	**1,452**	1,641	1,248	**0.3**	0.3	0.3
Forestry	**492**	**–**	**492**	379	423	**0.1**	0.1	0.1
Government, public sector entities, and education	**5,853**	**2**	**5,851**	4,492	4,469	**1.0**	0.9	1.0
Health and social services	**4,928**	**2**	**4,926**	4,298	3,685	**0.9**	0.9	0.8
Industrial construction and trade contractors	**2,141**	**20**	**2,121**	1,888	1,594	**0.4**	0.4	0.4
Metals and mining	**1,252**	**–**	**1,252**	1,146	866	**0.2**	0.2	0.2
Pipelines, oil, and gas	**3,409**	**25**	**3,384**	2,690	2,187	**0.6**	0.5	0.5
Power and utilities	**1,549**	**–**	**1,549**	1,594	1,506	**0.3**	0.3	0.3
Professional and other services	**3,734**	**8**	**3,726**	3,471	2,669	**0.7**	0.7	0.6
Retail sector	**2,225**	**10**	**2,215**	2,201	2,118	**0.4**	0.5	0.5
Sundry manufacturing and wholesale	**2,303**	**3**	**2,300**	1,811	1,816	**0.4**	0.4	0.4
Telecommunications, cable, and media	**2,427**	**–**	**2,427**	945	1,028	**0.4**	0.2	0.2
Transportation	**1,388**	**2**	**1,386**	1,070	770	**0.2**	0.2	0.2
Other	**4,749**	**2**	**4,747**	4,258	2,938	**0.8**	0.9	0.6
Total business and government	**84,155**	**98**	**84,057**	71,732	64,191	**14.9**	14.6	14.2
Total Canada	**383,535**	**300**	**383,235**	356,741	335,082	**68.0**	72.2	73.9
United States								
Residential mortgages	**26,922**	**30**	**26,892**	23,326	20,937	**4.8**	4.7	4.6
Consumer instalment and other personal								
HELOC	**13,334**	**49**	**13,285**	11,646	10,591	**2.3**	2.4	2.3
Indirect Auto	**24,862**	**7**	**24,855**	18,777	16,319	**4.4**	3.8	3.6
Other	**693**	**3**	**690**	613	532	**0.1**	0.1	0.2
Credit card	**12,274**	**109**	**12,165**	7,543	6,887	**2.2**	1.5	1.5
Total personal	**78,085**	**198**	**77,887**	61,905	55,266	**13.8**	12.5	12.2
Real estate								
Residential	**5,691**	**11**	**5,680**	4,288	3,458	**1.0**	0.9	0.8
Non-residential	**18,317**	**14**	**18,303**	14,023	12,064	**3.3**	2.8	2.7
Total real estate	**24,008**	**25**	**23,983**	18,311	15,522	**4.3**	3.7	3.5
Agriculture	**467**	**–**	**467**	363	289	**0.1**	0.1	0.1
Automotive	**3,027**	**2**	**3,025**	2,529	1,848	**0.5**	0.5	0.4
Financial	**5,881**	**4**	**5,877**	3,342	2,005	**1.0**	0.7	0.4
Food, beverage, and tobacco	**2,536**	**2**	**2,534**	2,085	1,653	**0.4**	0.4	0.4
Forestry	**563**	**1**	**562**	469	530	**0.1**	0.2	0.1
Government, public sector entities, and education	**9,089**	**1**	**9,088**	6,422	4,463	**1.6**	1.2	0.9
Health and social services	**9,719**	**3**	**9,716**	7,371	5,773	**1.7**	1.5	1.3
Industrial construction and trade contractors	**1,497**	**6**	**1,491**	1,300	1,214	**0.3**	0.3	0.3
Metals and mining	**1,162**	**2**	**1,160**	1,075	1,055	**0.2**	0.2	0.2
Pipelines, oil, and gas	**1,485**	**–**	**1,485**	940	521	**0.3**	0.2	0.1
Power and utilities	**1,797**	**–**	**1,797**	1,269	1,155	**0.3**	0.3	0.3
Professional and other services	**8,674**	**11**	**8,663**	6,403	5,339	**1.5**	1.2	1.1
Retail sector	**4,219**	**12**	**4,207**	3,150	2,567	**0.7**	0.6	0.6
Sundry manufacturing and wholesale	**7,014**	**12**	**7,002**	4,257	3,714	**1.3**	0.9	0.8
Telecommunications, cable, and media	**4,069**	**1**	**4,068**	1,985	1,656	**0.7**	0.4	0.4
Transportation	**11,117**	**2**	**11,115**	7,164	4,882	**2.0**	1.3	1.0
Other	**893**	**2**	**891**	908	714	**0.2**	0.3	0.2
Total business and government	**97,217**	**86**	**97,131**	69,343	54,900	**17.2**	14.0	12.1
Total United States	**175,302**	**284**	**175,018**	131,248	110,166	**31.0**	26.5	24.3
International								
Personal	**5**	**–**	**5**	9	10	**–**	–	–
Business and government	**1,978**	**–**	**1,978**	2,124	2,240	**0.4**	0.5	0.5
Total international	**1,983**	**–**	**1,983**	2,133	2,250	**0.4**	0.5	0.5
Total excluding other loans	**560,820**	**584**	**560,236**	490,122	447,498	**99.4**	99.2	98.7
Other loans								
Debt securities classified as loans	**2,187**	**207**	**1,980**	2,482	3,571	**0.4**	0.5	0.8
Acquired credit-impaired loans[2]	**1,414**	**83**	**1,331**	1,616	2,368	**0.2**	0.3	0.5
Total other loans	**3,601**	**290**	**3,311**	4,098	5,939	**0.6**	0.8	1.3
Total	**$ 564,421**	**$ 874**	**$ 563,547**	$ 494,220	$ 453,437	**100.0 %**	100.0 %	100.0 %
Incurred but not identified allowance								
Personal, business and government			**2,503**	2,172	2,018			
Debt securities classified as loans			**57**	59	98			
Total incurred but not identified allowance			**2,560**	2,231	2,116			
Total, net of allowance			**$ 560,987**	$ 491,989	$ 451,321			
Percentage change over previous year – loans and acceptances, net of counterparty-specific and individually insignificant allowances			**14.0 %**	9.0 %	8.5 %			
Percentage change over previous year – loans and acceptances, net of allowance			**14.0**	9.0	8.5			

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

2 Includes all FDIC covered loans and other ACI loans.

TABLE 24: LOANS AND ACCEPTANCES, NET OF COUNTERPARTY-SPECIFIC AND INDIVIDUALLY INSIGNIFICANT ALLOWANCES BY GEOGRAPHY [1,2]

(millions of Canadian dollars, except as noted)

				As at			*Percentage of total*		
			October 31 2015	October 31 2014	October 31 2013	**October 31 2015**	October 31 2014	October 31 2013
	Gross loans	**Counterparty-specific and individually insignificant allowances**	**Net loans**	Net loans	Net loans			
Canada								
Atlantic provinces	**$ 10,717**	**$ 8**	**$ 10,709**	$ 10,353	$ 9,694	**1.9 %**	2.1 %	2.1 %
British Columbia[3]	**52,008**	**22**	**51,986**	50,148	48,868	**9.2**	10.2	10.9
Ontario[3]	**224,706**	**205**	**224,501**	202,696	188,375	**39.9**	41.0	41.5
Prairies[3]	**66,140**	**44**	**66,096**	64,164	60,367	**11.7**	13.0	13.3
Québec	**29,964**	**21**	**29,943**	29,380	27,778	**5.3**	5.9	6.1
Total Canada	**383,535**	**300**	**383,235**	356,741	335,082	**68.0**	72.2	73.9
United States								
Carolinas (North and South)	**8,569**	**14**	**8,555**	6,542	5,314	**1.5**	1.3	1.2
Florida	**12,353**	**20**	**12,333**	9,005	6,802	**2.2**	1.8	1.5
New England[4]	**39,053**	**91**	**38,962**	32,373	29,477	**7.0**	6.5	6.5
New Jersey	**33,543**	**65**	**33,478**	24,551	20,253	**5.9**	5.0	4.4
New York	**27,712**	**47**	**27,665**	24,455	20,761	**4.9**	4.9	4.6
Pennsylvania	**14,346**	**24**	**14,322**	8,712	8,207	**2.5**	1.8	1.8
Other	**39,726**	**23**	**39,703**	25,610	19,352	**7.0**	5.2	4.3
Total United States	**175,302**	**284**	**175,018**	131,248	110,166	**31.0**	26.5	24.3
International								
Europe	**196**	**–**	**196**	369	752	**–**	0.1	0.2
Other	**1,787**	**–**	**1,787**	1,764	1,498	**0.4**	0.4	0.3
Total international	**1,983**	**–**	**1,983**	2,133	2,250	**0.4**	0.5	0.5
Total excluding other loans	**560,820**	**584**	**560,236**	490,122	447,498	**99.4**	99.2	98.7
Other loans	**3,601**	**290**	**3,311**	4,098	5,939	**0.6**	0.8	1.3
Total	**$ 564,421**	**$ 874**	**$ 563,547**	$ 494,220	$ 453,437	**100.0 %**	100.0 %	100.0 %
Incurred but not identified allowance			**2,560**	2,231	2,116			
Total, net of allowance			**$ 560,987**	$ 491,989	$ 451,321			

Percentage change over previous year – loans and acceptances, net of counterparty-specific and individually insignificant allowances for loan losses	**2015**	2014	2013
Canada	**7.4 %**	6.5 %	5.6 %
United States	**33.3**	19.1	23.0
International	**(7.0)**	(5.2)	(15.5)
Other loans	**(19.2)**	(31.0)	(29.9)
Total	**14.0 %**	9.0 %	8.5 %

1 Certain comparative amounts have been restated/reclassified to conform with the presentation adopted in the current period.
2 Primarily based on the geographic location of the customer's address.
3 The territories are included as follows: Yukon is included in British Columbia; Nunavut is included in Ontario; and Northwest Territories is included in the Prairies region.
4 The states included in New England are as follows: Connecticut, Maine, Massachusetts, New Hampshire, and Vermont.

Real Estate Secured Lending

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

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

TABLE 25: REAL ESTATE SECURED LENDING[1,2]

(millions of Canadian dollars, except as noted)

As at

	Residential mortgages				Home equity lines of credit				Total	
	Insured[3]		Uninsured		Insured[3]		Uninsured		Insured[3]	Uninsured
										October 31, 2015
Canada										
Atlantic provinces	**$ 4,086**	**2.2 %**	**$ 1,675**	**0.9 %**	**$ 580**	**0.9 %**	**$ 965**	**1.6 %**	**$ 4,666**	**1.9 %**	**$ 2,640**	**1.1 %**
British Columbia[4]	**19,364**	**10.5**	**14,099**	**7.6**	**3,173**	**5.2**	**7,798**	**12.7**	**22,537**	**9.1**	**21,897**	**8.9**
Ontario[4]	**53,592**	**29.0**	**34,447**	**18.6**	**10,603**	**17.4**	**21,411**	**34.8**	**64,195**	**26.1**	**55,858**	**22.7**
Prairies[4]	**27,890**	**15.1**	**11,477**	**6.2**	**4,607**	**7.5**	**7,596**	**12.4**	**32,497**	**13.2**	**19,073**	**7.7**
Québec	**12,435**	**6.7**	**5,944**	**3.2**	**1,816**	**3.0**	**2,768**	**4.5**	**14,251**	**5.8**	**8,712**	**3.5**
Total Canada	**117,367**	**63.5 %**	**67,642**	**36.5 %**	**20,779**	**34.0 %**	**40,538**	**66.0 %**	**138,146**	**56.1 %**	**108,180**	**43.9 %**
United States	**951**		**26,413**		**10**		**13,439**		**961**		**39,852**	
Total	**$ 118,318**		**$ 94,055**		**$ 20,789**		**$ 53,977**		**$ 139,107**		**$ 148,032**	

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
Québec	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	

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

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

TABLE 26: RESIDENTIAL MORTGAGES BY REMAINING AMORTIZATION[1,2,3]

As at

	<5 years	5– <10 years	10– <15 years	15– <20 years	20– <25 years	25– <30 years	30– <35 years	>=35 years	Total
									October 31, 2015
Canada	**1.2 %**	**4.4 %**	**7.9 %**	**14.3 %**	**37.5 %**	**31.8 %**	**2.9 %**	**– %**	**100.0 %**
United States	**2.6**	**2.9**	**16.1**	**4.1**	**12.3**	**61.2**	**0.6**	**0.2**	**100.0**
Total	**1.4 %**	**4.3 %**	**8.9 %**	**13.0 %**	**34.3 %**	**35.4 %**	**2.6 %**	**0.1 %**	**100.0 %**

October 31, 2014

Canada	1.3 %	4.5 %	8.2 %	12.8 %	32.8 %	30.9 %	9.5 %	– %	100 %
United States	2.3	1.9	18.8	2.9	10.4	63.0	0.6	0.1	100
Total	1.4 %	4.2 %	9.4 %	11.6 %	30.2 %	34.7 %	8.4 %	0.1 %	100 %

1 Certain comparative amounts have been restated to conform with the presentation adopted in the current period.
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 Percentage based on outstanding balance.

TABLE 27: UNINSURED AVERAGE LOAN-TO-VALUE – Newly Originated and Newly Acquired [1,2,3]

	October 31, 2015			October 31, 2014		
	Residential mortgages	**Home equity lines of credit[4,6]**	**Total**	Residential mortgages	Home equity lines of credit[4]	Total
Canada						
Atlantic provinces	**73 %**	**68 %**	**71 %**	73 %	62 %	71 %
British Columbia[5]	**68**	**62**	**66**	68	59	65
Ontario[5]	**69**	**65**	**67**	69	61	67
Prairies[5]	**73**	**68**	**71**	72	63	70
Québec	**72**	**70**	**71**	71	62	70
Total Canada	**70**	**65**	**68**	70	61	68
United States	**69**	**62**	**66**	70	65	68
Total	**70 %**	**65 %**	**68 %**	70 %	62 %	68 %

1 Geographic location is based on the address of the property mortgaged.
2 Excludes loans classified as trading as the Bank intends to sell the loans immediately or in the near term, and loans designated at fair value through profit or loss for which no allowance is recorded.
3 Based on house price at origination.
4 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 the Northwest Territories is included in the Prairies region.
6 Home equity lines of credit fixed rate advantage option is included in loan-to-value calculation.

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 ACI loans, gross impaired loans increased $513 million, or 19%, compared with the prior year, primarily due to U.S. home equity line of credit new formations and the impact of foreign exchange. Gross impaired loan formations increased year over year by $223 million.

In Canada, net impaired loans decreased by $87 million, or 10% in 2015 due to continued credit quality improvement in the retail banking portfolios. Residential mortgages, consumer instalment and other personal loans, and credit cards, generated impaired loans net of counterparty-specific and individually insignificant allowances of $625 million, a decrease of $154 million, or 20%, compared to with the prior year, due to improved portfolio credit quality. Business and government loans generated $121 million in net impaired loans, an increase of $67 million, or 124%, compared with the prior year, primarily due to new formations in the pipeline, oil and gas industry.

In the U.S., net impaired loans increased by $503 million, or 36% in 2015. Residential mortgages, consumer instalment and other personal loans, and credit cards, generated net impaired loans of $1,345 million, an increase of $556 million, or 70%, compared with the prior year, due primarily to U.S. home equity line of credit new formations and the impact of foreign exchange. The majority of the increase attributable to U.S. home equity line of credit results from regulatory guidance that requires the borrowers which are due for renewal but do not qualify under current underwriting standards be classified as impaired. Business and government loans generated $569 million in net impaired loans, a decrease of $53 million, or 9%, compared with the prior year due to good credit quality across the portfolio. 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, 28% of total impaired loans net of counterparty-specific and individually insignificant allowances were generated by Canada and 72% by the U.S. net impaired loans in Canada were concentrated in Ontario, which represented 13% of total net impaired loans, down from 15% in the prior year. U.S. net impaired loans were concentrated in New England and New Jersey, representing 20% and 15% respectively of net impaired loans, consistent with 2014.

TABLE 28: CHANGES IN GROSS IMPAIRED LOANS AND ACCEPTANCES

(millions of Canadian dollars)

	2015	2014	2013
Personal, Business and Government Loans[1,2]			
Impaired loans as at beginning of period	**$ 2,731**	$ 2,692	$ 2,518
Classified as impaired during the period	**4,836**	4,613	4,546
Transferred to not impaired during the period	**(1,179)**	(1,352)	(1,431)
Net repayments	**(1,257)**	(1,157)	(1,080)
Disposals of loans	**(8)**	(7)	(5)
Amounts written off	**(2,141)**	(2,178)	(1,914)
Recoveries of loans and advances previously written off	**–**	–	–
Exchange and other movements	**262**	120	58
Impaired loans as at end of year	**$ 3,244**	$ 2,731	$ 2,692

1 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 of the 2015 Consolidated Financial Statements.
2 Excludes FDIC covered loans and other ACI 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 of the 2015 Consolidated Financial Statements.

TABLE 29: 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				
			Oct. 31 2015	Oct. 31 2014	Oct. 31 2013	Oct. 31 2012	Oct. 31 2011	**Oct. 31 2015**	Oct. 31 2014	Oct. 31 2013	Oct. 31 2012	Oct. 31 2011
	Gross impaired loans	**Counterparty-specific and individually insignificant allowances**	**Net impaired loans**	Net impaired loans	Net impaired loans	Net impaired loans	Net impaired loans					
Canada												
Residential mortgages	**$ 395**	**$ 17**	**$ 378**	$ 427	$ 434	$ 465	$ 596	**14.2 %**	19.0 %	19.3 %	22.1 %	28.9 %
Consumer instalment and other personal												
HELOC	**180**	**14**	**166**	249	301	306	180	**6.2**	11.1	13.4	14.6	8.6
Indirect Auto	**47**	**30**	**17**	17	16	14	16	**0.7**	0.8	0.7	0.7	0.8
Other	**52**	**33**	**19**	20	21	30	26	**0.7**	0.9	0.9	1.4	1.3
Credit card	**153**	**108**	**45**	66	43	95	18	**1.7**	2.9	2.0	4.5	0.9
Total personal	**827**	**202**	**625**	779	815	910	836	**23.5**	34.7	36.3	43.3	40.5
Real estate												
Residential	**13**	**7**	**6**	10	13	15	13	**0.2**	0.4	0.6	0.7	0.6
Non-residential	**10**	**3**	**7**	4	5	1	6	**0.3**	0.2	0.2	0.1	0.3
Total real estate	**23**	**10**	**13**	14	18	16	19	**0.5**	0.6	0.8	0.8	0.9
Agriculture	**5**	**2**	**3**	5	5	4	5	**0.1**	0.3	0.2	0.2	0.2
Automotive	**2**	**1**	**1**	1	–	2	1	**–**	–	–	0.1	0.1
Financial	**1**	**–**	**1**	1	1	21	1	**–**	–	0.1	1.0	0.1
Food, beverage, and tobacco	**12**	**11**	**1**	–	3	2	1	**–**	–	0.1	0.1	0.1
Forestry	**–**	**–**	**–**	2	1	4	–	**–**	0.1	0.1	0.2	–
Government, public sector entities, and education	**3**	**2**	**1**	3	4	2	3	**–**	0.1	0.2	0.1	0.1
Health and social services	**5**	**2**	**3**	5	2	17	1	**0.1**	0.3	0.1	0.8	0.1
Industrial construction and trade contractors	**22**	**20**	**2**	1	6	6	7	**0.1**	–	0.2	0.3	0.3
Metals and mining	**6**	**–**	**6**	1	9	1	3	**0.2**	–	0.4	0.1	0.1
Pipelines, oil, and gas	**93**	**25**	**68**	1	20	1	2	**2.6**	–	0.9	0.1	0.1
Power and utilities	**–**	**–**	**–**	–	–	–	–	**–**	–	–	–	–
Professional and other services	**12**	**8**	**4**	4	3	4	3	**0.2**	0.2	0.1	0.2	0.1
Retail sector	**19**	**10**	**9**	7	18	22	21	**0.3**	0.4	0.8	1.0	1.0
Sundry manufacturing and wholesale	**5**	**3**	**2**	2	7	8	14	**0.1**	0.1	0.3	0.3	0.7
Telecommunications, cable, and media	**2**	**–**	**2**	1	–	19	1	**0.1**	–	–	0.9	0.1
Transportation	**4**	**2**	**2**	1	1	–	1	**0.1**	–	0.1	–	0.1
Other	**5**	**2**	**3**	5	2	3	5	**0.1**	0.3	0.1	0.1	0.2
Total business and government	**219**	**98**	**121**	54	100	132	88	**4.5**	2.4	4.5	6.3	4.3
Total Canada	**1,046**	**300**	**746**	833	915	1,042	924	**28.0**	37.1	40.8	49.6	44.8
United States												
Residential mortgages	**391**	**30**	**361**	303	250	187	161	**13.6**	13.5	11.1	8.9	7.8
Consumer instalment and other personal												
HELOC	**829**	**49**	**780**	325	204	179	73	**29.3**	14.5	9.1	8.5	3.6
Indirect Auto	**162**	**7**	**155**	128	76	24	6	**5.8**	5.7	3.4	1.2	0.3
Other	**8**	**3**	**5**	4	1	2	–	**0.2**	0.2	0.1	0.1	–
Credit card	**153**	**109**	**44**	29	98	3	3	**1.7**	1.3	4.3	0.1	0.1
Total personal	**1,543**	**198**	**1,345**	789	629	395	243	**50.6**	35.2	28.0	18.8	11.8
Real estate												
Residential	**79**	**11**	**68**	79	98	133	250	**2.6**	3.5	4.4	6.3	12.1
Non-residential	**147**	**14**	**133**	154	205	191	282	**5.0**	6.9	9.1	9.1	13.7
Total real estate	**226**	**25**	**201**	233	303	324	532	**7.6**	10.4	13.5	15.4	25.8
Agriculture	**1**	**–**	**1**	1	1	2	4	**–**	–	0.1	0.1	0.2
Automotive	**13**	**2**	**11**	14	12	15	20	**0.4**	0.6	0.5	0.7	1.0
Financial	**30**	**4**	**26**	25	8	6	16	**1.0**	1.1	0.4	0.3	0.8
Food, beverage, and tobacco	**9**	**2**	**7**	9	10	7	6	**0.3**	0.4	0.4	0.3	0.3
Forestry	**1**	**1**	**–**	1	1	1	1	**–**	–	0.1	0.1	0.1
Government, public sector entities, and education	**9**	**1**	**8**	16	19	7	7	**0.3**	0.7	0.8	0.3	0.3
Health and social services	**41**	**3**	**38**	49	23	18	50	**1.4**	2.2	1.0	0.8	2.4
Industrial construction and trade contractors	**36**	**6**	**30**	26	46	40	34	**1.1**	1.2	2.1	1.9	1.6
Metals and mining	**15**	**2**	**13**	9	18	26	10	**0.5**	0.4	0.8	1.2	0.5
Pipelines, oil, and gas	**6**	**–**	**6**	–	–	4	–	**0.2**	–	–	0.2	–
Power and utilities	**–**	**–**	**–**	–	–	–	6	**–**	–	–	–	0.3
Professional and other services	**85**	**11**	**74**	84	68	41	39	**2.8**	3.7	3.0	2.0	1.9
Retail sector	**77**	**12**	**65**	80	99	70	90	**2.4**	3.6	4.4	3.4	4.3
Sundry manufacturing and wholesale	**52**	**12**	**40**	39	28	46	22	**1.5**	1.7	1.3	2.2	1.1
Telecommunications, cable, and media	**14**	**1**	**13**	16	12	10	6	**0.5**	0.7	0.5	0.5	0.3
Transportation	**33**	**2**	**31**	15	39	32	46	**1.2**	0.7	1.8	1.5	2.2
Other	**7**	**2**	**5**	5	12	14	7	**0.2**	0.3	0.5	0.7	0.3
Total business and government	**655**	**86**	**569**	622	699	663	896	**21.4**	27.7	31.2	31.6	43.4
Total United States	**2,198**	**284**	**1,914**	1,411	1,328	1,058	1,139	**72.0**	62.9	59.2	50.4	55.2
International												
Business and government	**–**	**–**	**–**	–	–	–	–	**–**	–	–	–	–
Total international	**–**	**–**	**–**	–	–	–	–	**–**	–	–	–	–
Total	**$ 3,244**	**$ 584**	**$ 2,660**	$ 2,244	$ 2,243	$ 2,100	$ 2,063	**100.0 %**	100.0 %	100.0 %	100.0 %	100.0 %
Net impaired loans as a % of common equity			**4.24 %**	4.28 %	4.83 %	4.86 %	5.27 %					

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

2 Excludes FDIC covered loans and other ACI 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 of the 2015 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 of the 2015 Consolidated Financial Statements.

TABLE 30: IMPAIRED LOANS NET OF COUNTERPARTY-SPECIFIC AND INDIVIDUALLY INSIGNIFICANT ALLOWANCES FOR LOAN LOSSES BY GEOGRAPHY [1,2,3,4]

(millions of Canadian dollars, except as noted)

			As at			*Percentage of total*		
			October 31	October 31	October 31	**October 31**	October 31	October 31
	Gross impaired loans	**Counterparty-specific and individually insignificant allowances**	**2015 Net impaired loans**	2014 Net impaired loans	2013 Net impaired loans	**2015**	2014	2013
Canada								
Atlantic provinces	**$ 40**	**$ 8**	**$ 32**	$ 36	$ 34	**1.2 %**	1.6 %	1.5 %
British Columbia[5]	**126**	**22**	**104**	182	210	**3.9**	8.1	9.4
Ontario[5]	**549**	**205**	**344**	346	404	**12.9**	15.4	18.0
Prairies[5]	**185**	**44**	**141**	144	171	**5.3**	6.4	7.6
Québec	**146**	**21**	**125**	125	96	**4.7**	5.6	4.3
Total Canada	**1,046**	**300**	**746**	833	915	**28.0**	37.1	40.8
United States								
Carolinas (North and South)	**126**	**14**	**112**	68	49	**4.2**	3.0	2.2
Florida	**184**	**20**	**164**	96	75	**6.2**	4.3	3.4
New England[6]	**624**	**91**	**533**	426	430	**20.0**	19.0	19.2
New Jersey	**460**	**65**	**395**	328	301	**14.9**	14.6	13.4
New York	**370**	**47**	**323**	205	184	**12.1**	9.1	8.2
Pennsylvania	**196**	**24**	**172**	147	140	**6.5**	6.6	6.2
Other	**238**	**23**	**215**	141	149	**8.1**	6.3	6.6
Total United States	**2,198**	**284**	**1,914**	1,411	1,328	**72.0**	62.9	59.2
Total	**$ 3,244**	**$ 584**	**$ 2,660**	$ 2,244	$ 2,243	**100.0 %**	100.0 %	100.0 %
Net impaired loans as a % of net loans[7]			**0.48 %**	0.46 %	0.50 %			

1 Certain comparative amounts have been restated to conform with the presentation adopted in the current period.
2 Primarily based on the geographic location of the customer's address.
3 Excludes FDIC covered loans and other ACI 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 of the 2015 Consolidated Financial Statements.
4 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 of the 2015 Consolidated Financial Statements.
5 The territories are included as follows: Yukon is included in British Columbia; Nunavut is included in Ontario; and the Northwest Territories is included in the Prairies region.
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 PCL, 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 2015, counterparty-specific allowances increased by $14 million, or 4%, resulting in a total counterparty-specific allowance of $369 million. Excluding debt securities classified as loans, FDIC covered loans and other ACI loans, counterparty-specific allowances increased by $22 million, or 16% from the prior year, primarily due to the impact of foreign exchange.

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 2015, the collectively assessed allowance for individually insignificant impaired loans increased by $63 million, or 14%, resulting in a total of $505 million. Excluding FDIC covered loans and other ACI loans, the collectively assessed allowance for individually insignificant impaired loans increased by $75 million, or 21% from the prior year, primarily due to the impact of foreign exchange.

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 EAD. 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, 2015, the collectively assessed allowance for incurred but not identified credit losses was $2,873 million, up from $2,505 million as at October 31, 2014. Excluding debt securities classified as loans, the collectively assessed allowance for incurred but not identified credit losses increased by $370 million, or 15% from the prior year, primarily due to the impact of foreign exchange and volume growth in the U.S. retail portfolio.

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. During the year ended October 31, 2015, certain refinements were made to the methodology, the cumulative effect of which was not material. Allowance for credit losses are further described in Note 8 of the 2015 Consolidated Financial Statements.

PROVISION FOR CREDIT LOSSES

The PCL 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 PCL of $1,683 million in 2015, compared with a total provision of $1,557 million in 2014. This amount comprised $1,537 million of counterparty-specific and individually insignificant provisions and $146 million in collectively assessed incurred but not identified provisions. The total PCL as a percentage of net average loans and acceptances decreased to 0.32% from 0.33%.

In Canada, residential mortgages, consumer instalment and other personal loans, and credit cards, required counterparty-specific and individually insignificant provisions of $828 million, an increase of $39 million, or 5%, compared to 2014. Business and government loans required counterparty-specific and individually insignificant provisions of $62 million, a decrease of $22 million, or 26%, compared to 2014 due to improved credit performance in the professional and other service sector. Business and government counterparty-specific and individually insignificant provisions were distributed across most 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 $630 million, an increase of $68 million, or 12%, compared to 2014, primarily due to increases in provisions for the home equity line of credit and credit card portfolios. Business and government loans required counterparty-specific and individually insignificant provisions of $80 million, an increase of $60 million, compared to 2014 primarily due to increases in the real estate and financial sectors and the impact of foreign exchange.

Geographically, 58% of counterparty-specific and individually insignificant provisions were attributed to Canada and 46% to the U.S. Canadian counterparty-specific and individually insignificant provisions were concentrated in Ontario, which represented 37% of total counterparty-specific and individually insignificant provisions, down from 41% in 2014. U.S. counterparty-specific and individually insignificant provisions were concentrated in New England and New Jersey, representing 13% and 9%, respectively, of total counterparty-specific and individually insignificant provisions, up from 10% and 7%, respectively, in the prior year.

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

TABLE 31: PROVISION FOR CREDIT LOSSES

(millions of Canadian dollars)

		2015		2014		2013
Provision for credit losses – counterparty-specific and individually insignificant						
Provision for credit losses – counterparty-specific	**$**	**76**	$	168	$	231
Provision for credit losses – individually insignificant		**2,062**		1,849		1,644
Recoveries		**(601)**		(533)		(394)
Total provision for credit losses for counterparty-specific and individually insignificant		**1,537**		1,484		1,481
Provision for credit losses – incurred but not identified						
Canadian Retail and Wholesale Banking		**44**		8		(53)
U.S. Retail		**102**		65		203
Other		**–**		–		–
Total provision for credit losses – incurred but not identified		**146**		73		150
Provision for credit losses	**$**	**1,683**	$	1,557	$	1,631

TABLE 32: PROVISION FOR CREDIT LOSSES BY INDUSTRY SECTOR[1]

(millions of Canadian dollars, except as noted)

	For the years ended			Percentage of total		
	October 31 2015	October 31 2014	October 31 2013	**October 31 2015**	October 31 2014	October 31 2013
Provision for credit losses – counterparty-specific and individually insignificant						
Canada						
Residential mortgages	**$ 25**	$ 15	$ 16	**1.6 %**	1.0 %	1.1 %
Consumer instalment and other personal						
HELOC	**7**	8	15	**0.4**	0.6	1.0
Indirect Auto	**153**	137	128	**10.0**	9.2	8.6
Other	**148**	167	221	**9.6**	11.3	14.9
Credit card	**495**	462	485	**32.2**	31.1	32.8
Total personal	**828**	789	865	**53.8**	53.2	58.4
Real estate						
Residential	**(3)**	(1)	(4)	**(0.2)**	(0.1)	(0.3)
Non-residential	**3**	3	1	**0.2**	0.2	0.1
Total real estate	**–**	2	(3)	**–**	0.1	(0.2)
Agriculture	**2**	1	3	**0.1**	0.1	0.2
Automotive	**2**	2	2	**0.1**	0.1	0.1
Financial	**–**	1	–	**–**	0.1	–
Food, beverage, and tobacco	**11**	–	4	**0.7**	–	0.3
Forestry	**–**	–	–	**–**	–	–
Government, public sector entities, and education	**–**	–	1	**–**	–	0.1
Health and social services	**–**	2	(1)	**–**	0.1	(0.1)
Industrial construction and trade contractors	**21**	9	14	**1.4**	0.6	1.0
Metals and mining	**(1)**	2	–	**(0.1)**	0.1	–
Pipelines, oil, and gas	**21**	(2)	10	**1.4**	(0.1)	0.7
Professional and other services	**(18)**	31	3	**(1.1)**	2.1	0.2
Retail sector	**9**	19	33	**0.6**	1.2	2.2
Sundry manufacturing and wholesale	**–**	9	5	**–**	0.6	0.3
Telecommunications, cable, and media	**–**	1	(4)	**–**	0.1	(0.3)
Transportation	**4**	6	4	**0.3**	0.4	0.3
Other	**11**	1	3	**0.7**	0.1	0.2
Total business and government	**62**	84	74	**4.1**	5.6	5.0
Total Canada	**890**	873	939	**57.9**	58.8	63.4
United States						
Residential mortgages	**24**	8	11	**1.6**	0.6	0.7
Consumer instalment and other personal						
HELOC	**69**	38	54	**4.5**	2.5	3.7
Indirect Auto	**123**	148	166	**8.0**	10.0	11.2
Other	**77**	59	54	**5.0**	4.0	3.7
Credit card	**337**	309	51	**21.9**	20.8	3.4
Total personal	**630**	562	336	**41.0**	37.9	22.7
Real estate						
Residential	**–**	(7)	–	**–**	(0.5)	–
Non-residential	**15**	(4)	35	**1.0**	(0.3)	2.4
Total real estate	**15**	(11)	35	**1.0**	(0.8)	2.4
Agriculture	**–**	–	(1)	**–**	–	(0.1)
Automotive	**4**	2	2	**0.3**	0.1	0.1
Financial	**1**	(13)	1	**0.1**	(0.9)	0.1
Food, beverage, and tobacco	**4**	(1)	1	**0.3**	(0.1)	0.1
Forestry	**–**	–	1	**–**	–	0.1
Government, public sector entities, and education	**2**	(1)	12	**0.1**	(0.1)	0.7
Health and social services	**2**	8	10	**0.1**	0.6	0.7
Industrial construction and trade contractors	**9**	6	6	**0.6**	0.4	0.4
Metals and mining	**–**	–	6	**–**	–	0.4
Pipelines, oil, and gas	**–**	–	(2)	**–**	–	(0.1)
Power and utilities	**–**	–	(1)	**–**	–	(0.1)
Professional and other services	**8**	7	24	**0.5**	0.5	1.6
Retail sector	**11**	3	24	**0.7**	0.2	1.6
Sundry manufacturing and wholesale	**18**	9	13	**1.1**	0.6	0.9
Telecommunications, cable, and media	**2**	–	3	**0.1**	–	0.2
Transportation	**–**	(2)	(5)	**–**	(0.1)	(0.3)
Other	**4**	13	15	**0.3**	0.9	1.0
Total business and government	**80**	20	144	**5.2**	1.3	9.7
Total United States	**710**	582	480	**46.2**	39.2	32.4
Total excluding other loans	**1,600**	1,455	1,419	**104.1**	98.0	95.8
Other loans						
Debt securities classified as loans	**(27)**	31	13	**(1.8)**	2.1	0.9
Acquired credit-impaired loans[2]	**(36)**	(2)	49	**(2.3)**	(0.1)	3.3
Total other loans	**(63)**	29	62	**(4.1)**	2.0	4.2
Total provision for credit losses – counterparty-specific and individually insignificant	**$ 1,537**	$ 1,484	$ 1,481	**100.0 %**	100.0 %	100.0 %
Provision for credit losses – incurred but not identified						
Personal, business and government	**157**	120	195			
Debt securities classified as loans	**(11)**	(47)	(45)			
Total provision for credit losses – incurred but not identified	**146**	73	150			
Total provision for credit losses	**$ 1,683**	$ 1,557	$ 1,631			

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

TABLE 33: PROVISION FOR CREDIT LOSSES BY GEOGRAPHY[1,2]

(millions of Canadian dollars, except as noted)

	For the years ended			*Percentage of total*		
	October 31 2015	October 31 2014	October 31 2013	**October 31 2015**	October 31 2014	October 31 2013
Canada						
Atlantic provinces	**$ 38**	$ 34	$ 32	**2.3 %**	2.1 %	2.0 %
British Columbia[3]	**79**	74	86	**4.7**	4.7	5.3
Ontario[3]	**567**	602	651	**33.7**	38.7	39.9
Prairies[3]	**128**	95	98	**7.6**	6.1	6.0
Québec	**78**	68	72	**4.6**	4.4	4.4
Total Canada	**890**	873	939	**52.9**	56.0	57.6
United States						
Carolinas (North and South)	**33**	36	17	**2.0**	2.3	1.0
Florida	**51**	43	28	**3.0**	2.8	1.7
New England[4]	**194**	147	120	**11.5**	9.4	7.4
New Jersey	**134**	98	74	**8.0**	6.3	4.5
New York	**120**	89	61	**7.1**	5.7	3.7
Pennsylvania	**50**	42	22	**3.0**	2.7	1.4
Other	**128**	127	158	**7.6**	8.2	9.7
Total United States	**710**	582	480	**42.2**	37.4	29.4
International						
Other	**–**	–	–	**–**	–	–
Total international	**–**	–	–	**–**	–	–
Total excluding other loans	**1,600**	1,455	1,419	**95.1**	93.4	87.0
Other loans	**(63)**	29	62	**(3.8)**	1.9	3.8
Total counterparty-specific and individually insignificant provision	**1,537**	1,484	1,481	**91.3**	95.3	90.8
Incurred but not identified provision	**146**	73	150	**8.7**	4.7	9.2
Total provision for credit losses	**$ 1,683**	$ 1,557	$ 1,631	**100.0 %**	100.0 %	100.0 %

Provision for credit losses as a % of average net loans and acceptances[5]	**October 31 2015**	October 31 2014	October 31 2013
Canada			
Residential mortgages	**0.01 %**	0.01 %	0.01 %
Credit card, consumer instalment and other personal	**0.72**	0.72	0.80
Business and government	**0.08**	0.13	0.12
Total Canada	**0.24**	0.25	0.29
United States			
Residential mortgages	**0.09**	0.04	0.06
Credit card, consumer instalment and other personal	**1.38**	1.54	1.07
Business and government	**0.10**	0.03	0.28
Total United States	**0.46**	0.49	0.48
International	**–**	–	–
Total excluding other loans	**0.31**	0.31	0.33
Other loans	**(1.69)**	0.59	0.85
Total counterparty-specific and individually insignificant provision	**0.29**	0.32	0.34
Incurred but not identified provision	**0.03**	0.02	0.03
Total provision for credit losses as a % of average net loans and acceptances	**0.32 %**	0.33 %	0.38 %

1 Certain comparative amounts have been restated to conform with the presentation adopted in the current period.
2 Primarily based on the geographic location of the customer's address.
3 The territories are included as follows: Yukon is included in British Columbia; Nunavut is included in Ontario; and Northwest Territories is included in the Prairies region.
4 The states included in New England are as follows: Connecticut, Maine, Massachusetts, New Hampshire, and Vermont.
5 Includes customers' liability under acceptances.

NON-PRIME LOANS

As at October 31, 2015, the Bank had approximately $2.5 billion (October 31, 2014 – $2.4 billion), gross exposure to non-prime loans, which primarily consist 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 3.84% on an annual basis (October 31, 2014 – 3.70%). 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 34: 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
	Corporate	Sovereign	Financial	Total	Corporate	Sovereign	Financial	Total	Corporate	Sovereign	Financial	Total	Exposure[5]
Country													**October 31, 2015**
GIIPS													
Greece	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Italy	–	203	4	207	–	–	3	3	1	25	2	28	238
Ireland	–	–	–	–	–	–	375	375	–	–	–	–	375
Portugal	–	–	–	–	–	–	–	–	–	–	–	–	–
Spain	–	63	47	110	–	–	37	37	7	–	–	7	154
Total GIIPS	–	266	51	317	–	–	415	415	8	25	2	35	767
Rest of Europe													
Belgium	4,794	–	40	4,834	98	32	1	131	6	–	–	6	4,971
Finland	7	65	13	85	–	23	64	87	–	952	–	952	1,124
France	469	–	205	674	97	617	1,178	1,892	29	3,339	176	3,544	6,110
Germany	1,451	1,094	100	2,645	507	754	738	1,999	88	9,442	127	9,657	14,301
Netherlands	457	295	517	1,269	641	330	223	1,194	14	4,189	464	4,667	7,130
Sweden	–	30	167	197	–	27	62	89	28	458	441	927	1,213
Switzerland	1,103	181	216	1,500	22	–	707	729	11	–	211	222	2,451
United Kingdom	2,161	2,434	128	4,723	750	764	3,982	5,496	114	548	4,002	4,664	14,883
Other[6]	118	15	8	141	63	113	356	532	9	1,235	137	1,381	2,054
Total Rest of Europe	10,560	4,114	1,394	16,068	2,178	2,660	7,311	12,149	299	20,163	5,558	26,020	54,237
Total Europe	$ 10,560	$ 4,380	$ 1,445	$ 16,385	$ 2,178	$ 2,660	$ 7,726	$ 12,564	$ 307	$ 20,188	$ 5,560	$ 26,055	$ 55,004

Country													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
Total 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

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, 2015, or October 31, 2014.

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, 2014 – $5.6 billion) and $41.9 billion for the rest of Europe (October 31, 2014 – $34.4 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 $1.5 billion (October 31, 2014 – $1.3 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, 2015, and October 31, 2014.

5 The reported exposures do not include $0.4 billion of protection the Bank purchased through CDS (October 31, 2014 – $0.2 billion).

6 Other European exposure is distributed across 10 countries (October 31, 2014 – 12 countries), each of which has a net exposure including loans and commitments, derivatives, repos and securities lending, and trading and investment portfolio below $1 billion as at October 31, 2015, and October 31, 2014.

TABLE 35: EXPOSURE TO EUROPE – Gross European Lending Exposure by Country

(millions of Canadian dollars)

						As at
		October 31, 2015				October 31, 2014
		Loans and Commitments				Loans and Commitments
Country	**Direct[1]**	**Indirect[2]**	**Total**	Direct[1]	Indirect[2]	Total
GIIPS						
Greece	**$ – $ – $ –**			$ – $ – $		–
Italy	**204**	**3**	**207**	233	4	237
Ireland	**–**	**–**	**–**	–	–	–
Portugal	**–**	**–**	**–**	–	–	–
Spain	**63**	**47**	**110**	18	88	106
Total GIIPS	**267**	**50**	**317**	251	92	343
Rest of Europe						
Belgium	**–**	**4,834**	**4,834**	–	135	135
Finland	**61**	**24**	**85**	82	18	100
France	**179**	**495**	**674**	190	419	609
Germany	**1,730**	**915**	**2,645**	672	915	1,587
Netherlands	**744**	**525**	**1,269**	506	482	988
Sweden	**193**	**4**	**197**	173	4	177
Switzerland	**662**	**838**	**1,500**	353	699	1,052
United Kingdom	**2,581**	**2,142**	**4,723**	1,872	1,624	3,496
Other[3]	**135**	**6**	**141**	76	2	78
Total Rest of Europe	**6,285**	**9,783**	**16,068**	3,924	4,298	8,222
Total Europe	**$ 6,552 $ 9,833 $ 16,385**			$ 4,175 $	4,390 $	8,565

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 10 countries (October 31, 2014 – 12 countries), each of which has a net exposure including loans and commitments, derivatives, repos and securities lending, and trading and investment portfolio below $1 billion as at October 31, 2015, and October 31, 2014.

Of the Bank's European exposure, approximately 99% (October 31, 2014 – 98%) is to counterparties in countries rated AA or better 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. Additionally, the Bank has 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 $8.8 billion (October 31, 2014 – $5.2 billion) of direct exposure to supranational entities with European sponsorship and indirect exposure including $1.6 billion (October 31, 2014 – $1.9 billion) of European collateral from non-European counterparties related to repurchase and securities lending transactions that are margined daily.

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

EXPOSURE TO ACQUIRED CREDIT-IMPAIRED LOANS

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 credit card portfolios of MBNA Canada, Target, Aeroplan, and Nordstrom. 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.

TABLE 36: 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, 2015
FDIC-assisted acquisitions	**$ 636**	**$ 601**	**$ 1**	**$ 45**	**$ 555**	**87.3 %**
South Financial	**853**	**813**	**5**	**32**	**776**	**91.0**
Other[2]	**40**	**–**	**–**	**–**	**–**	**–**
Total ACI loan portfolio	**$ 1,529**	**$ 1,414**	**$ 6**	**$ 77**	**$ 1,331**	**87.1 %**
						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 %

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, Aeroplan, and Nordstrom.

During the year ended October 31, 2015, the Bank recorded a recovery of $36 million in PCL on ACI loans (2014 – recovery of credit losses of $2 million, 2013 – PCL of $49 million). The following table provides key credit statistics by past due contractual status and geographic concentrations based on ACI loans unpaid principal balance.

TABLE 37: ACQUIRED CREDIT-IMPAIRED LOANS – Key Credit Statistics

(millions of Canadian dollars, except as noted)

					As at	
	October 31, 2015			October 31, 2014		
	Unpaid principal balance[1]			Unpaid principal balance[1]		
Past due contractual status						
Current and less than 30 days past due	**$ 1,314**	**85.9**	**%**	$ 1,540	84.4	%
30-89 days past due	**42**	**2.8**		60	3.3	
90 or more days past due	**173**	**11.3**		225	12.3	
Total ACI loans	**$ 1,529**	**100.0**	**%**	$ 1,825	100.0	%
Geographic region						
Florida	**$ 933**	**61.0**	**%**	$ 1,101	60.3	%
South Carolina	**443**	**29.0**		535	29.3	
North Carolina	**110**	**7.2**		143	7.9	
Other U.S. and Canada	**43**	**2.8**		46	2.5	
Total ACI loans	**$ 1,529**	**100.0**	**%**	$ 1,825	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, 2015, was US$43 million (October 31, 2014 – US$52 million). During the year ended October 31, 2015, the Bank recorded a net release of allowances for credit losses of US$29 million in PCL (net release of allowance for credit losses of US$14 million in 2014 and of US$30 million in 2013).

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, 2015, and October 31, 2014. As at October 31, 2015, the balance of the remaining acquisition-related incurred loss was US$158 million (October 31, 2014 – US$187 million). This amount is reflected in the following table as a component of the discount from par to carrying value.

TABLE 38: NON-AGENCY CMO LOANS PORTFOLIO

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

						As at	
	Par value	**Carrying value**	**Allowance for loan losses**	**Carrying value net of allowance**	**Percentage of par value**		
					October 31, 2015		
Non-Agency CMOs	**$ 1,431**	**$ 1,268**	**$ 202**	**$ 1,066**	**74.5**	**%**	
					October 31, 2014		
Non-Agency CMOs	**$** 1,748	$ 1,523	$ 241	$ 1,282	73.3	%	

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, 4% of the non-agency CMO portfolio is rated AAA for regulatory capital reporting as at October 31, 2015 (October 31, 2014 – 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 39: 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
						October 31, 2015
2003	$ 36	$ 41	$ 41	$ 44	$ 77	$ 85
2004	62	69	19	21	81	90
2005	256	297	18	20	274	317
2006	201	220	90	101	291	321
2007	274	314	112	120	386	434
Total portfolio net of counterparty-specific and individually insignificant credit losses	$ 829	$ 941	$ 280	$ 306	$ 1,109	$ 1,247
Less: allowance for incurred but not identified credit losses					43	
Total					$ 1,066	

						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	

Capital Position

TABLE 40: CAPITAL STRUCTURE AND RATIOS – Basel III [1]

(millions of Canadian dollars, except as noted)

	2015	2014
Common Equity Tier 1 Capital		
Common shares plus related contributed surplus	**$ 20,457**	$ 19,961
Retained earnings	**32,053**	27,585
Accumulated other comprehensive income	**10,209**	4,936
Common Equity Tier 1 Capital before regulatory adjustments	**62,719**	52,482
Common Equity Tier 1 Capital regulatory adjustments		
Goodwill (net of related tax liability)	**(19,143)**	(16,709)
Intangibles (net of related tax liability)	**(2,192)**	(2,355)
Deferred tax assets excluding those arising from temporary differences	**(367)**	(485)
Cash flow hedge reserve	**(1,498)**	(711)
Shortfall of provisions to expected losses	**(140)**	(91)
Gains and losses due to changes in own credit risk on fair valued liabilities	**(188)**	(98)
Defined benefit pension fund net assets (net of related tax liability)	**(104)**	(15)
Investment in own shares	**(4)**	(7)
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)	**(1,125)**	(1,046)
Total regulatory adjustments to Common Equity Tier 1 Capital	**(24,761)**	(21,517)
Common Equity Tier 1 Capital	**37,958**	30,965
Additional Tier 1 Capital instruments		
Directly issued qualifying Additional Tier 1 instruments plus stock surplus	**2,202**	1,001
Directly issued capital instruments subject to phase out from Additional Tier 1	**3,211**	3,941
Additional Tier 1 instruments issued by subsidiaries and held by third parties subject to phase out	**399**	444
Additional Tier 1 Capital instruments before regulatory adjustments	**5,812**	5,386
Additional Tier 1 Capital instruments regulatory adjustments		
Investment in own Additional Tier 1 instruments	**(2)**	–
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	**(354)**	(352)
Additional Tier 1 Capital	**5,458**	5,034
Tier 1 Capital	**43,416**	35,999
Tier 2 Capital instruments and provisions		
Directly issued qualifying Tier 2 instruments plus related stock surplus	**2,489**	–
Directly issued capital instruments subject to phase out from Tier 2	**5,927**	6,773
Tier 2 instruments issued by subsidiaries and held by third parties subject to phase out	**207**	237
Collective allowances	**1,731**	1,416
Tier 2 Capital before regulatory adjustments	**10,354**	8,426
Tier 2 regulatory adjustments		
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)**	(170)
Tier 2 Capital	**10,184**	8,256
Total Capital	**53,600**	44,255
Risk-weighted assets[2]		
Common Equity Tier 1 Capital	**$ 382,360**	$ 328,393
Tier 1 Capital	**383,301**	329,268
Total Capital	**384,108**	330,581
Capital Ratios and Multiples		
Common Equity Tier 1 Capital (as percentage of CET1 Capital risk-weighted assets)	**9.9 %**	9.4 %
Tier 1 Capital (as percentage of Tier 1 Capital risk-weighted assets)	**11.3**	10.9
Total Capital (as percentage of Total Capital risk-weighted assets)	**14.0**	13.4
Leverage ratio[3]	**3.7**	n/a[4]
Asset-to-capital multiple	**n/a[4]**	19.1

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

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. For the third and fourth quarters of 2014, the scalars for inclusion of CVA for CET1, Tier 1, and Total Capital RWA are 57%, 65%, and 77% respectively. For fiscal 2015, the scalars are 64%, 71%, and 77%, respectively.

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

4 Not applicable.

THE BANK'S CAPITAL MANAGEMENT OBJECTIVES

The Bank's capital management objectives are:

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

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

CAPITAL SOURCES

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

CAPITAL MANAGEMENT

The 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 risk management.

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

ECONOMIC CAPITAL

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 "Economic Capital and Risk-Weighted Assets by Segment" section for a business segment breakdown of the Bank's economic capital by 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. CET1 capital is the highest quality capital and the predominant form of Tier 1 Capital. It 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. Additional Tier 1 Capital primarily consists of preferred shares. Tier 2 Capital is mainly comprised of subordinated debt and certain loan loss allowances. Regulatory capital ratios are calculated by dividing CET1, Tier 1, and Total Capital by their respective RWAs[15].

OSFI's Capital Requirements under Basel III

The Office of the Superintendent of Financial Institutions Canada's (OSFI) Capital Adequacy Requirements (CAR) guideline details how the Basel III capital rules apply to Canadian banks.

Effective January 1, 2014, the Credit Valuation Adjustment (CVA) capital charge is to be phased in over a five year period based on a scalar approach whereby 57% of the CVA capital charge was applied in 2014 for the CET1 calculation. This percentage increased to 64% for 2015 and 2016, and increases to 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 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.

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%.

15 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. For fiscal 2015, the scalars are 64%, 71%, and 77%, respectively.

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 July 2013, the BCBS published the updated final rules on global systemically important banks (G-SIB). None of the Canadian banks have been designated as a G-SIB. In March 2013, OSFI designated the six major Canadian banks as domestic systemically important banks (D-SIB), 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%.

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

Basel III Capital and Leverage Ratios	BCBS minimum	Capital Conservation buffer	OSFI Regulatory Targets without D-SIB surcharge	Effective date	D-SIB surcharge[15]	OSFI Regulatory Targets with D-SIB surcharge[16]
Common Equity Tier 1 Capital ratio	4.5 %	2.5 %	7.0 %	January 1, 2013	1.0 %	8.0 %
Tier 1 Capital ratio	6.0 %	2.5 %	8.5 %	January 1, 2014	1.0 %	9.5 %
Total Capital ratio	8.0 %	2.5 %	10.5 %	January 1, 2014	1.0 %	11.5 %
Leverage ratio	3.0	n/a	3.0	January 1, 2015	n/a	3.0

Basel III introduced a non-risk sensitive leverage ratio to act as a supplementary measure to the risk-based capital requirements. The objective of the leverage ratio is to constrain the build-up of excessive leverage in the banking sector. The leverage ratio replaced OSFI's assets to capital multiple (ACM) measure effective January 1, 2015. The leverage ratio is calculated as per OSFI's Leverage Requirements guideline. The key components in the calculation of the ratio include, but are not limited to, Tier 1 Capital, on-balance sheet assets with adjustments made to derivative and securities financing transaction exposures, and credit equivalent amounts of off-balance sheet exposures.

OSFI required Canadian banks to meet the ACM requirement until October 31, 2014, when it was 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 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 U.S. Retail Bank.

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, 2015, the Bank's CET1, Tier 1, and Total Capital ratios were 9.9%, 11.3%, and 14.0%, respectively. During the year, the Bank generated approximately $4.1 billion of CET1 Capital through organic growth (net earnings less dividends) sufficient to fund acquisitions, support business growth and improve the Bank's capital position largely without issuing additional common share capital. The CVA capital charge represents approximately 35 bps, of which 64% (or 22 bps) is included in the 2015 CET1 Capital ratio, per OSFI's determined scalar phase-in. As at October 31, 2015, CET1, Tier 1, and Total Capital RWA include 64%, 71%, and 77%, of the CVA charge, respectively.

Common Equity Tier 1 Capital

CET1 Capital was $38 billion as at October 31, 2015. Strong earnings growth contributed the majority of CET1 Capital growth in the year. Capital management funding activities during the year included the common share issuance of $483 million under the dividend reinvestment plan and from stock option exercises.

Tier 1 and Tier 2 Capital

Tier 1 Capital was $43 billion as at October 31, 2015, consisting of CET1 Capital and Additional Tier 1 Capital of $38 billion and $5 billion, respectively. Tier 1 Capital management activities during the year consisted of the issuance of $500 million Non-cumulative 5-Year Rate Reset Preferred Shares, Series 5, $350 million Non-cumulative 5-Year Rate Reset Preferred Shares, Series 7, $200 million Non-cumulative 5-Year Rate Reset Preferred Shares Series 9, and $150 million Non-cumulative Fixed Rate Preferred Shares, Series 11, all of which included NVCC Provisions to ensure loss absorbency at the point of non-viability; and the redemption of Class A First Preferred Shares, Series P, Series Q and Series R, totalling $716 million.

Tier 2 Capital was $10 billion as at October 31, 2015. Tier 2 Capital management activities during the year consisted of the issuance of $1.5 billion 2.692% subordinated debentures due June 24, 2025, and $1 billion 2.982% subordinated debentures due September 30, 2025, both of which included NVCC Provisions to ensure loss absorbency at the point of non-viability, and the redemption of $875 million 5.48% subordinated debentures due April 2, 2020, and $800 million 4.97% subordinated debentures due October 30, 2104. On September 15, 2015, the Bank announced its intention to redeem $1 billion 3.367% subordinated debentures due November 2, 2020, on November 2, 2015.

16 The D-SIB surcharge will be applicable to risk-based capital requirements effective January 1, 2016.

INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS

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

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

DIVIDENDS

At October 31, 2015, the quarterly dividend was $0.51 per share, consistent with the Bank's current target payout range of 40% to 50% of adjusted earnings. Cash dividends declared and paid during the year totalled $2.00 per share (2014 – $1.84). For cash dividends payable on the Bank's preferred shares, refer to Note 21 of the 2015 Consolidated Financial Statements. As at October 31, 2015, 1,855 million common shares were outstanding (2014 – 1,845 million). The Bank's ability to pay dividends is subject to the *Bank Act* and the requirements of OSFI. Refer to Note 21 of the 2015 Consolidated Financial Statements for further information 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.

As approved by the Board on December 2, 2015, the Bank announced its intention to initiate a normal course issuer bid for up to 9.5 million of its common shares, commencing as early as December, 2015, subject to the approval of OSFI and the TSX. The timing and amount of any purchases under the program are subject to regulatory approvals and to management discretion based on factors such as market conditions and capital adequacy.

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

(millions of Canadian dollars)

		As at
	October 31, 2015	October 31, 2014
Credit risk		
Retail		
Residential secured	**$ 28,726**	$ 25,910
Qualifying revolving retail	**12,586**	12,016
Other retail	**60,976**	52,018
Non-retail		
Corporate	**150,497**	118,571
Sovereign	**4,071**	3,999
Bank	**11,412**	11,949
Securitization exposures	**13,074**	12,014
Equity exposures	**866**	926
Exposures subject to standardized or IRB approaches	**282,208**	237,403
Adjustment to IRB RWA for scaling factor	**6,347**	5,842
Other assets not included in standardized or IRB approaches	**40,032**	32,680
Total credit risk	**328,587**	275,925
Market risk		
Trading book	**12,655**	14,376
Operational risk		
Standardized approach	**41,118**	38,092
Total	**$ 382,360**	$ 328,393

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. For fiscal 2015, the scalars are 64%, 71%, and 77%, respectively.

2 Prior to 2015, the amounts have not been adjusted to reflect the impact of the 2015 IFRS Standards and Amendments.

TABLE 42: FLOW STATEMENT FOR RISK-WEIGHTED ASSETS – Disclosure for Non-Counterparty Credit Risk and Counterparty Credit Risk
Risk-Weighted Assets Movement by Key Driver[1]

(billions of Canadian dollars)

			For the years ended	
	October 31, 2015		October 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	**$ 258.0**	**$ 17.9**	$ 229.3	$ 10.3
Book size	**21.3**	**0.7**	17.0	1.0
Book quality	**(0.5)**	**(0.4)**	–	–
Model updates	**(0.9)**	**–**	(2.4)	–
Methodology and policy	**–**	**0.7**	–	6.2
Acquisitions and disposals	**2.2**	**–**	1.8	–
Foreign exchange movements	**26.2**	**1.6**	11.5	0.4
Other	**1.8**	**–**	0.8	–
Total RWA movement	**50.1**	**2.6**	28.7	7.6
Common Equity Tier 1 Capital RWA, balance at end of period	**$ 308.1**	**$ 20.5**	$ 258.0	$ 17.9

1 Prior to 2015, the amounts have not been adjusted to reflect the impact of the 2015 IFRS Standards and Amendments.

Counterparty credit risk is comprised of over-the-counter derivatives, repo-style transactions, trades cleared through central counterparties, and CVA RWA which was phased in at 64% for fiscal 2015 (2014 - 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 fiscal 2015, is mainly due to growth in 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 fluctuations in the U.S. dollar to Canadian dollar 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 43: FLOW STATEMENT FOR RISK-WEIGHTED ASSETS – Disclosure for Market Risk
Risk-Weighted Assets Movement by Key Driver[1]

(billions of Canadian dollars)

	For the years ended	
	October 31, 2015	October 31, 2014
RWA, balance at beginning of period	**$ 14.4**	$ 11.7
Movement in risk levels	**–**	(0.4)
Model updates	**–**	2.8
Methodology and policy	**(1.7)**	0.3
Acquisitions and disposals	**–**	–
Foreign exchange movements and other	**n/m[2]**	n/m[2]
Total RWA movement	**(1.7)**	2.7
RWA, balance at end of period	**$ 12.7**	$ 14.4

1 Prior to 2015, the amounts have not been adjusted to reflect the impact of the 2015 IFRS Standards and Amendments.
2 Not meaningful.

The Movement in risk levels category reflects changes in risk due to position changes and market movements.

The Model updates category reflects updates to the model to reflect recent experience and changes in model scope.

The Methodology and policy category reflects methodology changes to the calculations driven by regulatory policy changes. Methodology changes related to precious metals exposure drove the decrease in RWA.

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 44: FLOW STATEMENT FOR RISK-WEIGHTED ASSETS – Disclosure for Operational Risk
Risk-Weighted Assets Movement by Key Driver[1]

(billions of Canadian dollars)

	For the years ended	
	October 31, 2015	October 31, 2014
RWA, balance at beginning of period	**$ 38.1**	$ 35.1
Revenue generation	**3.0**	3.0
RWA, balance at end of period	**$ 41.1**	$ 38.1

1 Prior to 2015, the amounts have not been adjusted to reflect the impact of the 2015 IFRS Standards and Amendments.

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, 2015. 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 RWA in the following figure are predominately due to the additional Pillar II risks captured under economic capital and the differences in confidence level. For additional information on the risks highlighted below, refer to the "Managing Risk" section of this document.

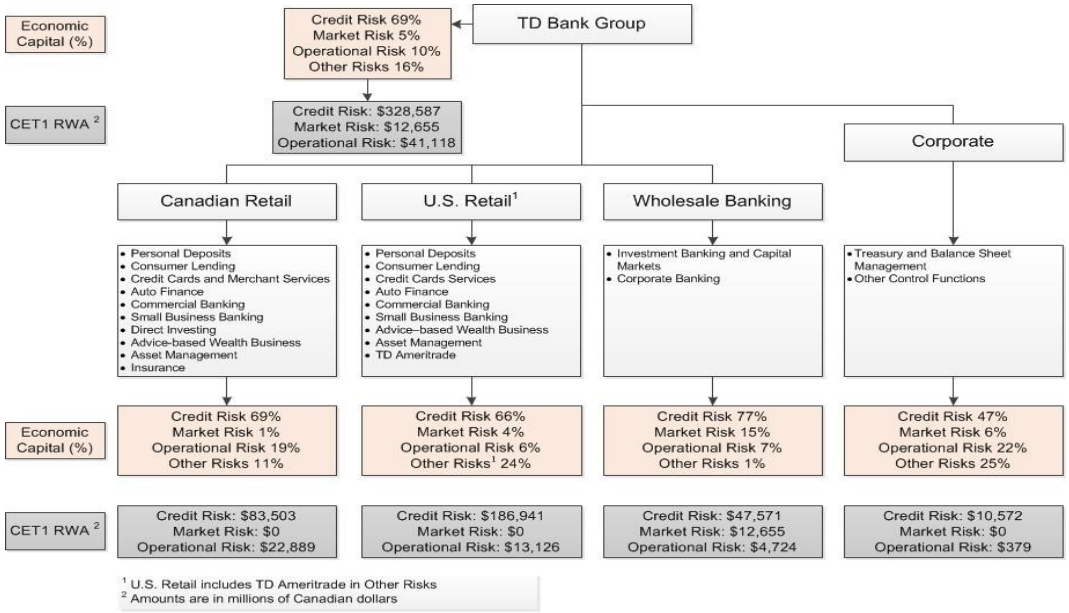


TABLE 45: OUTSTANDING EQUITY AND SECURITIES EXCHANGEABLE/CONVERTIBLE INTO EQUITY[1]

(millions of shares/units, except as noted)

	As at	
	October 31, 2015	October 31, 2014
	Number of shares/units	Number of shares/units
Common shares outstanding	**1,856.2**	1,846.2
Treasury shares – common	**(1.1)**	(1.6)
Total common shares	**1,855.1**	1,844.6
Stock options		
Vested	**7.0**	7.1
Non-vested	**11.4**	12.3
Series P[2]	**–**	10.0
Series Q[3]	**–**	8.0
Series R[4]	**–**	10.0
Series S	**5.4**	5.4
Series T	**4.6**	4.6
Series Y	**5.5**	5.5
Series Z	**4.5**	4.5
Series 1[5]	**20.0**	20.0
Series 3[6]	**20.0**	20.0
Series 5[7]	**20.0**	–
Series 7[8]	**14.0**	–
Series 9[9]	**8.0**	–
Series 11[10]	**6.0**	–
Total preferred shares – equity	**108.0**	88.0
Treasury shares – preferred	**(0.1)**	–
Total preferred shares	**107.9**	88.0
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, refer to Note 21 of the Consolidated Financial Statements.

2 On March 2, 2015, the Bank redeemed all of its 10 million outstanding Class A First Preferred Shares, Series P ("Series P Shares"), at the cash redemption price of $25.607877 per Series P Share, for total redemption proceeds of approximately $256 million.

3 On March 2, 2015, the Bank redeemed all of its 8 million outstanding Class A First Preferred Shares, Series Q ("Series Q Shares"), at the cash redemption price of $25.615068 per Series Q Share, for total redemption proceeds of approximately $205 million.

4 On May 1, 2015, the Bank redeemed all of its 10 million outstanding Class A First Preferred Shares, Series R ("Series R Shares"), at the cash redemption price of $25.503836 per Series R Share, for total redemption proceeds of approximately $255 million.

5 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.

6 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.

7 On December 16, 2014, the Bank issued 20 million non-cumulative 5-Year Rate Reset Preferred Shares, Series 5 ("Series 5 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 5 shares, and assuming there are no declared and unpaid dividends on the Series 5 shares or Series 6 shares, as applicable, would be 100 million.

8 On March 10, 2015, the Bank issued 14 million non-cumulative 5-Year Rate Reset Preferred Shares, Series 7 ("Series 7 shares") for gross cash consideration of $350 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 7 shares, and assuming there are no declared and unpaid dividends on the Series 7 shares or Series 8 shares, as applicable, would be 70 million.

9 On April 24, 2015, the Bank issued 8 million non-cumulative 5-Year Rate Reset Preferred Shares, Series 9 ("Series 9 shares") for gross cash consideration of $200 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 9 shares, and assuming there are no declared and unpaid dividends on the Series 9 shares or Series 10 shares, as applicable, would be 40 million.

10 On July 21, 2015, the Bank issued 6 million non-cumulative Fixed Rate Preferred Shares, Series 11 ("Series 11 shares") for gross cash consideration of $150 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 11 shares, and assuming there are no declared and unpaid dividends on the Series 11 shares would be 30 million.

FUTURE CHANGES IN BASEL

Future Regulatory Capital Developments

In December 2014, BCBS published the final standards on the revised securitization framework. The final framework, effective January 2018, enhanced the current methodologies for calculating securitization RWA by making them more risk sensitive and limiting over-reliance on rating agencies. The final standards yield capital requirements that are higher than those under the current framework.

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.

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 interests by July 1, 2017. The IHC will be subject to the same extensive capital, liquidity, and risk management requirements as large BHCs.

In December 2014, BCBS released a consultative document introducing a capital floor framework based on Basel II/III standardized approaches to calculate RWA. This framework will replace the current transitional floor, which is based on the Basel I standard. The objectives of a capital floor are to ensure minimum levels of banking system capital, mitigate internal approaches model risk, and enhance comparability of capital ratios across banks. The calibration of the floor is outside the scope of this consultation. The impact on the Bank will be dependent on the final calibration of the capital floor and on the revised credit, market, and operational risk standardized approaches which are currently all under review and consultation.

In July 2015, BCBS released a consultative document on a revision of the CVA framework set out in the current Basel III capital standards for the treatment of counterparty credit risk. The revised framework proposes to better align the capital standard with the fair value measurement of CVA employed under various accounting regimes and the proposed revisions to the market risk framework under the Fundamental Review of the Trading Book. The estimated timing for implementation is early 2018 to align with the implementation of the revised market risk framework.

GROUP FINANCIAL CONDITION

Securitization and Off-Balance Sheet Arrangements

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

STRUCTURED ENTITIES

TD carries out certain business activities through arrangements with structured entities, including special purpose entities (SPEs). The Bank uses SPEs to raise capital, obtain sources of liquidity by securitizing certain of the Bank’s financial assets, to assist TD's clients in securitizing their financial assets, and to create investment products for the Bank's clients. Securitizations are an important part of the financial markets, providing liquidity by facilitating investor access to specific portfolios of assets and risks. Refer to Note 2 of the 2015 Consolidated Financial Statements for further information regarding the Bank's involvement with SPEs.

Securitization of Bank-Originated Assets

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

The Bank securitizes residential mortgages under the National Housing Act Mortgage-Backed Securities (NHA MBS) program sponsored by the Canada Mortgage and Housing Corporation (CMHC). The securitization of the residential mortgages with the CMHC does not qualify for derecognition and remain on the Bank’s Consolidated Balance Sheet. Additionally, the Bank securitizes personal loans by selling them to Bank-sponsored SPEs that are consolidated by the Bank. The Bank also securitizes U.S. residential mortgages with U.S. government-sponsored entities which qualify for derecognition and are removed from the Bank’s Consolidated Balance Sheet. All other products securitized by the Bank were originated in Canada and sold to Canadian securitization structures. Refer to Notes 9 and 10 of the 2015 Consolidated Financial Statements for further information.

TABLE 46: 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, 2015
Residential mortgage loans	$ 23,452	$ –	$	–	$ 6,759	$ –
Consumer instalment and other personal loans [2]	–	–		3,642	–	–
Business and government loans	–	–		–	1,828	38
Total exposure	$ 23,452	$ –	$	3,642	$ 8,587	$ 38
						October 31, 2014
Residential mortgage loans	$ 23,796	$ –	$	–	$ 9,765	$ –
Consumer instalment and other personal loans [2]	–	–		6,081	–	–
Business and government loans	2	–		–	2,031	44
Total exposure	$ 23,798	$ –	$	6,081	$ 11,796	$ 44

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, 2015, 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, 2015, the SPEs had nil issued commercial paper outstanding (October 31, 2014 – $4 billion) and $4 billion of issued notes outstanding (October 31, 2014 – $2 billion). As at October 31, 2015, the Bank's maximum potential exposure to loss for these conduits was $4 billion (October 31, 2014 – $6 billion) of which no underlying consumer instalment and other personal loans was government insured (October 31, 2014 – $1 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 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 $10.6 billion as at October 31, 2015 (October 31, 2014 – $9.9 billion). Further, as at October 31, 2015, the Bank had committed to provide an additional $1.7 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, 2014 – $1.4 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 the Bank-administered multi-seller ABCP conduits are included in the following table.

TABLE 47: EXPOSURE TO THIRD PARTY-ORIGINATED ASSETS SECURITIZED BY BANK-SPONSORED NON-CONSOLIDATED CONDUITS

(millions of Canadian dollars, except as noted)

				As at
	October 31, 2015			October 31, 2014
	Exposure and ratings profile of unconsolidated SPEs AAA[1]	**Expected weighted-average life (years)[2]**	Exposure and ratings profile of unconsolidated SPEs AAA[1]	Expected weighted-average life (years)[2]
Residential mortgage loans	**$ 6,962**	**3.2**	$ 6,395	3.3
Credit card loans	**–**	**–**	–	–
Automobile loans and leases	**1,847**	**1.6**	1,777	1.3
Equipment loans and leases	**–**	**–**	–	–
Trade receivables	**1,792**	**2.2**	1,753	1.7
Total exposure	**$ 10,601**	**2.7**	$ 9,925	2.7

1 The Bank's total liquidity facility exposure only relates to 'AAA' rated assets.
2 Expected weighted-average life for each asset type is based upon each of the conduit's remaining purchase commitment for revolving pools and the expected weighted-average life of the assets for amortizing pools.

As at October 31, 2015, the Bank held $1.1 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, 2014 – $1.3 billion).

OFF-BALANCE SHEET EXPOSURE TO THIRD PARTY-SPONSORED CONDUITS

The Bank has off-balance sheet exposure to third party-sponsored conduits arising from providing liquidity facilities and funding commitments of $1,268 million as at October 31, 2015 (October 31, 2014 – $659 million). The assets within these conduits are comprised of individual notes backed by automotive loan receivables, credit card receivables and trade receivables. As at October 31, 2015, these assets have maintained ratings from various credit rating agencies, with a minimum rating of A. On-balance sheet exposure to third party-sponsored conduits have been included in the financial statements.

COMMITMENTS

The Bank enters into various commitments to meet the financing needs of the Bank's clients and to earn fee income. Significant commitments of the Bank include financial and performance standby letters of credit, documentary and commercial letters of credit and commitments to extend credit. These products may expose the Bank to liquidity, credit and reputational risks. There are adequate risk management and control processes in place to mitigate these risks. Certain commitments still remain off-balance sheet. Note 28 of the 2015 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 28 of the 2015 Consolidated Financial Statements are leveraged finance credit commitments. Leveraged finance credit commitments are agreements that provide funding to a borrower with higher leverage ratio, relative to the industry in which it operates, and for the purposes of acquisitions, buyouts or capital distributions. During the year, we refined our definition and it may be subject to further refinement moving forward. As at October 31, 2015, the Bank's exposure to leveraged finance credit commitments, including funded and unfunded amounts, was $11.2 billion (October 31, 2014 – $5.4 billion).

GUARANTEES

In the normal course of business, the Bank enters into various guarantee contracts to support its clients. The Bank's significant types of guarantee products are financial and performance standby letters of credit, assets sold with recourse, credit enhancements, written options, and indemnification agreements. Certain guarantees remain off-balance sheet. Refer to Note 28 of the 2015 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 to be key management personnel. The Bank makes loans to its key management personnel, their close family members, and their related entities on market terms and conditions with the exception of banking products and services for key management personnel, which are subject to approved policy guidelines that govern all employees.

In addition, the Bank offers deferred share and other plans to non-employee directors, executives, and certain other key employees. Refer to Note 24 of the 2015 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 and accounts for its investment in TD Ameritrade using the equity method. Pursuant to the Stockholders Agreement in relation to the Bank's equity investment in TD Ameritrade, the Bank has the right to designate five of twelve members of TD Ameritrade's Board of Directors. The Bank's designated directors include the Bank's Group President and Chief Executive Officer, two independent directors of TD, and a former independent director of TD.

The following is a description of significant transactions between the Bank and 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 $1,051 million in 2015 (2014 – $895 million; 2013 – $821 million) to TD Ameritrade for the deposit accounts. The fee paid by the Bank is based on the average insured deposit balance of $95 billion in 2015 (2014 – $80 billion; 2013 – $70 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 bps on the aggregate average daily balance in the sweep accounts (subject to adjustment based on a specified formula).

As at October 31, 2015, amounts receivable from TD Ameritrade were $79 million (October 31, 2014 – $103 million). As at October 31, 2015, amounts payable to TD Ameritrade were $140 million (October 31, 2014 – $104 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 the year ended October 31, 2015, the Bank paid $124 million (October 31, 2014 – $122 million; October 31, 2013 – $128 million) for these services. As at October 31, 2015, the amount payable to Symcor was $10 million (October 31, 2014 – $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, 2015, and October 31, 2014.

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, and financial instruments 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 "Accounting Judgements, Estimates, and Assumptions" – "Fair Value Measurement" section of this document. The use of financial instruments allows the Bank to earn profits in trading, interest, and fee income. Financial instruments also create a variety of risks which the Bank manages with its extensive risk management policies and procedures. The key risks include interest rate, credit, liquidity, market, and foreign exchange risks. For a more detailed description on how the Bank manages its risk, refer to the "Managing Risk" section of this document.

RISK FACTORS AND MANAGEMENT

Risk Factors That May Affect Future Results

In addition to the risks described in the Managing Risk section, there are numerous other risk factors, many of which are beyond the Bank's control and the effects of which can be difficult to predict, that could cause our results to differ significantly from our plans, objectives, and estimates. 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 its customers 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, commodity and capital markets and related market liquidity, 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, geopolitical risk associated with political 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 its business plans and strategies; it also incorporates potential material changes into the portfolio stress tests that are conducted. As a result, the Bank is better able to understand the likely impact of many of these negative scenarios and better manage the potential risks.

Executing on Key Priorities and Strategies
The Bank has a number of priorities and strategies, including those 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 organic growth strategies, new acquisitions, integration of recently acquired businesses, projects to meet new regulatory requirements or enhancement to 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 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 needed to manage our priorities and strategies, our ability to execute on them is dependent on a number of assumptions and factors. These include those set out in the "Business Outlook" and "Risk Management" sections of this document, as well as disciplined resource and expense management and our ability to implement (and the costs associated with the implementation of) enterprise-wide programs to comply with new or enhanced regulations or regulator demands, all of which may not be in the Bank's control and are difficult to predict.

If any of the Bank's 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, the complexity of our technology infrastructure, and our use of internet and telecommunications technologies to conduct financial transactions, such as our continued development of mobile and internet banking platforms. The Bank's technologies, systems and networks, and those of our customers 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, and may involve attempts to fraudulently induce employees, customers, third party service providers or other users of the Bank's systems to disclose sensitive information in order to gain access to the Bank's data or that of its customers. 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. The Bank also invests in projects to continually review and enhance its information technology infrastructure. It is possible that the Bank, or those with whom the Bank does business, may not anticipate or implement effective measures against all such information and technology related risks, particularly because the techniques used change frequently and risks can originate from a wide variety of sources that have also become increasingly sophisticated. As such, with any attack, breach or compromise of technology or information systems, hardware or related processes, or any significant issues caused by weakness in information technology infrastructure, the Bank may experience, among other things, financial loss; a loss of customers or business opportunities; disruption to operations; misappropriation or unauthorized release of confidential, financial or personal information; damage to computers or systems of the Bank and those of its customers and counterparties; violations of applicable privacy and other laws; litigation; regulatory penalties or intervention, remediation, investigation or restoration cost; increased costs to maintain and update our operational and security systems and infrastructure; and reputational damage.

Evolution of Fraud and Criminal Behaviour
The Bank is routinely exposed to various types of fraud and other financial crime. 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 defences and build upon existing practices in Canada and the U.S. The Bank continues to introduce new capabilities and defences 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, which in turn could lead to disruptions to our businesses and financial loss. Consequently, the Bank has established expertise and resources dedicated to third party 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 or application of existing laws and regulations, judicial decisions, as well as the fiscal, economic and monetary policies of various regulatory agencies and governments in Canada, the U.S. and other countries, and changes in their interpretation or implementation, could adversely affect TD's operations, profitability and reputation. Such adverse effects may include incurring additional costs and resources to address initial and ongoing compliance; limiting the types or nature of products and services the Bank can provide and fees it can charge; unfavourably impacting the pricing and delivery of products and services the Bank provides; increasing the ability of new and existing competitors to compete with their pricing, products and services (including, in jurisdictions outside Canada, the favouring of certain domestic institutions); and increasing risks associated with potential non-compliance. In 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. The global privacy landscape continues to experience regulatory change, with significant new legislation anticipated to come into force in the jurisdictions in which we do business in the short- and medium-term. 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 U.S. federal law, was signed into law on July 21, 2010. It requires significant structural reform to the U.S. financial services industry and affects every banking organization operating in the U.S., including the Bank. Due to certain aspects with extraterritorial effect, Dodd-Frank also impacts the Bank's operations outside the U.S., including in Canada. Many parts of Dodd-Frank are in effect and others are in the implementation stage. Certain of the rules that impact the Bank include:

- *The Volcker Rule* – In December 2013, the U.S. Board of Governors of the Federal Reserve System (the "Federal Reserve") and other U.S. federal regulatory agencies issued final regulations implementing the Volcker Rule provisions of Dodd-Frank, which restrict banking entities from engaging, as principal, in proprietary trading and from sponsoring or holding ownership interests in or having certain relationships with certain hedge funds and private equity funds, subject to certain exceptions and exclusions. Under the final regulations, banking entities were required to conform their covered trading activities and covered fund investments and sponsorship activities to the Volcker Rule by July 21, 2015, absent an applicable extension. The Volcker Rule also requires banking entities to establish comprehensive compliance programs that are reasonably designed to document, describe, monitor and limit covered trading and fund activities. The Bank has established compliance programs under the Volcker Rule where applicable. However, given the complexity of the Volcker Rule's application, and the lack of regulatory guidance on certain matters, it is possible that future regulatory guidance or review could result in additional limitations on the Bank's trading and fund activities. The Volcker Rule will likely continue to increase our operational and compliance costs.

- *Debit Interchange Fees* – In October 2011, the Federal Reserve's regulations implementing the so-called "Durbin Amendment" to Dodd-Frank, which limits debit card interchange transaction fees to those "reasonable" and "proportional" to the cost of the transaction, became effective. In July 2013, the U.S. District Court for the District of Columbia vacated certain portions of these regulations. In March 2014, the U.S. Court of Appeals for the District of Columbia Circuit overturned the District Court's decision and largely upheld the Federal Reserve's rules governing debit card interchange fees, but directed the Federal Reserve to provide further explanation regarding its treatment of the costs of monitoring transactions. In August 2014, a group of trade associations and merchants filed a petition for writ of certiorari with the U.S. Supreme Court. In January 2015, the petition was denied.

- *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 for our top-tier U.S. bank holding company (which will be the Bank's U.S. IHC beginning in July 2016 as described below), on a consolidated basis, to the Federal Reserve on an annual and semi-annual basis respectively, beginning in 2016. Given new submission dates included in the Capital Plan Rule, our top-tier U.S. bank holding company will submit its inaugural annual capital plan and stress test results on April 5, 2016 and mid-cycle test results on October 5, 2016. Our top-tier U.S. bank holding company will also be subject to the Federal Reserve's supervisory stress test on an annual basis, beginning in 2016. The Federal Reserve defines stress test scenarios for both the company-run and supervisory stress tests by bank holding companies. In addition, TD Bank, N.A. and TD Bank USA, N.A. are required to conduct stress testing pursuant to the requirements of the U.S. Office of the Comptroller of the Currency (OCC), which defines stress test scenarios for stress testing by national banks. Any issues arising from U.S. regulators' review of such capital plan and stress testing may negatively impact the Bank's operations and/or reputation and lead to increased costs.

- *Intermediate Holding Company Establishment* – In February 2014, the Federal Reserve adopted a final rule that imposes "enhanced prudential standards" on certain non-U.S. banking organizations ("FBOs") having a U.S. presence and global consolidated assets of US$10 billion or more. Such standards include enhanced capital and liquidity requirements, stress testing obligations and risk management standards with additional requirements and expectations for FBOs with at least US$50 billion in combined U.S. assets. In addition, FBOs with U.S. non-branch assets of US$50 billion or more, such as the Bank, are required to establish, by July 1, 2016, a separately capitalized top-tier U.S. IHC. The IHC is required to hold the FBO's ownership interests in all of its U.S. subsidiaries (with certain limited exceptions) but not the assets of the FBO's U.S. branches and agencies. TD will implement the IHC requirements in phases, the first of which was concluded in July 2015, at which time TD Group US Holdings LLC was established as the top-tier bank holding company in the U.S. 90% percent of the FBO's U.S. non-branch assets must be transferred to the IHC by July 1, 2016, with the remaining ownership interests in U.S. subsidiaries to be transferred to the IHC by July 1, 2017. It is anticipated that the foregoing actions will require TD to incur operational, capital, liquidity 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 requirements under Dodd-Frank and its implementing regulations in an integrated and comprehensive manner. In general, in connection with Dodd-Frank and its implementing 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 operational and compliance costs.

Basel III

OSFI's guideline on Liquidity Adequacy Requirements (LAR) will incorporate the finalized Basel Committee on Banking Supervision Net Stable Funding Ratio (NSFR) rules in the near future. We expect that OSFI will require banks to meet the 100% NSFR ratio no later than 2018. The Bank will continue to evaluate the impact of implementing the NSFR and determine adjustments required to liquidity and funding management strategies.

Regulatory Oversight and Compliance Risk

Our businesses are subject to extensive regulation and oversight. Regulatory change is occurring in all of the geographies where we operate, with some of the most significant changes arising in the U.S. Such change includes the establishment in the past few years of new regulators with examination and enforcement authority, such as the Consumer Financial Protection Bureau. Regulators 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. In addition, TD 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 and consideration of regulator expectations set out in enforcement actions, it is possible that we may not be able to accurately predict the impact of final versions of rules or the interpretation or enforcement actions taken by regulators. This could require the Bank to take further actions or incur more costs than expected. In addition, we believe that regulators may continue to take formal enforcement action, rather than taking informal/ supervisory actions, more frequently than they have done historically. As a result, despite its prudence and management efforts, the Bank's operations, business strategies and product and service offerings may be adversely impacted, therefore impacting financial results. Also, it may be determined that the Bank has not successfully addressed new rules, orders or enforcement actions to which it is subject. As such, the Bank may continue to face a greater number or wider scope of investigations, enforcement actions and litigation. The Bank may incur greater than expected costs associated with enhancing its compliance, or may incur fines, penalties or judgments not in its favour associated with non-compliance, all of which could also lead to negative impacts on the Bank's financial performance and its reputation.

Principles for Effective Risk Data Aggregation
In January 2013, the Basel Committee on Banking Supervision (BCBS) finalized its “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 and reporting.

Level of Competition and Disruptive Technology
The Bank operates in a highly competitive industry and its performance is impacted by the level of competition. Customer retention and attraction of new customers can be influenced by many factors, including the quality, pricing and variety of products and services offered, as well as an institution's reputation and ability to innovate. Ongoing or increased competition may impact the Bank's pricing of products and services and may cause us to lose market share. Increased competition also may require us to make additional short and long-term investments in order to remain competitive, which may increase expenses. In addition, the Bank operates in environments where laws and regulations that apply to it may not universally apply to its current competitors, which include domestic institutions in jurisdictions outside of Canada or non-traditional providers of financial products and services. Non-depository or non-financial institutions are often able to offer products and services that were traditionally banking products and to compete with banks in the provision of electronic and Internet-based financial solutions, without facing the same regulatory requirements or oversight. These evolving distribution methods by such competitors can also increase fraud and privacy risks for customers and financial institutions in general. The nature of disruption is such that it can be difficult to anticipate and/or respond to adequately or quickly, representing inherent risks to certain Bank businesses, including payments. As such, this type of competition could also adversely impact the Bank’s earnings by reducing revenue. 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.

OTHER RISK FACTORS THAT MAY AFFECT FUTURE RESULTS

Legal Proceedings
The Bank or its subsidiaries are from time to time named as defendants or are otherwise involved in various class actions and other litigations or disputes with third parties, including regulatory enforcement proceedings, related to its businesses and operations. The Bank manages and mitigates the risks associated with these proceedings through a robust litigation management function. The Bank’s material litigation and regulatory enforcement proceedings are disclosed in its Consolidated Financial Statements. There is no assurance that the volume of claims and the amount of damages and penalties claimed in litigation, arbitration and regulatory proceedings will not increase in the future. Actions currently pending against the Bank may result in judgments, settlements, fines, penalties, disgorgements, injunctions, business improvement orders or other results adverse to the Bank, which could materially adversely affect the Bank’s business, financial condition, results of operations, cash flows and capital; require material changes in the Bank’s operations; or cause serious reputational harm to the Bank. Moreover, some claims asserted against the Bank may be highly complex, and include novel or untested legal theories. The outcome of such proceedings may be difficult to predict or estimate until late in the proceedings, which may last several years. In addition, settlement or other resolution of certain types of matters are subject to external approval, which may or may not be granted. Although the Bank establishes reserves for these matters according to accounting requirements, the amount of loss ultimately incurred in relation to those matters may substantially differ from the amounts accrued. As a participant in the financial services industry, the Bank will likely continue to experience the possibility of significant litigation and regulatory enforcement proceedings related to its businesses and operations. For additional information relating to the Bank’s material legal proceedings, refer to Note 28 of the Consolidated Financial Statements.

Acquisitions and Strategic Plans
The Bank regularly explores opportunities to acquire other companies, or parts of their businesses directly or indirectly through the acquisition strategies of its subsidiaries. There is no assurance that the Bank will achieve its financial or strategic objectives, including anticipated cost savings, or revenue synergies following acquisitions and integration efforts. The Bank’s, or a subsidiary’s, ability to successfully complete an acquisition is often subject to regulatory and other approvals, and the Bank cannot be certain when or if, or on what terms and conditions, any required approvals will be granted. The Bank’s financial performance is also influenced by its ability to execute strategic plans developed by management. If these strategic plans do not meet with success or there is a change in strategic plans, there would be an impact on the Bank’s financial performance and the Bank’s earnings could grow more slowly or decline. The Bank undertakes due diligence before completing an acquisition and closely monitors integration activities and performance post acquisition.

Ability to Attract, Develop and Retain Key Executives
The Bank’s future performance depends to a large extent on the availability of qualified people and the Bank’s ability to attract, develop and retain key executives. There is intense competition for the best people in the financial services sector. Although it is the goal of the Bank’s management resource policies and practices to attract, develop, and retain key executives employed by the Bank or an entity acquired by the Bank, there is no assurance that the Bank will be able to do so. The Bank undergoes a human resource planning process, at least annually, that facilitates the assessment of internal leadership capabilities and potential talent needs. The Bank actively invests in the development of employees in order to better meet future talent requirements.

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

Accounting Policies and Methods Used by the Bank

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

RISK FACTORS AND MANAGEMENT

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 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 RAS is the primary means used to communicate how TD views risk and determines the type and amount of risk it is willing to take to deliver on the Bank's strategy and enhance shareholder value. 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 operating conditions and the impact of emerging risks in developing and applying its risk appetite. Adherence to enterprise risk appetite is managed and monitored across the Bank and is informed by the RAS and a broad collection of principles, policies, processes, and tools. 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; 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 management resulted in risk and control events within their area of responsibility.

In addition, governance, risk, and oversight functions operate independently from business segments supported by an organizational structure that provides 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 TD'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 defence" 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.

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

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

RISK GOVERNANCE STRUCTURE



The Board of Directors

The Board oversees the Bank's strategic direction, the implementation of an effective risk 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 recommending TD's RAS for approval by the Board annually. The Risk Committee oversees the management of TD's risk profile and performance against its risk appetite. In support of this oversight, the Committee reviews and approves certain enterprise-wide risk management frameworks and policies that support compliance with TD's risk appetite, and monitors the management of risks and risk trends.

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

The Human Resources Committee
The Human Resources Committee, in addition to its other responsibilities, satisfies itself that Human Resources risks are appropriately identified, assessed, and managed in a manner consistent with the risk programs within the Bank, and with the sustainable achievement of the Bank's business objectives.

The Corporate Governance Committee
The Corporate Governance Committee, in addition to its other responsibilities, develops and where appropriate recommends to the Board 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 risk in accordance with TD's risk appetite and considers the impact of emerging risks on the Bank's strategy and risk profile. This accountability includes identifying and reporting significant risks to the Risk Committee.

Executive Committees
The CEO, in consultation with the CRO determines 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 associated 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 management culture. The following Executive Committees have been established to manage specific major risks based on the nature of the risk and related business activity:

- ALCO – chaired by the Group Head, Insurance, Credit Cards, and Enterprise Strategy, the ALCO oversees directly and through its standing subcommittees (the Risk Capital Committee, Global Liquidity Forum (GLF), and Enterprise Investment Committee) the management of TD's consolidated non-trading market risk and each of its consolidated liquidity, funding, investments, and capital positions.
- OROC – chaired by the CRO, the OROC oversees the identification, monitoring, and control of key risks within TD's operational risk profile.
- Disclosure Committee – chaired by the Group Head, Finance, Sourcing, Corporate Communications and Chief Financial Officer, the Disclosure Committee oversees 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, the RRC oversees the management of reputational risk within the Bank's risk appetite.

Risk Management
The Risk Management function, headed by the CRO, provides independent oversight of enterprise 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 Defence
In order to further the understanding of responsibilities for risk management, the Bank employs a "three lines of defence" 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 defence at TD.

THREE LINES OF DEFENCE	
FIRST LINE	**BUSINESS SEGMENT ACCOUNTABILITIES**
IDENTIFY AND CONTROL	• Manage and identify risk in day-to-day activities. • 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, 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 and communicate enterprise governance, risk, and control strategies and policies. • Provide oversight and independent challenge to the First Line through review, inquiry, and discussion. • Provide training, tools, and advice to support the First Line 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 in fulfilling their mandates and managing risk.

In support of a strong risk culture, TD applies the following principles in governing 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 comprehensive and proactive approach to risk management is comprised of four basic processes: risk identification and assessment, measurement, control, and monitoring and reporting.

Risk Identification and Assessment
Risk identification and assessment is focused on recognizing and understanding existing risks, risks that may arise from new or evolving business initiatives, aggregate risks, and emerging risks from the changing environment. The Bank's objective is to establish and maintain integrated risk identification and assessment processes that enhance the understanding of risk interdependencies, consider how risk types intersect, and support the identification of emerging risk. To that end, TD's Enterprise-Wide Stress Testing (EWST) program enables senior management, the Board, and its committees to identify and articulate enterprise-wide risks and understand potential vulnerabilities for the Bank.

Risk Measurement
The ability to quantify risks is a key component of the Bank's risk management process. 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, PCL, peer comparisons, trending analysis, liquidity coverage, leverage ratios, capital adequacy metrics, and operational risk event notification 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 Risk and Control Self-Assessment (RCSA) program. Internal and external risk events are monitored to assess whether the Bank's internal controls are effective. This allows the Bank to identify, escalate, and monitor significant risk issues as needed.

Risk Control

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 the 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 EWST 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 risks 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 is a key component of the ICAAP framework and 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 scenarios are developed considering the key macroeconomic and idiosyncratic risks facing the Bank. A combination of approaches incorporating both quantitative modelling and qualitative analysis are utilized to assess the impact on the Bank's performance in stress environments. Stress testing engages senior management in each business segment, Finance, TBSM, Economics, and Risk Management. The Risk Capital Committee, which is a subcommittee of the ALCO, provides oversight of the processes and practices governing the EWST program.

As part of its 2015 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 forecasted over the stress horizon which drives the assessment of impacts. In both scenarios evaluated in the 2015 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	**Severe Scenario**
• The scenario emanates from a European financial crisis where solvency concerns in some countries lead to widespread capital flight. The resulting wave of corporate sector defaults at European financial institutions spills over to North American banks. • External shocks to the Canadian economy trigger an unwinding of household imbalances. Unemployment rises sharply as home prices deteriorate significantly. Extremely low oil prices lead to a disproportionate impact on the Canadian economy.	• The severe scenario is modeled from historical recessions that have taken place in the U.S. and Canada. The recession extends 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 OCC Dodd-Frank Act Stress Testing requirements for operating banks, and the Federal Reserve Board's capital plan rule and related CCAR requirements beginning in 2016 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 the choice of sub-optimal or ineffective strategies, the improper implementation of chose strategies, choosing not to pursue certain strategies, or a lack of responsiveness to changes in the business environment. Strategies include merger and acquisition activities.

WHO MANAGES STRATEGIC RISK

The CEO manages strategic risk supported by the members of the SET and the ERMC. The CEO, together with the SET, defines the overall strategy, in consultation with, and subject to approval by the Board. The Enterprise Strategy 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 monitoring 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 enterprise and 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, as well as by the Board. 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, *Financial Instruments: Disclosures*, which permits these specific disclosures to be included in the MD&A. Therefore, the shaded areas which include Credit Risk, Market Risk, and Liquidity Risk, form an integral part of the audited Consolidated Financial Statements for the years ended October 31, 2015 and 2014.

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 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, processes, limits and governance. The Credit Risk Management Framework is maintained by Risk Management and supports alignment with the Bank's risk appetite for credit risk.

Risk Management centrally approves all credit risk policies and credit decision-making strategies, 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 include collateral and loan-to-value constraints) along with approved scoring techniques and standards in extending, monitoring, and reporting personal credit. Credit scores and decision strategies are used in the origination and ongoing management of new and existing retail credit exposures. Scoring models and decision strategies utilize a combination of borrower attributes, including employment status, existing loan exposure and performance, and size of total bank relationship, as well as external data such as credit bureau information, to determine the amount of credit the Bank is prepared to extend to retail customers and to estimate future credit performance. Established policies and procedures are in place to govern the use and ongoing monitoring and assessment of the performance of scoring models and decision strategies to ensure alignment with expected performance results. Retail credit exposures approved within the regional credit centres are subject to ongoing Retail Risk Management review to assess the effectiveness of credit decisions and risk controls, as well as identify emerging or systemic issues and trends. Larger dollar exposures and material exceptions to policy are escalated to Retail Risk Management. Material policy exceptions are tracked and reported to monitor portfolio trends and identify potential weaknesses in underwriting guidelines and strategies. Where unfavourable trends are identified, remedial actions are taken to address those weaknesses.

The Bank's Commercial Banking and Wholesale Banking businesses use credit risk models and policies to establish borrower and facility risk ratings, quantify and monitor the level of risk, and facilitate its management. The businesses also use risk ratings to determine the amount of credit exposure it is willing to extend to a particular borrower. Management processes are used to monitor country, industry, and borrower or counterparty risk ratings, which include daily, monthly, quarterly, and annual review requirements for credit exposures. The key parameters used in the Bank's credit risk models are monitored on an ongoing basis.

Unanticipated economic or political changes in a foreign country could affect cross-border payments for goods and services, loans, dividends, and trade-related finance, as well as repatriation of the Bank's capital in that country. The Bank currently has credit exposure in a number of countries, with the majority of the exposure in North America. The Bank measures country risk using approved risk rating models and qualitative factors that are also used to establish country exposure limits covering all aspects of credit exposure across all businesses. Country risk ratings are managed on an ongoing basis and are subject to a detailed review at least annually.

As part of the Bank's credit risk strategy, the Bank sets limits on the amount of credit it is prepared to extend to specific industry sectors. The Bank monitors its concentration to any given industry to 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 (BRR) and, for certain portfolios, the risk rating of the industry in which the entity operates. This exposure is monitored on a regular basis.

The Bank may also use credit derivatives to mitigate 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 expects to transition the U.S. credit portfolios to the AIRB Approach in 2016 subject to regulatory approval.

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 Approach, the Bank defines default for Canadian exposures as delinquency of 90 days or more 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.

The following table maps PD ranges to risk levels:

Risk Assessment	PD Segment	PD Range
Low Risk	1	0.00 to 0.15%
Normal Risk	2	0.16 to 0.41
	3	0.42 to 1.10
Medium Risk	4	1.11 to 2.93
	5	2.94 to 4.74
High Risk	6	4.75 to 7.59
	7	7.60 to 18.20
	8	18.21 to 99.99
Default	9	100.00

Non-Retail Exposures

In the non-retail portfolio, the Bank manages exposures on an individual borrower basis, using industry and sector-specific credit risk models, and expert judgment. The Bank has categorized non-retail credit risk exposures according to the following Basel counterparty types: corporate, including wholesale and commercial customers, sovereign, and bank. Under the AIRB Approach, CMHC-insured mortgages are considered sovereign risk and are therefore classified as non-retail.

The Bank evaluates credit risk for non-retail exposures by using both a BRR and facility risk rating (FRR). The Bank uses this system for all corporate, sovereign, and bank exposures. The Bank determines the risk ratings using industry and sector-specific credit risk models that are based on internal historical data for the years of 1994-2014, 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.

TD's 21-point BRR scale broadly aligns to external ratings as follows:

Description	Rating Category	Standard & Poor's	Moody's Investor Services
Investment grade	0 to 1C	AAA to AA-	Aaa to Aa3
	2A to 2C	A+ to A-	A1 to A3
	3A to 3C	BBB+ to BBB-	Baa1 to Baa3
Non-investment grade	4A to 4C	BB+ to BB-	Ba1 to Ba3
	5A to 5C	B+ to B-	B1 to B3
Watch and classified	6 to 8	CCC+ to CC and below	Caa1 to Ca and below
Impaired/default	9A to 9B	Default	Default

Facility Risk Rating and LGD

The FRR maps to LGD and takes into account facility-specific characteristics such as collateral, seniority ranking of debt, and loan structure.

Different FRR models are used based on industry and obligor size. Where an appropriate level of historical defaults is available per model, this data is used in the LGD estimation process. Data considered in the calibration of the LGD model includes variables such as collateral coverage, debt structure, and borrower enterprise value. Average LGD and the statistical uncertainty of LGD are estimated for each FRR grade. In some FRR models, lack of historical data requires the model to output a rank-ordering which is then mapped through expert 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 Committed 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 exposures) or 150% (all other exposures).

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 Control group within Capital Markets Risk Management is responsible for estimating and managing counterparty credit risk in accordance with credit policies established by Risk Management.

The Bank uses various qualitative and quantitative methods to measure and manage counterparty credit risk. These include statistical methods to measure the current and future potential risk, as well as 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 PD of the counterparties moves in the same direction as a given market risk factor. Specific wrong-way risk arises when the exposure to a particular counterparty moves in the same direction as the PD of the counterparty due to the nature of the transactions entered into with that counterparty. These exposures require specific approval within the credit approval process. The Bank measures and manages specific wrong-way risk exposures in the same manner as direct loan obligations and controls them by way of approved credit facility limits.

As part of the credit risk monitoring process, management meets on a periodic basis to review all exposures, including exposures resulting from derivative financial instruments to higher risk counterparties. As at October 31, 2015, 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 exposures for the two approaches the Bank uses to measure credit risk are included in the following table.

TABLE 48: GROSS CREDIT RISK EXPOSURES – Standardized and Advanced Internal Ratings Based Approaches [1,2]

(millions of Canadian dollars)

						As at
	October 31, 2015					October 31, 2014
	Standardized	**AIRB**	**Total**	Standardized	AIRB	Total
Retail						
Residential secured	**$ 32,897**	**$ 276,526**	**$ 309,423**	$ 28,599	$ 261,063	$ 289,662
Qualifying revolving retail	**–**	**63,169**	**63,169**	–	59,316	59,316
Other retail	**59,655**	**38,952**	**98,607**	48,093	36,680	84,773
Total retail	**92,552**	**378,647**	**471,199**	76,692	357,059	433,751
Non-retail						
Corporate	**114,698**	**225,263**	**339,961**	85,948	177,826	263,774
Sovereign	**55,934**	**128,496**	**184,430**	35,788	96,948	132,736
Bank	**13,542**	**111,602**	**125,144**	9,794	98,736	108,530
Total non-retail	**184,174**	**465,361**	**649,535**	131,530	373,510	505,040
Gross credit risk exposures	**$ 276,726**	**$ 844,008**	**$ 1,120,734**	$ 208,222	$ 730,569	$ 938,791

1 Gross credit risk exposures represent EAD and are before the effects of credit risk mitigation. This table excludes securitization, equity, and other credit RWA.
2 Prior to 2015, amounts have not been adjusted to reflect the impact of the 2015 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, 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, 2015, using the Internal Model Approach.

MARKET RISK LINKAGE TO THE BALANCE SHEET

The following table provides a breakdown of the Bank's balance sheet into assets and liabilities exposed to trading and non-trading market risks. Market risk of assets and liabilities included in the calculation of VaR and other metrics used for regulatory market risk capital purposes is classified as trading market risk.

TABLE 49: MARKET RISK LINKAGE TO THE BALANCE SHEET [1]

(millions of Canadian dollars)

	As at						
	October 31, 2015			October 31, 2014			
	Balance sheet	**Trading market risk**	**Non-trading market risk**	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	**$ 42,483**	**$ 219**	**$ 42,264**	$ 43,773	$ 377	$ 43,396	Interest rate
Trading loans, securities, and other	**95,157**	**89,372**	**5,785**	101,173	99,274	1,899	Interest rate
Derivatives	**69,438**	**58,144**	**11,294**	55,796	49,164	6,632	Equity, foreign exchange, interest rate
Financial assets designated at fair value through profit or loss	**4,378**	**–**	**4,378**	4,745	–	4,745	Interest rate
Available-for-sale securities	**88,782**	**–**	**88,782**	63,008	–	63,008	Foreign exchange, interest rate
Held-to-maturity securities	**74,450**	**–**	**74,450**	56,977	–	56,977	Foreign exchange, interest rate
Securities purchased under reverse repurchase agreements	**97,364**	**13,201**	**84,163**	82,556	8,154	74,402	Interest rate
Loans	**547,775**	**–**	**547,775**	481,937	–	481,937	Interest rate
Customers' liability under acceptances	**16,646**	**–**	**16,646**	13,080	–	13,080	Interest rate
Investment in TD Ameritrade	**6,683**	**–**	**6,683**	5,569	–	5,569	Equity
Other assets[2]	**1,545**	**–**	**1,545**	1,434	–	1,434	Interest rate
Assets not exposed to market risk	**59,672**	**–**	**–**	50,463	–	–	
Total Assets	**1,104,373**	**160,936**	**883,765**	960,511	156,969	753,079	
Liabilities subject to market risk							
Trading deposits	**74,759**	**2,231**	**72,528**	59,334	1,793	57,541	Interest rate
Derivatives	**57,218**	**52,752**	**4,466**	51,209	47,483	3,726	Foreign exchange, interest rate
Securitization liabilities at fair value	**10,986**	**10,986**	**–**	11,198	10,190	1,008	Interest rate
Other financial liabilities designated at fair value through profit or loss	**1,415**	**1,402**	**13**	3,250	3,242	8	Interest rate
Deposits	**695,576**	**–**	**695,576**	600,716	–	600,716	Equity, interest rate
Acceptances	**16,646**	**–**	**16,646**	13,080	–	13,080	Interest rate
Obligations related to securities sold short	**38,803**	**33,594**	**5,209**	39,465	37,247	2,218	Interest rate
Obligations related to securities sold under repurchase agreements	**67,156**	**12,376**	**54,780**	53,112	8,242	44,870	Interest rate
Securitization liabilities at amortized cost	**22,743**	**–**	**22,743**	24,960	–	24,960	Interest rate
Subordinated notes and debentures	**8,637**	**–**	**8,637**	7,785	–	7,785	Interest rate
Other liabilities[2]	**11,866**	**–**	**11,866**	13,525	–	13,525	Interest rate
Liabilities and Equity not exposed to market risk	**98,568**	**–**	**–**	82,877	–	–	
Total Liabilities and Equity	**$ 1,104,373**	**$ 113,341**	**$ 892,464**	$ 960,511	$ 108,197	$ 769,437	

1 Certain comparative amounts have been restated, where applicable, as a result of the implementation of the 2015 IFRS Standards and Amendments.
2 Relates to retirement benefits, insurance, and structured 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 Control Committee meets regularly to conduct a review of the market risk profile, trading results of the Bank's trading businesses as well as changes to market risk policies. The committee is chaired by the Senior Vice President, Market Risk and Model Development, and includes Wholesale Banking senior management.

There were no significant reclassifications between trading and non-trading books during the year ended October 31, 2015.

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.

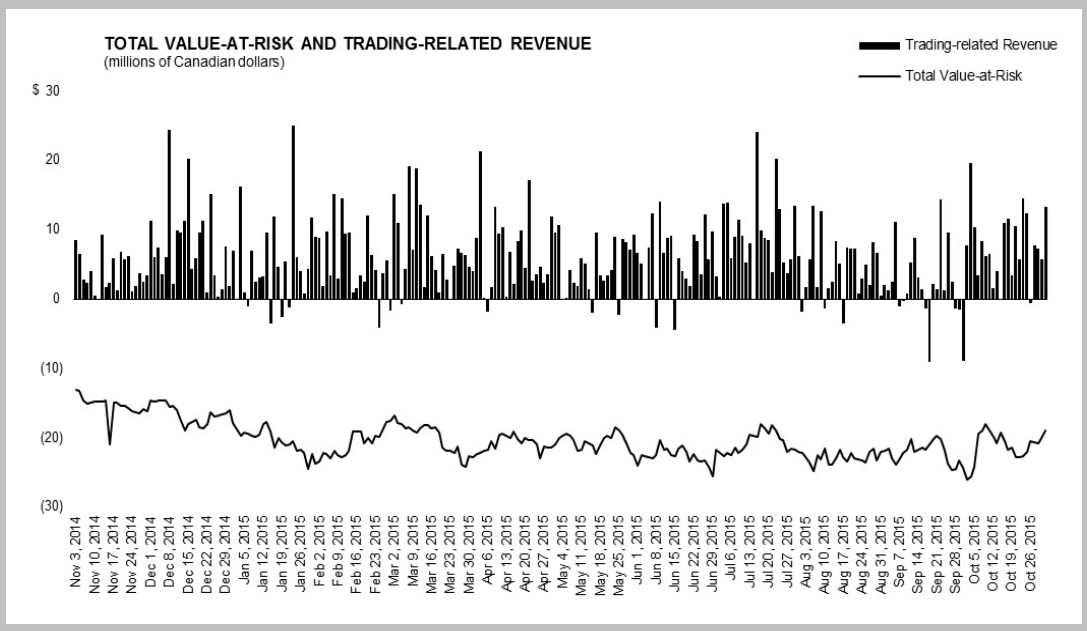
Calculating VaR

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 income reported in non-interest income and the net interest income on trading positions reported in net interest income, and is reported on a TEB. For the year ending October 31, 2015, there were 23 days of trading losses and trading-related revenue was positive for 91% of the trading days, reflecting normal trading activity. Losses in the year did not exceed VaR on any trading day.



VaR is a valuable risk measure but it should be used in the context of its limitations, for example:

- VaR uses historical data to estimate future events, which limits its forecasting abilities;
- it does not provide information on losses beyond the selected confidence level; and
- it assumes that all positions can be liquidated during the holding period used for VaR calculation.

The Bank continuously improves its VaR methodologies and incorporates new risk measures in line with market conventions, industry best practices, and regulatory requirements.

To mitigate some of the shortcomings of VaR, the Bank uses additional metrics designed for risk management and capital purposes. These include Stressed VaR, IRC, Stress Testing Framework, as well as limits based on the sensitivity to various market risk factors.

Calculating Stressed VaR

In addition to VaR, the Bank also calculates Stressed VaR, which includes Stressed GMR and Stressed IDSR. Stressed VaR is designed to measure the adverse impact that potential changes in market rates and prices could have on the value of a portfolio over a specified period of stressed market conditions. Stressed VaR is determined using similar techniques and assumptions in GMR and IDSR VaR. However, instead of using the most recent 259 trading days (one year), the Bank uses a selected year of stressed market conditions. In the fourth quarter of fiscal 2015, Stressed VaR was calculated using the one-year period that began on February 1, 2008. The appropriate historical one-year period to use for Stressed VaR is determined on a quarterly basis. Stressed VaR is a part of regulatory capital requirements.

Calculating the Incremental Risk Charge

The IRC is applied to all instruments in the trading book subject to migration and default risk. Migration risk represents the risk of changes in the credit ratings of the Bank's exposures. 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 50: PORTFOLIO MARKET RISK MEASURES

(millions of Canadian dollars)

	2015				2014			
	As at	**Average**	**High**	**Low**	As at	Average	High	Low
Interest rate risk	**$ 8.4**	**$ 8.0**	**$ 14.9**	**$ 3.8**	$ 5.3	$ 5.8	$ 12.8	$ 3.3
Credit spread risk	**7.9**	**7.8**	**11.8**	**4.6**	4.9	6.3	8.8	3.9
Equity risk	**9.8**	**9.0**	**13.5**	**4**	5.1	3.7	9.6	1.5
Foreign exchange risk	**4.9**	**3.8**	**9**	**1.1**	1.6	2.7	5.5	0.7
Commodity risk	**1.5**	**1.5**	**3.3**	**0.8**	0.9	1.4	4	0.6
Idiosyncratic debt specific risk	**12.9**	**15.9**	**22.5**	**12.6**	13.6	15.8	20.5	12.1
Diversification effect[1]	**(26.5)**	**(25.3)**	**n/m[2]**	**n/m[2]**	(16.1)	(17.8)	n/m[2]	n/m[2]
Total Value-at-Risk (one-day)	**$ 18.9**	**$ 20.7**	**$ 26**	**$ 15.3**	$ 15.3	$ 17.9	$ 22.1	$ 14.2
Stressed Value-at-Risk (one-day)	**18.3**	**28.8**	**35.1**	**18.3**	29.3	27.8	36.1	21.1
Incremental Risk Capital Charge (one-year)	**255.4**	**246.4**	**319.6**	**164.5**	275.6	313.6	428.7	222.0

1 The aggregate VaR is less than the sum of the VaR of the different risk types due to risk offsets resulting from portfolio diversification.
2 Not meaningful. It is not meaningful to compute a diversification effect because the high and low may occur on different days for different risk types.

Average VaR and Stressed VaR were relatively unchanged compared with the last quarter. Increases in equity positions drove the increase in average equity VaR year over year. Average IRC decreased by $102 million over the past year primarily due to an IRC model enhancement to improve risk measurement of own debt.

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 Control Committee.

MARKET RISK IN OTHER WHOLESALE BANKING ACTIVITIES

The Bank is also exposed to market risk arising from a legacy portfolio of bonds and preferred shares held in TD Securities and in its remaining merchant banking investments. Risk Management reviews and approves policies and procedures, which are established to monitor, measure, and mitigate these risks.

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 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 for Net Interest Income Sensitivity (NIIS) and Economic Value at Risk (EVaR). NIIS is defined as the change in net interest income over the next twelve months for an immediate and sustained 100 bps unfavourable interest rate shock. NIIS measures the extent to which the maturing and repricing asset and liability cash flows are matched over the next twelve-month period and reflects how the Bank’s net interest income will change over that period 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 NIIS 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 NIIS and EVaR captures the impact of changes to assumed customer behaviours, such as interest rate sensitive mortgage prepayments, but does not assume any balance sheet growth, change in business mix, product pricing philosophy, or management actions in response to changes in market conditions.

TD’s policy sets overall limits on EVaR and NIIS 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. 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.

In addition to Board policy limits, book-level risk limits are set for TBSM’s management of non-trading interest rate risk by Risk Management. These book-level risk limits are set at a more granular level than Board policy limits for NIIS and EVaR, and developed to be consistent with the overall Board Market Risk policy. Breaches of these book-level risk limits, if any, are escalated to the ALCO in a timely manner.

The 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.

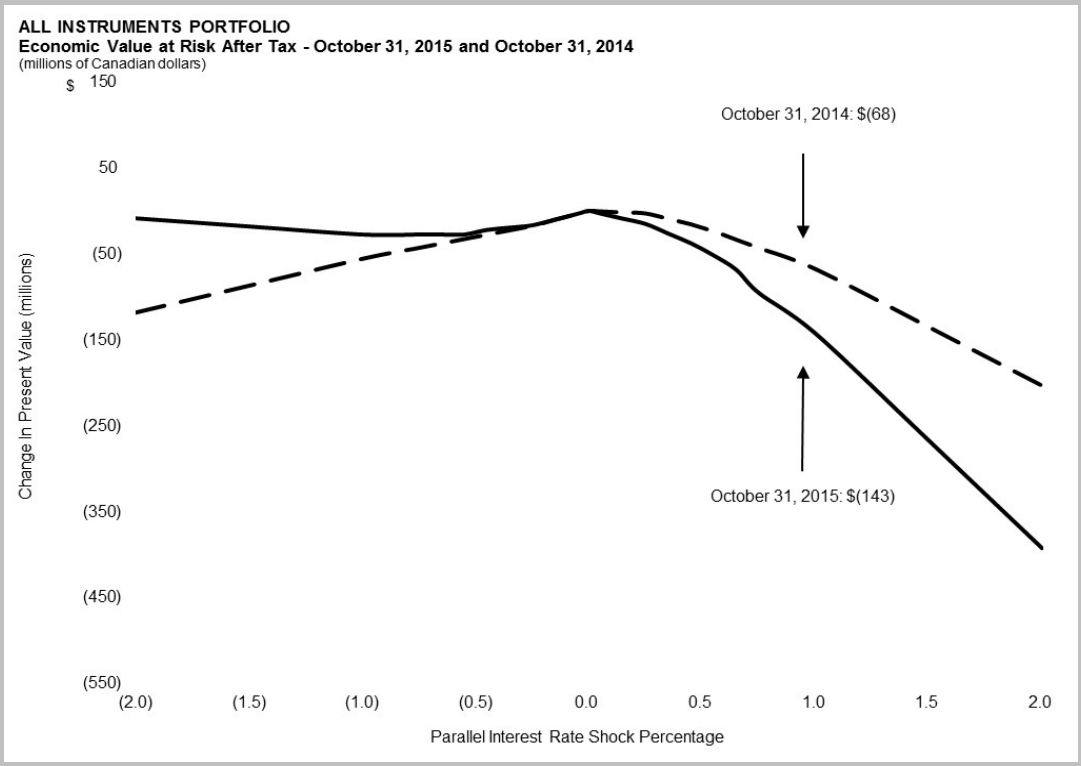
- **Asset Prepayment:** The Bank models its exposure to written options embedded in other products, such as the right to prepay residential mortgage loans, based on analysis of customer behaviour. Econometric models are used to model prepayments and the effects of prepayment behaviour to the Bank. In 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.

Interest Rate Risk

The following graph shows the Bank's interest rate risk exposure (as measured by EVaR) on all non-trading assets, liabilities, and derivative instruments used for 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, 2015, an immediate and sustained 100 bps increase in interest rates would have decreased the economic value of shareholders' equity by $143 million (October 31, 2014 – $68 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 $27 million (October 31, 2014 – $56 million) after tax.

The interest risk exposure, or EVaR, in the insurance business is not included in the above graph. Interest rate risk is managed using defined exposure limits and processes, as set and governed by the insurance Board of Directors.

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

TABLE 51: SENSITIVITY OF AFTER-TAX ECONOMIC VALUE AT RISK BY CURRENCY

(millions of Canadian dollars)

	October 31, 2015		October 31, 2014	
	100 bps increase	**100 bps decrease**	100 bps increase	100 bps decrease
Canadian dollar	**$ (5)**	**$ (15)[1]**	$ 7	$ (47)
U.S. dollar	**(138)**	**(12)[2]**	(75)	(9)[2]
	$ (143)	**$ (27)**	$ (68)	$ (56)

1 EVaR sensitivity has been measured using a 50 bps rate decline for Canadian interest rates, corresponding to an interest rate environment that is floored at 0%.
2 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 NIIS measure (not shown on the graph), a 100 bps increase in interest rates on October 31, 2015, would have increased pre-tax net interest income by $345 million (October 31, 2014 – $438 million increase) in the next twelve months. A 100 bps decrease in interest rates on October 31, 2015, would have decreased pre-tax net interest income by $272 million (October 31, 2014 – $385 million decrease) in the next twelve months. Over the last year, the reported NIIS exposures have decreased due to a decreasing portion of permanent non-rate sensitive deposits being invested in a longer term maturity profile. This is consistent with net interest income management strategies overseen by ALCO. Reported NIIS remains consistent with the Bank's risk appetite and within established Board limits.

The following table shows the sensitivity of net interest income (pre-tax) by currency for those currencies where the Bank has material exposure.

TABLE 52: SENSITIVITY OF PRE-TAX NET INTEREST INCOME SENSITIVITY BY CURRENCY

(millions of Canadian dollars)

	October 31, 2015		October 31, 2014	
Currency	**100 bps increase**	**100 bps decrease**	100 bps increase	100 bps decrease
Canadian dollar	**$ 235**	**$ (234)[1]**	$ 354	$ (354)
U.S. dollar	**110**	**(38)[2]**	84	(31)[2]
	$ 345	**$ (272)**	$ 438	$ (385)

1 NIIS sensitivity has been measured using a 75 bps rate decline for Canadian interest rates, corresponding to an interest rate environment that is floored at 0%.
2 NIIS 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 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' Acceptance or prime London Interbank Offered Rate 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 currently uses the Standardized Approach to calculate operational risk regulatory capital. The Bank has submitted its application to OSFI to use the Basel II Advanced Measurement Approach (AMA). The AMA will more directly reflect the Bank's operational risk environment, and operational risk regulatory capital will be measured through the use of a loss distribution approach model which incorporates internal loss events, external loss events, scenario analysis, and other adjustments.

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, monitor, escalate, and report operational risk. Risk Management ensures that there is appropriate monitoring and reporting of the Bank's operational risk profile and exposures to senior management through the OROC, the ERMC, and the Risk Committee.

The Bank also maintains program groups who oversee specific enterprise wide operational risk policies. 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 management.

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 and three lines of defence model. An independent risk management function supports each business segment and corporate area, and monitors and challenges the implementation and use of the operational risk management framework programs according to the nature and scope of the operational risks inherent in the area. The senior executives in each business unit 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 for operational risk, limits, governance, policies, and processes. The Operational Risk Management Framework is maintained by Risk Management and supports alignment with TD's ERF and risk appetite. The framework incorporates sound industry practices and meets regulatory requirements. Key components of the framework include:

Governance and Policy

Management reporting and organizational structures emphasize accountability, ownership, and effective oversight of each business unit and each corporate area's operational risk exposures. In addition, the expectations of the Risk Committee and senior management for managing operational risk are set out by enterprise-wide policies and practices.

Risk and Control Self-Assessment

Internal control is one of the primary methods of 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 operational risk losses that have occurred at other financial institutions using information acquired through recognized industry data providers.

Scenario Analysis

Scenario Analysis is a systematic and repeatable process to assess the likelihood and loss impact of low frequency, high impact operational risk events (tail risk). The Bank applies this practice to meet risk measurement and risk management objectives. The process includes use of relevant external operational loss event data that is assessed considering the Bank's operational risk profile and control structure. The program raises awareness and educates business owners regarding existing and emerging risks, which may result in the identification and implementation of risk mitigation action plans to minimize tail risk.

Risk Reporting

Risk Management, in partnership with senior management, regularly monitors risk-related measures and the risk profile throughout the Bank to report to senior business management and the Risk Committee. Operational risk measures are systematically tracked, assessed, and reported to 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 additional protection from loss, the Bank 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 TD'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 Bank needs to manage risks associated with inadequacies, improper operation, or unauthorized access of the Bank's technology, infrastructure, systems, information, or data. To achieve this, the Bank actively monitors, manages, and continues to enhance its ability to mitigate technology and information security risks through enterprise-wide programs using industry best practices and the Bank's operational risk management framework. These programs include robust threat and vulnerability assessments and responses, enhanced resiliency planning and testing, as well as 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 leverages a multi-tiered, global crisis/incident management governance structure to ensure effective oversight, ownership, and management of crises and incidents affecting the Bank. 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. 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 and Fraud Management
Detecting fraud and other forms of financial crime is very important to the Bank. To do this, TD's Financial Crime and Fraud Management Group leads the development and implementation of enterprise-wide financial crime and fraud management strategies, policies, and practices. TD employs advanced fraud analytics capabilities to strengthen the Bank's defences and enhance governance, oversight, and collaboration across the enterprise to protect customers, shareholders, and employees from increasingly sophisticated financial crimes and fraud.

Excluding those events involving litigation, the Bank did not experience any material single operational risk loss event in 2015. Refer to Note 28 of the 2015 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, either from individual models, or in aggregate. This may lead to financial loss, incorrect business and strategic decisions, or reputational risk.
The Bank manages this risk in accordance with management approved model risk policies and supervisory guidance which encompass the life cycle of a model, including proof of concept, development, validation, implementation, usage, and ongoing model performance monitoring. The Bank's model risk management framework captures key processes that may be partially or wholly qualitative, or based on expert judgment.
Business segments identify the need for a new model or process and are responsible for model development and documentation according to the Bank's policies and standards. During model development, controls with respect to code generation, acceptance testing, and usage are established and documented to a level of detail and comprehensiveness matching the materiality and complexity of the model. Once models are implemented, business owners are responsible for ongoing performance monitoring and usage in accordance with the Bank's model risk policy. In cases where a model is deemed obsolete or unsuitable for its originally intended purposes, it is decommissioned in accordance with the Bank's policies.
Model Risk Management and Model Validation provide oversight, maintain a centralized inventory of all models as defined in the Bank's model risk policy, validate and approve new and existing models on a pre-determined schedule depending on regulatory requirements and materiality, and monitor model performance. The validation process varies in rigour, depending on the model type and use, but at a minimum contains a detailed determination of:

- the conceptual soundness of model methodologies and underlying quantitative and qualitative assumptions;
- the risk associated with a model based on complexity and materiality;
- the sensitivity of a model to model assumptions and changes in data inputs including stress testing; and
- the limitations of a model and the compensating risk mitigation mechanisms in place to address the limitations.

When appropriate, validation includes a benchmarking exercise which may include the building of an independent model based on 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 use.
At the conclusion of the validation process, a model will either be approved for use or will be rejected and require redevelopment or other courses of action. Models or processes identified as obsolete or no longer appropriate for use through changes in industry practice, the business environment, or Bank strategies are subject to decommissioning.

Insurance Risk

Insurance risk is the risk of financial loss due to actual experience emerging differently from expectations in insurance product pricing or reserving. Unfavourable experience could emerge due to adverse fluctuations in timing, actual size, and/or frequency of claims (for example, driven by non-life premium risk, non-life reserving risk, catastrophic risk, mortality risk, morbidity risk, and longevity risk), policyholder behaviour, or associated expenses.

Insurance contracts provide financial protection by transferring insured risks to the issuer in exchange for premiums. The Bank is engaged in insurance businesses relating to property and casualty insurance and, life and health insurance and reinsurance, through various subsidiaries; it is through these businesses that the Bank is exposed to insurance risk.

WHO MANAGES INSURANCE RISK

Senior management within the insurance business units has primary responsibility for managing insurance risk with oversight by the CRO for Insurance who reports into Risk Management. The Audit Committee of the Board acts as the Audit and Conduct Review Committee for the Canadian Insurance company subsidiaries. The Insurance company subsidiaries also have their own Boards of Directors who provide additional risk management oversight.

HOW TD MANAGES INSURANCE RISK

The Bank's risk governance practices 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 and monitors compliance with insurance risk policies. The Bank's Insurance Risk Management Framework and Insurance Risk Policy collectively outline the internal risk and control structure to manage insurance risk and include risk appetite, policies, processes, as well as limits and governance. These documents are maintained by Risk Management and support alignment with the Bank's risk appetite for insurance risk.

The assessment of reserves for claim liabilities is central to the insurance operation. The Bank establishes reserves to cover estimated future payments (including loss adjustment expenses) on all claims arising from insurance contracts underwritten. The reserves cannot be established with complete certainty, and represent management's best estimate for future claim payments. As such, the Bank regularly monitors 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.

There is also exposure to geographic concentration risk associated with personal property coverage. Exposure to insurance risk concentration is managed through established underwriting guidelines, limits, and authorization levels that govern the acceptance of risk. Concentration of insurance risk is also mitigated through the purchase of reinsurance. The insurance business' reinsurance programs are governed by catastrophe and reinsurance risk management policies.

Strategies are in place to manage the risk to the Bank's reinsurance business. Underwriting risk on business assumed is managed through a policy that limits exposure to certain types of business and countries. The vast majority of reinsurance treaties are annually renewable, which minimizes long term risk. Pandemic exposure is reviewed and estimated annually.

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.

TD'S LIQUIDITY RISK APPETITE

The Bank maintains a prudent and disciplined approach to managing its potential exposure to liquidity risk. The Bank targets a 90-day survival horizon under a combined Bank-specific and market-wide stress scenario, and a minimum buffer over regulatory requirements prescribed by the OSFI Liquidity Adequacy Requirements (LAR) guidelines that took effect in January 2015. Under the LAR guidelines, Canadian banks were required to comply fully with the 100% Liquidity Coverage Ratio (LCR) limit beginning in January 2015. The Bank operates under a prudent funding paradigm with an emphasis on maximizing deposits as a core source of funding, and having a ready access to wholesale funding markets across diversified terms, channels, and currencies so as to ensure low exposure to a sudden contraction of wholesale funding capacity and to minimize structural liquidity gaps. The Bank also maintains a comprehensive contingency funding plan to enhance preparedness for recovery from potential liquidity stress events. The resultant management strategies and actions comprise an integrated liquidity risk management program that best ensures low exposure to identified sources of liquidity risk and compliance with regulatory requirements.

LIQUIDITY RISK MANAGEMENT RESPONSIBILITY

The Bank's ALCO oversees the Bank's liquidity risk management program. It 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 management of liquidity risk is the responsibility of the Head of TBSM, while oversight and challenge is provided by the ALCO and independently by Risk Management. The Risk Committee of the Board frequently reviews reporting of the Bank's liquidity position and approves the Bank's Liquidity Risk Management Framework and Policies annually.

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

- Liquidity and Funding Management (LFM) in TBSM is responsible for maintaining the liquidity risk management policy and asset pledging policy, along with associated limits, standards, and processes to ensure that consistent and efficient liquidity management approaches are applied across all of the Bank's operations. TBSM LFM 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 in compliance with their own policies, local regulatory requirements and, as applicable, consistent with the enterprise policy.

HOW TD MANAGES LIQUIDITY RISK

The Bank's overall liquidity requirement is defined as the amount of liquid assets the Bank needs to hold to be able to cover expected future cash flow requirements, plus a prudent reserve against potential cash outflows in the event of a capital markets disruption or other events that could affect 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 has developed an internal view for managing liquidity that uses an assumed "Severe Combined Stress" scenario. The Severe Combined Stress scenario 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 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 the bankers' acceptances the Bank issues on behalf of clients and short-term revolving ABCP.

The Bank also manages its liquidity to comply with the regulatory liquidity metrics in the OSFI LAR (LCR and the Net Cumulative Cash Flow (NCCF) monitoring tool). The LCR requires that banks maintain a minimum liquidity coverage of 100% over a 30-day stress period. 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 subject to buffers over the regulatory minimums. As a result, the Bank's liquidity is managed to the higher of TD's 90-day surplus requirement and the target buffers over the regulatory minimums.

The Funds Transfer Pricing process in TBSM considers liquidity risk as a key determinant of the cost or credit of funds provided to loans and deposits, respectively. Liquidity costs applied to loans are determined based on the appropriate term funding profile, while deposits are assessed based on the required liquidity reserves and balance stability. Additional liquidity costs are also applied to other contingent commitments like undrawn lines of credit provided to customers.

The unencumbered liquid assets TD includes as available liquidity in the 90-day measurement period under its internal framework must be currently marketable, of sufficient credit quality, and readily convertible into cash through sale or pledging. Unencumbered liquid assets are represented in a cumulative liquidity gap framework with adjustments made for estimated market or trading depths, settlement timing, and/or other identified impediments to potential sale or pledging. Overall, the Bank expects the reduction in current market value of its liquid asset portfolio to be low given the underlying high credit quality and demonstrated liquidity.

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

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 53: SUMMARY OF LIQUID ASSETS BY TYPE AND CURRENCY [1]

(billions of Canadian dollars, except as noted)

As at

	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, 2015
Cash and due from banks	$ 2.9	$ –	$ 2.9	1 %	$ 0.2	$ 2.7
Canadian government obligations	17.6	29.0	46.6	11	19.6	27.0
NHA MBS	38.5	0.5	39.0	9	3.3	35.7
Provincial government obligations	9.3	6.8	16.1	4	7.0	9.1
Corporate issuer obligations	5.3	4.1	9.4	2	1.5	7.9
Equities	15.3	3.5	18.8	5	7.2	11.6
Other marketable securities and/or loans	3.5	1.2	4.7	1	0.7	4.0
Total Canadian dollar-denominated	92.4	45.1	137.5	33	39.5	98.0
Cash and due from banks	36.8	–	36.8	9	1.2	35.6
U.S. government obligations	13.0	28.7	41.7	10	28.7	13.0
U.S. federal agency obligations, including U.S. federal agency mortgage-backed obligations	31.3	5.8	37.1	9	14.4	22.7
Other sovereign obligations	43.0	35.5	78.5	19	21.8	56.7
Corporate issuer obligations	55.5	0.9	56.4	13	4.3	52.1
Equities	5.9	3.1	9.0	2	1.3	7.7
Other marketable securities and/or loans	6.6	14.2	20.8	5	12.4	8.4
Total non-Canadian dollar-denominated	192.1	88.2	280.3	67	84.1	196.2
Total	$ 284.5	$ 133.3	$ 417.8	100 %	$ 123.6	$ 294.2
						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

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. The increase of $28.4 billion in total unencumbered liquid assets from the previous year was mainly due to the impact of foreign currency translation and growth in deposits.

TABLE 54: SUMMARY OF UNENCUMBERED LIQUID ASSETS BY BANK, SUBSIDIARIES, AND BRANCHES

(billions of Canadian dollars)

As at

	October 31 2015	October 31 2014
The Toronto-Dominion Bank (Parent)	$ 91.4	$ 89.4
Bank subsidiaries	175.2	150.2
Foreign branches	27.6	26.2
Total	$ 294.2	$ 265.8

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

TABLE 55: SUMMARY OF AVERAGE LIQUID ASSETS BY TYPE AND CURRENCY [1]

(billions of Canadian dollars, except as noted)

	Average for the years ended					
	Bank-owned liquid assets	**Securities received as collateral from securities financing and derivative transactions[2]**	**Total liquid assets**		**Encumbered liquid assets**	**Unencumbered liquid assets[2]**
						October 31, 2015
Cash and due from banks	**$ 2.7**	**$ –**	**$ 2.7**	**1 %**	**$ 0.4**	**$ 2.3**
Canadian government obligations	**18.6**	**32.2**	**50.8**	**12**	**20.1**	**30.7**
NHA MBS	**38.1**	**0.5**	**38.6**	**9**	**3.5**	**35.1**
Provincial government obligations	**8.8**	**7.6**	**16.4**	**4**	**7.5**	**8.9**
Corporate issuer obligations	**7.8**	**4.2**	**12.0**	**3**	**1.7**	**10.3**
Equities	**16.0**	**3.2**	**19.2**	**4**	**6.5**	**12.7**
Other marketable securities and/or loans	**4.0**	**1.0**	**5.0**	**1**	**0.6**	**4.4**
Total Canadian dollar-denominated	**96.0**	**48.7**	**144.7**	**34**	**40.3**	**104.4**
Cash and due from banks	**38.3**	**–**	**38.3**	**9**	**1.2**	**37.1**
U.S. government obligations	**13.6**	**29.0**	**42.6**	**10**	**30.2**	**12.4**
U.S. federal agency obligations, including U.S. federal agency mortgage-backed obligations	**32.2**	**7.9**	**40.1**	**9**	**15.9**	**24.2**
Other sovereign obligations	**43.9**	**37.9**	**81.8**	**19**	**21.9**	**59.9**
Corporate issuer obligations	**56.6**	**9.4**	**66.0**	**15**	**11.7**	**54.3**
Equities	**6.1**	**3.0**	**9.1**	**2**	**1.0**	**8.1**
Other marketable securities and/or loans	**5.4**	**5.4**	**10.8**	**2**	**4.2**	**6.6**
Total non-Canadian dollar-denominated	**196.1**	**92.6**	**288.7**	**66**	**86.1**	**202.6**
Total	**$ 292.1**	**$ 141.3**	**$ 433.4**	**100 %**	**$ 126.4**	**$ 307.0**
						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

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 56: SUMMARY OF AVERAGE UNENCUMBERED LIQUID ASSETS BY BANK, SUBSIDIARIES, AND BRANCHES

(billions of Canadian dollars)

	Average for the years ended	
	October 31, 2015	October 31, 2014
The Toronto-Dominion Bank (Parent)	**$ 100.8**	$ 71.1
Bank subsidiaries	**180.6**	149.5
Foreign branches	**25.6**	34.9
Total	**$ 307.0**	$ 255.5

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 Board on funds generated from deposit taking activities by member financial institutions. Surplus liquidity domiciled in insurance business subsidiaries are also excluded in the enterprise liquidity position calculation due to regulatory investment restrictions.

In addition to the "Severe Combined Stress" scenario, TD also performs stress testing on multiple alternate scenarios. These scenarios are a mix of TD-specific events, global macroeconomic stress events, and/or regional/subsidiary specific events designed to test the impact from unique drivers. Liquidity assessments are also part of the Bank's enterprise-wide stress testing program. Results from these stress event scenarios are used to inform the establishment of or make enhancements to policy limits and contingency funding plan actions.

The Bank has liquidity contingency funding plans in place at the enterprise level ("Enterprise CFP") and for subsidiaries operating in both domestic and foreign jurisdictions ("Regional CFP"). The Enterprise CFP provides a documented framework for managing unexpected liquidity situations and thus is an integral component of the Bank's overall liquidity risk management program. It outlines different contingency stages based on the severity and duration of the liquidity situation, and identifies recovery actions appropriate to each stage. For each recovery action, it provides key operational steps required to execute the action. Regional CFP recovery actions are aligned to support the Enterprise CFP as well as any identified local liquidity needs during stress. The actions and governance structure proposed in the Enterprise CFP are aligned with the Bank's Crisis Management Recovery Plan.

Credit ratings are important to TD's borrowing costs and ability to raise funds. Rating downgrades could potentially result in higher financing costs, 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 57: CREDIT RATINGS[1]

			As at
			October 31, 2015
Rating agency	**Short-term debt rating**	**Senior long-term debt rating**	**Outlook**
Moody's	**P-1**	**Aa1**	**Negative**
S&P	**A-1+**	**AA-**	**Negative**
DBRS	**R-1 (high)**	**AA**	**Negative**

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 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 58: ADDITIONAL COLLATERAL REQUIREMENTS FOR RATING DOWNGRADES

(billions of Canadian dollars)

	Average for the years ended	
	October 31, 2015	October 31, 2014
One-notch downgrade	**$ 0.2**	$ 0.3
Two-notch downgrade	**0.3**	0.3
Three-notch downgrade	**0.4**	0.6

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 59: ENCUMBERED AND UNENCUMBERED ASSETS[1]

(billions of Canadian dollars, except as noted)

As at

	October 31, 2015					
	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	$ –	$ –	$ –	$ 3.2	$ 3.2	– %
Interest-bearing deposits with banks	2.3	2.7	29.5	8.0	42.5	0.5
Securities, trading loans, and other[7]	60.8	10.5	168.9	22.6	262.8	6.4
Derivatives	–	–	–	69.4	69.4	–
Securities purchased under reverse repurchase agreements[8]	–	–	–	97.4	97.4	–
Loans, net of allowance for loan losses	20.4	46.2	81.6	396.1	544.3	6.0
Customers' liability under acceptances	–	–	–	16.6	16.6	–
Investment in TD Ameritrade	–	–	–	6.7	6.7	–
Goodwill	–	–	–	16.3	16.3	–
Other intangibles	–	–	–	2.7	2.7	–
Land, buildings, equipment, and other depreciable assets	–	–	–	5.3	5.3	–
Deferred tax assets	–	–	–	1.9	1.9	–
Other assets[9]	–	–	–	35.3	35.3	–
Total on-balance sheet assets	$ 83.5	$ 59.4	$ 280.0	$ 681.5	$ 1,104.4	12.9 %
Off-balance sheet items[10]						
Securities purchased under reverse repurchase agreements	78.9	–	29.5	(97.4)		
Securities borrowing and collateral received	18.3	–	7.5	0.5		
Margin loans and other client activity	1.9	–	14.0	(7.9)		
Total off-balance sheet items	99.1	–	51.0	(104.8)		
Total	$ 182.6	$ 59.4	$ 331.0	$ 576.7		

	October 31, 2014					
Total on-balance sheet assets	$ 72.7	$ 60.5	$ 257.9	$ 569.4	$ 960.5	13.9 %
Total off-balance sheet items	84.4	–	47.1	(89.4)		
Total	$ 157.1	$ 60.5	$ 305.0	$ 480.0		

1 Certain comparative amounts have been restated, where applicable, as a result of the implementation of the 2015 IFRS Standards and Amendments. Certain other comparative amounts have also been restated to conform with the presentation adopted in the current period.
2 Asset encumbrance has been analyzed on an individual asset basis. Where a particular asset has been encumbered and TD has holdings of the asset both on-balance sheet and off-balance sheet, 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.
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 agreements, securities borrowing, margin loans, and other client activity. The loan value from the reverse repurchase transactions and margin loans/client activity is deducted from the on-balance sheet Unencumbered – Other category.

LIQUIDITY COVERAGE RATIO

The Bank must maintain the LCR above 100% under normal operating conditions in accordance with the OSFI LAR requirement. The LCR is calculated as the ratio of the stock of unencumbered high quality liquid assets (HQLA) over the net cash outflow requirements in the next 30 days under a hypothetical liquidity stress event. The stress event incorporates a number of idiosyncratic and market-wide shocks, including deposit run-offs, partial loss of wholesale funding, additional collateral requirements due to credit rating downgrades and market volatility, sudden increases in the drawdown of unused lines provided to the Bank's clients, and other obligations the Bank expects to honour during stress to mitigate reputational risk. HQLA eligible for the LCR calculation under the OSFI LAR are primarily central bank reserves, sovereign issued or guaranteed securities, and high quality securities issued by non-financial entities. In calculating the LCR, HQLA haircuts, deposit run-off rates, and other outflow and inflow rates are prescribed by the OSFI LAR guideline.

The following table summarizes the Bank's regulatory average monthly LCR position for the fourth quarter of 2015, calculated in accordance with OSFI's LAR guideline.

TABLE 60: AVERAGE BASEL III LIQUIDITY COVERAGE RATIO[1]

(billions of Canadian dollars, except as noted)	*Average for the three months ended*	
		October 31, 2015
	Total unweighted value (average)[2]	**Total weighted value (average)[3]**
High-quality liquid assets		
Total high-quality liquid assets	**$ n/a**	**$ 179.1**
Cash outflows		
Retail deposits and deposits from small business customers, of which:	**$ 367.1**	**$ 25.6**
Stable deposits[4]	**157.9**	**4.7**
Less stable deposits	**209.2**	**20.9**
Unsecured wholesale funding, of which:	**195.9**	**93.6**
Operational deposits (all counterparties) and deposits in networks of cooperative banks [5]	**85.4**	**19.8**
Non-operational deposits (all counterparties)	**77.4**	**40.7**
Unsecured debt	**33.1**	**33.1**
Secured wholesale funding	**n/a**	**5.9**
Additional requirements, of which:	**136.5**	**32.6**
Outflows related to derivative exposures and other collateral requirements	**20.8**	**5.9**
Outflows related to loss of funding on debt products	**6.8**	**6.8**
Credit and liquidity facilities	**108.9**	**19.9**
Other contractual funding obligations	**11.7**	**7.4**
Other contingent funding obligations[6]	**487.5**	**6.8**
Total cash outflows	**$ n/a**	**$ 171.9**
Cash inflows		
Secured lending	**$ 97.7**	**$ 14.9**
Inflows from fully performing exposures	**10.8**	**6.1**
Other cash inflows	**8.8**	**8.8**
Total cash inflows	**$ 117.3**	**$ 29.8**

	Average for the three months ended	
	October 31, 2015	July 31, 2015
	Total adjusted value	Total adjusted value
Total high-quality liquid assets[7]	**$** 179.1	$ 166.1
Total net cash outflows[8]	142.1	134.8
Liquidity coverage ratio[9]	126 **%**	123 %

1 The average is comprised of the three month ends that are in the fiscal quarter.
2 Unweighted inflow and outflow values are outstanding balances maturing or callable within 30 days.
3 Weighted values are calculated after the application of respective HQLA haircuts or inflow and outflow rates, as prescribed by the OSFI LAR guidelines.
4 As defined by OSFI LAR, stable deposits from retail and small medium-sized enterprise (SME) customers are deposits that are insured, and are either held in transactional accounts, or the depositors have an established relationship with the Bank that make deposit withdrawal highly unlikely.
5 Operational deposits from non-SME business customers are deposits kept with the Bank in order to facilitate their access and ability to conduct payment and settlement activities. These activities include clearing, custody, or cash management services.
6 Includes uncommitted credit and liquidity facilities, stable value money market mutual funds, outstanding debt securities with remaining maturity greater than 30 days, and other contractual cash outflows. TD has no contractual obligation to buyback these outstanding TD debt securities, and as a result, a 0% outflow rate is applied under the OSFI LAR guideline.
7 Adjusted HQLA includes both asset haircut and applicable caps, as prescribed by the OSFI LAR (HQLA assets after haircuts are capped at 40% for Level 2 and 15% for Level 2B).
8 Adjusted Net Cash Outflows include both inflow and outflow rates and applicable caps, as prescribed by the OSFI LAR (inflows are capped at 75% of outflows).
9 The LCR percentage is calculated as the simple average of the three month-end LCR percentages.

The Bank's average LCR of 126% for quarter ended October 31, 2015, continues to meet the regulatory requirement. The 3% increase over prior quarter LCR was mainly due to the impact of pre-funding activity, favourable change in HQLA asset mix, and deposit growth.

The Bank holds a variety of liquid assets commensurate with liquidity needs in the organization. Many of these assets qualify as HQLA under the OSFI LAR guidelines. The average HQLA of the Bank for the quarter ended October 31, 2015, was $179.1 billion (July 31, 2015 – 166.1 billion), with level 1 assets representing 80%. The Bank's reported HQLA excludes excess HQLA from the U.S. Retail operations, as required by the OSFI LAR, to reflect liquidity transfer considerations between U.S. Retail and its affiliates in the Bank as a result of U.S. Federal Reserve Board's regulations. By excluding excess HQLA, the U.S. Retail LCR is effectively capped at 100% prior to total Bank consolidation.

We manage our LCR position with a target minimum that reflects management's liquidity risk tolerances. As described in the section “How TD Manages Liquidity Risk”, we manage our HQLA and other liquidity buffers to the higher of TD's 90-day surplus requirement and the target buffers over regulatory requirements through LCR and NCCF. As a result, the total stock of HQLA is subject to ongoing rebalancing against the projected liquidity requirements. Therefore, changes to the amount of HQLA TD holds should be considered as part of TD's normal business activities instead of any indication of change in the Bank's risk appetite, unless otherwise stated.

FUNDING

The Bank has access to a variety of unsecured and secured funding sources. The Bank’s funding activities are conducted in accordance with the liquidity management 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 increase of $57.5 billion in deposits raised through personal and commercial banking channels in U.S. Retail from October 31, 2014, to October 31, 2015, was largely due to the impact of foreign exchange translation.

TABLE 61: SUMMARY OF DEPOSIT FUNDING

(billions of Canadian dollars)		*As at*
	October 31, 2015	October 31, 2014
P&C deposits – Canadian Retail	**$ 293.3**	$ 273.2
P&C deposits – U.S. Retail	**284.7**	227.1
Other deposits	**1.6**	1.1
Total	**$ 579.6**	$ 501.4

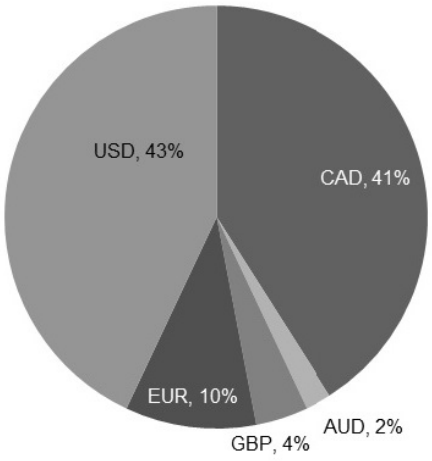
The Bank actively maintains various external wholesale term (greater than 1 year) funding programs to provide access to diversified funding sources, including asset securitization, covered bonds, and unsecured wholesale debt. The Bank's wholesale funding is diversified by geography, by currency, and by funding channel. The Bank also utilizes certificates of deposit and commercial paper as short term (1 year and less) funding.

The following table summarizes by geography the term programs, with the related program size.

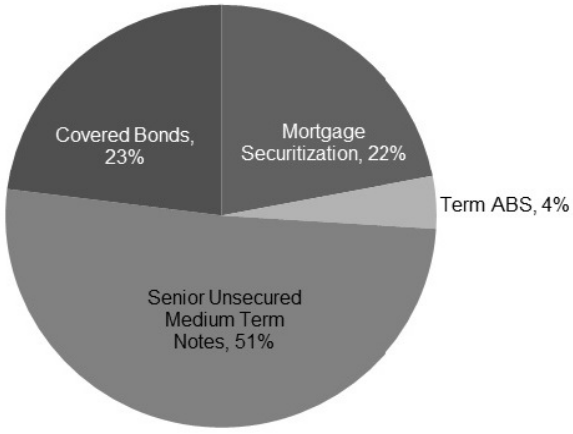
Canada	**United States**	**Europe/Australia**
Capital Securities Program ($10 billion)	U.S. SEC (F-10) Registered Capital Securities Program (US$5 billion)	United Kingdom Listing Authority (UKLA) Registered Legislative Covered Bond Program ($40 billion)
Genesis Trust II Asset-Backed Securities Program ($7 billion)	U.S. SEC (F-10) Registered Senior Medium Term Notes Program (US$20 billion)	UKLA Registered European Medium Term Note Program (US$20 billion)
Senior Medium Term Linked Notes Program ($2 billion)	U.S. SEC (F-3) Registered Linked Notes Program (US$2 billion)	Australian Debt Issuance Programme (A$5 billion)

TD continuously evaluates opportunities to diversify its funding into new markets and potential investor segments against relative issuance costs. Through this diversification, the Bank aims to maximize funding flexibility and minimize funding concentrations and dependency. As presented in the following charts, TD's long-term debt profile is well diversified by currency as well as by type of long-term funding product.

BY CURRENCY



BY TYPE



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, 2015, and October 31, 2014.

TABLE 62: WHOLESALE FUNDING

(millions of Canadian dollars)

							As at	
							October 31	October 31
							2015	2014
	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]	**$ 5,984**	**$ 1,846**	**$ 1,701**	**$ 371**	**$ –**	**$ –**	**$ 9,902**	$ 10,491
Bearer deposit note	**1,142**	**88**	**83**	**365**	**–**	**–**	**1,678**	716
Certificates of deposit	**9,911**	**14,562**	**26,115**	**15,021**	**342**	**95**	**66,046**	69,381
Commercial paper	**3,424**	**5,628**	**4,143**	**2,109**	**–**	**–**	**15,304**	8,144
Asset backed commercial paper [2]	**–**	**–**	**–**	**–**	**–**	**–**	**–**	3,099
Covered bonds	**–**	**–**	**–**	**3,930**	**3,919**	**15,870**	**23,719**	16,511
Mortgage securitization	**24**	**1,454**	**1,393**	**3,803**	**6,037**	**21,018**	**33,729**	36,158
Senior unsecured medium term notes	**2,146**	**199**	**1,278**	**12,676**	**8,601**	**28,756**	**53,656**	41,268
Subordinated notes and debentures [3]	**–**	**–**	**–**	**–**	**–**	**8,637**	**8,637**	7,785
Term asset backed securitization	**–**	**–**	**–**	**–**	**900**	**2,500**	**3,400**	1,953
Other [4]	**572**	**747**	**50**	**224**	**1**	**19**	**1,613**	3,720
Total	**$ 23,203**	**$ 24,524**	**$ 34,763**	**$ 38,499**	**$ 19,800**	**$ 76,895**	**$ 217,684**	$ 199,226
Of which:								
Secured	**$ 24**	**$ 1,455**	**$ 1,393**	**$ 7,735**	**$ 10,857**	**$ 39,407**	**$ 60,871**	$ 57,721
Unsecured	**23,179**	**23,069**	**33,370**	**30,764**	**8,943**	**37,488**	**156,813**	141,505
Total	**$ 23,203**	**$ 24,524**	**$ 34,763**	**$ 38,499**	**$ 19,800**	**$ 76,895**	**$ 217,684**	$ 199,226

1 Includes fixed-term deposits with banks.
2 Represents ABCP issued by consolidated bank-sponsored 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 (unsecured).

Excluding the Wholesale Banking mortgage aggregation business, the Bank's total 2015 mortgage-backed securities issuance was $2.1 billion (2014 – $3.8 billion), and other real-estate secured issuance using asset-backed securities was $1.6 billion (2014 – $1 billion). The Bank also issued $14.8 billion of unsecured medium-term notes (2014 – $17.4 billion) and $6.5 billion of covered bonds (2014 – $8.6 billion), in various currencies and markets during the year ended October 31, 2015. This includes unsecured medium-term notes and covered bonds issued but settling subsequent to year end.

REGULATORY DEVELOPMENTS CONCERNING LIQUIDITY AND FUNDING

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. On April 21, 2015, in its 2015 federal budget, the Canadian Federal Government confirmed its intention to implement the bail-in regime. The summary of the proposed bail-in legislation was in line with the proposals in the Bail-in Consultation paper and no implementation timeline has been provided.

In June 2015, the BCBS released the final requirements for the “Net Stable Funding Ratio Disclosure Standards”. The standard defines a common public disclosure framework for the NSFR calculated in accordance to the guidelines published by BCBS in October 2014. The NSFR is designed to reduce structural funding risk by requiring banks to have sufficient stable sources of funding and lower reliance on funding maturing in one year to support their businesses. The NSFR and its public disclosure requirement are expected to become minimum standards by January 2018.

On September 30, 2015, the Bank of Canada finalized changes to its framework for financial market operations and emergency lending policies with immediate effective date. The reforms are designed to lower the risk profile of core financial institutions (FI) and increase the resilience of funding and market liquidity in times of market stress. With its financial market operations, the central bank refined its operational parameters for overnight repo (including reverse-repo) programs and securities lending program, reduced its purchases at primary auctions of nominal GoC bonds, and introduced a regular program of term repo operations as well as a Contingent Term Repo Facility that will be activated at its discretion under severe market-wide liquidity stress. In addition, the Bank of Canada made changes to the manner in which it addresses liquidity issues at individual institutions by expanding the role of Emergency Lending Assistance (ELA) in effective recovery and resolution of FIs provided the FI satisfies the requirement of a credible recovery and resolution framework be in place. An updated ELA policy statement reflecting these changes will be published later this year.

On November 9, 2015, the Financial Stability Board issued the final Total Loss-Absorbing Capacity (TLAC) standard for G-SIBs. The TLAC standard defines a minimum requirement for the instruments and liabilities that should be readily available for bail-in within resolution at G-SIBs. Separately and on the same day, the Basel Committee on Banking Supervision released a consultative document on TLAC holdings, setting out its proposed prudential treatment of banks' investments in TLAC. It is applicable to all banks subject to the Basel Committee's standards, including both G-SIBs and non G-SIBs. Comments on the consultative document are due by February 12, 2016.

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

The following table summarizes on-balance sheet and off-balance sheet categories by remaining contractual maturity. Off-balance sheet commitments include contractual obligations to make future payments on operating and capital lease commitments, certain purchase obligations and other liabilities. The values of credit instruments reported in the following table represent the maximum amount of additional credit that the Bank could be obligated to extend should 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. 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 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 63: REMAINING CONTRACTUAL MATURITY

(millions of Canadian dollars) *As at*

October 31, 2015

	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	$ 3,154	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 3,154
Interest-bearing deposits with banks	21,471	420	529	154	53	–	–	–	19,856	42,483
Trading loans, securities, and other[1]	1,955	3,957	3,327	3,524	4,587	9,410	15,426	17,958	35,013	95,157
Derivatives	2,845	4,661	2,906	3,443	3,315	10,102	22,291	19,875	–	69,438
Financial assets designated at fair value through profit or loss	195	488	535	205	285	552	770	1,171	177	4,378
Available-for-sale securities	268	1,763	1,899	1,299	1,249	4,556	33,196	42,580	1,972	88,782
Held-to-maturity securities	170	966	1,779	1,930	1,896	6,952	35,744	25,013	–	74,450
Securities purchased under reverse repurchase agreements	57,371	21,490	14,315	3,002	1,083	95	8	–	–	97,364
Loans										
Residential mortgages	1,301	2,418	12,045	11,703	11,579	30,751	111,105	31,471	–	212,373
Consumer instalment and other personal	970	2,127	4,263	3,529	3,702	7,450	32,885	18,732	61,813	135,471
Credit card	–	–	–	–	–	–	–	–	30,215	30,215
Business and government	18,755	4,682	7,030	6,699	4,132	11,578	49,473	52,845	12,335	167,529
Debt securities classified as loans	1	5	94	43	–	120	243	1,681	–	2,187
Total loans	21,027	9,232	23,432	21,974	19,413	49,899	193,706	104,729	104,363	547,775
Allowance for loan losses	–	–	–	–	–	–	–	–	(3,434)	(3,434)
Loans, net of allowance for loan losses	21,027	9,232	23,432	21,974	19,413	49,899	193,706	104,729	100,929	544,341
Customers' liability under acceptances	13,889	2,380	337	40	–	–	–	–	–	16,646
Investment in TD Ameritrade	–	–	–	–	–	–	–	–	6,683	6,683
Goodwill[2]	–	–	–	–	–	–	–	–	16,337	16,337
Other intangibles[2]	–	–	–	–	–	–	–	–	2,671	2,671
Land, buildings, equipment, and other depreciable assets[2]	–	–	–	–	–	–	–	–	5,314	5,314
Deferred tax assets	–	–	–	–	–	–	–	–	1,931	1,931
Amounts receivable from brokers, dealers, and clients	21,996	–	–	–	–	–	–	–	–	21,996
Other assets	2,356	539	1,468	85	120	93	140	82	8,365	13,248
Total assets	$ 146,697	$ 45,896	$ 50,527	$ 35,656	$ 32,001	$ 81,659	$ 301,281	$ 211,408	$ 199,248	$ 1,104,373
Liabilities										
Trading deposits	$ 12,654	$ 16,457	$ 27,238	$ 11,751	$ 4,308	$ 360	$ 1,202	$ 789	$ –	$ 74,759
Derivatives	2,629	4,462	2,599	2,720	2,343	7,520	17,294	17,651	–	57,218
Securitization liabilities at fair value	–	471	27	285	–	1,933	5,033	3,237	–	10,986
Other financial liabilities designated at fair value through profit or loss	190	204	284	337	224	176	–	–	–	1,415
Deposits[3,4]										
Personal	4,580	6,736	7,075	5,252	4,896	9,333	12,353	190	345,403	395,818
Banks	6,118	2,782	774	173	211	1	6	13	7,002	17,080
Business and government	15,815	10,600	6,622	5,813	13,950	13,265	37,896	10,266	168,451	282,678
Total deposits	26,513	20,118	14,471	11,238	19,057	22,599	50,255	10,469	520,856	695,576
Acceptances	13,889	2,380	337	40	–	–	–	–	–	16,646
Obligations related to securities sold short[1]	942	1,631	2,017	1,917	417	3,113	9,583	10,904	8,279	38,803
Obligations related to securities sold under repurchase agreements	54,621	7,884	2,499	1,427	424	225	76	–	–	67,156
Securitization liabilities at amortized cost	24	983	1,366	1,547	1,971	4,104	10,013	2,735	–	22,743
Amounts payable to brokers, dealers, and clients	22,664	–	–	–	–	–	–	–	–	22,664
Insurance-related liabilities	127	170	257	352	330	829	1,728	1,054	1,672	6,519
Other liabilities[5]	1,356	2,243	682	286	170	1,261	3,215	101	4,909	14,223
Subordinated notes and debentures	–	–	–	–	–	–	–	8,637	–	8,637
Liability for capital trust securities	–	–	–	–	–	–	–	–	–	–
Equity	–	–	–	–	–	–	–	–	67,028	67,028
Total liabilities and equity	$ 135,609	$ 57,003	$ 51,777	$ 31,900	$ 29,244	$ 42,120	$ 98,399	$ 55,577	$ 602,744	$ 1,104,373
Off-balance sheet commitments										
Purchase obligations										
Operating lease commitments	$ 77	$ 155	$ 231	$ 228	$ 227	$ 874	$ 2,183	$ 4,091	$ –	$ 8,066
Network service agreements	2	3	5	5	–	–	–	–	–	15
Automated teller machines	9	19	28	29	30	21	35	–	–	171
Contact center technology	3	5	8	8	8	32	29	–	–	93
Software licensing and equipment maintenance	12	71	36	38	27	112	74	7	–	377
Credit and liquidity commitments										
Financial and performance standby letters of credit	868	1,406	2,415	2,917	1,586	3,183	8,479	192	–	21,046
Documentary and commercial letters of credit	53	50	97	64	12	35	19	–	–	330
Commitments to extend credit and liquidity[6,7]	12,541	14,457	9,654	5,665	8,509	11,579	63,334	3,660	1,881	131,280
Non-consolidated structured entity commitments										
Commitments to liquidity facilities for ABCP	–	151	148	138	138	464	707	–	–	1,746

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 $24 billion of covered bonds with remaining contractual maturities of $4 billion in '9 months to 1 Year', $4 billion in 'over 1 to 2 years', $13 billion in 'over 2 to 5 years', and $3 billion in 'over 5 years'.

5 Includes $106 million of capital lease commitments with remaining contractual maturities of $3 million in 'less than 1 month' , $7 million in '1 month to 3 months', $8 million in '3 months to 6 months', $7 million in '6 months to 9 months', $6 million in '9 months to 1 year', $24 million in 'over 1 to 2 years', $29 million in 'over 2 to 5 years', and $22 million in 'over 5 years'.

6 Includes $133 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 63: REMAINING CONTRACTUAL MATURITY (continued)[1]

(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[2]	1,827	2,347	3,281	2,225	2,620	5,219	17,831	14,887	50,936	101,173
Derivatives	5,845	4,945	2,932	2,951	1,696	7,168	14,544	15,715	–	55,796
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	40,978	18,321	13,563	3,413	6,037	205	39	–	–	82,556
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[3]	–	–	–	–	–	–	–	–	14,233	14,233
Other intangibles[3]	–	–	–	–	–	–	–	–	2,680	2,680
Land, buildings, equipment, and other depreciable assets[3]	–	–	–	–	–	–	–	–	4,930	4,930
Deferred tax assets	–	–	–	–	–	–	–	–	2,008	2,008
Amounts receivable from brokers, dealers, and clients	17,130	–	–	–	–	–	–	–	–	17,130
Other assets	2,364	390	1,158	77	166	111	130	41	6,726	11,163
Total assets	$ 129,557	$ 39,265	$ 35,447	$ 29,676	$ 27,372	$ 100,109	$ 234,426	$ 166,656	$ 198,003	$ 960,511
Liabilities										
Trading deposits	$ 10,785	$ 14,876	$ 11,242	$ 9,587	$ 11,165	$ 171	$ 975	$ 533	$ –	$ 59,334
Derivatives	4,904	4,661	2,558	2,707	1,453	6,391	12,973	15,562	–	51,209
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[4,5]										
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[2]	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	42,928	6,093	1,908	838	1,108	129	108	–	–	53,112
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	18,192	–	–	–	–	–	–	–	3	18,195
Insurance-related liabilities	151	236	314	–	531	774	1,468	954	1,651	6,079
Other liabilities[6]	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	$ 122,143	$ 56,937	$ 32,709	$ 34,586	$ 26,130	$ 47,318	$ 82,440	$ 47,146	$ 511,102	$ 960,511
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[7,8]	12,616	12,366	5,779	4,195	4,161	11,416	45,269	3,061	1,505	100,368
Non-consolidated structured entity commitments										
Commitments to liquidity facilities for ABCP	–	272	189	66	66	381	408	–	–	1,382

1 Certain comparative amounts have been restated, where applicable, as a result of the implementation of the 2015 IFRS Standards and Amendments.

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 $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'.

6 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'.

7 Includes $76 million in commitments to extend credit to private equity investments.

8 Commitments to extend credit exclude personal lines of credit and credit card lines, which are unconditionally cancellable at the Bank's discretion at any time.

Capital Adequacy Risk

Capital adequacy risk is the risk of insufficient capital being available in relation to the amount of capital required to carry out the Bank's strategy and/or satisfy regulatory and internal capital adequacy requirements.

Capital is held to protect the viability of the Bank in the event of unexpected financial losses. Capital represents the loss-absorbing funding required to provide a cushion to protect depositors and other creditors from unexpected losses.

Managing capital levels of a financial institution requires that TD holds sufficient capital under all conditions to avoid the risk of breaching minimum capital levels prescribed by regulators.

WHO MANAGES CAPITAL ADEQUACY RISK

The Board has the ultimate responsibility for overseeing adequacy of capital and capital management. The Board reviews the adherence to capital targets and reviews and approves the annual capital plan and the Global Capital Management Policy. The Risk Committee reviews and approves the Capital Adequacy Risk Management Framework and oversees management's actions to maintain an appropriate ICAAP framework, commensurate with the Bank's risk profile. The CRO 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 targets.

Enterprise Capital Management within Treasury and Balance Sheet Management is responsible for forecasting and monitoring compliance with capital targets, 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, regulated subsidiaries, including, insurance, U.S., and other jurisdictions of the Bank manage their capital adequacy risk in accordance with applicable regulatory requirements. However, capital management policies and procedures of these subsidiaries conform with those of the Bank. U.S.-regulated subsidiaries of the Bank are required to follow the U.S. Federal Reserve Board's final rules on Enhanced Prudential Standards for large Foreign Bank Organizations and U.S. Bank Holding Companies. Refer to the sections on "Future Regulatory Capital Developments", "EWST" and "Top and Emerging Risks That May Affect the Bank and Future Results " for further details.

HOW TD MANAGES CAPITAL ADEQUACY RISK

Capital resources are managed to ensure the Bank's capital position can support business strategies under both current and future business operating environments. The Bank manages its operations within the capital constraints defined by both internal and regulatory capital requirements, ensuring that it meets the higher of these requirements.

Regulatory capital requirements represent minimum capital levels. The Board approves capital targets that provide a sufficient buffer under stress conditions so that the Bank exceeds minimum capital requirements. The purpose of these capital targets is to reduce the risk of a breach of minimum capital requirements, due to an unexpected stress event, allowing management the opportunity to react to declining capital levels before minimum capital requirements are breached. Capital targets are defined in the Global Capital Management Policy.

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 targets. 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 targets.

Legal and Regulatory Compliance Risk

Legal and regulatory compliance (LRC) 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, including AML regulations ("LRC requirements"). It also includes the risks associated with the failure to meet material contractual obligations or similarly binding legal commitments, by either the Bank or other parties contracting with the Bank. Potential consequences of failing to mitigate LRC risk include financial loss, regulatory sanctions and loss of reputation, which could be material to the Bank.

Financial Services is one of the most closely regulated industries, and the management of a financial services business is expected to meet high standards in all business dealings and transactions. As a result, we are exposed to LRC risk in virtually all of our activities. Failure to meet regulatory and legal requirements not only poses a risk of censure or penalty, and may lead to litigation, but also puts our reputation at risk. Financial penalties, reputational damage and other costs associated with legal proceedings, and unfavourable judicial or regulatory judgments or actions may also adversely affect TD's business, results of operations and financial condition. LRC 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. This risk can occur as part of the normal course of operating TD's businesses.

WHO MANAGES LEGAL AND REGULATORY COMPLIANCE RISK

The proactive and effective management of this risk is complex given the breadth and pervasiveness of exposure. Effective management of LRC risk is a result of enterprise-wide collaboration between businesses and the Legal, Compliance and AML departments and is set out under a Legal and Regulatory Compliance Risk Management framework. Each of the Bank's businesses is responsible for compliance with LRC requirements applicable to their jurisdiction and specific business requirements. Under TD's approach to risk governance, businesses have ownership and overall responsibility for adhering to LRC requirements in their business operations, including for setting the appropriate tone for legal and regulatory compliance. Compliance, Legal and AML, together with the Regulatory Risk (including Regulatory Relationships and Government Affairs) group, provide advice and oversight with respect to managing LRC risk. Representatives of these groups participate, as required, in senior operating committees of the Bank's businesses. Also, the senior management of Compliance, Legal and AML 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).

HOW TD MANAGES LEGAL AND REGULATORY COMPLIANCE RISK

While each of TD's businesses is responsible for assessing its LRC risk, designing and implementing controls, and monitoring and reporting on its risk profile, effective management of LRC risk is a result of enterprise-wide collaboration between businesses and the Legal, Compliance and AML departments through (a) independent and objective identification and assessment of LRC risk, (b) objective guidance and advisory services to identify, assess, control and monitor LRC risk, and (c) an approved set of frameworks, policies, procedures, guidelines and practices. Legal, Compliance and AML are structured and organize their activities in order to support the independent and effective oversight of LRC Risks across the enterprise, promote a culture of integrity, and provide trusted objective guidance. In particular, Compliance and AML departments aim to build and run strong, resilient and sustainable departments that effectively manage LRC risk globally by:

- Independently monitoring and assessing, on a risk-based approach, the adequacy of, adherence to and effectiveness of LRC risk management programs and controls in the Businesses;
- Delivering objective guidance and independent challenge;
- Proactively managing regulatory change; and
- Providing trusted and reliable reporting, advice and opinion to senior leadership and the Audit Committee of the Board on the state of LRC risks, controls and outcomes.

The Legal department undertakes certain centralized functions and provides teams to support TD to identify and manage LRC risk, including with respect to disclosure and governance matters and litigation management to manage financial, reputational and regulatory risk to the Bank. In addition, the Compliance and AML departments have developed methodologies and processes to measure and aggregate LRC risks on an ongoing basis as a critical baseline to assess whether TD's internal controls are effective in adequately mitigating LRC risk. The Legal department has developed methodologies for measuring litigation risk for adherence to risk appetite.

Finally, 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.

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 that is essential to optimizing shareholder value and therefore, is constantly at risk. Reputational risk can arise as a consequence of negative impressions about TD's business practices and may involve any aspect of the Bank's operations, but usually involves concerns about business ethics and integrity, competence, or the quality or suitability of products and services. As such, reputational risk is not managed in isolation from TD's other major risk categories, as 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 most senior executive committee for the review of reputational risk matters at TD. The mandate of the RRC is to oversee the management of reputational risk within the Bank's risk appetite. Its main accountability is to review and assess business and corporate initiatives and activities across TD where significant reputational risk profiles have been identified and escalated. The RRC ensures that escalated initiatives and activities have received adequate senior management and subject matter expert 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

TD's approach to the management of reputational risk combines the experience and knowledge of individual business segments, and governance, risk and oversight functions. It is based on enabling TD's businesses to understand their risks and developing the policies, processes, and controls required to manage these risks appropriately in line with the Bank's strategy and reputational risk appetite. TD's Reputational Risk Management Framework provides a comprehensive overview of the Bank's approach to the management of this risk. Amongst other significant policies, TD's enterprise Reputational Risk Management Policy is approved by the Risk Committee. This Policy sets out the requirements under which business segments and corporate shared services are 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 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 support consistent processes for approving new businesses and products. 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 new or emerging environmental regulatory issues; and (4) failure to understand and appropriately leverage environment-related trends to meet customer and consumer demands for products and services.

WHO MANAGES ENVIRONMENTAL RISK

The Executive Vice President, 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 (FPIC) 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. In 2015 TD Insurance became a signatory to the United Nations Environment Program Finance Initiative Principles for Sustainable Insurance (UNEP FI-PSI) which provides a global framework for managing environmental, social and governance risks within the insurance industry.

The Bank proactively monitors and assesses policy and legislative developments, and maintains an 'open door' approach with environmental and community organizations, industry associations, and responsible investment organizations.

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 Board or an appropriate Board committee.

Pursuant to the Stockholders Agreement in relation to the Bank's equity investment in TD Ameritrade, the Bank has the right to designate five of twelve members of TD Ameritrade's Board of Directors. The Bank's designated directors include the Bank's Group President and Chief Executive Officer, 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.

ACCOUNTING STANDARDS AND POLICIES

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 of the 2015 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 2015 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 2015 Consolidated Financial Statements have been prepared in accordance with IFRS. For details of the Bank's accounting policies and significant judgments, estimates, and assumptions under IFRS, refer to Notes 2 and 3 of the Bank's 2015 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 credit losses and may result in a change in the incurred but not identified 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 value of financial instruments and further details as to how they are measured are provided in Note 5 of the Bank's 2015 Consolidated Financial Statements.

DERECOGNITION

Certain assets transferred may qualify for derecognition from the Bank's Consolidated Balance Sheet. To qualify for derecognition certain key determinations must be made. A decision must be made as to whether the rights to receive cash flows from the financial assets have been retained or transferred and the extent to which the risks and rewards of ownership of the financial asset have been retained or transferred. If the Bank neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, a decision must be made as to whether the Bank has retained control of the financial asset. Upon derecognition, the Bank will record a gain or loss on sale of those assets which is calculated as the difference between the carrying amount of the asset transferred and the sum of any cash proceeds received, including any financial asset received or financial liability assumed, and any cumulative gain or loss allocated to the transferred asset that had been recognized in 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. 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.

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.

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.

ACCOUNTING STANDARDS AND POLICIES

Current and Future Changes in Accounting Policies

CURRENT CHANGES IN ACCOUNTING POLICY

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

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 was November 1, 2014, for the Bank. The transition date for the Bank was November 1, 2013.

As a result of adopting the IAS 32 amendments, certain bilateral transactions related to reverse repurchase and repurchase agreements, and amounts receivable from or payable to brokers, dealers, and clients no longer qualified for offsetting under the new guidance. As at October 31, 2014, the IAS 32 amendments resulted in an increase in derivative assets and liabilities of $0.4 billion (November 1, 2013 – $0.5 billion), an increase in reverse repurchase and repurchase agreements of $7.5 billion (November 1, 2013 – $5.2 billion), and an increase in amounts receivable from or payable to brokers, dealers, and clients of $7.8 billion (November 1, 2013 – $5.3 billion).

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 was November 1, 2014, for the Bank.

IFRIC 21 changed 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 did not have a material impact on the financial position, cash flows, or earnings of the Bank on an annual basis.

Novation of Derivatives and Continuation of Hedge Accounting

In June 2013, the IASB issued amendments to IAS 39, *Financial Instruments: Recognition and Measurement* (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 was November 1, 2014, for the Bank, and have been applied retrospectively. The IAS 39 amendments did not 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, *Financial Instruments* (IFRS 9).

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.

Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9, which replaces the guidance in IAS 39. This final version includes requirements on: (1) Classification and measurement of financial assets and liabilities; (2) Impairment of financial assets; and (3) General hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 and is to be applied retrospectively with certain exceptions. IFRS 9 does not require restatement of comparative period financial statements except in limited circumstances related to aspects of hedge accounting. Entities are permitted to restate comparatives as long as hindsight is not applied. In January 2015, OSFI issued the final version of the Advisory titled "Early adoption of IFRS 9 *Financial Instruments* for Domestic Systemically Important Banks". All D-SIBs, including the Bank, are required to early adopt IFRS 9 for the annual period beginning on November 1, 2017.

The adoption of IFRS 9 is a significant initiative for the Bank supported by a formal governance framework and a robust implementation plan. An Executive Steering Committee has been formed with joint leadership from Finance and Risk and with representation from Technology, Internal Audit, and project management teams. A communication plan including progress reporting protocols has been established with regular updates provided to the Executive Steering Committee on key decisions. IFRS 9 overview sessions have been held at various levels within the Bank, including the Audit and Risk Committees.

The Bank's implementation plan includes the following phases: (a) Initiation and Planning; (b) Detailed Assessment; (c) Design and Solution Development; and (d) Implementation, with work streams focused on each of the three required sections of IFRS 9 noted above as well as Reporting and Disclosures. The Bank is on track with its project timelines. The Initiation and Planning phase is near completion and the Detailed Assessment and Design and Solution Development phases are in progress.

The following is a summary of the new accounting concepts and project status under IFRS 9:

Classification and Measurement

Financial assets will be classified based on the Bank's business model for managing its financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are classified into one of the following three categories, which determine how it is measured subsequent to initial recognition: amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss. An election may be made to hold certain equity securities at FVOCI, with no subsequent recycling of gains and losses into net income. In addition to the classification tests described above, IFRS 9 also includes an option to irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

The classification and measurement of financial liabilities remain largely unchanged under IFRS 9, except for financial liabilities measured at fair value through profit or loss when classified as held for trading or designated using the fair value option. When the fair value option is elected, the Bank will be required to recognize the change in the fair value of the financial liability arising from changes in the Bank's own credit risk in other comprehensive income.

The Bank has defined its significant business models and is in the process of assessing the cash flow characteristics for all financial assets under the scope of IFRS 9.

Impairment

IFRS 9 introduces a new impairment model based on expected credit losses (ECLs) which will replace the existing incurred loss model under IAS 39. Currently, impairment losses are recognized when there is objective evidence of credit quality deterioration to the extent that the Bank no longer has reasonable assurance as to the timely collection of the full amount of principal and interest. If there is no objective evidence of impairment for an individual loan, the loan is included in a group of assets with similar credit risk characteristics and collectively assessed for impairment losses incurred but not identified. Under IFRS 9, ECLs will be recognized in profit or loss before a loss event has occurred, which could result in earlier recognition of credit losses compared to the current model.

The expected credit loss model requires the recognition of impairment at an amount equal to 12-month ECLs or lifetime ECLs depending on whether there has been a significant increase in credit risk since initial recognition of the financial instrument. If a significant increase in credit risk has occurred since initial recognition, then impairment is measured as lifetime ECLs otherwise 12-month ECLs are measured. If credit quality improves in a subsequent period such that the increase in credit risk since initial recognition is no longer considered significant, the loss allowance will revert back to being measured based on 12-month ECLs.

ECLs will be measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument and will consider reasonable and supportable information about past events, current conditions and forecasts of future events and economic conditions that impact our credit risk assessment. 12-month ECLs represent the portion of lifetime ECLs that are expected to occur based on default events that are possible within 12 months after the reporting date. The IFRS 9 model breaks down into three stages: Stage 1 – 12-month ECLs for performing instruments, Stage 2 – Lifetime ECLs for performing instruments that have experienced a significant increase in credit risk, and Stage 3 – Lifetime ECLs for non-performing financial assets.

The new impairment model will apply to all financial assets measured at amortized cost or fair value through other comprehensive income with the most significant impact expected to be on loan assets. The model will also apply to loan commitments and financial guarantees that are not measured at fair value through profit or loss.

The Bank is currently assessing the technology requirements for tracking credit migration under the new ECL model as well as the impact to risk parameters and credit risk modelling processes.

General Hedge Accounting
IFRS 9 introduces a new general hedge accounting model which better aligns accounting with risk management activities. The new standard permits a wider range of qualifying hedged items and hedged risks as well as types of hedging instruments. Effectiveness testing will have an increased focus on establishing an economic relationship, achieving a target hedge ratio and monitoring credit risk exposures. Voluntary discontinuation of hedging relationships is no longer permitted except in limited circumstances based on the risk management objectives of hedge strategies. The Bank has an accounting policy choice to adopt the new general hedge accounting model under IFRS 9 or continue to apply the hedge accounting requirements under IAS 39. The Bank continues to evaluate this accounting policy choice in accordance with the project plan.

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. In July 2015, the IASB confirmed a one-year deferral of the effective date to annual periods beginning on or after January 1, 2018, which will be November 1, 2018 for the Bank, and is to be applied retrospectively. The Bank is currently assessing the impact of adopting this standard.

ACCOUNTING STANDARDS AND POLICIES

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, 2015. 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, 2015.

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, 2015, 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, 2015. 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, 2015.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING
During the year and quarter ended October 31, 2015, 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 64: INVESTMENT PORTFOLIO – Securities Maturity Schedule[1,2]

(millions of Canadian dollars) *As at*

	Remaining terms to maturities[3]								
	Within 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years	With no specific maturity	Total October 31 2015	October 31 2014	October 31 2013
Available-for-sale securities									
Government and government-related securities									
Canadian government debt									
Federal									
Fair value	$ 161	$ 3,928	$ 7,653	$ 2,689	$ –	$ –	$ 14,431	$ 8,404	$ 9,329
Amortized cost	160	3,922	7,671	2,697	–	–	14,450	8,355	9,301
Yield	1.64 %	1.67 %	1.41 %	1.41 %	– %	– %	1.48 %	1.82 %	0.69 %
Provinces									
Fair value	454	1,935	1,911	2,876	9	–	7,185	4,545	2,588
Amortized cost	454	1,926	1,912	2,933	8	–	7,233	4,518	2,569
Yield	1.16 %	1.83 %	1.83 %	2.28 %	4.44 %	– %	1.98 %	2.08 %	1.16 %
U.S. federal government debt									
Fair value	145	–	–	10,491	–	–	10,636	152	141
Amortized cost	145	–	–	10,566	–	–	10,711	152	141
Yield	0.04 %	– %	– %	1.83 %	– %	– %	1.81 %	0.12 %	0.14 %
U.S. states, municipalities and agencies									
Fair value	402	1,051	2,153	1,847	6,496	–	11,949	11,978	15,035
Amortized cost	399	1,042	2,090	1,816	6,468	–	11,815	11,798	14,830
Yield	2.52 %	1.86 %	1.50 %	2.32 %	1.56 %	– %	1.73 %	1.81 %	1.85 %
Other OECD government-guaranteed debt									
Fair value	1,866	1,224	4,145	4,420	–	–	11,655	3,322	7,994
Amortized cost	1,865	1,223	4,159	4,466	–	–	11,713	3,313	7,978
Yield	0.44 %	0.53 %	1.43 %	1.64 %	– %	– %	1.26 %	1.67 %	1.25 %
Canadian mortgage-backed securities									
Fair value	456	1,540	2,064	–	–	–	4,060	3,306	2,810
Amortized cost	454	1,507	2,060	–	–	–	4,021	3,256	2,791
Yield	2.11 %	2.32 %	1.76 %	– %	– %	– %	2.01 %	2.24 %	2.26 %
Other debt securities									
Asset-backed securities									
Fair value	1,688	1,103	1,975	6,113	5,883	–	16,762	18,903	29,320
Amortized cost	1,687	1,104	1,976	6,136	6,018	–	16,921	18,831	29,252
Yield	1.18 %	1.04 %	1.05 %	1.67 %	1.04 %	– %	1.28 %	1.06 %	1.01 %
Non-agency CMO									
Fair value	–	–	–	–	916	–	916	1,722	963
Amortized cost	–	–	–	–	921	–	921	1,713	948
Yield	– %	– %	– %	– %	2.13 %	– %	2.13 %	2.77 %	1.75 %
Corporate and other debt									
Fair value	1,221	4,513	2,456	433	142	–	8,765	8,099	8,653
Amortized cost	1,216	4,521	2,461	433	139	–	8,770	8,008	8,471
Yield	3.08 %	2.91 %	2.75 %	3.52 %	5.38 %	– %	2.96 %	2.91 %	3.12 %
Equity securities									
Common shares									
Fair value	–	–	–	–	–	1,858	1,858	1,760	1,640
Amortized cost	–	–	–	–	–	1,770	1,770	1,642	1,560
Yield	– %	– %	– %	– %	– %	5.42 %	5.42 %	4.74 %	3.69 %
Preferred shares									
Fair value	–	–	–	–	–	114	114	171	166
Amortized cost	–	–	–	–	–	112	112	153	152
Yield	– %	– %	– %	– %	– %	4.33 %	4.33 %	1.26 %	3.70 %
Debt securities reclassified from trading									
Fair value	85	78	23	208	57	–	451	646	905
Amortized cost	83	75	19	185	58	–	420	596	835
Yield	8.77 %	8.32 %	8.25 %	5.87 %	4.84 %	– %	6.84 %	4.61 %	7.46 %
Total available-for-sale securities									
Fair value	$ 6,478	$ 15,372	$ 22,380	$ 29,077	$ 13,503	$ 1,972	$ 88,782	$ 63,008	$ 79,544
Amortized cost	6,463	15,320	22,348	29,232	13,612	1,882	88,857	62,335	78,828
Yield	1.44 %	1.99 %	1.60 %	1.82 %	1.40 %	5.35 %	1.89 %	1.89 %	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 As at October 31, 2015, includes securities issued by Government of Japan of $8.9 billion and Federal Republic of Germany of $8.6 billion, where the book value was greater than 10% of the shareholders' equity. There were no securities owned greater than 10% in the prior years.

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

TABLE 64: INVESTMENT PORTFOLIO – Securities Maturity Schedule (continued)[1,2]

(millions of Canadian dollars)

As at

	Remaining terms to maturities[3]								
	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
							October 31 2015	October 31 2014	October 31 2013
Held-to-maturity securities									
Government and government-related securities									
Canadian government debt									
Federal									
Fair value	**$ 60**	**$ –**	**$ 923**	**$ –**	**$ –**	**$ –**	**$ 983**	$ –	$ 259
Amortized cost	**59**	**–**	**915**	**–**	**–**	**–**	**974**	–	259
Yield	**0.42 %**	**– %**	**1.87 %**	**– %**	**– %**	**– %**	**1.78 %**	– %	0.99 %
U.S. federal government and agencies debt									
Fair value	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–	–
Amortized cost	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–	–
Yield	**– %**	**– %**	**– %**	**– %**	**– %**	**– %**	**– %**	– %	– %
U.S. states, municipalities and agencies									
Fair value	**–**	**2,582**	**6,608**	**6,391**	**3,266**	**–**	**18,847**	18,879	12,513
Amortized cost	**–**	**2,567**	**6,575**	**6,243**	**3,263**	**–**	**18,648**	18,792	12,551
Yield	**– %**	**1.58 %**	**1.85 %**	**2.29 %**	**2.24 %**	**– %**	**2.03 %**	2.04 %	2.09 %
Other OECD government-guaranteed debt									
Fair value	**5,811**	**8,812**	**8,695**	**947**	**–**	**–**	**24,265**	15,492	13,103
Amortized cost	**5,804**	**8,696**	**8,610**	**935**	**–**	**–**	**24,045**	15,327	13,080
Yield	**1.09 %**	**0.58 %**	**0.23 %**	**0.33 %**	**– %**	**– %**	**0.57 %**	1.00 %	1.31 %
Other debt securities									
Other issuers									
Fair value	**872**	**3,507**	**11,849**	**2,612**	**11,807**	**–**	**30,647**	22,955	4,075
Amortized cost	**878**	**3,491**	**11,842**	**2,616**	**11,956**	**–**	**30,783**	22,858	4,071
Yield	**2.94 %**	**1.84 %**	**0.84 %**	**1.26 %**	**2.00 %**	**– %**	**1.50 %**	1.08 %	2.22 %
Total held-to-maturity schedules									
Fair value	**$ 6,743**	**$ 14,901**	**$ 28,075**	**$ 9,950**	**$ 15,073**	**$ –**	**$ 74,742**	$ 57,326	$ 29,950
Amortized cost	**6,741**	**14,754**	**27,942**	**9,794**	**15,219**	**–**	**74,450**	56,977	29,961
Yield	**1.32 %**	**1.05 %**	**0.92 %**	**1.83 %**	**2.05 %**	**– %**	**1.33 %**	1.38 %	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 As at October 31, 2015, includes securities issued by Government of Japan of $8.9 billion and Federal Republic of Germany of $8.6 billion, where the book value was greater than 10% of the shareholders' equity. There were no securities owned greater than 10% in the prior years.

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

TABLE 65: LOAN PORTFOLIO – Maturity Schedule

(millions of Canadian dollars)

As at

	Remaining term to maturity							
	Under 1 year	**1 to 5 years**	**Over 5 years**	**Total**				Total
				October 31 2015	October 31 2014	October 31 2013	October 31 2012	October 31 2011
Canada								
Residential mortgages	**$ 38,764**	**$ 141,728**	**$ 4,517**	**$ 185,009**	$ 175,125	$ 164,389	$ 154,247	$ 142,297
Consumer instalment and other personal								
HELOC	**44,270**	**17,040**	**7**	**61,317**	59,568	61,581	64,753	65,531
Indirect Auto	**392**	**8,838**	**9,808**	**19,038**	16,475	14,666	13,965	13,607
Other	**14,624**	**214**	**1,237**	**16,075**	16,116	15,193	14,574	15,380
Credit card	**17,941**	**–**	**–**	**17,941**	17,927	15,288	14,236	8,094
Total personal	**115,991**	**167,820**	**15,569**	**299,380**	285,211	271,117	261,775	244,909
Real estate								
Residential	**5,212**	**5,160**	**4,490**	**14,862**	14,604	13,685	12,477	10,738
Non-residential	**7,516**	**2,311**	**1,503**	**11,330**	9,768	8,153	7,252	5,899
Total real estate	**12,728**	**7,471**	**5,993**	**26,192**	24,372	21,838	19,729	16,637
Total business and government (including real estate)	**53,961**	**20,508**	**9,686**	**84,155**	71,814	64,272	55,797	51,720
Total loans – Canada	**169,952**	**188,328**	**25,255**	**383,535**	357,025	335,389	317,572	296,629
United States								
Residential mortgages	**283**	**112**	**26,527**	**26,922**	23,335	20,945	17,362	12,495
Consumer instalment and other personal								
HELOC	**10,791**	**206**	**2,337**	**13,334**	11,665	10,607	10,122	9,654
Indirect Auto	**6,048**	**17,664**	**1,150**	**24,862**	18,782	16,323	13,466	9,741
Other	**203**	**436**	**54**	**693**	615	533	490	449
Credit card	**12,274**	**–**	**–**	**12,274**	7,637	6,900	1,097	892
Total personal	**29,599**	**18,418**	**30,068**	**78,085**	62,034	55,308	42,537	33,231
Real estate								
Residential	**1,143**	**2,446**	**2,102**	**5,691**	4,294	3,470	3,015	3,101
Non-residential	**1,620**	**9,416**	**7,281**	**18,317**	14,037	12,084	10,831	9,443
Total real estate	**2,763**	**11,862**	**9,383**	**24,008**	18,331	15,554	13,846	12,544
Total business and government (including real estate)	**14,682**	**41,127**	**41,408**	**97,217**	69,417	55,000	47,181	41,853
Total loans – United States	**44,281**	**59,545**	**71,476**	**175,302**	131,451	110,308	89,718	75,084
Other International								
Personal	**4**	**1**	**–**	**5**	9	10	11	12
Business and government	**1,760**	**218**	**–**	**1,978**	2,124	2,240	2,653	3,520
Total loans – Other international	**1,764**	**219**	**–**	**1,983**	2,133	2,250	2,664	3,532
Other loans								
Debt securities classified as loans	**143**	**364**	**1,680**	**2,187**	2,695	3,744	4,994	6,511
Acquired credit-impaired loans	**145**	**523**	**746**	**1,414**	1,713	2,485	3,767	5,560
Total other loans	**288**	**887**	**2,426**	**3,601**	4,408	6,229	8,761	12,071
Total loans	**$ 216,285**	**$ 248,979**	**$ 99,157**	**$ 564,421**	$ 495,017	$ 454,176	$ 418,715	$ 387,316

TABLE 66: LOAN PORTFOLIO – Rate Sensitivity

(millions of Canadian dollars)

As at

	October 31, 2015		October 31, 2014		October 31, 2013		October 31, 2012		October 31, 2011	
	1 to 5 years	**Over 5 years**	1 to 5 years	Over 5 years	1 to 5 years	Over 5 years	1 to 5 years	Over 5 years	1 to 5 years	Over 5 years
Fixed rate	**$ 176,316**	**$ 66,949**	$ 155,614	$ 59,555	$ 158,435	$ 45,395	$ 133,730	$ 37,781	$ 90,753	$ 28,301
Variable rate	**72,663**	**32,208**	73,672	24,991	60,401	23,065	58,199	20,867	56,904	16,764
Total	**$ 248,979**	**$ 99,157**	$ 229,286	$ 84,546	$ 218,836	$ 68,460	$ 191,929	$ 58,648	$ 147,657	$ 45,065

The change in the Bank's allowance for credit losses for the years ended October 31 are shown in the following table.

TABLE 67: ALLOWANCE FOR CREDIT LOSSES

(millions of Canadian dollars, except as noted)

	2015	2014	2013	2012	2011
Allowance for loan losses – Balance at beginning of year	**$ 3,028**	$ 2,855	$ 2,644	$ 2,314	$ 2,309
Provision for credit losses	**1,683**	1,557	1,631	1,795	1,490
Write-offs					
Canada					
Residential mortgages	**23**	21	20	18	11
Consumer instalment and other personal					
HELOC	**13**	13	18	16	12
Indirect Auto	**224**	207	160	155	155
Other	**218**	234	274	310	329
Credit card	**638**	582	543	335	365
Total personal	**1,116**	1,057	1,015	834	872
Real estate					
Residential	**4**	1	2	3	3
Non-residential	**3**	3	3	4	3
Total real estate	**7**	4	5	7	6
Total business and government (including real estate)	**74**	109	104	108	102
Total Canada	**1,190**	1,166	1,119	942	974
United States					
Residential mortgages	**16**	17	33	42	30
Consumer instalment and other personal					
HELOC	**47**	43	65	101	74
Indirect Auto	**206**	232	231	145	55
Other	**101**	79	74	67	69
Credit card	**454**	288	56	50	54
Total personal	**824**	659	459	405	282
Real estate					
Residential	**5**	12	16	91	113
Non-residential	**22**	18	59	84	60
Total real estate	**27**	30	75	175	173
Total business and government (including real estate)	**124**	117	191	385	373
Total United States	**948**	776	650	790	655
Other International					
Personal	**–**	–	–	–	–
Business and government	**–**	–	–	–	–
Total other international	**–**	–	–	–	–
Other loans					
Debt securities classified as loans	**13**	5	11	–	48
Acquired credit-impaired loans[1,2]	**6**	20	38	112	39
Total other loans	**19**	25	49	112	87
Total write-offs against portfolio	**2,157**	1,967	1,818	1,844	1,716
Recoveries					
Canada					
Residential mortgages	**1**	5	3	4	4
Consumer instalment and other personal					
HELOC	**2**	5	2	3	1
Indirect Auto	**78**	138	35	20	20
Other	**58**	60	55	51	48
Credit card	**124**	109	101	46	43
Total personal	**263**	317	196	124	116
Real estate					
Residential	**1**	1	1	1	–
Non-residential	**1**	2	1	1	1
Total real estate	**2**	3	2	2	1
Total business and government (including real estate)	**33**	29	28	25	27
Total Canada	**296**	346	224	149	143
United States					
Residential mortgages	**11**	10	17	15	9
Consumer instalment and other personal					
HELOC	**5**	5	4	6	3
Indirect Auto	**83**	12	64	35	14
Other	**23**	20	22	19	20
Credit card	**113**	60	5	5	4
Total personal	**235**	107	112	80	50
Real estate					
Residential	**9**	14	8	8	9
Non-residential	**9**	15	10	13	8
Total real estate	**18**	29	18	21	17
Total business and government (including real estate)	**50**	73	49	57	71
Total United States	**285**	180	161	137	121
Other International					
Personal	**–**	–	–	–	–
Business and government	**1**	–	–	–	–
Total other international	**1**	–	–	–	–
Other loans					
Debt securities classified as loans	**–**	–	–	–	–
Acquired credit-impaired loans[1,2]	**19**	7	9	1	–
Total other loans	**19**	7	9	1	–
Total recoveries on portfolio	**601**	533	394	287	264
Net write-offs	**(1,556)**	(1,434)	(1,424)	(1,557)	(1,452)
Disposals	**(3)**	–	(41)	–	–
Foreign exchange and other adjustments	**321**	112	46	20	(28)
Total allowance for credit losses	**3,473**	3,090	2,856	2,572	2,319
Less: Allowance for off-balance sheet positions[3]	**39**	62	1	(72)	5
Allowance for loan losses – Balance at end of year	**$ 3,434**	$ 3,028	$ 2,855	$ 2,644	$ 2,314
Ratio of net write-offs in the period to average loans outstanding	**0.30 %**	0.31 %	0.33 %	0.39 %	0.40 %

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, refer to the "FDIC Covered Loans" section in Note 8 of the Bank's 2015 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 68: AVERAGE DEPOSITS

(millions of Canadian dollars, except as noted)

	For the years ended								
	October 31, 2015			October 31, 2014			October 31, 2013		
	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	**$ 6,685**	**$ –**	**– %**	$ 5,405	$ –	– %	$ 4,050	$ –	– %
Interest bearing demand deposits	**45,081**	**570**	**1.26**	38,443	597	1.55	35,768	443	1.24
Notice deposits	**172,124**	**306**	**0.18**	159,687	421	0.26	144,463	459	0.32
Term deposits	**146,714**	**2,112**	**1.44**	120,493	1,934	1.61	110,648	2,039	1.84
Total deposits booked in Canada	**370,604**	**2,988**	**0.81**	324,028	2,952	0.91	294,929	2,941	1.00
Deposits booked in the United States									
Non-interest bearing demand deposits	**8,723**	**–**	**–**	6,961	–	–	7,544	–	–
Interest bearing demand deposits	**2,812**	**4**	**0.14**	1,387	3	0.22	897	3	0.33
Notice deposits	**239,078**	**842**	**0.35**	196,735	1,059	0.54	170,255	1,222	0.72
Term deposits	**94,016**	**313**	**0.33**	74,999	216	0.29	70,034	248	0.35
Total deposits booked in the United States	**344,629**	**1,159**	**0.34**	280,082	1,278	0.46	248,730	1,473	0.59
Deposits booked in the other international									
Non-interest bearing demand deposits	**55**	**–**	**–**	20	–	–	10	–	–
Interest bearing demand deposits	**1,874**	**5**	**0.27**	1,803	2	0.11	2,557	6	0.23
Notice deposits	**2**	**–**	**–**	27	–	–	28	–	–
Term deposits	**17,042**	**90**	**0.53**	17,951	81	0.45	9,435	41	0.43
Total deposits booked in other international	**18,973**	**95**	**0.50**	19,801	83	0.42	12,030	47	0.39
Total average deposits	**$ 734,206**	**$ 4,242**	**0.58 %**	$ 623,911	$ 4,313	0.69 %	$ 555,689	$ 4,461	0.80 %

1 As at October 31, 2015, deposits by foreign depositors in TD's Canadian bank offices amounted to $13 billion (October 31, 2014 – $8 billion, October 31, 2013 – $7 billion).

TABLE 69: 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, 2015
Canada	**$ 31,147**	**$ 4,234**	**$ 20,715**	**$ 64,989**	**$ 121,085**
United States	**28,018**	**27,687**	**14,672**	**2,545**	**72,922**
Other international	**10,222**	**4,976**	**4,168**	**–**	**19,366**
Total	**$ 69,387**	**$ 36,897**	**$ 39,555**	**$ 67,534**	**$ 213,373**
					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

1 Deposits in Canada, U.S., and Other international include wholesale and retail deposits.

TABLE 70: SHORT-TERM BORROWINGS[1]

(millions of Canadian dollars, except as noted)

	As at		
	October 31 2015	October 31 2014	October 31 2013
Obligations related to securities sold under repurchase agreements			
Balance at year-end	**$ 67,156**	$ 53,112	$ 34,414
Average balance during the year	**75,082**	62,025	46,234
Maximum month-end balance	**74,669**	55,944	42,726
Weighted-average rate at October 31	**0.25 %**	0.39 %	0.43 %
Weighted-average rate during the year	**0.37**	0.38	0.45

1 Certain comparative amounts have been restated, where applicable, as a result of the implementation of the 2015 IFRS Standards and Amendments.

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, 2015, 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, 2015, 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, 2015, 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 2, 2015

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, 2015 and 2014, 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, 2015, 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, 2015 and 2014, and its financial performance and its cash flows for each of the years in the three-year period ended October 31, 2015, 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, 2015, 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 2, 2015, 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 2, 2015

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, 2015, 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, 2015, 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, 2015 and 2014, 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, 2015, of The Toronto-Dominion Bank and our report dated December 2, 2015, expressed an unqualified opinion thereon.

Ernst & Young LLP
Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
December 2, 2015

Consolidated Balance Sheet

(millions of Canadian dollars, except as noted)	As at October 31 2015	As at October 31 2014
ASSETS		
Cash and due from banks	**$ 3,154**	$ 2,781
Interest-bearing deposits with banks	**42,483**	43,773
	45,637	46,554
Trading loans, securities, and other **(Notes 5, 7)**	**95,157**	101,173
Derivatives **(Notes 5, 11)**	**69,438**	55,796
Financial assets designated at fair value through profit or loss **(Note 5)**	**4,378**	4,745
Available-for-sale securities **(Notes 5, 7)**	**88,782**	63,008
	257,755	224,722
Held-to-maturity securities (Note 7)	**74,450**	56,977
Securities purchased under reverse repurchase agreements	**97,364**	82,556
Loans (Note 8)		
Residential mortgages	**212,373**	198,912
Consumer instalment and other personal	**135,471**	123,411
Credit card	**30,215**	25,570
Business and government	**167,529**	131,349
Debt securities classified as loans	**2,187**	2,695
	547,775	481,937
Allowance for loan losses **(Note 8)**	**(3,434)**	(3,028)
Loans, net of allowance for loan losses	**544,341**	478,909
Other		
Customers' liability under acceptances	**16,646**	13,080
Investment in TD Ameritrade **(Note 12)**	**6,683**	5,569
Goodwill **(Note 14)**	**16,337**	14,233
Other intangibles **(Note 14)**	**2,671**	2,680
Land, buildings, equipment, and other depreciable assets **(Note 15)**	**5,314**	4,930
Deferred tax assets **(Note 26)**	**1,931**	2,008
Amounts receivable from brokers, dealers, and clients	**21,996**	17,130
Other assets **(Note 16)**	**13,248**	11,163
	84,826	70,793
Total assets	**$ 1,104,373**	$ 960,511
LIABILITIES		
Trading deposits **(Notes 5, 17)**	**$ 74,759**	$ 59,334
Derivatives **(Notes 5, 11)**	**57,218**	51,209
Securitization liabilities at fair value **(Notes 5, 9)**	**10,986**	11,198
Other financial liabilities designated at fair value through profit or loss **(Note 5)**	**1,415**	3,250
	144,378	124,991
Deposits (Note 17)		
Personal	**395,818**	343,240
Banks	**17,080**	15,771
Business and government	**282,678**	241,705
	695,576	600,716
Other		
Acceptances	**16,646**	13,080
Obligations related to securities sold short **(Note 5)**	**38,803**	39,465
Obligations related to securities sold under repurchase agreements **(Note 5)**	**67,156**	53,112
Securitization liabilities at amortized cost **(Note 9)**	**22,743**	24,960
Amounts payable to brokers, dealers, and clients	**22,664**	18,195
Insurance-related liabilities	**6,519**	6,079
Other liabilities **(Note 18)**	**14,223**	15,897
	188,754	170,788
Subordinated notes and debentures (Note 19)	**8,637**	7,785
Total liabilities	**1,037,345**	904,280
EQUITY		
Common shares (millions of shares issued and outstanding: **Oct. 31, 2015 – 1,856.2** , Oct. 31, 2014 – 1,846.2) **(Note 21)**	**20,294**	19,811
Preferred shares (millions of shares issued and outstanding: **Oct. 31, 2015 – 108.0** , Oct. 31, 2014 – 88.0) **(Note 21)**	**2,700**	2,200
Treasury shares – common (millions of shares held: **Oct. 31, 2015 – (1.1)** , Oct. 31, 2014 – (1.6)) **(Note 21)**	**(49)**	(54)
Treasury shares – preferred (millions of shares held: **Oct. 31, 2015 – (0.1)** , Oct. 31, 2014 – (0.04)) **(Note 21)**	**(3)**	(1)
Contributed surplus	**214**	205
Retained earnings	**32,053**	27,585
Accumulated other comprehensive income (loss)	**10,209**	4,936
	65,418	54,682
Non-controlling interests in subsidiaries (Note 21)	**1,610**	1,549
Total equity	**67,028**	56,231
Total liabilities and equity	**$ 1,104,373**	$ 960,511

Certain comparative amounts have been restated, where applicable, as a result of the implementation of the 2015 IFRS Standards and Amendments. Refer to Note 4 for further details.
The accompanying Notes are an integral part of these Consolidated Financial Statements.

Bharat B. Masrani
Group President and Chief Executive Officer

William E. Bennett
Chair, Audit Committee

Consolidated Statement of Income

(millions of Canadian dollars, except as noted)	For the years ended October 31		
	2015	2014	2013
Interest income			
Loans	**$ 20,319**	$ 19,716	$ 18,498
Securities			
Interest	**3,155**	2,913	2,965
Dividends	**1,214**	1,173	1,048
Deposits with banks	**142**	126	104
	24,830	23,928	22,615
Interest expense			
Deposits	**4,242**	4,313	4,461
Securitization liabilities	**593**	777	927
Subordinated notes and debentures	**390**	412	447
Other	**881**	842	706
	6,106	6,344	6,541
Net interest income	**18,724**	17,584	16,074
Non-interest income			
Investment and securities services	**3,683**	3,346	2,834
Credit fees	**925**	845	785
Net securities gain (loss) **(Note 7)**	**79**	173	304
Trading income (loss) **(Note 22)**	**(223)**	(349)	(279)
Service charges	**2,376**	2,152	1,966
Card services	**1,766**	1,552	1,220
Insurance revenue **(Note 23)**	**3,758**	3,883	3,734
Trust fees	**150**	150	148
Other income (loss)	**188**	625	473
	12,702	12,377	11,185
Total revenue	**31,426**	29,961	27,259
Provision for credit losses (Note 8)	**1,683**	1,557	1,631
Insurance claims and related expenses (Note 23)	**2,500**	2,833	3,056
Non-interest expenses			
Salaries and employee benefits **(Note 25)**	**9,043**	8,451	7,651
Occupancy, including depreciation	**1,719**	1,549	1,456
Equipment, including depreciation	**892**	810	847
Amortization of other intangibles	**662**	598	521
Marketing and business development	**728**	756	685
Restructuring charges	**686**	29	129
Brokerage-related fees	**324**	321	317
Professional and advisory services	**1,032**	991	1,009
Communications	**273**	283	281
Other	**2,714**	2,708	2,173
	18,073	16,496	15,069
Income before income taxes and equity in net income of an investment in associate	**9,170**	9,075	7,503
Provision for (recovery of) income taxes (Note 26)	**1,523**	1,512	1,135
Equity in net income of an investment in associate, net of income taxes (Note 12)	**377**	320	272
Net income	**8,024**	7,883	6,640
Preferred dividends	**99**	143	185
Net income available to common shareholders and non-controlling interests in subsidiaries	**$ 7,925**	$ 7,740	$ 6,455
Attributable to:			
Non-controlling interests in subsidiaries	**$ 112**	$ 107	$ 105
Common shareholders	**7,813**	7,633	6,350
Weighted-average number of common shares outstanding (millions) (Note 27)			
Basic	**1,849.2**	1,839.1	1,837.9
Diluted	**1,854.1**	1,845.3	1,845.1
Earnings per share (dollars) (Note 27)			
Basic	**$ 4.22**	$ 4.15	$ 3.46
Diluted	**4.21**	4.14	3.44
Dividends per share (dollars)	**2.00**	1.84	1.62

Certain comparative amounts have been reclassified 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

(millions of Canadian dollars)	For the years ended October 31		
	2015	2014	2013
Net income	**$ 8,024**	$ 7,883	$ 6,640
Other comprehensive income (loss) (OCI), net of income taxes			
Items that will be subsequently reclassified to net income			
Change in unrealized gains (losses) on available-for-sale securities [1]	**(464)**	**69**	**(472)**
Reclassification to earnings of net losses (gains) in respect of available-for-sale securities [2]	**(93)**	(163)	(271)
Net change in unrealized foreign currency translation gains (losses) on investments in foreign operations	**8,090**	3,697	1,885
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]	**(2,764)**	(1,390)	(737)
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]	**4,805**	2,439	(86)
Reclassification to earnings of net losses (gains) on cash flow hedges [7]	**(4,301)**	(2,875)	(805)
Items that will not be subsequently reclassified to net income			
Actuarial gains (losses) on employee benefit plans [8]	**400**	(458)	339
	5,673	1,319	(147)
Comprehensive income (loss) for the year	**$ 13,697**	$ 9,202	$ 6,493
Attributable to:			
Preferred shareholders	**$ 99**	$ 143	$ 185
Common shareholders	**13,486**	8,952	6,203
Non-controlling interests in subsidiaries	**112**	107	105

1 Net of income tax recovery in 2015 of $210 million (2014 – income tax provision of $67 million; 2013 – income tax recovery of $285 million).
2 Net of income tax provision in 2015 of $78 million (2014 – income tax provision of $81 million; 2013 – income tax provision of $136 million).
3 Net of income tax provision in 2015 of nil (2014 – income tax provision of nil; 2013 – income tax provision of nil).
4 Net of income tax recovery in 2015 of $985 million (2014 – income tax recovery of $488 million; 2013 – income tax recovery of $264 million).
5 Net of income tax provision in 2015 of nil (2014 – income tax recovery of $4 million; 2013 – income tax provision of $1 million).
6 Net of income tax provision in 2015 of $2,926 million (2014 – income tax provision of $1,394 million; 2013 – income tax provision of $140 million).
7 Net of income tax provision in 2015 of $2,744 million (2014 – income tax provision of $1,617 million; 2013 – income tax provision of $587 million).
8 Net of income tax provision in 2015 of $147 million (2014 – income tax recovery of $210 million; 2013 – income tax provision of $172 million).

Certain comparative amounts have been reclassified to conform with the presentation adopted in the current year.
The accompanying Notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

(millions of Canadian dollars)	For the years ended October 31		
	2015	2014	2013
Common shares (Note 21)			
Balance at beginning of year	**$ 19,811**	$ 19,316	$ 18,691
Proceeds from shares issued on exercise of stock options	**128**	199	297
Shares issued as a result of dividend reinvestment plan	**355**	339	515
Purchase of shares for cancellation	**–**	(43)	(187)
Balance at end of year	**20,294**	19,811	19,316
Preferred shares (Note 21)			
Balance at beginning of year	**2,200**	3,395	3,395
Issue of shares	**1,200**	1,000	–
Redemption of shares	**(700)**	(2,195)	–
Balance at end of year	**2,700**	2,200	3,395
Treasury shares – common (Note 21)			
Balance at beginning of year	**(54)**	(145)	(166)
Purchase of shares	**(5,269)**	(4,197)	(3,552)
Sale of shares	**5,274**	4,288	3,573
Balance at end of year	**(49)**	(54)	(145)
Treasury shares – preferred (Note 21)			
Balance at beginning of year	**(1)**	(2)	(1)
Purchase of shares	**(244)**	(154)	(86)
Sale of shares	**242**	155	85
Balance at end of year	**(3)**	(1)	(2)
Contributed surplus			
Balance at beginning of year	**205**	170	196
Net premium (discount) on sale of treasury shares	**25**	48	(3)
Stock options **(Note 24)**	**–**	(5)	(25)
Other	**(16)**	(8)	2
Balance at end of year	**214**	205	170
Retained earnings			
Balance at beginning of year	**27,585**	23,982	20,863
Net income attributable to shareholders	**7,912**	7,776	6,535
Common dividends	**(3,700)**	(3,384)	(2,977)
Preferred dividends	**(99)**	(143)	(185)
Share issue expenses and others	**(28)**	(11)	–
Net premium on repurchase of common shares and redemption of preferred shares	**(17)**	(177)	(593)
Actuarial gains (losses) on employee benefit plans	**400**	(458)	339
Balance at end of year	**32,053**	27,585	23,982
Accumulated other comprehensive income (loss)			
Net unrealized gain (loss) on available-for-sale securities:			
Balance at beginning of year	**638**	732	1,475
Other comprehensive income (loss)	**(557)**	(94)	(743)
Balance at end of year	**81**	638	732
Net unrealized foreign currency translation gain (loss) on investments in foreign operations, net of hedging activities:			
Balance at beginning of year	**3,029**	722	(426)
Other comprehensive income (loss)	**5,326**	2,307	1,148
Balance at end of year	**8,355**	3,029	722
Net gain (loss) on derivatives designated as cash flow hedges:			
Balance at beginning of year	**1,269**	1,705	2,596
Other comprehensive income (loss)	**504**	(436)	(891)
Balance at end of year	**1,773**	1,269	1,705
Total	**10,209**	4,936	3,159
Non-controlling interests in subsidiaries			
Balance at beginning of year	**1,549**	1,508	1,477
Net income attributable to non-controlling interests in subsidiaries	**112**	107	105
Other	**(51)**	(66)	(74)
Balance at end of year	**1,610**	1,549	1,508
Total equity	**$ 67,028**	$ 56,231	$ 51,383

Certain comparative amounts have been reclassified to conform with the presentation adopted in the current year.
The accompanying Notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows

(millions of Canadian dollars)	For the years ended October 31		
	2015	2014	2013
Cash flows from (used in) operating activities			
Net income before income taxes	**$ 9,547**	$ 9,395	$ 7,775
Adjustments to determine net cash flows from (used in) operating activities			
Provision for credit losses **(Note 8)**	**1,683**	1,557	1,631
Depreciation **(Note 15)**	**588**	533	518
Amortization of other intangibles	**662**	598	521
Net securities losses (gains) **(Note 7)**	**(79)**	(173)	(304)
Equity in net income of an investment in associate **(Note 12)**	**(377)**	(320)	(272)
Deferred taxes **(Note 26)**	**(352)**	31	(370)
Changes in operating assets and liabilities			
Interest receivable and payable **(Notes 16, 18)**	**(294)**	(204)	(425)
Securities sold short	**(662)**	(2,364)	8,391
Trading loans and securities	**6,016**	767	(7,409)
Loans net of securitization and sales	**(63,947)**	(33,717)	(33,820)
Deposits	**108,446**	72,059	64,449
Derivatives	**(7,633)**	(4,597)	(4,068)
Financial assets and liabilities designated at fair value through profit or loss	**371**	1,783	(364)
Securitization liabilities	**(2,429)**	(11,394)	(3,962)
Other	**(16,267)**	(8,041)	(5,007)
Net cash from (used in) operating activities	**35,273**	25,913	27,284
Cash flows from (used in) financing activities			
Change in securities sold under repurchase agreements	**14,044**	13,494	(4,402)
Issue of subordinated notes and debentures **(Note 19)**	**2,500**	–	–
Redemption of subordinated notes and debentures **(Note 19)**	**(1,675)**	(150)	(3,400)
Common shares issued **(Note 21)**	**108**	168	247
Preferred shares issued **(Note 21)**	**1,184**	989	–
Repurchase of common shares **(Note 21)**	**–**	(220)	(780)
Redemption of preferred shares **(Note 21)**	**(717)**	(2,195)	–
Sale of treasury shares **(Note 21)**	**5,541**	4,491	3,655
Purchase of treasury shares **(Note 21)**	**(5,513)**	(4,351)	(3,638)
Dividends paid	**(3,444)**	(3,188)	(2,647)
Distributions to non-controlling interests in subsidiaries	**(112)**	(107)	(105)
Net cash from (used in) financing activities	**11,916**	8,931	(11,070)
Cash flows from (used in) investing activities			
Interest-bearing deposits with banks	**1,290**	(15,190)	(7,075)
Activities in available-for-sale securities **(Note 7)**			
Purchases	**(58,775)**	(38,887)	(58,102)
Proceeds from maturities	**27,055**	30,032	39,468
Proceeds from sales	**6,631**	6,403	18,189
Activities in held-to-maturity securities **(Note 7)**			
Purchases	**(15,120)**	(9,258)	(11,352)
Proceeds from maturities	**9,688**	6,542	2,873
Activities in debt securities classified as loans			
Purchases	**(23)**	(37)	(489)
Proceeds from maturities	**875**	1,263	1,399
Proceeds from sales	**–**	10	1,030
Net purchases of land, buildings, equipment, and other depreciable assets	**(972)**	(828)	(751)
Changes in securities purchased under reverse repurchase agreements	**(14,808)**	(13,069)	4,915
Net cash acquired from (paid for) divestitures, acquisitions, and the sale of TD Ameritrade shares **(Notes 12, 13)**	**(2,918)**	(2,768)	(6,211)
Net cash from (used in) investing activities	**(47,077)**	(35,787)	(16,106)
Effect of exchange rate changes on cash and due from banks	**261**	143	37
Net increase (decrease) in cash and due from banks	**373**	(800)	145
Cash and due from banks at beginning of year	**2,781**	3,581	3,436
Cash and due from banks at end of year	**$ 3,154**	$ 2,781	$ 3,581
Supplementary disclosure of cash flow information			
Amount of income taxes paid (refunded) during the year	**$ 554**	$ 1,241	$ 869
Amount of interest paid during the year	**6,167**	6,478	**6,931**
Amount of interest received during the year	**23,483**	22,685	21,532
Amount of dividends received during the year	**1,216**	1,179	1,018

Certain comparative amounts have been restated, where applicable, as a result of the implementation of the 2015 IFRS Standards and Amendments. Refer to Note 4 for further details.
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.

These Consolidated Financial Statements were prepared using the accounting policies as described in Note 2, as well as the new and amended standards under IFRS (2015 IFRS Standards and Amendments) adopted retrospectively by the Bank as discussed in Note 4. Certain other comparative amounts have also been restated/reclassified to conform with the presentation adopted in the current period.

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, in accordance with a recommendation of the Audit Committee, on December 2, 2015.

Certain disclosures are included in the shaded sections of the "Managing Risk" section of the accompanying 2015 Management's Discussion and Analysis (MD&A), as permitted by IFRS, and form an integral part of the Consolidated Financial Statements. The Consolidated Financial Statements were prepared under a historical cost basis, except for certain items carried at fair value as discussed in Note 2.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

The Consolidated Financial Statements include the assets, liabilities, results of operations, and cash flows of the Bank and its subsidiaries including certain structured entities which it controls. The Bank controls an entity when (1) it has the power to direct the activities of the entity which have the most significant impact on the entity's risks and/or returns; (2) it is exposed to significant risks and/or returns arising from the entity; and (3) it is able to use its power to affect the risks and/or returns to which it is exposed.

The Bank's Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and events in similar circumstances. All intercompany transactions, balances, and unrealized gains and losses on transactions are eliminated on consolidation.

Subsidiaries

Subsidiaries are corporations or other legal entities controlled by the Bank, generally through directly holding more than half of the voting power of the entity. Control of subsidiaries is determined based on the power exercisable through ownership of voting rights and is generally aligned with the risks and/or returns (collectively referred to as "variable returns") absorbed from subsidiaries through those voting rights. As a result, the Bank controls and consolidates subsidiaries when it holds the majority of the voting rights of the subsidiary, unless there is evidence that another investor has control over the subsidiary. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in assessing whether the Bank controls an entity. Subsidiaries are consolidated from the date the Bank obtains control and continue to be consolidated until the date when control ceases to exist.

The Bank may consolidate certain subsidiaries where it owns 50% or less of the voting rights. Most of those subsidiaries are structured entities as described in the following section.

Structured Entities

Structured entities, including special purpose entities (SPEs), are entities that are created to accomplish a narrow and well-defined objective. Structured entities may take the form of a corporation, trust, partnership, or unincorporated entity. They are often created with legal arrangements that impose limits on the decision-making powers of their governing board, trustee, or management over the operations of the entity. Typically, structured entities may not be controlled directly through holding more than half of the voting power of the entity as the ownership of voting rights may not be aligned with the variable returns absorbed from the entity. As a result, structured entities are consolidated when the substance of the relationship between the Bank and the structured entity indicates that the entity is controlled by the Bank. When assessing whether the Bank has to consolidate a structured entity, the Bank evaluates three primary criteria in order to conclude whether, in substance:

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

Consolidation conclusions are reassessed at the end of each financial reporting period. The Bank's policy is to consider the impact on consolidation of all significant changes in circumstances, focusing on the following:

- Substantive changes in ownership, such as the purchase or disposal of more than an insignificant additional interest in an entity;
- Changes in contractual or governance arrangements of an entity;
- Additional activities undertaken, such as providing a liquidity facility beyond the original terms or entering into a transaction not originally contemplated; or
- Changes in the financing structure of an entity.

Investments in Associates and Joint Ventures

Entities over which the Bank has significant influence are associates and entities over which the Bank has joint control are joint ventures. Significant influence is the power to participate in the financial and operating policy decisions of an investee, but is not control or joint control over these entities. Associates and joint ventures are accounted for using the equity method of accounting. Investments in associates and joint ventures are carried on the Consolidated Balance Sheet initially at cost and increased or decreased to recognize the Bank's share of the profit or loss of the associate or joint venture, capital transactions, including the receipt of any dividends, and write-downs to reflect any impairment in the value of such entities. These increases or decreases, together with any gains and losses realized on disposition, are reported on the Consolidated Statement of Income.

At each balance sheet date, the Bank assesses whether there is any objective evidence that the investment in an associate or joint venture is impaired. The Bank calculates the amount of impairment as the difference between the higher of fair value or value-in-use and its carrying value.

Non-controlling Interests

When the Bank does not own all of the equity of a consolidated entity, the minority shareholders' interest is presented on the Consolidated Balance Sheet as Non-controlling interests in subsidiaries as a component of total equity, separate from the equity of the Bank's shareholders. The income attributable to the minority interest holders, net of tax, is presented as a separate line item on the Consolidated Statement of Income.

CASH AND DUE FROM BANKS

Cash and due from banks consist of cash and amounts due from banks which are issued by investment grade financial institutions. These amounts are due on demand or have an original maturity of three months or less.

REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. Revenue associated with the rendering of services is recognized by reference to the stage of completion of the transaction at the end of the reporting period.

Interest from interest-bearing assets and liabilities 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 management fees are primarily calculated based on average daily or point in time assets under management (AUM) or by assets under administration (AUA) by investment mandate. Administration fees earned may either be a fixed amount per client account, or calculated based on a percentage of daily, monthly, or annual AUM for institutional accounts. 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 a weighted-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, 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. For 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.

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. Once modified, additional impairment is recorded where the Bank identifies a decrease in the modified loan's estimated realizable value as a result of the modification. Modified loans are assessed for impairment, consistent with the Bank's existing policies for impairment.

Allowance for Credit Losses, Excluding Acquired Credit-Impaired Loans

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. Derivatives are carried at their fair value on the Consolidated Balance Sheet.

Derivatives Held for Trading Purposes

The Bank enters into trading derivative contracts to meet the needs of its customers, to 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 interest rate, foreign exchange, and other market risks of the Bank's traditional banking activities. When derivatives are held for non-trading purposes and when the transactions meet the hedge accounting requirements of IAS 39, *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. The Bank designates derivatives and non-derivatives (such as foreign currency deposit liabilities) as hedging instruments in net investment hedges.

Embedded Derivatives

Derivatives may be embedded in 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 significant non-observable inputs, it is initially valued at the transaction price, which is considered the best estimate of fair value. Subsequent to initial recognition, any difference between the transaction price and the value determined by the valuation technique at initial recognition is recognized in 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

Intangible assets represent identifiable non-monetary assets and are acquired either separately or through a business combination, or internally generated software. The Bank's intangible assets consist primarily of core deposit intangibles, credit card related intangibles, and software intangibles. Intangible assets are initially recognized at fair value and are amortized over their estimated useful lives (3 to 20 years) proportionate to their expected economic benefits, except for software which is amortized over its estimated useful life (3 to 7 years) on a straight-line basis.

The Bank assesses its intangible assets for impairment on a quarterly basis. When impairment indicators are present, the recoverable amount of the asset, which is the higher of its estimated fair value less costs 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 previously recognized are assessed and reversed if the circumstances leading to their impairment are no longer present. Reversal of any impairment loss will not exceed the carrying amount of the depreciable asset that would have been determined had no impairment loss been recognized for the asset in prior periods.

NON-CURRENT ASSETS HELD FOR SALE

Individual non-current assets (and disposal groups) are classified as held for sale if they are available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups), and their sale must be highly probable to occur within one year. For a sale to be highly probable, management must be committed to a sales plan and initiate an active program to market the sale of the non-current assets (disposal groups). Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell on the Consolidated Balance Sheet. Subsequent to its initial classification as held for sale, a non-current asset (and disposal group) is no longer depreciated or amortized, and any subsequent write-downs in fair value less costs to sell or such increases not in excess of cumulative write-downs, are recognized in Other income on the Consolidated Statement of Income.

SHARE-BASED COMPENSATION

The Bank grants share options to certain employees as compensation for services provided to the Bank. The Bank uses a binomial tree-based valuation option pricing model to estimate fair value for all share option compensation awards. The cost of the share options is based on the fair value estimated at the grant date and is recognized as compensation expense and contributed surplus over the service period required for employees to become fully entitled to the awards. This period is generally equal to the vesting period in addition to a period prior to the grant date. For the Bank's share options, this period is generally equal to five years. When options are exercised, the amount initially recognized in the contributed surplus balance is reduced, with a corresponding increase in common shares.

The Bank has various other share-based compensation plans where certain employees are awarded share units equivalent to the Bank's common shares as compensation for services provided to the Bank. The obligation related to share units is included in other liabilities. Compensation expense is recognized based on the fair value of the share units at the grant date adjusted for changes in fair value between the grant date and the vesting date, net of 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. 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 assessment 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 credit losses and may result in a change in the incurred but not identified 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 have been retained or transferred and the extent to which the risks and rewards of ownership of the financial asset have been retained or transferred. If the Bank neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, a decision must be made as to whether the Bank has retained control of the financial asset. Upon derecognition, the Bank will record a gain or loss on sale of those assets which is calculated as the difference between the carrying amount of the asset transferred and the sum of any cash proceeds received, including any financial asset received or financial liability assumed, and any cumulative gain or loss allocated to the transferred asset that had been recognized in 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. 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.

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.

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.

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 was November 1, 2014, for the Bank. The transition date for the Bank was November 1, 2013.

As a result of adopting the IAS 32 amendments, certain bilateral transactions related to reverse repurchase and repurchase agreements, and amounts receivable from or payable to brokers, dealers, and clients no longer qualified for offsetting under the new guidance. As at October 31, 2014, the IAS 32 amendments resulted in an increase in derivative assets and liabilities of $0.4 billion (November 1, 2013 – $0.5 billion), an increase in reverse repurchase and repurchase agreements of $7.5 billion (November 1, 2013 – $5.2 billion), and an increase in amounts receivable from or payable to brokers, dealers, and clients of $7.8 billion (November 1, 2013 – $5.3 billion).

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 was November 1, 2014, for the Bank.

IFRIC 21 changed 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 did not have a material impact on the financial position, cash flows, or earnings of the Bank on an annual basis.

Novation of Derivatives and Continuation of Hedge Accounting

In June 2013, the IASB issued amendments to IAS 39, *Financial Instruments: Recognition and Measurement* (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 was November 1, 2014, for the Bank, and have been applied retrospectively. The IAS 39 amendments did not 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, *Financial Instruments* (IFRS 9).

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.

Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9, which replaces the guidance in IAS 39. This final version includes requirements on: (1) Classification and measurement of financial assets and liabilities; (2) Impairment of financial assets; and (3) General hedge accounting. Accounting for macro hedging has been decoupled from IFRS 9. The Bank has an accounting policy choice to apply the hedge accounting requirements of IFRS 9 or IAS 39.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018, and is to be applied retrospectively with certain exceptions. IFRS 9 does not require restatement of comparative period financial statements except in limited circumstances related to aspects of hedge accounting. Entities are permitted to restate comparatives as long as hindsight is not applied. In January 2015, OSFI issued the final version of the Advisory titled "Early adoption of IFRS 9 *Financial Instruments* for Domestic Systemically Important Banks". All domestic systemically important banks (D-SIBs), including the Bank, are required to early adopt IFRS 9 for the annual period beginning on November 1, 2017. The adoption of IFRS 9 is a significant initiative for the Bank supported by a formal governance framework and a robust implementation plan.

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. In July 2015, the IASB confirmed a one-year deferral of the effective date to annual periods beginning on or after January 1, 2018, which will be November 1, 2018 for the Bank, 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 and financial liabilities are carried at amortized cost.

VALUATION GOVERNANCE

Valuation processes are guided by policies and procedures that are approved by senior management and subject matter experts. Senior Executive oversight over the valuation process is provided through various valuation-related committees. Further, the Bank has a number of additional controls in place, including an independent price verification process to ensure the accuracy of fair value measurements reported in the financial statements. The sources used for independent pricing comply with the standards set out in the approved valuation-related policies, which 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 bond yield curves.

The fair value of U.S. federal and state government, as well as agency debt securities, is determined by reference to recent transaction prices, broker quotes, or third-party vendor prices. Brokers or third-party vendors may use a pool-specific valuation model to value these securities. Observable market inputs to the model include to-be-announced (TBA) market prices, the applicable indices, and metrics such as the coupon, maturity, and weighted-average maturity of the pool. Market inputs used in the valuation model include, but are not limited to, indexed yield curves and trading spreads.

The fair value of residential mortgage-backed securities is 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 bond yield curves, credit spreads, and trade execution data.

Asset-backed securities are primarily fair valued using third-party vendor prices. The third-party vendor employs a valuation model which maximizes the use of observable inputs such as benchmark yield curves and bid-ask spreads. The model also takes into account relevant data about the underlying collateral, such as weighted-average terms to maturity and prepayment rate assumptions.

Equity Securities

The fair value of equity securities is based on quoted prices in active markets, where available. Where quoted prices in active markets are not readily available, such as for private equity securities, or where there is a wide bid-offer spread, fair value is determined based on quoted market prices for similar securities or through valuation techniques, including discounted cash flow analysis, and multiples of earnings before taxes, depreciation and amortization, and other relevant valuation techniques.

If there are trading restrictions on the equity security held, a valuation adjustment is recognized against available prices to reflect the nature of the restriction. However, restrictions that are not part of the security held and represent a separate contractual arrangement that has been entered into by the Bank and a third-party do not impact the fair value of the original instrument.

Retained Interests
Retained interests are classified as trading securities and are initially recognized at relative fair value. 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.

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 EIR 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 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 the London Interbank Offered Rate (LIBOR) and the expected average exposure by counterparty. FVA is further adjusted to account for the extent to which the funding cost is incorporated into observed traded levels and to calibrate to the expected term of the trade.

The FVA applies to both assets and liabilities, but 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. The Bank will continue to monitor industry practice, and may refine the methodology and the products to which FVA applies to as market practices evolve.

Deposits
The estimated fair value of term deposits is determined by discounting the contractual cash flows using interest rates currently offered for deposits with similar terms.

For deposits with no defined maturities, the Bank considers fair value to equal carrying value, which is equivalent to the amount payable on the balance sheet date.

For trading deposits, fair value is determined using discounted cash flow valuation techniques which maximize the use of observable market inputs such as benchmark yield curves and foreign exchange rates. The Bank considers the impact of its own creditworthiness in the valuation of these deposits by reference to observable market inputs.

Securitization Liabilities
The fair value of securitization liabilities is based on quoted market prices or quoted market prices for similar financial instruments, where available. Where quoted prices are not available, fair value is determined using valuation techniques, which maximize the use of observable inputs, such as Canada Mortgage Bond (CMB) curves.

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. 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 subsequently not measured at fair value include loans, deposits, certain securitization liabilities, certain securities purchased under reverse repurchase agreements, obligations relating to securities sold under repurchase agreements, and subordinated notes and debentures. For these instruments, fair values are calculated for disclosure purposes only, and the valuation techniques are disclosed above. In addition, the Bank has determined that the carrying value approximates the fair value for the following assets and liabilities as they are usually liquid floating rate financial instruments and are generally short term in nature: cash and due from banks, interest-bearing deposits with banks, customers' liability under acceptances, and acceptances.

Carrying Value and Fair Value of Financial Instruments not carried at Fair Value
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.

Financial Assets and Liabilities not carried at Fair Value [1]

(millions of Canadian dollars)			*As at*	
	October 31, 2015		October 31, 2014	
	Carrying value	**Fair value**	Carrying value	Fair value
FINANCIAL ASSETS				
Cash and due from banks	**$ 3,154**	**$ 3,154**	$ 2,781	$ 2,781
Interest-bearing deposits with banks	**42,483**	**42,483**	43,773	43,773
Held-to-maturity securities [2]				
Government and government-related securities	**43,667**	**44,095**	34,119	34,371
Other debt securities	**30,783**	**30,647**	22,858	22,955
Total held-to-maturity securities	**74,450**	**74,742**	56,977	57,326
Securities purchased under reverse repurchase agreements	**97,364**	**97,364**	82,556	82,556
Loans	**542,418**	**544,862**	476,486	480,314
Debt securities classified as loans	**1,923**	**2,166**	2,423	2,730
Total Loans	**544,341**	**547,028**	478,909	483,044
Other				
Customers' liability under acceptances	**16,646**	**16,646**	13,080	13,080
Amounts receivable from brokers, dealers and clients	**21,996**	**21,996**	17,130	17,130
Other assets	**4,247**	**4,247**	3,590	3,590
Total assets not carried at fair value	**$ 804,681**	**$ 807,660**	$ 698,796	$ 703,280
FINANCIAL LIABILITIES				
Deposits	**$ 695,576**	**$ 697,376**	$ 600,716	$ 601,705
Acceptances	**16,646**	**16,646**	13,080	13,080
Obligations related to securities sold under repurchase agreements	**67,156**	**67,156**	53,112	53,112
Securitization liabilities at amortized cost	**22,743**	**23,156**	24,960	25,271
Amounts payable to brokers, dealers and clients	**22,664**	**22,664**	18,195	18,195
Other liabilities	**7,788**	**7,826**	9,926	9,958
Subordinated notes and debentures	**8,637**	**8,992**	7,785	8,358
Total liabilities not carried at fair value	**$ 841,210**	**$ 843,816**	$ 727,774	$ 729,679

1 Certain comparative amounts have been restated, where applicable, as a result of the implementation of the 2015 IFRS Standards and Amendments. Refer to Note 4 for further details.
2 Includes debt securities reclassified from available-for-sale to held-to-maturity. Refer to Note 7 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 Government bonds 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 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 [1]

(millions of Canadian dollars)	October 31, 2015				As at October 31, 2014			
	Level 1	**Level 2**	**Level 3**	**Total** [2]	Level 1	Level 2	Level 3	Total [2]
FINANCIAL ASSETS AND COMMODITIES								
Trading loans, securities, and other								
Government and government-related securities								
Canadian government debt								
Federal	**$ 493**	**$ 11,560**	**$ –**	**$ 12,053**	$ 302	$ 12,229	$ –	$ 12,531
Provinces	**–**	**6,121**	**24**	**6,145**	–	5,454	–	5,454
U.S. federal, state, municipal governments, and agencies debt	**1**	**15,719**	**–**	**15,720**	–	8,698	–	8,698
Other OECD government guaranteed debt	**–**	**4,194**	**5**	**4,199**	–	3,427	–	3,427
Mortgage-backed securities	**–**	**1,019**	**–**	**1,019**	–	789	–	789
Other debt securities								
Canadian issuers	**–**	**2,558**	**57**	**2,615**	–	2,805	20	2,825
Other issuers	**–**	**7,359**	**191**	**7,550**	–	6,128	66	6,194
Equity securities								
Common shares	**28,933**	**447**	**186**	**29,566**	40,695	5,172	4	45,871
Preferred shares	**33**	**–**	**5**	**38**	40	–	–	40
Trading loans	**–**	**10,650**	**–**	**10,650**	–	10,142	–	10,142
Commodities	**5,410**	**154**	**–**	**5,564**	5,154	–	–	5,154
Retained interests	**–**	**–**	**38**	**38**	–	–	48	48
	34,870	**59,781**	**506**	**95,157**	46,191	54,844	138	101,173
Derivatives								
Interest rate contracts	**2**	**27,968**	**–**	**27,970**	2	23,420	–	23,422
Foreign exchange contracts	**45**	**38,692**	**6**	**38,743**	56	24,852	16	24,924
Credit contracts	**–**	**59**	**4**	**63**	–	18	–	18
Equity contracts	**–**	**1,376**	**560**	**1,936**	–	5,962	1,033	6,995
Commodity contracts	**32**	**691**	**3**	**726**	94	341	2	437
	79	**68,786**	**573**	**69,438**	152	54,593	1,051	55,796
Financial assets designated at fair value through profit or loss								
Securities	**106**	**4,272**	**–**	**4,378**	202	4,538	–	4,740
Loans	**–**	**–**	**–**	**–**	–	–	5	5
	106	**4,272**	**–**	**4,378**	202	4,538	5	4,745
Available-for-sale securities								
Government and government-related securities								
Canadian government debt								
Federal	**–**	**14,431**	**–**	**14,431**	199	8,205	–	8,404
Provinces	**–**	**7,185**	**–**	**7,185**	–	4,494	51	4,545
U.S. federal, state, municipal governments, and agencies debt	**–**	**22,585**	**–**	**22,585**	–	12,130	–	12,130
Other OECD government guaranteed debt	**–**	**11,648**	**7**	**11,655**	–	3,317	5	3,322
Mortgage-backed securities	**–**	**4,060**	**–**	**4,060**	–	3,306	–	3,306
Other debt securities								
Asset-backed securities	**–**	**16,261**	**501**	**16,762**	–	18,903	–	18,903
Non-agency collateralized mortgage obligation portfolio	**–**	**916**	**–**	**916**	–	1,722	–	1,722
Corporate and other debt	**–**	**8,618**	**147**	**8,765**	–	8,080	19	8,099
Equity securities								
Common shares[3,4]	**177**	**100**	**1,575**	**1,852**	210	242	1,303	1,755
Preferred shares	**20**	**–**	**94**	**114**	29	1	141	171
Debt securities reclassified from trading	**–**	**169**	**282**	**451**	–	337	309	646
	197	**85,973**	**2,606**	**88,776**	438	60,737	1,828	63,003
Securities purchased under reverse repurchase agreements	**–**	**13,201**	**–**	**13,201**	–	8,154	–	8,154
FINANCIAL LIABILITIES								
Trading deposits	**$ –**	**$ 72,879**	**$ 1,880**	**$ 74,759**	$ –	$ 57,703	$ 1,631	$ 59,334
Derivatives								
Interest rate contracts	**34**	**22,959**	**88**	**23,081**	2	20,033	81	20,116
Foreign exchange contracts	**25**	**30,588**	**5**	**30,618**	43	22,975	14	23,032
Credit contracts	**–**	**290**	**–**	**290**	–	325	–	325
Equity contracts	**2**	**1,316**	**957**	**2,275**	–	5,660	1,537	7,197
Commodity contracts	**49**	**899**	**6**	**954**	93	440	6	539
	110	**56,052**	**1,056**	**57,218**	138	49,433	1,638	51,209
Securitization liabilities at fair value	**–**	**10,986**	**–**	**10,986**	–	11,198	–	11,198
Other financial liabilities designated at fair value through profit or loss	**–**	**1,402**	**13**	**1,415**	–	3,242	8	3,250
Obligations related to securities sold short	**8,783**	**29,961**	**59**	**38,803**	14,305	25,126	34	39,465
Obligations related to securities sold under repurchase agreements	**–**	**12,376**	**–**	**12,376**	–	8,242	–	8,242

1 Certain comparative amounts have been restated, where applicable, as a result of the implementation of the 2015 IFRS Standards and Amendments. Refer to Note 4 for further details.
2 Fair value is the same as carrying value.
3 As at October 31, 2015, the carrying values of certain available-for-sale equity securities of $6 million (October 31, 2014 – $5 million) are assumed to approximate fair value in the absence of quoted market prices in an active market.
4 As at October 31, 2015, common shares include the fair value of Federal Reserve Stock and Federal Home Loan Bank stock of $1.3 billion (October 31, 2014 – $1.0 billion) 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.

There were no significant transfers between Level 1 and Level 2 during the years ended October 31, 2015, and October 31, 2014.

Movements of Level 3 instruments

Significant transfers into and out of Level 3 occur mainly due to the following reasons:

- Transfers from Level 3 to Level 2 occur when techniques used for valuing the instrument incorporate significant observable market inputs or broker-dealer quotes which were previously not observable.
- Transfers from Level 2 to Level 3 occur when an instrument's fair value, which was previously determined using valuation techniques with significant observable market inputs, is now determined using valuation techniques with significant non-observable inputs.

Due to the unobservable nature of the inputs used to value Level 3 financial instruments there may be uncertainty about the valuation of these instruments. The fair value of Level 3 instruments may be drawn from a range of reasonably possible alternatives. In determining the appropriate levels for these unobservable inputs, parameters are chosen so that they are consistent with prevailing market evidence and management judgment.

The following tables reconcile changes in fair value of all assets and liabilities measured at fair value using significant Level 3 non-observable inputs for the years ended October 31.

Reconciliation of Changes in Fair Value for Level 3 Assets and Liabilities

(millions of Canadian dollars)

	Fair value as at November 1 2014	Total realized and unrealized gains (losses) Included in income[1]	Total realized and unrealized gains (losses) Included in OCI	Movements Purchases	Movements Issuances	Movements Other[2]	Transfers Into Level 3	Transfers Out of Level 3	Fair value as at October 31 2015	Change in unrealized gains (losses) on instruments still held[3]
FINANCIAL ASSETS										
Trading loans, securities, and other										
Government and government-related securities										
Canadian government debt Provinces	$ –	$ –	$ –	$ –	$ –	$ (9)	$ 33	$ –	$ 24	$ –
Other OECD government guaranteed debt	–	–	–	–	–	–	5	–	5	–
Other debt securities										
Canadian issuers	20	–	–	63	–	(96)	72	(2)	57	(1)
Other issuers	66	(10)	–	61	–	(168)	267	(25)	191	–
Equity securities										
Common shares	4	–	–	276	–	(94)	–	–	186	–
Preferred shares	–	–	–	31	–	(26)	–	–	5	–
Retained interests	48	3	–	–	–	(13)	–	–	38	2
	138	(7)	–	431	–	(406)	377	(27)	506	1
Financial assets designated at fair value through profit or loss										
Loans	5	1	–	–	–	(6)	–	–	–	2
	5	1	–	–	–	(6)	–	–	–	2
Available-for-sale securities										
Government and government-related securities										
Canadian government debt Provinces	51	1	–	–	–	–	–	(52)	–	1
Other OECD government guaranteed debt	5	–	–	–	–	2	–	–	7	–
Other debt securities										
Asset-backed securities	–	–	(44)	–	–	43	502	–	501	(44)
Corporate and other debt	19	3	5	–	–	(3)	242	(119)	147	5
Equity securities										
Common shares	1,303	91	2	404	–	(225)	–	–	1,575	40
Preferred shares	141	(34)	(12)	–	–	(1)	–	–	94	(12)
Debt securities reclassified from trading	309	29	28	–	–	(68)	38	(54)	282	28
	$ 1,828	$ 90	$ (21)	$ 404	$ –	$ (252)	$ 782	$ (225)	$ 2,606	$ 18

	Fair value as at November 1 2014	Total realized and unrealized losses (gains) Included in income[1]	Total realized and unrealized losses (gains) Included in OCI	Movements Purchases	Movements Issuances	Movements Other[2]	Transfers Into Level 3	Transfers Out of Level 3	Fair value as at October 31 2015	Change in unrealized losses (gains) on instruments still held[3]
FINANCIAL LIABILITIES										
Trading deposits	$ 1,631	$ 6	$ –	$ –	$ 834	$ (591)	$ –	$ –	$ 1,880	$ (13)
Derivatives[4]										
Interest rate contracts	81	2	–	–	–	5	–	–	88	4
Foreign exchange contracts	(2)	(2)	–	–	–	–	(3)	6	(1)	1
Credit contracts	–	(4)	–	–	–	–	–	–	(4)	(4)
Equity contracts	504	(63)	–	(96)	194	(124)	–	(18)	397	(66)
Commodity contracts	4	26	–	–	–	(25)	(2)	–	3	7
	587	(41)	–	(96)	194	(144)	(5)	(12)	483	(58)
Other financial liabilities designated at fair value through profit or loss	8	(40)	–	–	90	(45)	–	–	13	(46)
Obligations related to securities sold short	$ 34	$ –	$ –	$ (78)	$ –	$ 105	$ –	$ (2)	$ 59	$ –

1 Gains (losses) on financial assets and liabilities are recognized in Net securities gains (losses), Trading income (loss), and Other income (loss) on the Consolidated Statement of Income.
2 Consists of sales, settlements, and foreign exchange.
3 Changes in unrealized gains (losses) on available-for-sale securities are recognized in accumulated other comprehensive income.
4 As at October 31, 2015, consists of derivative assets of $0.6 billion (November 1, 2014 – $1.1 billion) and derivative liabilities of $1.1 billion (November 1, 2014 – $1.6 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 2013	Total realized and unrealized gains (losses)		Movements			Transfers		Fair value as at October 31 2014	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										
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)	–	–
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										
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 (loss), and Other income (loss) on the Consolidated Statement of Income.
2 Consists of sales, settlements, and foreign exchange.
3 Changes in unrealized gains (losses) on 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.

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. For debt securities, the price equivalent is expressed in 'points', and represents a percentage of the par amount, and prices at the lower end of the range are generally a result of securities that are written down. For equity securities, the price equivalent is based on a percentage of a proxy price. There may be wide ranges depending on the liquidity of the securities. New issuances of debt and equity securities are priced at 100% of the issue price.

Credit Spread

Credit spread is a significant input used in the valuation of many derivatives. It is the primary reflection of the creditworthiness of a counterparty and represents the premium or yield return above the benchmark reference that a bond holder would require in order to allow for the credit quality difference between the entity and the reference benchmark. An increase/(decrease) in credit spread will (decrease)/increase the value of financial instrument. Credit spread may be negative where the counterparty is more credit worthy than the benchmark against which the spread is calculated. A wider credit spread represents decreasing creditworthiness.

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 and certain retained interests. Earnings multiples are selected based on comparable entities and a higher multiple will result in a higher fair value. Discount rates are applied to cash flow forecasts to reflect time value of money and the risks associated with the cash flows. A higher discount rate will result in a lower fair value. Liquidity discounts may be applied as a result of the difference in liquidity between the comparable entity and the equity securities being valued.

Currency Specific Swap Curve

The fair value of foreign exchange contracts is determined using inputs such as foreign exchange spot rates and swap curves. Generally swap curves are observable, but there may be certain durations or currency specific foreign exchange spot and currency specific swap curves that are not observable.

Dividend Yield

Dividend yield is a key input for valuing equity contracts and is generally expressed as a percentage of the current price of the stock. Dividend yields can be derived from the repo or forward price of the actual stock being fair valued. Spot dividend yields can also be obtained from pricing sources, if it can be demonstrated that spot yields are a good indication of future dividends.

Inflation Rate Swap Curve

The fair value of inflation rate swap contracts is a swap between the interest rate curve and the inflation Index. The inflation rate swap spread is not observable and is determined using proxy inputs such as inflation index rates and Consumer Price Index (CPI) bond yields. Generally swap curves are observable; however, there may be instances where certain specific swap curves are not observable.

Valuation techniques and inputs used in the fair value measurement of Level 3 assets and liabilities

The following tables present the Bank's assets and liabilities recognized at fair value and classified as Level 3, together with the valuation techniques used to measure fair value, the significant inputs used in the valuation technique that are considered unobservable, and a range of values for those unobservable inputs. The range of values represents the highest and lowest inputs used in calculating the fair value.

Valuation Techniques and Inputs Used in the Fair Value Measurement of Level 3 Assets and Liabilities

As at

			October 31, 2015		October 31, 2014		
	Valuation technique	**Significant unobservable inputs (Level 3)**	**Lower range**	**Upper range**	Lower range	Upper range	**Unit**
Government and government-related securities	**Market comparable**	**Bond price equivalent**	**55**	**136**	100	101	**points**
Other debt securities	**Market comparable**	**Bond price equivalent**	**–**	**128**	–	132	**points**
Equity securities[1]	**Market comparable**	**New issue price**	**100**	**100**	100	100	**%**
	Discounted cash flow	**Discount rate**	**8**	**20**	1	23	**%**
	EBITDA multiple	**Earnings multiple**	**4.6**	**22**	5.3	25	**times**
	Market comparable	**Price equivalent**	**52**	**117**	78	118	**%**
Retained interests	**Discounted cash flow**	**Prepayment and liquidation rates**	**–**	**–**	–	10	**%**
		Discount rates	**280**	**360**	326	427	**bps**[2]
Other financial assets designated at fair value through profit or loss	**Market comparable**	**Bond price equivalent**	**n/a**[3]	**n/a**[3]	105	105	**points**
Derivatives							
Interest rate contracts	**Swaption model**	**Currency specific volatility**	**17**	**292**	8	188	**%**
	Discounted cash flow	**Inflation rate swap curve**	**1**	**2**	1	2	**%**
Foreign exchange contracts	**Option model**	**Currency specific volatility**	**8**	**12**	6	18	**%**
Credit contracts	**Discounted cash flow**	**Credit spread**	**7**	**55**	5	103	**bps**[2]
Equity contracts	**Option model**	**Price correlation**	**10**	**90**	14	85	**%**
		Quanto correlation	**(38)**	**17**	(40)	17	**%**
		Dividend yield	**–**	**12**	–	11	**%**
		Equity volatility	**6**	**94**	11	80	**%**
Commodity contracts	**Option model**	**Quanto correlation**	**(45)**	**(25)**	(45)	(25)	**%**
		Swaption correlation	**24**	**36**	34	46	**%**
Trading deposits	**Option model**	**Price correlation**	**(23)**	**98**	–	98	**%**
		Quanto correlation	**(38)**	**17**	(45)	18	**%**
		Dividend yield	**–**	**14**	–	11	**%**
		Equity volatility	**6**	**116**	10	68	**%**
	Swaption model	**Currency specific volatility**	**17**	**292**	8	188	**%**
Other financial liabilities designated at fair value through profit or loss	**Option model**	**Funding ratio**	**1**	**72**	3	72	**%**
Obligations related to securities sold short	**Market comparable**	**New issue price**	**100**	**100**	100	100	**%**

1 As at October 31, 2015, common shares exclude the fair value of Federal Reserve stock and Federal Home Loan Bank stock of $1.3 billion (October 31, 2014 – $1.0 billion) which are redeemable by the issuer at cost which approximates fair value. These securities cannot be traded in the market, hence, these securities have not been subjected to the sensitivity analysis.
2 Basis points.
3 Not applicable.

The following table summarizes the potential effect of using reasonably possible alternative assumptions for financial assets and financial liabilities held, that are classified in Level 3 of the fair value hierarchy as at October 31. For interest rate derivatives, the Bank performed a sensitivity analysis on the unobservable implied volatility. For credit 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, 2015		October 31, 2014	
	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	**$ 6**	**$ 6**	$ –	$ –
Retained interests	**2**	**–**	3	–
	8	**6**	3	–
Derivatives				
Equity contracts	**24**	**33**	21	22
	24	**33**	21	22
Available-for-sale securities				
Other debt securities				
Corporate and other debt	**3**	**3**	2	–
Equity securities				
Common shares	**52**	**16**	54	20
Preferred shares	**5**	**5**	8	8
Debt securities reclassified from trading	**4**	**4**	4	4
	64	**28**	68	32
FINANCIAL LIABILITIES				
Trading deposits	**13**	**17**	6	10
Derivatives				
Interest rate contracts	**29**	**14**	20	16
Equity contracts	**54**	**40**	32	31
	83	**54**	52	47
Other financial liabilities designated at fair value through profit or loss	**2**	**2**	1	1
Obligations related to securities sold short	**1**	**1**	**–**	**–**
Total	**$ 195**	**$ 141**	$ 151	$ 112

The best evidence of a financial instrument's fair value at initial recognition is its transaction price unless the fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument (that is, without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. Consequently, the difference between the fair value using other observable current market transactions or a valuation technique and the transaction price results in an unrealized gain or loss at initial recognition.

The difference between the transaction price at initial recognition and the value determined at that date using a valuation technique is not recognized in income until the significant non-observable inputs in the valuation technique used to value the instruments become observable. The following table summarizes the aggregate difference yet to be recognized in net income due to the difference between the transaction price and the amount determined using valuation techniques with significant non-observable market inputs at initial recognition.

(millions of Canadian dollars)	*For the years ended October 31*	
	2015	2014
Balance as at beginning of year	**$ 33**	$ 41
New transactions	**57**	44
Recognized in the Consolidated Statement of Income during the year	**(60)**	(52)
Balance as at end of year	**$ 30**	$ 33

FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE

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 do not impact the determination of fair value.

As at October 31, 2015, the Bank had no outstanding securitization liabilities designated at fair value through profit or loss as the remaining securitization liabilities matured during the year. As at October 31, 2014, 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.

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 contractual maturity amounts for the deposits designated at fair value through profit or loss were $4 million less than the carrying amount as at October 31, 2015 (October 31, 2014 – $5 million less than the carrying amount). As at October 31, 2015, the fair value of deposits designated at fair value through profit or loss includes $1 million of the Bank's own credit risk (October 31, 2014 – $5 million). Due to the short-term nature of the 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, 2015, the income (loss) representing net changes in the fair value of financial assets and liabilities designated at fair value through profit or loss was $(16) million (2014 – $55 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, but for which fair value is disclosed.

Fair Value Hierarchy for Assets and Liabilities not carried at Fair Value [1]

(millions of Canadian dollars)								*As at*
	October 31, 2015				October 31, 2014			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
ASSETS								
Cash and due from banks	**$ 3,154**	**$ –**	**$ –**	**$ 3,154**	$ 2,781	$ –	$ –	$ 2,781
Interest-bearing deposits with banks	**–**	**42,483**	**–**	**42,483**	–	43,773	–	43,773
Held-to-maturity securities								
Government and government-related securities	**–**	**44,095**	**–**	**44,095**	–	34,371	–	34,371
Other debt securities	**–**	**30,647**	**–**	**30,647**	–	22,955	–	22,955
Total held-to-maturity securities	**–**	**74,742**	**–**	**74,742**	–	57,326	–	57,326
Securities purchased under reverse repurchase agreements	**–**	**84,163**	**–**	**84,163**	–	74,402	–	74,402
Loans	**–**	**197,568**	**347,294**	**544,862**	–	189,331	290,983	480,314
Debt securities classified as loans	**–**	**528**	**1,638**	**2,166**	–	984	1,746	2,730
Total Loans	**–**	**198,096**	**348,932**	**547,028**	–	190,315	292,729	483,044
Other								
Customers' liability under acceptances	**–**	**16,646**	**–**	**16,646**	–	13,080	–	13,080
Amounts receivables from brokers, dealers, and clients	**–**	**21,996**	**–**	**21,996**	–	17,130	–	17,130
Other assets	**–**	**4,010**	**237**	**4,247**	–	3,121	469	3,590
Total assets with fair value disclosures	**$ 3,154**	**$ 442,136**	**$ 349,169**	**$ 794,459**	$ 2,781	$ 399,147	$ 293,198	$ 695,126
LIABILITIES								
Deposits	**$ –**	**$ 697,376**	**$ –**	**$ 697,376**	$ –	$ 601,705	$ –	$ 601,705
Acceptances	**–**	**16,646**	**–**	**16,646**	–	13,080	–	13,080
Obligations related to securities sold under repurchase agreements	**–**	**54,780**	**–**	**54,780**	–	44,870	–	44,870
Securitization liabilities at amortized cost	**–**	**23,156**	**–**	**23,156**	–	25,271	–	25,271
Amounts payable to brokers, dealers, and clients	**–**	**22,664**	**–**	**22,664**	–	18,195	–	18,195
Other liabilities	**–**	**7,001**	**825**	**7,826**	–	9,204	754	9,958
Subordinated notes and debentures	**–**	**8,992**	**–**	**8,992**	–	8,358	–	8,358
Total liabilities with fair value disclosures	**$ –**	**$ 830,615**	**$ 825**	**$ 831,440**	$ –	$ 720,683	$ 754	$ 721,437

1 Certain comparative amounts have been restated, where applicable, as a result of the implementation of the 2015 IFRS Standards and Amendments. Refer to Note 4 for further details.

NOTE 6: OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Bank enters into netting agreements with counterparties (such as clearing houses) to manage the credit risks associated primarily with repurchase and reverse repurchase transactions, securities borrowing and lending, and OTC and exchange-traded derivatives. These netting agreements and similar arrangements generally allow the counterparties to set-off liabilities against available assets received. The right to set-off is a legal right to settle or otherwise eliminate all or a portion of an amount due by applying against that amount an amount receivable from the other party. These agreements effectively reduce the Bank's credit exposure by what it would have been if those same counterparties were liable for the gross exposure on the same underlying contracts.

Netting arrangements are typically constituted by a master netting agreement which specifies the general terms of the agreement between the counterparties, including information on the basis of the netting calculation, types of collateral, and the definition of default and other termination events for transactions executed under the agreement. The master netting agreements contain the terms and conditions by which all (or as many as possible) relevant transactions between the counterparties are governed. Multiple individual transactions are subsumed under this general master netting agreement, forming a single legal contract under which the counterparties conduct their relevant mutual business. In addition to the mitigation of credit risk, placing individual transactions under a single master netting agreement that provides for netting of transactions in scope also helps to mitigate settlement risks associated with transacting in multiple jurisdictions or across multiple contracts. These arrangements include clearing agreements, global master repurchase agreements, and global master securities lending agreements.

In the normal course of business, the Bank enters into numerous contracts to buy and sell goods and services from various suppliers. Some of these contracts may have netting provisions that allow for the offset of various trade payables and receivables in the event of default of one of the parties. While these are not disclosed in the following table, the gross amount of all payables and receivables to and from the Bank's vendors is disclosed in the Other assets note in accounts receivable and other items and in the Other liabilities note in accounts payable, accrued expenses, and other items.

The Bank also enters into regular way purchases and sales of stocks and bonds. Some of these transactions may have netting provisions that allow for the offset of broker payables and broker receivables related to these purchases and sales. While these are not disclosed in the following table, the amount of receivables are disclosed in Amounts receivable from brokers, dealers, and clients and payables are disclosed in Amounts payable to brokers, dealers, and clients.

The following table provides a summary of the financial assets and liabilities which are subject to enforceable master netting agreements and similar arrangements, including amounts not otherwise set off in the balance sheet, as well as financial collateral received to mitigate credit exposures for these financial assets and liabilities. The gross financial assets and liabilities are reconciled to the net amounts presented within the associated balance sheet line, after giving effect to transactions with the same counterparties that have been offset in the balance sheet. Related amounts and collateral received that are not offset on the balance sheet, but are otherwise subject to the same enforceable netting agreements and similar arrangements, are then presented to arrive at a net amount.

Offsetting Financial Assets and Financial Liabilities [1]

(millions of Canadian dollars)

						As at **October 31, 2015**
				Amounts subject to an enforceable master netting arrangement or similar agreement that are not set-off in the Consolidated Balance Sheet[2,3]		
	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	**$ 96,632**	**$ 27,194**	**$ 69,438**	**$ 39,962**	**$ 18,602**	**$ 10,874**
Securities purchased under reverse repurchase agreements	**113,007**	**15,643**	**97,364**	**6,705**	**90,538**	**121**
Total	**209,639**	**42,837**	**166,802**	**46,667**	**109,140**	**10,995**
Financial Liabilities						
Derivatives	**84,412**	**27,194**	**57,218**	**39,962**	**11,966**	**5,290**
Obligations related to securities sold under repurchase agreements	**82,799**	**15,643**	**67,156**	**6,705**	**60,445**	**6**
Total	**$ 167,211**	**$ 42,837**	**$ 124,374**	**$ 46,667**	**$ 72,411**	**$ 5,296**

						October 31, 2014
Financial Assets						
Derivatives	$ 69,921	$ 14,125	$ 55,796	$ 39,783	$ 8,278	$ 7,735
Securities purchased under reverse repurchase agreements	94,877	12,321	82,556	14,021	68,457	78
Total	164,798	26,446	138,352	53,804	76,735	7,813
Financial Liabilities						
Derivatives	65,334	14,125	51,209	39,783	6,353	5,073
Obligations related to securities sold under repurchase agreements	65,433	12,321	53,112	14,021	39,088	3
Total	**$** 130,767	$ 26,446	$ 104,321	$ 53,804	$ 45,441	$ 5,076

1 Certain comparative amounts have been restated, where applicable, as a result of the implementation of the 2015 IFRS Standards and Amendments. Refer to Note 4 for further details.
2 Excess collateral as a result of overcollateralization has not been reflected in the table.
3 Includes amounts where the contractual set-off rights are subject to uncertainty under the laws of the relevant jurisdiction.

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 $451 million as at October 31, 2015 (October 31, 2014 – $646 million). For the year ended October 31, 2015, net interest income of $27 million after tax (October 31, 2014 – $41 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, 2015, of $4 million after tax (October 31, 2014 – decrease of $18 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, 2015, of $4 million after tax (October 31, 2014 – decrease of $18 million after tax). During the year ended October 31, 2015, reclassified debt securities with a fair value of $312 million (October 31, 2014 – $331 million) were sold or matured, and $13 million after tax (October 31, 2014 – $17 million after tax) was recorded in net securities gains during the year ended October 31, 2015.

RECLASSIFICATIONS 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.

Reclassifications from Available-for-Sale to Held-to-Maturity Securities

(millions of Canadian dollars, except as noted)

		October 31, 2015		October 31, 2014		*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**	**$ 4,248**	**$ 4,219**	$ 6,845	$ 6,805	1.8 %	$ 11,341
September 23, 2013	**9,854**	**8,995**	**8,916**	9,790	9,728	1.9	10,742
November 1, 2013	**21,597**	**22,532**	**22,637**	21,949	21,863	1.1	24,519
Other reclassifications[1]	**5,044**	**5,085**	**5,121**	–	–	3.0	5,859

1 Represents reclassifications completed during the year ended October 31, 2015. The change in fair value of these securities recorded in other comprehensive income for the year ended October 31, 2015, was a decrease of $4.3 million (October 31, 2014 – $8.0 million increase).

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 a decrease of $275 million during the year ended October 31, 2015 (October 31, 2014 – an increase of $53 million). After the reclassification, the debt securities contributed the following amounts to net income.

(millions of Canadian dollars)	*For the years ended*	
	October 31, 2015	October 31, 2014
Net interest income[1]	**$ 540**	$ 541
Net income before income taxes	**540**	541
Provision for (recovery of) income taxes	**199**	192
Net income	**$ 341**	$ 349

1 Includes amortization of net unrealized gains of $46 million during the year ended October 31, 2015 (October 31, 2014 – $86 million), associated with these reclassified held-to-maturity securities that is presented as Reclassification to earnings of net 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)

							As at	
							October 31 2015	October 31 2014
	Remaining terms to maturities[1]							
	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	**$ 4,591**	**$ 2,954**	**$ 717**	**$ 2,932**	**$ 859**	**$ –**	**$ 12,053**	$ 12,531
Provinces	**2,006**	**622**	**390**	**1,299**	**1,828**	**–**	**6,145**	5,454
U.S. federal, state, municipal governments, and agencies debt	**3,983**	**2,403**	**1,844**	**5,664**	**1,826**	**–**	**15,720**	8,698
Other OECD government-guaranteed debt	**2,162**	**1,306**	**388**	**258**	**85**	**–**	**4,199**	3,427
Mortgage-backed securities								
Residential	**81**	**265**	**553**	**–**	**–**	**–**	**899**	713
Commercial	**25**	**15**	**15**	**61**	**4**	**–**	**120**	76
	12,848	**7,565**	**3,907**	**10,214**	**4,602**	**–**	**39,136**	30,899
Other debt securities								
Canadian issuers	**487**	**564**	**607**	**699**	**258**	**–**	**2,615**	2,825
Other issuers	**3,293**	**2,661**	**864**	**696**	**36**	**–**	**7,550**	6,194
	3,780	**3,225**	**1,471**	**1,395**	**294**	**–**	**10,165**	9,019
Equity securities								
Common shares	**–**	**–**	**–**	**–**	**–**	**29,566**	**29,566**	45,871
Preferred shares	**–**	**–**	**–**	**–**	**–**	**38**	**38**	40
	–	**–**	**–**	**–**	**–**	**29,604**	**29,604**	45,911
Retained interests	**–**	**3**	**1**	**26**	**8**	**–**	**38**	48
Total trading securities	**$ 16,628**	**$ 10,793**	**$ 5,379**	**$ 11,635**	**$ 4,904**	**$ 29,604**	**$ 78,943**	$ 85,877

Securities Maturity Schedule (continued)

(millions of Canadian dollars)	Remaining terms to maturities[1]						As at	
							October 31 2015	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	With no specific maturity	Total	Total
Securities designated at fair value through profit or loss (FVO securities)								
Government and government-related securities								
Canadian government debt								
Federal	$ 836	$ 12	$ –	$ –	$ 36	$ –	$ 884	$ 2,498
Provinces	–	26	5	212	326	–	569	552
Other OECD government-guaranteed debt	611	258	71	–	–	–	940	609
	1,447	296	76	212	362	–	2,393	3,659
Other debt securities								
Canadian issuers	38	111	198	552	45	–	944	428
Other issuers	223	459	182	–	–	–	864	471
	261	570	380	552	45	–	1,808	899
Equity securities								
Common shares	–	–	–	–	–	177	177	182
	–	–	–	–	–	177	177	182
Total FVO securities	$ 1,708	$ 866	$ 456	$ 764	$ 407	$ 177	$ 4,378	$ 4,740
Available-for-sale securities								
Government and government-related securities								
Canadian government debt								
Federal	$ 161	$ 3,928	$ 7,653	$ 2,689	$ –	$ –	$ 14,431	$ 8,404
Provinces	454	1,935	1,911	2,876	9	–	7,185	4,545
U.S. federal, state, municipal governments, and agencies debt	547	1,051	2,153	12,338	6,496	–	22,585	12,130
Other OECD government-guaranteed debt	1,866	1,224	4,145	4,420	–	–	11,655	3,322
Mortgage-backed securities	456	1,540	2,064	–	–	–	4,060	3,306
	3,484	9,678	17,926	22,323	6,505	–	59,916	31,707
Other debt securities								
Asset-backed securities	1,688	1,103	1,975	6,113	5,883	–	16,762	18,903
Non-agency collateralized mortgage obligation portfolio	–	–	–	–	916	–	916	1,722
Corporate and other debt	1,221	4,513	2,456	433	142	–	8,765	8,099
	2,909	5,616	4,431	6,546	6,941	–	26,443	28,724
Equity securities								
Common shares	–	–	–	–	–	1,858	1,858	1,760
Preferred shares	–	–	–	–	–	114	114	171
	–	–	–	–	–	1,972	1,972	1,931
Debt securities reclassified from trading	85	78	23	208	57	–	451	646
Total available-for-sale securities	$ 6,478	$ 15,372	$ 22,380	$ 29,077	$ 13,503	$ 1,972	$ 88,782	$ 63,008
Held-to-maturity securities								
Government and government-related securities								
Canadian government debt								
Federal	$ 59	$ –	$ 915	$ –	$ –	$ –	$ 974	$ –
U.S. federal, state, municipal governments, and agencies debt	–	2,567	6,575	6,243	3,263	–	18,648	18,792
Other OECD government guaranteed debt	5,804	8,696	8,610	935	–	–	24,045	15,327
	5,863	11,263	16,100	7,178	3,263	–	43,667	34,119
Other debt securities								
Asset-backed securities	–	866	10,082	2,268	5,798	–	19,014	17,933
Non-agency collateralized mortgage obligation portfolio	–	–	–	–	6,158	–	6,158	610
Other issuers	878	2,625	1,760	348	–	–	5,611	4,315
	878	3,491	11,842	2,616	11,956	–	30,783	22,858
Total held-to-maturity securities	6,741	14,754	27,942	9,794	15,219	–	74,450	56,977
Total securities	$ 31,555	$ 41,785	$ 56,157	$ 51,270	$ 34,033	$ 31,753	$ 246,553	$ 210,602

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

Unrealized Securities Gains (Losses)

The following table summarizes the unrealized gains and losses as at October 31.

Unrealized Securities Gains (Losses) for Available-for-Sale Securities

(millions of Canadian dollars)								*As at*
	October 31, 2015				October 31, 2014			
	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	**$ 14,450**	**$ 42**	**$ (61)**	**$ 14,431**	$ 8,355	$ 50	$ (1)	$ 8,404
Provinces	**7,233**	**19**	**(67)**	**7,185**	4,518	29	(2)	4,545
U.S. federal, state, municipal governments, and agencies debt	**22,526**	**169**	**(110)**	**22,585**	11,950	208	(28)	12,130
Other OECD government guaranteed debt	**11,713**	**4**	**(62)**	**11,655**	3,313	11	(2)	3,322
Mortgage-backed securities	**4,021**	**49**	**(10)**	**4,060**	3,256	50	–	3,306
	59,943	**283**	**(310)**	**59,916**	31,392	348	(33)	31,707
Other debt securities								
Asset-backed securities	**16,921**	**15**	**(174)**	**16,762**	18,831	84	(12)	18,903
Non-agency collateralized mortgage obligation portfolio	**921**	**2**	**(7)**	**916**	1,713	9	–	1,722
Corporate and other debt	**8,770**	**75**	**(80)**	**8,765**	8,008	117	(26)	8,099
	26,612	**92**	**(261)**	**26,443**	28,552	210	(38)	28,724
Equity securities								
Common shares	**1,770**	**118**	**(30)**	**1,858**	1,642	131	(13)	1,760
Preferred shares	**112**	**6**	**(4)**	**114**	153	18	–	171
	1,882	**124**	**(34)**	**1,972**	1,795	149	(13)	1,931
Debt securities reclassified from trading	**420**	**33**	**(2)**	**451**	596	55	(5)	646
Total available-for-sale securities	**$ 88,857**	**$ 532**	**$ (607)**	**$ 88,782**	$ 62,335	$ 762	$ (89)	$ 63,008

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, 2015, and October 31, 2014, 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

(millions of Canadian dollars)	*As at*					
	October 31, 2015					
	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	**$ 13,618**	**$ 61**	**$ 131**	**$ –**	**$ 13,749**	**$ 61**
Provinces	**6,800**	**67**	**–**	**–**	**6,800**	**67**
U.S. federal, state and municipal governments, and agencies debt	**12,848**	**95**	**1,056**	**15**	**13,904**	**110**
Other OECD government-guaranteed debt	**8,973**	**62**	**–**	**–**	**8,973**	**62**
Mortgage-backed securities						
Residential	**1,348**	**10**	**–**	**–**	**1,348**	**10**
	43,587	**295**	**1,187**	**15**	**44,774**	**310**
Other debt securities						
Asset-backed securities	**11,038**	**130**	**2,165**	**51**	**13,203**	**181**
Corporate and other debt	**4,497**	**57**	**659**	**23**	**5,156**	**80**
	15,535	**187**	**2,824**	**74**	**18,359**	**261**
Equity securities						
Common shares	**171**	**30**	**–**	**–**	**171**	**30**
Preferred shares	**21**	**4**	**–**	**–**	**21**	**4**
	192	**34**	**–**	**–**	**192**	**34**
Debt securities reclassified from trading	**74**	**2**	**–**	**–**	**74**	**2**
Total	**$ 59,388**	**$ 518**	**$ 4,011**	**$ 89**	**$ 63,399**	**$ 607**

	October 31, 2014					
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

Securities Gains (Losses)

The following table summarizes the net securities gains and losses as at October 31.

Net Securities Gains (Losses)

(millions of Canadian dollars)	*For the years ended October 31*		
	2015	2014	2013
Net realized gains (losses)			
Available-for-sale securities	**$ 124**	$ 183	$ 312
Impairment losses			
Available-for-sale securities[1]	**(45)**	(10)	(8)
Total	**$ 79**	$ 173	$ 304

1 None of the impairment losses for the years ended October 31, 2015, and October 31, 2014, related to debt securities in the reclassified portfolio as described in the "Reclassification of Certain Debt Securities – Trading to Available-for-Sale" section of this 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 as at October 31.

Loans, Impaired Loans, and Allowance for Loan Losses

(millions of Canadian dollars) *As at*

	October 31, 2015								
	Gross loans				Allowance for loan losses[1]				
	Neither past due nor impaired	Past due but not impaired	Impaired[2]	Total	Counter-party specific	Individually insignificant impaired loans	Incurred but not identified loan losses	Total allowance for loan losses	Net loans
Residential mortgages[3,4,5]	$ 208,802	$ 2,343	$ 786	$ 211,931	$ –	$ 47	$ 58	$ 105	$ 211,826
Consumer instalment and other personal[6]	128,123	5,923	1,278	135,324	–	136	632	768	134,556
Credit card	28,148	1,761	306	30,215	–	217	897	1,114	29,101
Business and government[3,4,5]	163,840	1,990	874	166,704	156	28	916	1,100	165,604
	$ 528,913	$ 12,017	$ 3,244	$ 544,174	$ 156	$ 428	$ 2,503	$ 3,087	$ 541,087
Debt securities classified as loans				2,187	207	–	57	264	1,923
Acquired credit-impaired loans				1,414	6	77	–	83	1,331
Total				$ 547,775	$ 369	$ 505	$ 2,560	$ 3,434	$ 544,341

	October 31, 2014								
Residential mortgages[3,4,5]	$ 195,466	$ 2,242	$ 752	$ 198,460	$ –	$ 22	$ 48	$ 70	$ 198,390
Consumer instalment and other personal[6]	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[3,4,5]	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

1 Excludes allowance for off-balance sheet positions.
2 As at October 31, 2015, impaired loans exclude $1.2 billion (October 31, 2014 – $1.2 billion) of gross impaired debt securities classified as loans.
3 Excludes trading loans with a fair value of $11 billion as at October 31, 2015 (October 31, 2014 – $10 billion), and amortized cost of $10 billion as at October 31, 2015 (October 31, 2014 – $10 billion), and loans designated at fair value through profit or loss of nil as at October 31, 2015 (October 31, 2014 – $5 million). No allowance is recorded for trading loans or loans designated at fair value through profit or loss.
4 Includes insured mortgages of $126 billion as at October 31, 2015 (October 31, 2014 – $131 billion).
5 As at October 31, 2015, impaired loans with a balance of $419 million did not have a related allowance for loan losses (October 31, 2014 – $435 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.
6 Includes Canadian government-insured real estate personal loans of $21 billion as at October 31, 2015 (October 31, 2014 – $24 billion).

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 $134 million as at October 31, 2015 (October 31, 2014 – $180 million), and were recorded in Other assets on the Consolidated Balance Sheet.

The following table presents information related to the Bank's impaired loans as at October 31.

Impaired Loans[1]

(millions of Canadian dollars) *As at*

	October 31, 2015				October 31, 2014			
	Unpaid principal balance[2]	Carrying value	Related allowance for credit losses	Average gross impaired loans	Unpaid principal balance[2]	Carrying value	Related allowance for credit losses	Average gross impaired loans
Residential mortgages	$ 844	$ 786	$ 47	$ 790	$ 807	$ 752	$ 22	$ 740
Consumer instalment and other personal	1,437	1,278	136	1,045	977	853	110	796
Credit card	306	306	217	294	294	294	199	292
Business and government	978	874	184	866	978	832	156	910
Total	$ 3,565	$ 3,244	$ 584	$ 2,995	$ 3,056	$ 2,731	$ 487	$ 2,738

1 Excludes ACI loans and debt securities classified as loans.
2 Represents contractual amount of principal owed.

The changes to the Bank's allowance for credit losses, as at and 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 2014	Provision for credit losses	Write-offs	Recoveries	Disposals	Foreign exchange and other adjustments	Balance as at October 31 2015
Counterparty-specific allowance							
Business and government	$ 134	$ 57	$ (73)	$ 42	$ (3)	$ (1)	$ 156
Debt securities classified as loans	213	(27)	(13)	–	–	34	207
Total counterparty-specific allowance excluding acquired credit-impaired loans	347	30	(86)	42	(3)	33	363
Acquired credit-impaired loans[1,2]	8	(6)	(1)	10	–	(5)	6
Total counterparty-specific allowance	355	24	(87)	52	(3)	28	369
Collectively assessed allowance for individually insignificant impaired loans							
Residential mortgages	22	49	(39)	12	–	3	47
Consumer instalment and other personal	110	577	(809)	249	–	9	136
Credit card	199	832	(1,092)	237	–	41	217
Business and government	22	85	(125)	42	–	4	28
Total collectively assessed allowance for individually insignificant impaired loans excluding acquired credit-impaired loans	353	1,543	(2,065)	540	–	57	428
Acquired credit-impaired loans[1,2]	89	(30)	(5)	9	–	14	77
Total collectively assessed allowance for individually insignificant impaired loans	442	1,513	(2,070)	549	–	71	505
Collectively assessed allowance for incurred but not identified credit losses							
Residential mortgages	48	4	–	–	–	6	58
Consumer instalment and other personal	602	3	–	–	–	52	657
Credit card	924	40	–	–	–	65	1,029
Business and government	872	110	–	–	–	90	1,072
Debt securities classified as loans	59	(11)	–	–	–	9	57
Total collectively assessed allowance for incurred but not identified credit losses	2,505	146	–	–	–	222	2,873
Allowance for credit losses							
Residential mortgages	70	53	(39)	12	–	9	105
Consumer instalment and other personal	712	580	(809)	249	–	61	793
Credit card	1,123	872	(1,092)	237	–	106	1,246
Business and government	1,028	252	(198)	84	(3)	93	1,256
Debt securities classified as loans	272	(38)	(13)	–	–	43	264
Total allowance for credit losses excluding acquired credit-impaired loans	3,205	1,719	(2,151)	582	(3)	312	3,664
Acquired credit-impaired loans[1,2]	97	(36)	(6)	19	–	9	83
Total allowance for credit losses	3,302	1,683	(2,157)	601	(3)	321	3,747
Less: Allowance for off-balance sheet positions[3]	274	19	–	–	–	20	313
Allowance for loan losses	$ 3,028	$ 1,664	$ (2,157)	$ 601	$ (3)	$ 301	$ 3,434

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 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.

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, 2015, there were $3 billion (October 31, 2014 – $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 table.

Loans Past Due but not Impaired [1]

(millions of Canadian dollars)

	October 31, 2015				*As at* October 31, 2014			
	1-30 days	**31-60 days**	**61-89 days**	**Total**	1-30 days	31-60 days	61-89 days	Total
Residential mortgages	**$ 1,511**	**$ 729**	**$ 103**	**$ 2,343**	$ 1,406	$ 724	$ 112	$ 2,242
Consumer instalment and other personal	**5,023**	**702**	**198**	**5,923**	4,577	666	163	5,406
Credit card	**1,317**	**287**	**157**	**1,761**	1,254	279	161	1,694
Business and government	**1,829**	**123**	**38**	**1,990**	1,041	107	53	1,201
Total	**$ 9,680**	**$ 1,841**	**$ 496**	**$ 12,017**	$ 8,278	$ 1,776	$ 489	$ 10,543

1 Excludes all ACI loans and debt securities classified as loans.

COLLATERAL

As at October 31, 2015, the fair value of financial collateral held against loans that were past due but not impaired was $279 million (October 31, 2014 – $155 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.

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), Aeroplan, and Nordstrom Inc. (Nordstrom) and had outstanding unpaid principal balances of $6.3 billion, $2.1 billion, $874 million, $327 million, $143 million, $32 million, and $41 million, respectively, and fair values of $5.6 billion, $1.9 billion, $794 million, $129 million, $85 million, $10 million, and nil, respectively, at the acquisition dates.

Acquired Credit-Impaired Loans

(millions of Canadian dollars)		*As at*
	October 31 2015	October 31 2014
FDIC-assisted acquisitions		
Unpaid principal balance [1]	**$ 636**	$ 699
Credit related fair value adjustments [2]	**(12)**	(18)
Interest rate and other related premium/(discount)	**(23)**	(21)
Carrying value	**601**	660
Counterparty-specific allowance [3]	**(1)**	(2)
Allowance for individually insignificant impaired loans [3]	**(45)**	(49)
Carrying value net of related allowance – FDIC-assisted acquisitions [4]	**555**	609
South Financial		
Unpaid principal balance [1]	**853**	1,090
Credit related fair value adjustments [2]	**(18)**	(19)
Interest rate and other related premium/(discount)	**(22)**	(25)
Carrying value	**813**	1,046
Counterparty-specific allowance [3]	**(5)**	(6)
Allowance for individually insignificant impaired loans [3]	**(32)**	(40)
Carrying value net of related allowance – South Financial	**776**	1,000
Other [5]		
Unpaid principal balance [1]	**40**	36
Credit related fair value adjustments [2]	**(40)**	(29)
Carrying value	**–**	7
Allowance for individually insignificant impaired loans [3]	**–**	–
Carrying value net of related allowance – Other	**–**	7
Total carrying value net of related allowance – Acquired credit-impaired loans	**$ 1,331**	$ 1,616

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, Aeroplan, and Nordstrom.

FDIC COVERED LOANS

As at October 31, 2015, the balance of FDIC covered loans was $601 million (October 31, 2014 – $660 million) and was recorded in Loans on the Consolidated Balance Sheet. As at October 31, 2015, the balance of indemnification assets was $39 million (October 31, 2014 – $60 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 CMB program, sold to third-party investors, or are held by the Bank. The CHT issues CMB to third-party investors and uses resulting proceeds to purchase NHA MBS from the Bank and other mortgage issuers in the Canadian market. Assets purchased by the CHT are comingled in a single trust from which CMB are issued. The Bank continues to be exposed to substantially all of the risks of the underlying mortgages, through the retention of a seller swap which transfers principal and interest payment risk on the NHA MBS back to the Bank in return for coupon paid on the CMB issuance and as such, the sales do not qualify for derecognition.

The Bank securitizes U.S. originated 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 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. Refer to Note 10 for further details.

The following table summarizes the securitized asset types that did not qualify for derecognition, along with their associated securitization liabilities as at October 31.

Financial Assets Not Qualifying for Derecognition Treatment as Part of the Bank's Securitization Programs

(millions of Canadian dollars)			*As at*	
	October 31, 2015		October 31, 2014	
	Fair value	**Carrying amount**	Fair value	Carrying amount
Nature of transaction				
Securitization of residential mortgage loans	**$ 30,355**	**$ 30,211**	$ 33,792	$ 33,561
Securitization of business and government loans	**–**	**–**	2	2
Other financial assets transferred related to securitization [1]	**3,173**	**3,170**	2,321	2,321
Total	**33,528**	**33,381**	36,115	35,884
Associated liabilities[2]	**$ (34,142)**	**$ (33,729)**	$ (36,469)	$ (36,158)

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 $23 billion as at October 31, 2015 (October 31, 2014 – $25 billion), and securitization liabilities carried at fair value of $11 billion as at October 31, 2015 (October 31, 2014 – $11 billion).

Other Financial Assets Not Qualifying for Derecognition

The Bank enters into certain transactions where it transfers previously recognized commodities and financial assets, such as, debt and equity securities, but retains substantially all of the risks and rewards of those assets. These transferred assets are not derecognized and the transfers are accounted for as financing transactions. The most common transactions of this nature are repurchase agreements and securities lending agreements, in which the Bank retains substantially all of the associated credit, price, interest rate, and foreign exchange risks and rewards associated with the assets.

The following table summarizes the carrying amount of financial assets and the associated transactions that did not qualify for derecognition, as well as their associated financial liabilities as at October 31.

Other Financial Assets Not Qualifying for Derecognition

(millions of Canadian dollars)		*As at*
	October 31 2015	October 31 2014
Carrying amount of assets		
Nature of transaction		
Repurchase agreements [1,2]	**$ 24,708**	$ 19,924
Securities lending agreements	**14,239**	10,718
Total	**38,947**	30,642
Carrying amount of associated liabilities[2]	**$ 24,656**	$ 19,939

1 Includes $4.9 billion, as at October 31, 2015, of assets related to precious metals repurchase agreements (October 31, 2014 – $3.8 billion).

2 Associated liabilities are all related to repurchase agreements.

TRANSFERS OF FINANCIAL ASSETS QUALIFYING FOR DERECOGNITION

Transferred financial assets that are derecognized in their entirety where the Bank has a continuing involvement

Continuing involvement may arise if the Bank retains any contractual rights or obligations subsequent to the transfer of financial assets. Certain business and government loans securitized by the Bank are derecognized from the Bank's Consolidated Balance Sheet. In instances where the Bank fully derecognizes business and government loans, the Bank may be exposed to the risks of transferred loans through a retained interest. As at October 31, 2015, the fair value of retained interests was $38 million (October 31, 2014 – $44 million). There are no expected credit losses on the retained interests of the securitized business and government loans as the underlying mortgages are all government insured. A gain or loss on sale of the loans is recognized immediately in other income after considering the effect of hedge accounting on the assets sold, if applicable. The amount of the gain or loss recognized depends on the previous carrying values of the loans involved in the transfer, allocated between the assets sold and the retained interests based on their relative fair values at the date of transfer. For the year ended October 31, 2015, the trading income recognized on the retained interest was $3 million (October 31, 2014 – $3 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, 2015, the carrying value of these servicing rights was $20 million (October 31, 2014 – $16 million) and the fair value was $26 million (October 31, 2014 – $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, 2015, was $12 million (October 31, 2014 – $7 million).

NOTE 10: STRUCTURED ENTITIES

The Bank uses structured entities for a variety of purposes including: (1) to facilitate the transfer of specified risks to clients; (2) as financing vehicles for itself or for clients; or (3) to segregate assets on behalf of investors. The Bank is typically restricted from accessing the assets of the structured entity under the relevant arrangements.

The Bank is involved with structured entities that it sponsors, as well as entities sponsored by third-parties. Factors assessed when determining if the Bank is the sponsor of a structured entity include whether the Bank is the predominant user of the entity; whether the entity's branding or marketing identity is linked with the Bank; and whether the Bank provides an implicit or explicit guarantee of the entity's performance to investors or other third parties. The Bank is not considered to be the sponsor of a structured entity if it only provides arm's-length services to the entity, for example, by acting as administrator, distributor, custodian, or loan servicer. Sponsorship of a structured entity may indicate that the Bank had power over the entity at inception; however, this is not sufficient to determine if the Bank consolidates the entity. Regardless of whether or not the Bank sponsors an entity, consolidation is determined on a case-by-case basis.

SPONSORED STRUCTURED ENTITIES

The following section outlines the Bank's involvement with key sponsored structured entities.

Securitizations

The Bank securitizes its own assets and facilitates the securitization of client assets through structured entities, such as conduits, which issue 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. The Bank has no rights to the assets as they are owned by the securitization entity.

The Bank sponsors both single-seller and multi-seller securitization conduits. Depending on the specifics of the entity, the variable returns absorbed through ABCP may be significantly mitigated by variable returns retained by the sellers. The Bank provides liquidity facilities to certain single-seller and multi-seller conduits for the benefit of ABCP investors which are structured as loan facilities between the Bank, as the sole liquidity lender, and the Bank-sponsored trusts. If a trust experiences difficulty issuing ABCP due to illiquidity in the commercial market, the trust may draw on the loan facility, and use the proceeds to pay maturing ABCP. The liquidity facilities can only be drawn if preconditions are met ensuring that the Bank does not provide credit enhancement through the loan facilities to the conduit. The Bank's exposure to the variable returns of these conduits from its provision of liquidity facilities and any related commitments is mitigated by the sellers' continued exposure to variable returns, as described below. The Bank provides administration and securities distribution services to its sponsored securitization conduits, which may result in it holding an investment in the ABCP issued by these entities. In some cases, the Bank may also provide credit enhancements or may transact derivatives with securitization conduits. The Bank earns fees from the conduits which are recognized when earned.

The Bank sells assets to single-seller conduits which it controls and consolidates. Control results from the Bank's power over the entity's key economic decisions, predominantly, the mix of assets sold into the conduit and exposure to the variable returns of the transferred assets, usually through a derivative or the provision of credit mitigation in the form of cash reserves, over-collateralization, or guarantees over the performance of the entity's portfolio of assets.

Multi-seller conduits provide customers with alternate sources of financing through the securitization of their assets. These conduits are similar to single-seller conduits except that assets are received from more than one seller and comingled into a single portfolio of assets. The Bank is typically deemed to have power over the entity's key economic decisions, namely, the selection of sellers and related assets sold as well as other decisions related to the management of risk in the vehicle. Sellers of assets in multi-seller conduits typically continue to be exposed to the variable returns of their portion of transferred assets, through derivatives or the provision of credit mitigation. The Bank's exposure to the variable returns of multi-seller conduits from its provision of liquidity facilities and any related commitments is mitigated by the sellers' continued exposure to variable returns from the entity. While the Bank may have power over multi-seller conduits, it is not exposed to significant variable returns and does not consolidate such entities.

Investment Funds and Other Asset Management Entities

As part of its asset management business, the Bank creates investment funds and trusts (including mutual funds), enabling it to provide its clients with a broad range of diversified exposure to different risk profiles, in accordance with the client's risk appetite. Such entities may be actively managed or may be passively directed, for example, through the tracking of a specified index, depending on the entity's investment strategy. Financing for these entities is obtained through the issuance of securities to investors, typically in the form of fund units. Based on each entity's specific strategy and risk profile, the proceeds from this issuance are used by the entity to purchase a portfolio of assets. An entity's portfolio may contain investments in securities, derivatives, or other assets, including cash. At the inception of a new investment fund or trust, the Bank will typically invest an amount of seed capital in the entity, allowing it to establish a performance history in the market. Over time, the Bank sells its seed capital holdings to third-party investors, as the entity's AUM increases. As a result, the Bank's holding of seed capital investment in its own sponsored investment funds and trusts is typically not significant to the Consolidated Financial Statements. Aside from any seed capital investments, the Bank's interest in these entities is generally limited to fees earned for the provision of asset management services. The Bank does not typically provide guarantees over the performance of these funds.

The Bank also sponsors the TD Mortgage Fund (the “Fund”), which is a mutual fund containing a portfolio of Canadian residential mortgages sold by the Bank into the Fund. The Bank has a put option with the Fund under which it is required to repurchase defaulted mortgage loans at their carrying amount from the Fund. The Bank's exposure under this put option is mitigated as the mortgages in the Fund are collateralized and government guaranteed. In addition to the put option, the Bank provides a liquidity facility to the Fund for the benefit of fund unit investors. Under the liquidity facility, the Bank is obligated to repurchase mortgages at their fair value to enable the Fund to honour unit-holder redemptions in the event that the Fund experiences a liquidity event. During the year ended October 31, 2015, the fair value of the mortgages repurchased as a result of a liquidity event was $29 million (2014 – $84 million). Generally, the term of these agreements do not exceed five years. While the Bank has power over the 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 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 as noted in Note 9, and is not disclosed in the table accompanying this Note.

The Bank participates in the securitization programs sponsored by U.S. government agencies. The Bank is not exposed to significant variable returns from these agencies and does not have power over the key economic activities of the agencies, which are controlled by the U.S. government.

Investment Holdings and Derivatives

The Bank may hold interests in third-party structured entities, predominantly in the form of direct investments in securities or partnership interests issued by those structured entities, or through derivatives transacted with counterparties which are structured entities. Investments in, and derivatives with, structured entities are recognized on the Bank's Consolidated Balance Sheet. The Bank does not typically consolidate third-party structured entities where its involvement is limited to investment holdings and/or derivatives as the Bank would not generally have power over the key economic decisions of these entities.

Financing Transactions

In the normal course of business, the Bank may enter into financing transactions with third-party structured entities including commercial loans, reverse repurchase agreements, prime brokerage margin lending, and similar collateralized lending transactions. While such transactions expose the Bank to the structured entities counterparty credit risk, this exposure is mitigated by the collateral related to these transactions. The Bank typically has neither power nor significant variable returns due to financing transactions with structured entities and would not generally consolidate such entities. Financing transactions with third party-sponsored structured entities are included on the Bank's Consolidated Financial Statements and have not been included in the table accompanying this Note.

Arm's-length Servicing Relationships

In addition to the involvement outlined above, the Bank may also provide services to structured entities on 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 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. These holdings do not result in the consolidation of these entities as TD does not have power over these entities.

Carrying Amount and Maximum Exposure to Unconsolidated Structured Entities

(millions of Canadian dollars)	October 31, 2015				As at October 31, 2014			
	Securitizations	Investment funds and trusts	Other	Total	Securitizations	Investment funds and trusts	Other	Total
FINANCIAL ASSETS								
Trading loans, securities, and other	$ 6,148	$ 1,167	$ –	$ 7,315	$ 3,450	$ 5,913	$ –	$ 9,363
Derivatives[1]	–	156	–	156	–	335	–	335
Financial assets designated at fair value through profit or loss	12	64	39	115	35	34	41	110
Available-for-sale securities	42,415	388	122	42,925	41,426	584	120	42,130
Held-to-maturity securities	43,820	–	–	43,820	37,335	–	–	37,335
Loans	3,081	–	–	3,081	2,553	–	–	2,553
Other	7	–	2,717	2,724	6	–	2,101	2,107
Total assets	95,483	1,775	2,878	100,136	84,805	6,866	2,262	93,933
FINANCIAL LIABILITIES								
Derivatives[1]	–	195	–	195	–	187	–	187
Obligations related to securities sold short	3,023	181	–	3,204	1,432	163	–	1,595
Total liabilities	3,023	376	–	3,399	1,432	350	–	1,782
Off-balance sheet exposure[2]	11,869	353	1,832	14,054	10,584	356	986	11,926
Maximum exposure to loss from involvement with unconsolidated structured entities	104,329	1,752	4,710	110,791	93,957	6,872	3,248	104,077
Size of sponsored unconsolidated structured entities[3]	$ 10,404	$ 12,541	$ 1,750	$ 24,695	$ 9,756	$ 58,561	$ 1,750	$ 70,067

1 Derivatives primarily subject to vanilla interest rate or foreign exchange risk are not included in these amounts as those derivatives are designed to align the structured entity's cash flows with risks absorbed by investors and are not predominantly designed to expose the Bank to variable returns created by the entity.

2 For the purposes of this disclosure, off balance-sheet exposure represents the notional value of liquidity facilities, guarantees, or other off-balance sheet commitments without considering the effect of collateral or other credit enhancements.

3 The size of sponsored unconsolidated structured entities is provided based on the most appropriate measure of size for the type of entity: (1) The par value of notes issued by securitization conduits and similar liability issuers; (2) the total AUM of investment funds and trusts; and (3) the total fair value of partnership or equity shares in issue for partnerships and similar equity issuers.

Sponsored Unconsolidated Structured Entities in which the Bank has no Significant Investment at the End of the Period

Sponsored unconsolidated structured entities in which the Bank has no significant investment at the end of the period are predominantly investment funds and trusts created for the asset management business. The Bank would not typically hold investments, with the exception of seed capital, in these structured entities. However, the Bank continues to earn fees from asset management services provided to these entities, some of which could be based on the performance of the fund. Fees payable are generally senior in the entity's priority of payment and would also be backed by collateral, limiting the Bank's exposure to loss from these entities. The Bank's non-interest income received from its involvement with these asset management entities was $1.6 billion (October 31, 2014 – $1.4 billion) for the year ended October 31, 2015. The total AUM in these entities was $178.9 billion (October 31, 2014 – $161.3 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 deterioration in value of the reference asset or group of assets upon the occurrence of certain credit events such as bankruptcy, or changes in specified credit ratings or credit index. Settlement may be cash based or physical, requiring the delivery of the reference asset to the option writer. In swap contracts, one counterparty agrees to pay or receive from the other cash amounts based on changes in the value of a reference asset or group of assets, including any returns such as interest earned on these assets in exchange for amounts that are based on prevailing market funding rates. These cash settlements are made regardless of whether there is a credit event.

Other Derivatives

The Bank also transacts in equity and commodity derivatives in both the exchange and OTC markets.

Equity swaps are OTC contracts in which one counterparty agrees to pay, or receive from the other, cash amounts based on changes in the value of a stock index, a basket of stocks or a single stock. These contracts sometimes include a payment in respect of dividends.

Equity options give the purchaser of the option, for a premium, the right, but not the obligation, to buy from or sell to the writer of an option, an underlying stock index, basket of stocks or single stock at a contracted price. Options are transacted both OTC and through exchanges.

Equity index futures are standardized contracts transacted on an exchange. They are based on an agreement to pay or receive a cash amount based on the difference between the contracted price level of an underlying stock index and its corresponding market price level at a specified future date. There is no actual delivery of stocks that comprise the underlying index. These contracts are in standard amounts with standard settlement dates.

Commodity contracts include commodity forwards, futures, swaps, and options, such as precious metals and energy-related products in both OTC and exchange markets.

Fair Value of Derivatives[1]

(millions of Canadian dollars)	October 31, 2015				October 31, 2014	
	Average fair value for the year[2]		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	**$ –**	**$ 36**	**$ –**	**$ 32**	$ 1	$ –
Forward rate agreements	**24**	**33**	**3**	**26**	31	22
Swaps	**23,706**	**20,485**	**23,520**	**19,983**	20,127	17,940
Options written	**–**	**665**	**–**	**495**	–	592
Options purchased	**729**	**–**	**609**	**–**	594	–
Total interest rate contracts	**24,459**	**21,219**	**24,132**	**20,536**	20,753	18,554
Foreign exchange contracts						
Futures	**–**	**–**	**–**	**–**	–	–
Forward contracts	**11,892**	**10,801**	**8,783**	**9,724**	8,030	6,525
Swaps	**–**	**–**	**–**	**–**	–	–
Cross-currency interest rate swaps	**18,245**	**20,373**	**19,630**	**18,224**	11,936	14,487
Options written	**–**	**630**	**–**	**427**	–	351
Options purchased	**612**	**–**	**404**	**–**	346	–
Total foreign exchange contracts	**30,749**	**31,804**	**28,817**	**28,375**	20,312	21,363
Credit derivatives						
Credit default swaps – protection purchased	**2**	**79**	**9**	**55**	1	37
Credit default swaps – protection sold	**6**	**5**	**11**	**8**	12	2
Total credit derivative contracts	**8**	**84**	**20**	**63**	13	39
Other contracts						
Equity contracts	**701**	**1,327**	**890**	**1,317**	5,311	5,742
Commodity contracts	**690**	**931**	**726**	**954**	437	539
Total other contracts	**1,391**	**2,258**	**1,616**	**2,271**	5,748	6,281
Fair value – trading	**56,607**	**55,365**	**54,585**	**51,245**	46,826	46,237
Derivatives held or issued for non-trading purposes						
Interest rate contracts						
Forward rate agreements	**–**	**–**	**–**	**–**	–	–
Swaps	**3,732**	**2,577**	**3,806**	**2,543**	2,648	1,559
Options written	**–**	**2**	**–**	**2**	–	3
Options purchased	**36**	**–**	**32**	**–**	21	–
Total interest rate contracts	**3,768**	**2,579**	**3,838**	**2,545**	2,669	1,562
Foreign exchange contracts						
Forward contracts	**3,628**	**468**	**3,408**	**455**	1,612	398
Swaps	**–**	**–**	**–**	**–**	–	–
Cross-currency interest rate swaps	**6,175**	**2,208**	**6,518**	**1,788**	3,000	1,271
Total foreign exchange contracts	**9,803**	**2,676**	**9,926**	**2,243**	4,612	1,669
Credit derivatives						
Credit default swaps – protection purchased	**17**	**262**	**43**	**227**	5	286
Total credit derivative contracts	**17**	**262**	**43**	**227**	5	286
Other contracts						
Equity contracts	**1,502**	**1,138**	**1,046**	**958**	1,684	1,455
Total other contracts	**1,502**	**1,138**	**1,046**	**958**	1,684	1,455
Fair value – non-trading	**15,090**	**6,655**	**14,853**	**5,973**	8,970	4,972
Total fair value	**$ 71,697**	**$ 62,020**	**$ 69,438**	**$ 57,218**	$ 55,796	$ 51,209

1 Certain comparative amounts have been restated, where applicable, as a result of the implementation of the 2015 IFRS Standards and Amendments. Refer to Note 4 for further details. Certain other comparative amounts have also been restated/reclassified to conform with the presentation adopted in the current period.

2 The average fair value of trading derivatives over a 12-month period had a positive fair value and a negative fair value of $44 billion and $44 billion, respectively, for the year ended October 31, 2014.

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[1]

(millions of Canadian dollars)

As at

	October 31, 2015									
	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	$ 448	$ 596	$ –	$ 2,794	$ 3,838	$ 837	$ 403	$ 51	$ 1,254	$ 2,545
Foreign exchange contracts	–	9,881	13	32	9,926	–	1,650	537	56	2,243
Credit derivatives	–	–	–	43	43	–	–	–	227	227
Other contracts	–	410	–	636	1,046	–	–	–	958	958
Fair value – non-trading	$ 448	$ 10,887	$ 13	$ 3,505	$ 14,853	$ 837	$ 2,053	$ 588	$ 2,495	$ 5,973

	October 31, 2014									
Derivatives held or issued for non-trading purposes										
Interest rate contracts	$ 20	$ 744	$ –	$ 1,905	$ 2,669	$ 224	$ 297	$ –	$ 1,041	$ 1,562
Foreign exchange contracts	–	3,817	9	786	4,612	–	1,013	117	539	1,669
Credit derivatives	–	–	–	5	5	–	–	–	286	286
Other contracts	–	650	–	1,034	1,684	–	–	–	1,455	1,455
Fair value – non-trading	$ 20	$ 5,211	$ 9	$ 3,730	$ 8,970	$ 224	$ 1,310	$ 117	$ 3,321	$ 4,972

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

The following table discloses 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 OCI for the years ended October 31.

Results of Hedge Activities Recorded in Net Income and Other Comprehensive Income

(millions of Canadian dollars)

	For the years ended October 31		
	2015	2014	2013
Fair value hedges			
Gains (losses) recognized in income on derivatives [1,2]	**$ (773)**	$ (142)	$ 290
Gains (losses) recognized in income on hedged items attributable to the hedged risk [2]	**776**	113	(262)
Hedge ineffectiveness[2]	**3**	(29)	28
Cash flow hedges			
Gains (losses) recognized in OCI on derivatives [3]	**7,725**	3,849	55
Gains (losses) reclassified from OCI into income [4]	**7,047**	4,494	1,382
Hedge ineffectiveness[2]	**(4)**	1	(3)
Net investment hedges			
Gains (losses) recognized in OCI on derivatives [1,3]	**(3,732)**	(1,878)	(1,001)
Gains (losses) reclassified from OCI into income hedges [4]	**–**	17	(5)
Hedge ineffectiveness[2]	**–**	–	–

1 Includes non-derivative financial instruments such as foreign currency deposit liabilities. The fair value attributable to the foreign exchange risk of these non-derivative financial instruments was $22.2 billion as at October 31, 2015, (October 31, 2014 – $21.6 billion).
2 Amounts are recorded in non-interest income.
3 OCI is presented on a pre-tax basis.
4 Amounts are recorded in net interest income or non-interest income, as applicable.

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, 2015					
	Within 1 year	Over 1 yea to 3 years	Over 3 years to 5 years	Over 5 years to 10 years	Over 10 years	Total
Cash flow hedges						
Cash inflows	**$ 18,125**	**$ 19,630**	**$ 12,223**	**$ 3,061**	**$ 517**	**$ 53,556**
Cash outflows	**(10,055)**	**(23,030)**	**(14,754)**	**(8,994)**	**–**	**(56,833)**
Net cash flows	**$ 8,070**	**$ (3,400)**	**$ (2,531)**	**$ (5,933)**	**$ 517**	**$ (3,277)**

	October 31, 2014					
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

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, 2015, and October 31, 2014, 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. 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*		
	2015	2014	2013
Interest rate contracts	**$ (108)**	$ (66)	$ 69
Foreign exchange contracts	**(23)**	13	(47)
Credit derivatives	**(35)**	(100)	(187)
Equity	**2**	10	4
Other contracts	**–**	–	–
Total	**$ (164)**	$ (143)	$ (161)

1 Amounts are recorded in non-interest income.

NOTIONAL AMOUNTS

The notional amounts are not recorded as assets or liabilities as they represent the face amount of the contract to which a rate or price is applied to determine the amount of cash flows to be exchanged. Notional amounts do not represent the potential gain or loss associated with the market risk nor indicative of the credit risk associated with derivative financial instruments.

The following table discloses the notional amount of over-the-counter and exchange-traded derivatives.

Over-the-Counter and Exchange-Traded Derivatives[1]

(billions of Canadian dollars)						*As at*	
						October 31 2015	October 31 2014
				Trading			
	Over-the-Counter[2]						
	Clearing house[3]	**Non clearing house**	**Exchange-traded**	**Total**	**Non-trading[4]**	**Total**	Total
Notional							
Interest rate contracts							
Futures	**$ –**	**$ –**	**$ 261**	**$ 261**	**$ –**	**$ 261**	$ 263
Forward rate agreements	**329**	**44**	**–**	**373**	**–**	**373**	283
Swaps	**2,939**	**581**	**–**	**3,520**	**1,116**	**4,636**	4,256
Options written	**–**	**20**	**9**	**29**	**–**	**29**	37
Options purchased	**–**	**17**	**15**	**32**	**2**	**34**	42
Total interest rate contracts	**3,268**	**662**	**285**	**4,215**	**1,118**	**5,333**	4,881
Foreign exchange contracts							
Futures	**–**	**–**	**–**	**–**	**–**	**–**	–
Forward contracts	**–**	**665**	**–**	**665**	**49**	**714**	549
Swaps	**–**	**–**	**–**	**–**	**–**	**–**	1
Cross-currency interest rate swaps	**–**	**472**	**–**	**472**	**77**	**549**	495
Options written	**–**	**24**	**–**	**24**	**–**	**24**	19
Options purchased	**–**	**23**	**–**	**23**	**–**	**23**	19
Total foreign exchange contracts	**–**	**1,184**	**–**	**1,184**	**126**	**1,310**	1,083
Credit derivatives							
Credit default swaps – protection purchased	**1**	**2**	**–**	**3**	**6**	**9**	7
Credit default swaps – protection sold	**–**	**1**	**–**	**1**	**–**	**1**	1
Total credit derivative contracts	**1**	**3**	**–**	**4**	**6**	**10**	8
Other contracts							
Equity contracts	**–**	**34**	**43**	**77**	**36**	**113**	108
Commodity contracts	**–**	**9**	**16**	**25**	**–**	**25**	30
Total other contracts	**–**	**43**	**59**	**102**	**36**	**138**	138
Total	**$ 3,269**	**$ 1,892**	**$ 344**	**$ 5,505**	**$ 1,286**	**$ 6,791**	$ 6,110

1 Certain comparative amounts have been restated, where applicable, as a result of the implementation of the 2015 IFRS Standards and Amendments. Refer to Note 4 for more details. Certain other comparative amounts have also been restated to conform with the presentation adopted in the current period.

2 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.

3 Derivatives executed through a central clearing house reduces settlement risk due to the ability to net settle offsetting positions for capital purposes and therefore receive preferential capital treatment compared to those settled with non-central clearing house counterparties.

4 Includes $912 billion of over-the-counter derivatives that are transacted with clearing houses (October 31, 2014 – $476 billion) and $374 billion of over-the-counter derivatives that are transacted with non-clearing houses (October 31, 2014 – $359 billion) as at October 31, 2015. There were no exchange-traded derivatives both as at October 31, 2015 and October 31, 2014.

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[1]

(billions of Canadian dollars)					*As at*
				October 31 2015	October 31 2014
	Remaining term to maturity				
Notional Principal	**Within 1 year**	**Over 1 year to 5 years**	**Over 5 years**	**Total**	Total
Interest rate contracts					
Futures	**$ 214**	**$ 47**	**$ –**	**$ 261**	$ 263
Forward rate agreements	**347**	**26**	**–**	**373**	283
Swaps	**1,229**	**2,463**	**944**	**4,636**	4,256
Options written	**21**	**6**	**2**	**29**	37
Options purchased	**25**	**5**	**4**	**34**	42
Total interest rate contracts	**1,836**	**2,547**	**950**	**5,333**	4,881
Foreign exchange contracts					
Futures	**–**	**–**	**–**	**–**	–
Forward contracts	**655**	**57**	**2**	**714**	549
Swaps	**–**	**–**	**–**	**–**	1
Cross-currency interest rate swaps	**111**	**317**	**121**	**549**	495
Options written	**23**	**1**	**–**	**24**	19
Options purchased	**22**	**1**	**–**	**23**	19
Total foreign exchange contracts	**811**	**376**	**123**	**1,310**	1,083
Credit derivatives					
Credit default swaps – protection purchased	**2**	**6**	**1**	**9**	7
Credit default swaps – protection sold	**–**	**1**	**–**	**1**	1
Total credit derivative contracts	**2**	**7**	**1**	**10**	8
Other contracts					
Equity contracts	**52**	**57**	**4**	**113**	108
Commodity contracts	**16**	**8**	**1**	**25**	30
Total other contracts	**68**	**65**	**5**	**138**	138
Total	**$ 2,717**	**$ 2,995**	**$ 1,079**	**$ 6,791**	$ 6,110

1 Certain comparative amounts have been restated, where applicable, as a result of the implementation of the 2015 IFRS Standards and Amendments. Refer to Note 4 for further details. Certain other comparative amounts have also been restated to conform with the presentation adopted in the current period.

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 Capital Markets Risk Management 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, 2015			October 31, 2014		
	Current replacement cost	**Credit equivalent amount**	**Risk-weighted amount**	Current replacement cost	Credit equivalent amount	Risk-weighted amount
Interest rate contracts						
Forward rate agreements	**$ 26**	**$ 67**	**$ 21**	$ 22	$ 74	$ 25
Swaps	**21,908**	**26,915**	**13,869**	20,919	26,737	14,571
Options purchased	**638**	**727**	**359**	614	707	363
Total interest rate contracts	**22,572**	**27,709**	**14,249**	21,555	27,518	14,959
Foreign exchange contracts						
Forward contracts	**11,976**	**20,750**	**4,866**	9,492	16,556	3,778
Cross-currency interest rate swaps	**26,148**	**52,070**	**16,645**	14,936	37,891	14,397
Options purchased	**404**	**688**	**166**	346	558	145
Total foreign exchange contracts	**38,528**	**73,508**	**21,677**	24,774	55,005	18,320
Other contracts						
Credit derivatives	**17**	**287**	**118**	13	184	106
Equity contracts	**1,079**	**4,185**	**954**	6,156	9,949	1,275
Commodity contracts	**582**	**1,431**	**365**	343	1,207	368
Total other contracts	**1,678**	**5,903**	**1,437**	6,512	11,340	1,749
Total derivatives	**62,778**	**107,120**	**37,363**	52,841	93,863	35,028
Less: impact of master netting agreements	**39,962**	**58,659**	**24,957**	39,783	58,632	23,988
Total derivatives after netting	**22,816**	**48,461**	**12,406**	13,058	35,231	11,040
Less: impact of collateral	**11,820**	**12,173**	**3,649**	5,678	6,002	2,135
Net derivatives	**10,996**	**36,288**	**8,757**	7,380	29,229	8,905
Qualifying Central Counterparty (QCCP) Contracts	**1,937**	**14,735**	**2,070**	998	11,700	1,659
Total	**$ 12,933**	**$ 51,023**	**$ 10,827**	$ 8,378	$ 40,929	$ 10,564

Current Replacement Cost of Derivatives

(millions of Canadian dollars, except as noted)

	Canada[1]		United States[1]		Other international[1]		Total	
By sector	**October 31 2015**	October 31 2014	**October 31 2015**	October 31 2014	**October 31 2015**	October 31 2014	**October 31 2015**	October 31 2014
Financial	**$ 35,352**	$ 29,486	**$ 4,373**	$ 10,418	**$ 6,405**	$ 4,762	**$ 46,130**	$ 44,666
Government	**9,107**	4,286	**38**	1,308	**2,830**	16	**11,975**	5,610
Other	**2,111**	1,112	**837**	1,298	**1,725**	155	**4,673**	2,565
Current replacement cost	**$ 46,570**	$ 34,884	**$ 5,248**	$ 13,024	**$ 10,960**	$ 4,933	**$ 62,778**	$ 52,841
Less: impact of master netting agreements and collateral							**51,782**	45,461
Total current replacement cost							**$ 10,996**	$ 7,380

By location of risk[2]	**October 31 2015**	October 31 2014	**October 31 2015 % mix**	October 31 2014 % mix
Canada	**$ 4,268**	$ 2,811	**38.8** %	38.1 %
United States	**4,379**	**2,375**	**39.8**	32.2
Other international				
United Kingdom	**256**	**632**	**2.3**	8.5
Europe – other	**1,496**	**832**	**13.6**	11.3
Other	**597**	**730**	**5.5**	9.9
Total Other international	**2,349**	**2,194**	**21.4**	29.7
Total current replacement cost	**$ 10,996**	$ 7,380	**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 30, 2015, the aggregate net liability position of those contracts would require: (1) the posting of collateral or other acceptable remedy totalling $97 million (October 31, 2014 – $77 million) in the event of a one-notch or two-notch downgrade in the Bank's senior debt ratings; and (2) funding totalling nil (October 31, 2014 – $1 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, 2015, the fair value of all derivative instruments with credit risk related contingent features in a net liability position was $14 billion (October 31, 2014 – $9 billion). The Bank has posted $16 billion (October 31, 2014 – $7 billion) of collateral for this exposure in the normal course of business. As at October 31, 2015, the impact of a one-notch downgrade in the Bank's senior debt ratings would require the Bank to post an additional $194 million (October 31, 2014 – $293 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 $228 million (October 31, 2014 – $327 million) of collateral to that posted in the normal course of business.

NOTE 12: INVESTMENT IN ASSOCIATES AND JOINT VENTURES

INVESTMENT IN TD AMERITRADE HOLDING CORPORATION

The Bank has significant influence over TD Ameritrade Holding Corporation (TD Ameritrade) and accounts for its investment in TD Ameritrade using the equity method. The Bank's equity share in TD Ameritrade's earnings, excluding dividends, is reported on a one-month lag basis. The Bank takes into account changes in the subsequent period that would significantly affect the results.

As at October 31, 2015, the Bank's reported investment in TD Ameritrade was 41.54% (October 31, 2014 – 40.97%) of the outstanding shares of TD Ameritrade with a fair value of $10 billion (October 31, 2014 – $8 billion) based on the closing price of US$34.47 (October 31, 2014 – US$33.74) on the New York Stock Exchange.

During the year ended October 31, 2015, TD Ameritrade repurchased 8.4 million shares (for the year ended October 31, 2014 – 8.5 million shares).

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 has the right to designate five of twelve members of TD Ameritrade's Board of Directors. The Bank's designated directors include the Bank's Group President and Chief Executive Officer, 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, 2015, and October 31, 2014, TD Ameritrade did not experience any significant restrictions to transfer funds in the form of cash dividends, or repayment of loans or advances.

The condensed financial statements of TD Ameritrade, based on its consolidated financial statements, are included in the following tables.

CONDENSED CONSOLIDATED BALANCE SHEETS [1, 2]

(millions of Canadian dollars)	*As at*	
	September 30 2015	September 30 2014
Assets		
Receivables from brokers, dealers, and clearing organizations	**$ 1,127**	$ 1,249
Receivables from clients, net	**16,697**	13,118
Other assets, net	**16,661**	12,491
Total assets	**$ 34,485**	$ 26,858
Liabilities		
Payable to brokers, dealers, and clearing organizations	**$ 3,539**	$ 2,729
Payable to clients	**20,966**	16,340
Other liabilities	**3,570**	2,438
Total liabilities	**28,075**	21,507
Stockholders' equity[3]	**6,410**	5,351
Total liabilities and stockholders' equity	**$ 34,485**	$ 26,858

1 Certain comparative amounts have been restated to conform with the presentation adopted in the current period.
2 Customers' securities are reported on a settlement date basis whereas the Bank reports customers' securities on a trade date basis.
3 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*		
	2015	2014	2013
Revenues			
Net interest revenue	**$ 764**	$ 629	$ 477
Fee-based and other revenue	**3,227**	2,756	**2,332**
Total revenues	**3,991**	3,385	**2,809**
Operating expenses			
Employee compensation and benefits	**991**	823	**704**
Other	**1,370**	1,168	**1,031**
Total operating expenses	**2,361**	1,991	**1,735**
Other expense (income)	**45**	17	**(34)**
Pre-tax income	**1,585**	1,377	**1,108**
Provision for income taxes	**585**	524	**421**
Net income[1]	**$ 1,000**	$ 853	$ 687
Earnings per share – basic (dollars)	**$ 1.84**	$ 1.55	$ 1.25
Earnings per share – diluted (dollars)	**1.83**	1.54	1.24

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, 2015, or October 31, 2014. The carrying amount of the Bank's investment in individually immaterial associates and joint ventures during the period was $2.8 billion (October 31, 2014 – $2.2 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 Nordstrom Inc.'s U.S. Credit Card Portfolio

On October 1, 2015, the Bank, through its subsidiary, TD Bank USA, National Association (TD Bank USA, N.A.), acquired substantially all of Nordstrom Inc.'s (Nordstrom) existing U.S. Visa and private label consumer credit card portfolio, with a gross outstanding balance of $2.9 billion (US$2.2 billion). In addition, the Bank and Nordstrom entered into a long-term agreement under which the Bank became the exclusive U.S. issuer of Nordstrom-branded Visa and private label consumer credit cards to Nordstrom customers.

At the date of acquisition the Bank recorded the credit card receivables at their fair value of $2.9 billion. The transaction was treated as an asset acquisition and the pre-tax difference of $73 million on the date of acquisition of the transaction price over the fair value of assets acquired has been recorded in Non-interest income. The gross amounts of revenue and credit losses have been recorded on the Consolidated Statement of Income in the U.S. Retail segment since that date. Nordstrom shares in a fixed percentage of the revenue and credit losses incurred. Nordstrom'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 Nordstrom are recorded in Other assets or Other liabilities, respectively, on the Consolidated Balance Sheet.

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.

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 approximately $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 10 times to 14 times.

In considering the sensitivity of the key assumptions discussed above, management determined that a reasonable change in any of the above would not result in the recoverable amount of any of the groups of CGUs to be less than its carrying amount.

Goodwill by Segment

(millions of Canadian dollars)	Canadian Retail	U.S. Retail[1]	Wholesale Banking	Total
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]	2,249	11,834	150	14,233
Carrying amount of goodwill as at November 1, 2014	**2,249**	**11,834**	**150**	**14,233**
Foreign currency translation adjustments and other	**120**	**1,984**	**–**	**2,104**
Carrying amount of goodwill as at October 31, 2015[2]	**$ 2,369**	**$ 13,818**	**$ 150**	**$ 16,337**
Pre-tax discount rates				
2014	10.3 – 12.4 %	10.7 – 12.0 %	13.8 %	
2015	**9.1 – 12.4**	**9.7 – 10.5**	**12.4**	

1 Goodwill predominantly relates to U.S. personal and commercial banking.
2 Accumulated impairment as at October 31, 2015, and October 31, 2014 was nil.

OTHER INTANGIBLES

The following table presents details of other intangibles as at October 31.

Other Intangibles

(millions of Canadian dollars)

	Core deposit intangibles	Credit card related intangibles	Internally generated software	Other software	Other intangibles	Total
Cost						
As at November 1, 2013	$ 2,039	$ 583	$ 1,369	$ 157	$ 528	$ 4,676
Additions	–	146	468	63	21	698
Disposals	–	–	(34)	–	–	(34)
Impairment losses	–	–	–	–	–	–
Fully amortized intangibles	–	–	(154)	(4)	–	(158)
Foreign currency translation adjustments and other	165	9	28	11	23	236
As at October 31, 2014	2,204	738	1,677	227	572	5,418
Additions	–	–	**394**	**74**	**6**	**474**
Disposals	–	–	**(31)**	**(3)**	–	**(34)**
Fully amortized intangibles	–	–	**(178)**	**(12)**	–	**(190)**
Foreign currency translation adjustments and other	**353**	**20**	**76**	**15**	**82**	**546**
As at October 31, 2015	**$ 2,557**	**$ 758**	**$ 1,938**	**$ 301**	**$ 660**	**$ 6,214**
Amortization and impairment						
As at November 1, 2013	$ 1,323	$ 102	$ 429	$ 82	$ 247	$ 2,183
Disposals	–	–	(1)	–	–	(1)
Impairment losses	–	–	–	–	–	–
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
As at October 31, 2014	1,598	181	530	130	299	2,738
Disposals	–	–	**(16)**	**(1)**	–	**(17)**
Impairment losses	–	–	**5**	–	–	**5**
Amortization charge for the year	**162**	**83**	**295**	**63**	**50**	**653**
Fully amortized intangibles	–	–	**(178)**	**(12)**	–	**(190)**
Foreign currency translation adjustments and other	**264**	**6**	**47**	**7**	**30**	**354**
As at October 31, 2015	**$ 2,024**	**$ 270**	**$ 683**	**$ 187**	**$ 379**	**$ 3,543**
Net Book Value:						
As at October 31, 2014	$ 606	$ 557	$ 1,147	$ 97	$ 273	$ 2,680
As at October 31, 2015	**533**	**488**	**1,255**	**114**	**281**	**2,671**

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, 2013	$ 858	$ 2,668	$ 786	$ 1,368	$ 1,377	$ 7,057
Additions	5	141	195	155	183	679
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
Additions	**–**	**174**	**113**	**211**	**134**	**632**
Disposals	**(2)**	**(21)**	**(111)**	**(23)**	**(19)**	**(176)**
Fully depreciated assets	**–**	**(62)**	**(116)**	**(104)**	**(66)**	**(348)**
Foreign currency translation adjustments and other	**111**	**268**	**30**	**76**	**144**	**629**
As at October 31, 2015	**$ 1,018**	**$ 3,256**	**$ 790**	**$ 1,443**	**$ 1,754**	**$ 8,261**
Accumulated depreciation and impairment/losses						
As at November 1, 2013	$ –	$ 787	$ 342	$ 714	$ 579	$ 2,422
Depreciation charge for the year	–	125	182	126	99	532
Disposals	–	(4)	(38)	(22)	(20)	(84)
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
Depreciation charge for the year	**–**	**134**	**183**	**137**	**134**	**588**
Disposals	**–**	**(18)**	**(73)**	**(22)**	**(19)**	**(132)**
Impairment losses	**–**	**–**	**–**	**–**	**–**	**–**
Fully depreciated assets	**–**	**(62)**	**(116)**	**(104)**	**(66)**	**(348)**
Foreign currency translation adjustments and other	**–**	**141**	**16**	**38**	**50**	**245**
As at October 31, 2015	**$ –**	**$ 1,135**	**$ 419**	**$ 681**	**$ 712**	**$ 2,947**
Net Book Value:						
As at October 31, 2014	$ 909	$ 1,957	$ 465	$ 651	$ 948	$ 4,930
As at October 31, 2015	**1,018**	**2,121**	**371**	**762**	**1,042**	**5,314**

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 2015	October 31 2014
Accounts receivable and other items	**$ 7,810**	$ 6,540
Accrued interest	**1,563**	1,330
Current income tax receivable	**1,245**	1,030
Defined benefit asset	**104**	15
Insurance-related assets, excluding investments	**1,441**	1,419
Prepaid expenses	**869**	829
Cheques and other items in transit	**216**	–
Total	**$ 13,248**	$ 11,163

NOTE 17: DEPOSITS

Demand deposits are those for which the Bank does not have the right to require notice prior to withdrawal. These deposits are in general chequing accounts.

Notice deposits are those for which the Bank can legally require notice prior to withdrawal. These deposits are in general savings accounts.

Term deposits are those payable on a fixed date of maturity purchased by customers to earn interest over a fixed period. The terms are from one day to ten years. The deposits are generally term deposits, guaranteed investment certificates, senior debt, and similar instruments. The aggregate amount of term deposits in denominations of $100,000 or more as at October 31, 2015, was $213 billion (October 31, 2014 – $188 billion).

Certain deposit liabilities are classified as Trading deposits on the Consolidated Balance Sheet and accounted for at fair value with the change in fair value recognized on the Consolidated Statement of Income.

Deposits

(millions of Canadian dollars)							*As at*	
							October 31	October 31
			By Type			**By Country**	**2015**	2014
	Demand	**Notice**	**Term**	**Canada**	**United States**	**International**	**Total**	Total
Personal	**$ 13,183**	**$ 332,220**	**$ 50,415**	**$ 189,120**	**$ 205,071**	**$ 1,627**	**$ 395,818**	$ 343,240
Banks[1]	**6,880**	**122**	**10,078**	**10,856**	**1,618**	**4,606**	**17,080**	15,771
Business and government[2]	**64,670**	**103,781**	**114,227**	**192,166**	**87,067**	**3,445**	**282,678**	241,705
Designated at fair value through profit or loss[3]	**–**	**–**	**1,402**	**1,402**	**–**	**–**	**1,402**	3,242
Trading[1]	**–**	**–**	**74,759**	**3,739**	**58,926**	**12,094**	**74,759**	59,334
Total	**$ 84,733**	**$ 436,123**	**$ 250,881**	**$ 397,283**	**$ 352,682**	**$ 21,772**	**$ 771,737**	$ 663,292
Non-interest-bearing deposits included above								
In domestic offices							**$ 6,195**	$ 5,739
In foreign offices							**47,485**	36,962
Interest-bearing deposits included above								
In domestic offices							**391,088**	340,993
In foreign offices							**326,885**	278,121
U.S. federal funds deposited[1]							**84**	1,477
Total[2,4]							**$ 771,737**	$ 663,292

1 Includes deposits and advances with the Federal Home Loan Bank.
2 As at October 31, 2015, includes $24 billion in Deposits on the Consolidated Balance Sheet relating to covered bondholders (October 31, 2014 – $17 billion) and $2 billion (October 31, 2014 – $2 billion) due to TD Capital Trust IV.
3 Included in Other financial liabilities designated at fair value through profit or loss on the Consolidated Balance Sheet.
4 As at October 31, 2015, includes deposits of $438 billion (October 31, 2014 – $370 billion) denominated in U.S. dollars and $36 billion (October 31, 2014 – $21 billion) denominated in other foreign currencies.

Term Deposits

(millions of Canadian dollars)								*As at*	
								October 31	October 31
	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**	**Total**	**2015**	2014
Personal	**$ 28,539**	**$ 9,333**	**$ 6,130**	**$ 3,602**	**$ 2,621**	**$ 190**	**$ 50,415**	$ 52,260	
Banks	**10,058**	**1**	**3**	**3**	**–**	**13**	**10,078**	12,522	
Business and government	**52,800**	**13,265**	**16,061**	**9,447**	**12,388**	**10,266**	**114,227**	99,550	
Designated at fair value through profit or loss[1]	**1,226**	**176**	**–**	**–**	**–**	**–**	**1,402**	3,242	
Trading	**72,408**	**360**	**368**	**379**	**455**	**789**	**74,759**	59,334	
Total	**$ 165,031**	**$ 23,135**	**$ 22,562**	**$ 13,431**	**$ 15,464**	**$ 11,258**	**$ 250,881**	$ 226,908	

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	October 31
	Within 3 months	**Over 3 months to 6 months**	**Over 6 months to 12 months**	**Total**	**2015**	2014
Personal	**$ 11,316**	**$ 7,075**	**$ 10,148**	**$ 28,539**	$ 29,399	
Banks	**8,900**	**774**	**384**	**10,058**	12,502	
Business and government	**26,415**	**6,622**	**19,763**	**52,800**	49,188	
Designated at fair value through profit or loss[1]	**383**	**282**	**561**	**1,226**	1,849	
Trading	**29,111**	**27,238**	**16,059**	**72,408**	57,655	
Total	**$ 76,125**	**$ 41,991**	**$ 46,915**	**$ 165,031**	$ 150,593	

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 2015	October 31 2014
Accounts payable, accrued expenses, and other items	**$ 3,901**	$ 3,666
Accrued interest	**882**	943
Accrued salaries and employee benefits	**2,601**	2,653
Cheques and other items in transit	**–**	237
Current income tax payable	**69**	34
Deferred tax liabilities	**323**	287
Defined benefit liability	**1,947**	2,393
Liabilities related to structured entities	**3,400**	5,053
Provisions	**1,100**	631
Total	**$ 14,223**	$ 15,897

NOTE 19: SUBORDINATED NOTES AND DEBENTURES

Subordinated notes and debentures are direct unsecured obligations of the Bank or its subsidiaries and are subordinated in right of payment to the claims of depositors and certain other creditors. Redemptions, cancellations, exchanges, and modifications of subordinated debentures qualifying as regulatory capital are subject to the consent and approval of OSFI.

Subordinated Notes and Debentures

(millions of Canadian dollars, except as noted)					As at
Maturity date	**Interest rate (%)**	**Reset spread (%)**	**Earliest par redemption date**	**October 31 2015**	October 31 2014
April 2, 2020[1]	5.48[2]	2.00[2]	April 2, 2015	**$ –**	$ 869
November 2, 2020[3]	3.37[2]	1.25[2]	November 2, 2015	**998**	997
September 20, 2022[4]	4.64[2]	1.00[2]	September 20, 2017	**267**	268
July 9, 2023	5.83[2]	2.55[2]	July 9, 2018	**650**	650
May 26, 2025	9.15	n/a [5]	–	**199**	199
June 24, 2025[6]	2.69[2]	1.21[2]	June 24, 2020	**1,489**	–
September 30, 2025[6]	2.98[2]	1.83[2]	September 30, 2020	**1,000**	–
October 30, 2104[8]	4.97[7]	1.77[7]	October 30, 2015	**–**	796
December 14, 2105	4.78[7]	1.74[7]	December 14, 2016	**2,235**	2,211
December 18, 2106	5.76[7]	1.99[7]	December 18, 2017	**1,799**	1,795
Total				**$ 8,637**	$ 7,785

1 On April 2, 2015 ("Redemption Date"), the Bank redeemed all of its outstanding $875 million 5.48% subordinated debentures due April 2, 2020, at a redemption price of 100% of the principal amount. Interest on the debentures ceased to accrue on and after the Redemption Date.
2 Interest rate is for the period to but excluding the earliest par redemption date, and thereafter, it will be reset at a rate of 3-month Bankers' Acceptance rate plus the reset spread noted.
3 On September 15, 2015, the Bank announced its intention to redeem all of its outstanding $1 billion 3.367% subordinated debentures due November 2, 2020 on November 2, 2015, at a redemption price of 100% of the principal amount.
4 Obligation of a subsidiary.
5 Not applicable.
6 Non-viability contingent capital (NVCC). The subordinated notes and debentures qualify as regulatory capital under OSFI's CAR guideline. If a NVCC conversion were to occur in accordance with the NVCC Provisions, the maximum number of common shares that could be issued based on the formula for conversion set out in the respective prospectus supplements, assuming there are no declared and unpaid interest on the respective subordinated notes, as applicable, would be $450 million for the 2.692% subordinated debentures due June 24, 2025, and $300 million for the 2.982% subordinated debentures due September 30, 2025.
7 Interest rate is for the period to but excluding the earliest par redemption date, and thereafter, it will be reset every 5 years at a rate of 5-year Government of Canada yield plus the reset spread noted.
8 On October 30, 2015 (the "Redemption Date"), the Bank redeemed all of its outstanding $800 million 4.97% subordinated debentures due October 30, 2104, at a redemption price of 100% of the principal amount. Interest on the debentures ceased to accrue on and after the Redemption Date.

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 2015	October 31 2014
Within 1 year	**$ 998**	$ –
Over 1 year to 3 years	**–**	–
Over 3 years to 4 years	**–**	–
Over 4 years to 5 years	**–**	–
Over 5 years	**7,639**	7,785
Total	**$ 8,637**	$ 7,785

NOTE 20: CAPITAL TRUST SECURITIES

The Bank issued innovative capital securities through two structured entities: TD Capital Trust III (Trust III) and TD Capital Trust IV (Trust IV).

TD CAPITAL TRUST III SECURITIES – SERIES 2008

On September 17, 2008, Trust III, a closed-end trust, issued TD Capital Trust III Securities – Series 2008 (TD CaTS III). The proceeds from the issuance were invested in trust assets purchased from the Bank. Each TD CaTS III may be automatically exchanged, without the consent of the holders, into 40 non-cumulative Class A First Preferred Shares, Series A9 of the Bank on the occurrence of certain events. TD CaTS III are reported on the Consolidated Balance Sheet as Non-controlling interests in subsidiaries because the Bank consolidates Trust III.

TD CAPITAL TRUST IV NOTES – SERIES 1 TO 3

On January 26, 2009, Trust IV issued TD Capital Trust IV Notes – Series 1 due June 30, 2108 (TD CaTS IV – 1) and TD Capital Trust IV Notes – Series 2 due June 30, 2108 (TD CaTS IV – 2) and on September 15, 2009, issued TD Capital Trust IV Notes – Series 3 due June 30, 2108 (TD CaTS IV – 3, and collectively TD CaTS IV Notes). The proceeds from the issuances were invested in bank deposit notes. Each TD CaTS IV – 1 and TD CaTS IV – 2 may be automatically exchanged into non-cumulative Class A First Preferred Shares, Series A10 of the Bank and each TD CaTS IV – 3 may be automatically exchanged into non-cumulative Class A First Preferred Shares, Series A11 of the Bank, in each case, without the consent of the holders, on the occurrence of certain events. On each interest payment date in respect of which certain events have occurred, holders of TD CaTS IV Notes will be required to invest interest paid on such TD CaTS IV Notes in a new series of non-cumulative Class A First Preferred Shares of the Bank. The Bank does not consolidate Trust IV because it does not absorb significant returns of Trust IV as it is ultimately exposed only to its own credit risk. Therefore, TD CaTS IV Notes are not reported on the Bank's Consolidated Balance Sheet but the deposit notes issued to Trust IV are reported in Deposits on the Consolidated Balance Sheet. Refer to Notes 10 and 17 for further details.

TD announced on February 7, 2011, that, based on OSFI's February 4, 2011 Advisory which outlined OSFI's expectations regarding the use of redemption rights triggered by regulatory event clauses in non-qualifying capital instruments, it expects to exercise a regulatory event redemption right only in 2022 in respect of the TD Capital Trust IV Notes – Series 2 outstanding at that time. As of October 31, 2015, there was $450 million in principal amount of TD Capital Trust IV Notes – Series 2 issued and outstanding.

Capital Trust Securities

(millions of Canadian dollars, except as noted) *As at*

	Thousands of units	Distribution/Interest payment dates	Annual yield	Redemption date At the option of the issuer	October 31 2015	October 31 2014
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]	**$ 964**	$ 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: EQUITY

COMMON SHARES

The Bank is authorized by its shareholders to issue an unlimited number of common shares, without par value, for unlimited consideration. The common shares are not redeemable or convertible. Dividends are typically declared by the Board of Directors of the Bank on a quarterly basis and the amount may vary from quarter to quarter.

PREFERRED SHARES

The Bank is authorized by its shareholders to issue, in one or more series, an unlimited number of Class A First Preferred Shares, without nominal or par value. Non-cumulative preferential dividends are payable quarterly, as and when declared by the Board of Directors of the Bank. Preferred shares issued after January 1, 2013, include NVCC Provisions, necessary for the preferred shares to qualify as regulatory capital under OSFI's CAR guideline. NVCC Provisions require the conversion of the preferred shares into a variable number of common shares of the Bank if OSFI determines that the Bank is, or is about to become, non-viable and that after conversion of all non-common capital instruments, the viability of the Bank is expected to be restored, or if the Bank has accepted or agreed to accept a capital injection or equivalent support from a federal or provincial government without which the Bank would have been determined by OSFI to be non-viable.

The following table summarizes the shares issued and outstanding and treasury shares held as at October 31.

Common and Preferred Shares Issued and Outstanding and Treasury Shares Held

(millions of shares and millions of Canadian dollars)	October 31, 2015		October 31, 2014	
	Number of shares	**Amount**	Number of shares	Amount
Common Shares				
Balance as at beginning of year	**1,846.2**	**$ 19,811**	1,838.9	$ 19,316
Proceeds from shares issued on exercise of stock options	**3.3**	**128**	5.0	199
Shares issued as a result of dividend reinvestment plan	**6.7**	**355**	6.4	339
Purchase of shares for cancellation	**–**	**–**	(4.1)	(43)
Balance as at end of year – common shares	**1,856.2**	**$ 20,294**	1,846.2	$ 19,811
Preferred Shares – Class A				
Series P[1]	**–**	**$ –**	10.0	$ 250
Series Q[2]	**–**	**–**	8.0	200
Series R[3]	**–**	**–**	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 1[4]	**20.0**	**500**	20.0	500
Series 3[4]	**20.0**	**500**	20.0	500
Series 5[4]	**20.0**	**500**	–	–
Series 7[4]	**14.0**	**350**	–	–
Series 9[4]	**8.0**	**200**	–	–
Series 11[4]	**6.0**	**150**	–	–
Balance as at end of year – preferred shares	**108.0**	**$ 2,700**	88.0	$ 2,200
Treasury shares – common[5]				
Balance as at beginning of year	**(1.6)**	**$ (54)**	(3.9)	$ (145)
Purchase of shares	**(98.2)**	**(5,269)**	(80.7)	(4,197)
Sale of shares	**98.7**	**5,274**	83.0	4,288
Balance as at end of year – treasury shares – common	**(1.1)**	**$ (49)**	(1.6)	$ (54)
Treasury shares – preferred[5]				
Balance as at beginning of year	**–**	**$ (1)**	(0.1)	$ (2)
Purchase of shares	**(9.9)**	**(244)**	(6.1)	(154)
Sale of shares	**9.8**	**242**	6.2	155
Balance as at end of year – treasury shares – preferred	**(0.1)**	**$ (3)**	–	$ (1)

1 On March 2, 2015, the Bank redeemed all of its 10 million outstanding Class A First Preferred Shares, Series P ("Series P Shares"), at the cash redemption price of $25.607877 per Series P Share, for total redemption costs of approximately $256 million.
2 On March 2, 2015, the Bank redeemed all of its 8 million outstanding Class A First Preferred Shares, Series Q ("Series Q Shares"), at the cash redemption price of $25.615068 per Series Q Share, for total redemption costs of approximately $205 million.
3 On May 1, 2015, the Bank redeemed all of its 10 million outstanding Class A First Preferred Shares, Series R ("Series R Shares"), at the cash redemption price of $25.503836 per Series R Share, for total redemption costs of approximately $255 million.
4 Non-viability contingent capital. Series 1, 3, 5, 7, 9, and 11 Preferred Shares qualify as regulatory capital under OSFI's CAR guideline. If a NVCC conversion were to occur in accordance with the NVCC Provisions, the maximum number of common shares that could be issued based on the formula for conversion set out in the respective terms and conditions applicable to each Series of shares, assuming there are no declared and unpaid dividends on the respective Series of shares at the time of conversion, as applicable, would be 100 million, 100 million, 100 million, 70 million, 40 million, and 30 million, respectively.
5 When the Bank purchases its own shares as part of its trading business, they are classified as treasury shares and the cost of these shares is recorded as a reduction in equity.

Preferred Shares Terms and Conditions

	Issue date	Annual yield (%)[1]	Reset spread (%)[1]	Next redemption/ conversion date[1]	Convertible into[1]
Fixed Rate Preferred Shares					
Series 11[2]	July 21, 2015	4.9	n/a	October 31, 2020[3]	n/a
Rate Reset Preferred Shares[4]					
Series S	June 11, 2008	3.371	1.60	July 31, 2018	Series T
Series Y	July 16, 2008	3.5595	1.68	October 31, 2018	Series Z
Series 1[2]	June 4, 2014	3.9	2.24	October 31, 2019	Series 2
Series 3[2]	July 31, 2014	3.8	2.27	July 31, 2019	Series 4
Series 5[2]	December 16, 2014	3.75	2.25	January 31, 2020	Series 6
Series 7[2]	March 10, 2015	3.6	2.79	July 31, 2020	Series 8
Series 9[2]	April 24, 2015	3.7	2.87	October 31, 2020	Series 10
Floating Rate Preferred Shares[4,5]					
Series T	July 31, 2013	n/a	1.60	July 31, 2018	Series S
Series Z	October 31, 2013	n/a	1.68	October 31, 2018	Series Y

1 Non-cumulative preferred dividends for each Series are payable quarterly, as and when declared by the Board of Directors. The dividend rate of the Rate Reset Preferred Shares will reset on the next redemption/conversion date and every five years thereafter to equal the then five-year Government of Canada bond yield plus the reset spread noted. Rate Reset Preferred Shares are convertible to the corresponding Series of Floating Rate Preferred Shares, and vice versa. If converted into a Series of Floating Rate Preferred Shares, the dividend rate for the quarterly period will be equal to the then 90-day Government of Canada Treasury bill yield plus the reset spread noted.
2 Non-viability contingent capital.
3 Subject to regulatory consent, redeemable on or after October 31, 2020 at a redemption price of $26.00, and thereafter, at a declining redemption price.
4 Subject to regulatory consent, redeemable on the redemption date noted and every five years thereafter, at $25 per share. Convertible on the conversion date noted and every five years thereafter if not redeemed. If converted, the holders have the option to convert back to the original Series of preferred shares every five years.
5 Subject to a redemption price of $25.50 per share if redeemed prior to July 31, 2018 for Series T and October 31, 2018 for Series Z.

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.

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, 6.7 million common shares at a discount of 0% were issued from the Bank's treasury (2014 – 6.4 million common shares at a discount of 0%) under the dividend reinvestment plan.

DIVIDEND RESTRICTIONS

The Bank is prohibited by the *Bank Act* from declaring dividends on its preferred or common shares if there are reasonable grounds for believing that the Bank is, or the payment would cause the Bank to be, in contravention of the capital adequacy and liquidity regulations of the *Bank Act* or directions of OSFI. The Bank does not anticipate that this condition will restrict it from paying dividends in the normal course of business.

The Bank is also restricted from paying dividends in the event that either Trust III or Trust IV fails to pay semi-annual distributions or interest in full to holders of their respective trust securities, TD CaTS III and TD CaTS IV Notes. In addition, the ability to pay dividends on common shares without the approval of the holders of the outstanding preferred shares is restricted unless all dividends on the preferred shares have been declared and paid or set apart for payment. Currently, these limitations do not restrict the payment of dividends on common shares or preferred shares.

NON-CONTROLLING INTERESTS IN SUBSIDIARIES

The following are included in non-controlling interests in subsidiaries of the Bank.

(millions of Canadian dollars)		*As at*
	October 31 2015	October 31 2014
REIT preferred stock, Series A	**$ 646**	$ 556
TD Capital Trust III Securities – Series 2008 [1]	**964**	993
Total	**$ 1,610**	$ 1,549

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 22: 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*		
	2015	2014	2013
Net interest income (loss)	**$ 1,380**	$ 1,337	$ 1,231
Trading income (loss)	**(223)**	(349)	(279)
Financial instruments designated at fair value through profit or loss [1]	**(5)**	(9)	(6)
Total	**1,152**	979	946
By product			
Interest rate and credit portfolios	**636**	601	557
Foreign exchange portfolios	**467**	385	368
Equity and other portfolios	**54**	2	27
Financial instruments designated at fair value through profit or loss [1]	**(5)**	(9)	(6)
Total	**$ 1,152**	$ 979	$ 946

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 23: 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; it is through these businesses that the Bank is exposed to insurance risk.

Insurance risk is the risk of financial loss due to actual experience emerging differently from expectations in insurance product pricing or reserving. Unfavourable experience could emerge due to adverse fluctuations in timing, actual size and/or frequency of claims (for example, driven by non-life premium risk, non-life reserving risk, catastrophic risk, mortality risk, morbidity risk, and longevity risk), policyholder behaviour, or associated expenses.

Insurance contracts provide financial protection by transferring insured risks to the issuer in exchange for premiums.

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 practises 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 and monitors compliance with insurance risk policies. The Bank's Insurance Risk Management Framework and Insurance Risk Policy collectively outline the internal risk and control structure to manage insurance risk and include risk appetite, policies, processes as well as limits and governance. These documents are maintained by Risk Management and support alignment with the Bank's risk appetite for insurance risk.

The 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.

There is also exposure to geographic concentration risk associated with personal property coverage. Exposure to insurance risk concentration is managed through established underwriting guidelines, limits, and authorization levels that govern the acceptance of risk. Concentration of insurance risk is also mitigated through the purchase of reinsurance. The insurance business' reinsurance programs are governed by catastrophe and reinsurance risk management policies.

Strategies are in place to manage the risk to the Bank's reinsurance business. Underwriting risk on business assumed is managed through a policy that limits exposure to certain types of business and countries. The vast majority of reinsurance treaties are annually renewable, which minimizes long-term risk. Pandemic exposure is reviewed and estimated annually.

OTHER RELATED RISKS

The Bank's mitigation of insurance risk through the purchase of reinsurance gives rise to counterparty credit risk exposure. This counterparty credit risk is managed through catastrophe and reinsurance risk management policies. 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. Interest rate risk and liquidity risk are managed through investment policies.

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*		
	2015	2014	2013
Insurance Revenue			
Earned Premiums			
Gross	**$ 4,220**	$ 4,423	$ 4,253
Reinsurance ceded	**891**	856	836
Net earned premiums	**3,329**	3,567	3,417
Fee income and other revenue [1]	**429**	316	317
Insurance Revenue	**3,758**	3,883	3,734
Insurance Claims and Related Expenses			
Gross	**2,734**	3,041	3,273
Reinsurance ceded	**234**	208	217
Insurance Claims and Related Expenses	**$ 2,500**	$ 2,833	$ 3,056

1 Ceding commissions received and paid are included within fee income and other revenue. Ceding commissions paid and netted against fee income in 2015 were $177 million (2014 – $182 million; 2013 – $182 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)).

(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, 2015**			October 31, 2014		
	Gross	**Reinsurance/ Other recoverable**	**Net**	Gross [1]	Reinsurance/ Other recoverable [1]	Net
Balance as at beginning of year	**$ 4,371**	**$ 148**	**$ 4,223**	$ 3,962	$ 180	$ 3,782
Claims costs for current accident year	**2,415**	**6**	**2,409**	2,504	39	2,465
Prior accident years claims development (favourable) unfavourable	**(163)**	**11**	**(174)**	(132)	(39)	(93)
Increase (decrease) due to changes in assumptions:						
Discount rate	**18**	**–**	**18**	(17)	1	(18)
Provision for adverse deviation	**41**	**–**	**41**	44	(1)	45
Claims and related expenses	**2,311**	**17**	**2,294**	2,399	–	2,399
Claims paid during the year for:						
Current accident year	**(1,003)**	**–**	**(1,003)**	(1,064)	(3)	(1,061)
Prior accident years	**(929)**	**(34)**	**(895)**	(934)	(37)	(897)
	(1,932)	**(34)**	**(1,898)**	(1,998)	(40)	(1,958)
Increase (decrease) in other recoverables	**7**	**7**	**–**	8	8	–
Balance as at end of year	**$ 4,757**	**$ 138**	**$ 4,619**	$ 4,371	$ 148	$ 4,223

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

(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, 2015**			October 31, 2014		
	Gross	**Reinsurance**	**Net**	Gross	Reinsurance	Net
Balance as at beginning of year	**$ 1,559**	**$ –**	**$ 1,559**	$ 1,506	$ –	$ 1,506
Written premiums	**3,074**	**87**	**2,987**	3,006	91	2,915
Earned premiums	**(3,043)**	**(87)**	**(2,956)**	(2,953)	(91)	(2,862)
Balance as at end of year	**$ 1,590**	**$ –**	**$ 1,590**	$ 1,559	$ –	$ 1,559

(c) Other Movements in Insurance Liabilities

Other movements of $310 million in insurance liabilities (October 31, 2014 – $297 million) 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 eight 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	2015	Total
Net ultimate claims cost at end of accident year	$ 3,335	$ 1,598	$ 1,742	$ 1,724	$ 1,830	$ 2,245	$ 2,465	$ 2,409	
Revised estimates									
One year later	3,366	1,627	1,764	1,728	1,930	2,227	2,334	–	
Two years later	3,359	1,663	1,851	1,823	1,922	2,191	–	–	
Three years later	3,422	1,720	1,921	1,779	1,884	–	–	–	
Four years later	3,527	1,763	1,926	1,768	–	–	–	–	
Five years later	3,630	1,753	1,931	–	–	–	–	–	
Six years later	3,612	1,756	–	–	–	–	–	–	
Seven years later	3,646	–	–	–	–	–	–	–	
Current estimates of cumulative claims	3,646	1,756	1,931	1,768	1,884	2,191	2,334	2,409	
Cumulative payments to date	(3,376)	(1,633)	(1,711)	(1,481)	(1,404)	(1,473)	(1,383)	(1,003)	
Net undiscounted provision for unpaid claims	270	123	220	287	480	718	951	1,406	$ 4,455
Effect of discounting									(249)
Provision for adverse deviation									413
Net provision for unpaid claims									$ 4,619

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 other external drivers.

Qualitative and other unforeseen factors could negatively impact the Bank's ability to accurately assess the risk of the insurance policies that the Bank underwrites. In addition, there may be significant lags between the occurrence of an insured event and the time it is actually reported to the Bank and additional lags between the time of reporting and final settlements of claims.

The following table outlines the sensitivity of the Bank's property and casualty insurance claims liabilities to reasonably possible movements in the discount rate, the margin for adverse deviation, and the frequency and severity of claims, with all other assumptions held constant. Movements in the assumptions may be non-linear.

Sensitivity of Critical Assumptions – Property and Casualty Insurance Contract Liabilities

(millions of Canadian dollars)			*As at*	
	October 31, 2015		October 31, 2014	
	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	**$ 127**	**$ 94**	$ 118	$ 87
Decrease in assumption	**(136)**	**(100)**	(126)	(93)
Margin for adverse deviation assumption used				
Increase in assumption	**(45)**	**(33)**	(41)	(30)
Decrease in assumption	**45**	**33**	41	30
Impact of an absolute change of 5% in key assumptions				
Frequency of claims				
Increase in assumption	**(32)**	**(24)**	(31)	(23)
Decrease in assumption	**32**	**24**	31	23
Severity of claims				
Increase in assumption	**(219)**	**(161)**	(200)	(147)
Decrease in assumption	**219**	**161**	200	147

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, by type of risk, is mitigated by ceding these risks through reinsurance contracts, as well as careful selection and implementation of underwriting strategies, which is in turn largely achieved through diversification by line of business and geographical areas. For automobile insurance, legislation is in place at a provincial level and this creates differences in the benefits provided among the provinces.

As at October 31, 2015, for the property and casualty insurance business, 68.9% of net written premiums were derived from automobile policies (October 31, 2014 – 70.3%) followed by residential with 30.6% (October 31, 2014 – 29.4%). The distribution by provinces show that business is mostly concentrated in Ontario with 59.0% of net written premiums (October 31, 2014 – 60.6%). The Western provinces represented 28.8% (October 31, 2014 – 27.7%) followed by the Atlantic provinces with 6.3% (October 31, 2014 – 5.6%) and Québec, 5.9% (October 31, 2014 – 6.1%).

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 $1.2 million (October 31, 2014 – $3.1 million), the majority of claims are less than $250 thousand (October 31, 2014 – $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 24: SHARE-BASED COMPENSATION

STOCK OPTION PLAN

The Bank maintains a stock option program for certain key employees. Options on common shares are periodically granted to eligible employees of the Bank under the plan for terms of 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, 23.6 million common shares have been reserved for future issuance (October 31, 2014 – 25.9 million). The outstanding options expire on various dates to December 11, 2024. 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)	**2015**		2014		2013	
	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	**19.4**	**$ 36.72**	22.0	$ 33.89	27.5	$ 31.00
Granted	**2.6**	**52.46**	2.6	47.59	3.3	40.54
Exercised	**(3.3)**	**30.31**	(5.0)	31.32	(8.4)	27.60
Forfeited/cancelled	**(0.3)**	**44.25**	(0.2)	39.60	(0.4)	36.64
Number outstanding, end of year	**18.4**	**$ 40.65**	19.4	$ 36.72	22.0	$ 33.89
Exercisable, end of year	**7.0**	**$ 35.90**	7.1	$ 31.18	8.8	$ 29.67

The weighted average share price for the options exercised in 2015 was $53.98 (2014 – $52.15; 2013 – $43.26).

The following table summarizes information relating to stock options outstanding and exercisable as at October 31, 2015.

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**
$21.25 – $32.99	**2.7**	**3.4**	**$ 31.28**	**2.7**	**$ 31.28**
$36.03 – $36.64	**6.0**	**5.6**	**36.63**	**2.6**	**36.62**
$39.21 – $40.54	**3.6**	**6.3**	**40.35**	**0.5**	**39.21**
$43.06 – $44.25	**1.1**	**2.3**	**43.42**	**1.1**	**43.42**
$45.31 – $52.46	**5.0**	**8.4**	**50.01**	**0.1**	**45.31**

For the year ended October 31, 2015, the Bank recognized compensation expense for stock option awards of $19.8 million (October 31, 2014 – $25.6 million; October 31, 2013 – $24.8 million). For the year ended October 31, 2015, 2.6 million (October 31, 2014 – 2.6 million; October 31, 2013 – 3.3 million) options were granted by the Bank at a weighted-average fair value of $9.06 per option (2014 – $9.29 per option; 2013 – $7.83 per option).

The following table summarizes the assumptions used for estimating the fair value of options for the twelve months ended October 31.

Assumptions Used for Estimating the Fair Value of Options

(in Canadian dollars, except as noted)	**2015**	2014	2013
Risk-free interest rate	**1.44 %**	1.90 %	1.43 %
Expected option life (years)	**6.3 years**	6.2 years	6.3 years
Expected volatility [1]	**25.06 %**	27.09 %	27.23 %
Expected dividend yield	**3.65 %**	3.66 %	3.51 %
Exercise price/share price	**$ 52.46**	$ 47.59	$ 40.54

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, 2015, was 26 million (2014 – 26 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, 2015, 6.5 million deferred share units were outstanding (October 31, 2014 – 7.6 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, 2015, the Bank recognized compensation expense, net of the effects of hedges, for these plans of $441 million (2014 – $415 million; 2013 – $336 million). The compensation expense recognized before the effects of hedges was $471 million (2014 – $718 million; 2013 – $621 million). The carrying amount of the liability relating to these plans, based on the closing share price, was $1.6 billion at October 31, 2015 (October 31, 2014 – $1.8 billion), and is reported in Other liabilities on the Consolidated Balance Sheet.

EMPLOYEE OWNERSHIP PLAN

The Bank also operates a share purchase plan available to Canadian employees. Employees can contribute any amount of their eligible earnings (net of source deductions), subject to an annual cap of 10% of salary 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, 2015, the Bank's contributions totalled $67 million (2014 – $65 million; 2013 – $63 million) and were expensed as salaries and employee benefits. As at October 31, 2015, an aggregate of 20 million common shares were held under the Employee Ownership Plan (October 31, 2014 – 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 25: EMPLOYEE BENEFITS

DEFINED BENEFIT PENSION AND OTHER POST-EMPLOYMENT BENEFIT (OPEB) PLANS

The Bank's principal pension plans, consisting of The Pension Fund Society of The Toronto-Dominion Bank (the "Society") and the TD Pension Plan (Canada) (TDPP), are defined benefit plans for Canadian Bank employees. The Society was closed to new members on January 30, 2009, and the TDPP commenced on March 1, 2009. Benefits under the principal pension plans are determined based upon the period of plan participation and the average salary of the member in the best consecutive five years in the last ten years of combined plan membership.

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, as 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 2015 were $357 million (2014 – $302 million). The 2015 contributions were made in accordance with the actuarial valuation reports for funding purposes as at October 31, 2014, for both of the principal pension plans. 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 next valuation date for funding purposes is as at October 31, 2015, for both of the principal pension plans.

The Bank also provides certain post-retirement benefits, which are generally non-funded. Post-retirement benefit plans, where offered, generally include health care and dental benefits. Employees must meet certain age and service requirements to be eligible for post-retirement benefits and are generally required to pay a portion of the cost of the benefits.

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 investments of the Society and 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 8% and 15% surplus volatility, respectively. The investment policies for the principal pension plans exclude Pension Enhancement Account (PEA) assets which are invested at the member's discretion in certain mutual funds.

Public debt instruments of both the Society and the TDPP 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 public debt portfolio.

With respect to the Society's public debt portfolio, up to 15% of the total fund can be invested in a bond mandate subject to the following constraints: debt instruments rated BBB+ to BBB- must not exceed 25%; asset-backed securities must have a minimum credit rating of AAA and not exceed 25% of the mandate; debt instruments of non-government entities must not exceed 80%; debt instruments of non-Canadian government entities must not exceed 20%; debt instruments of a single non-government or non-Canadian government entity must not exceed 10%; and debt instruments issued by the Government of Canada, provinces of Canada, or municipalities must not exceed 100%, 75%, or 10%, respectively. Also with respect to the Society's public debt portfolio, up to 14% of the total fund can be invested in a bond mandate subject to the following constraints: debt instruments rated BBB+ to BBB- must not exceed 25%; asset-backed securities must have a minimum credit rating of AAA and not exceed 25% of the mandate; and there is a limitation of 10% for any one issuer. The remainder of the public debt portfolio is not permitted to invest in debt instruments of non-government entities.

The TDPP is not permitted to invest in debt instruments of non-government entities.

The equity portfolios of both the Society and the TDPP are broadly diversified primarily across 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 permitted to be included to further diversify the portfolio. A maximum of 10% of a total fund may be invested in emerging market equities.

For both the Society and the TDPP, derivatives can be utilized provided they are not used to create financial leverage, but rather for risk management purposes. The Society is also permitted to invest in other alternative investments, such as private equities.

The 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, 2015	**Acceptable range**	**% of total**	**Quoted**	**Unquoted**	**Acceptable range**	**% of total**	**Quoted**	**Unquoted**
Debt	**58 – 76 %**	**64 %**	**$ –**	**$ 2,852**	**44 – 56 %**	**50 %**	**$ –**	**$ 369**
Equity	**24 – 42**	**30**	**1,015**	**346**	**44 – 56**	**50**	**–**	**374**
Alternative investments[1]	**0 – 10**	**6**	**37**	**227**	**n/a**	**n/a**	**n/a**	**n/a**
Other[2]	**n/a**	**n/a**	**–**	**74**	**n/a**	**n/a**	**–**	**33**
Total		**100 %**	**$ 1,052**	**$ 3,499**		**100 %**	**$ –**	**$ 776**
As at October 31, 2014								
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

1 The Society's alternative investments primarily include private equity funds, of which a fair value of nil as at October 31, 2015 (October 31, 2014 – nil; October 31, 2013 – $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.

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. The Bank received regulatory approval to wind-up the defined contribution portion of the plan effective April 1, 2011. The wind-up was completed on May 31, 2012. Funding for the defined benefit portion is provided by contributions from the Bank and members of the plan.

TD Bank, N.A. Retirement Plans

TD Bank, N.A. and its subsidiaries maintain a defined contribution 401(k) plan covering all employees. The contributions to the plan for the year ended October 31, 2015 were $103 million (October 31, 2014 – $92 million; October 31, 2013 – $81 million), which included core and matching contributions . Annual expense is equal to the Bank's contributions to the plan.

TD Bank, N.A. also has frozen defined benefit retirement plans covering certain legacy TD Banknorth and TD Auto Finance (legacy Chrysler Financial) employees. TD Bank, N.A. also has closed post-retirement benefit plans, which include limited medical coverage and life insurance benefits, covering certain TD Auto Finance (legacy Chrysler Financial) employees.

Supplemental Employee Retirement Plans

Supplemental employee retirement plans 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]		
	2015	2014	2013	**2015**	2014	2013	**2015**	2014	2013
Change in projected benefit obligation									
Projected benefit obligation at beginning of year	**$ 5,321**	$ 4,338	$ 4,143	**$ 557**	$ 551	$ 526	**$ 2,644**	$ 2,196	$ 2,325
Obligations included due to TD Auto Finance plan merger [3]	**–**	–	–	**–**	–	–	**19**	–	–
Service cost – benefits earned	**359**	282	278	**20**	18	17	**13**	10	12
Interest cost on projected benefit obligation	**219**	205	184	**23**	26	24	**113**	106	92
Remeasurement (gain) loss – financial	**(279)**	591	(234)	**(12)**	50	(29)	**(35)**	188	(223)
Remeasurement (gain) loss – demographic	**18**	44	98	**–**	(82)	30	**(11)**	129	19
Remeasurement (gain) loss – experience	**(71)**	(1)	(3)	**(21)**	6	(7)	**17**	17	10
Members' contributions	**69**	66	65	**–**	–	–	**–**	–	–
Benefits paid	**(259)**	(204)	(193)	**(14)**	(12)	(10)	**(251)**	(114)	(100)
Change in foreign currency exchange rate	**–**	–	–	**–**	–	–	**264**	106	61
Past service cost (credit) [4]	**–**	–	–	**–**	–	–	**(30)**	6	–
Projected benefit obligation as at October 31	**5,377**	5,321	4,338	**553**	557	551	**2,743**	2,644	2,196
Change in plan assets									
Plan assets at fair value at beginning of year	**4,805**	4,177	3,743	**–**	–	–	**1,734**	1,575	1,462
Assets included due to TD Auto Finance plan merger [3]	**–**	–	–	**–**	–	–	**18**	–	–
Interest income on plan assets	**205**	208	175	**–**	–	–	**76**	77	56
Remeasurement gain (loss) – return on plan assets less interest income	**158**	264	54	**–**	–	–	**(31)**	72	86
Members' contributions	**69**	66	65	**–**	–	–	**–**	–	–
Employer's contributions	**357**	302	340	**14**	12	10	**153**	35	26
Benefits paid	**(259)**	(204)	(193)	**(14)**	(12)	(10)	**(251)**	(114)	(100)
Change in foreign currency exchange rate	**–**	–	–	**–**	–	–	**216**	98	49
Defined benefit administrative expenses	**(8)**	(8)	(7)	**–**	–	–	**(5)**	(9)	(4)
Plan assets at fair value as at October 31	**5,327**	4,805	4,177	**–**	–	–	**1,910**	1,734	1,575
Net defined benefit asset (liability)	**(50)**	(516)	(161)	**(553)**	(557)	(551)	**(833)**	(910)	(621)
Annual expense									
Net employee benefits expense includes the following:									
Service cost – benefits earned	**359**	282	278	**20**	18	17	**13**	10	12
Net interest cost (income) on net defined benefit liability (asset)	**14**	(3)	9	**23**	26	24	**37**	29	36
Past service cost (credit) [4]	**–**	–	–	**–**	–	–	**(30)**	6	–
Defined benefit administrative expenses	**8**	7	7	**–**	–	–	**8**	5	4
Total expense	**$ 381**	$ 286	$ 294	**$ 43**	$ 44	$ 41	**$ 28**	$ 50	$ 52
Actuarial assumptions used to determine the annual expense (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** %	4.01 %
Weighted-average rate of compensation increase	**2.86**	**2.83**	2.82	**3.50**	3.50	3.50	**1.29**	1.43	1.37
Actuarial assumptions used to determine the projected benefit obligation as at October 31 (percentage)									
Weighted-average discount rate for projected benefit obligation	**4.42 %**	**4.21** %	4.82 %	**4.40 %**	**4.30** %	4.80 %	**4.39 %**	**4.27** %	4.75 %
Weighted-average rate of compensation increase	**2.63**	**2.86**	2.83	**3.25**	**3.50**	3.50	**1.20**	**1.30**	1.43

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 5.35%. The rate is assumed to decrease gradually to 3.60% by the year 2028 and remain at that level thereafter.

2 Includes CT defined benefit pension plan, TD Banknorth defined benefit pension plan, TD Auto Finance retirement plans, and supplemental employee retirement plans. Other employee benefit plans operated by the Bank and certain of its subsidiaries are not considered material for disclosure purposes.

3 Effective December 31, 2014, certain TD Auto Finance retirement plans were merged and certain previously undisclosed obligations and assets are now included for the current year. The opening balances of these obligations and assets for the year ended October 31, 2015, were $19 million and $18 million, respectively (October 31, 2014 – $14 million and $16 million; October 31, 2013 – $16 million and $15 million, respectively).

4 Includes a settlement gain of $35 million related to a portion of the TD Banknorth defined benefit pension plan that was settled during the period.

During the year ended October 31, 2016, the Bank expects to contribute $335 million to its principal pension plans, $16 million to its principal non-pension post-retirement benefit plan, and $40 million to its other pension and retirement plans. Future contribution amounts may change upon the Bank's review of its contribution levels during the year.

Assumptions related to future mortality which have been used to determine the defined benefit obligation and net benefit cost are as follows:

Assumed Life Expectancy at Age 65

(number of years)	Principal pension plans			Principal non-pension post-retirement benefit plan			Other pension and retirement plans		
									As at October 31
	2015	2014	2013	**2015**	2014	2013	**2015**	2014	2013
Male aged 65 at measurement date	**22.1**	21.9	22.0	**22.1**	21.9	22.0	**22.0**	22.0	20.2
Female aged 65 at measurement date	**23.9**	23.8	23.2	**23.9**	23.8	23.2	**24.0**	23.3	21.9
Male aged 40 at measurement date	**23.3**	23.2	23.2	**23.3**	23.2	23.2	**22.5**	23.1	20.7
Female aged 40 at measurement date	**25.1**	25.0	24.1	**25.1**	25.0	24.1	**25.0**	25.6	22.2

The weighted-average duration of the defined benefit obligation for the Bank's principal pension plans, principal non-pension post-retirement benefit plan and other pension and retirement plans at the end of the reporting period are 16 years (2014 – 16 years, 2013 – 15 years), 17 years (2014 – 18 years, 2013 – 17 years), and 13 years (2014 – 13 years, 2013 – 13 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, 2015			**October 31, 2015**		
	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	**$ 907**	**$ 103**	**$ 404**	**$ 109**	**$ 4**	**$ 8**
1% increase in assumption	**(705)**	**(80)**	**(324)**	**(96)**	**(3)**	**(12)**
Rates of compensation increase						
1% decrease in assumption	**(275)**	**n/a[1]**	**(1)**	**(53)**	**n/a[1]**	**n/a[1]**
1% increase in assumption	**298**	**n/a[1]**	**1**	**58**	**n/a[1]**	**n/a[1]**
Life expectancy						
1 year decrease in assumption	**(103)**	**(18)**	**(75)**	**(16)**	**(2)**	**(3)**
1 year increase in assumption	**102**	**18**	**76**	**16**	**2**	**3**
Health care cost initial trend rate						
1% decrease in assumption	**n/a**	**(82)**	**(4)**	**n/a**	**(8)**	**n/a[1]**
1% increase in assumption	**n/a**	**105**	**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.

Amounts Recognized in the Consolidated Balance Sheet

(millions of Canadian dollars)			*As at*
	October 31 2015	October 31 2014	October 31 2013
Other assets			
Principal pension plans	**$ 95**	$ –	$ –
Other pension and retirement plans [1]	**–**	9	52
Other employee benefit plans[2]	**9**	6	4
Total other assets	**104**	15	56
Other liabilities			
Principal pension plans	**145**	516	161
Principal non-pension post-retirement benefit plan	**553**	557	551
Other pension and retirement plans [1]	**833**	919	673
Other employee benefit plans[2]	**416**	401	330
Total other liabilities	**1,947**	2,393	1,715
Net amount recognized	**$ (1,843)**	$ (2,378)	$ (1,659)

1 Effective December 31, 2014, certain TD Auto Finance retirement plans were merged. For the current year, these assets and liabilities have been included in Other pension and retirement plans. Previously, these assets or liabilities were included in Other employee benefit plans.
2 Consists of other defined benefit pension and other post-employment benefit plans operated by the Bank and its subsidiaries that are not considered material for disclosure purposes.

The Bank recognized the following amounts in the Consolidated Statement of Other Comprehensive Income.

Amounts Recognized in the Consolidated Statement of Other Comprehensive Income [1]

(millions of Canadian dollars)	*For the years ended*		
	October 31 2015	October 31 2014	October 31 2013
Actuarial gains (losses) recognized in Other Comprehensive Income			
Principal pension plans	**$ 490**	$ (371)	$ 193
Principal non-pension post-retirement benefit plan	**33**	26	6
Other pension and retirement plans [2]	**1**	(266)	280
Other employee benefit plans [3]	**23**	(57)	32
Total actuarial gains (losses) recognized in Other Comprehensive Income	**$ 547**	$ (668)	$ 511

1 Amounts are presented on pre-tax basis.
2 Effective December 31, 2014, certain TD Auto Finance retirement plans were merged. For the current year, these actuarial gains or losses have been included in Other pension and retirement plans. Previously, these actuarial gains or losses were included in Other employee benefit plans.
3 Consists of other defined benefit pension and other post-employment benefit plans operated by the Bank and its subsidiaries that are not considered material for disclosure purposes.

NOTE 26: 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*		
	2015	2014	2013
Provision for income taxes – Consolidated Statement of Income			
Current income taxes			
Provision for (recovery of) income taxes for the current period	**$ 1,881**	$ 1,450	$ 1,619
Adjustments in respect of prior years and other	**(6)**	31	(114)
Total current income taxes	**1,875**	1,481	1,505
Deferred income taxes			
Provision for (recovery of) deferred income taxes related to the origination and reversal of temporary differences	**(372)**	37	(398)
Effect of changes in tax rates	**(1)**	1	8
Recovery of income taxes due to recognition of previously unrecognized deductible temporary differences and unrecognized tax losses of a prior period	**8**	(11)	(2)
Adjustments in respect of prior years and other	**13**	4	22
Total deferred income taxes	**(352)**	31	(370)
Total provision for income taxes – Consolidated Statement of Income	**1,523**	1,512	1,135
Provision for (recovery of) income taxes – Statement of Other Comprehensive Income			
Current income taxes	**(1,279)**	(623)	(699)
Deferred income taxes	**414**	(269)	(221)
	(865)	(892)	(920)
Income taxes – other non-income related items including business combinations and other adjustments			
Current income taxes	**14**	(9)	(17)
Deferred income taxes	**51**	(4)	40
	65	(13)	23
Total provision for (recovery of) income taxes	**723**	607	238
Current income taxes			
Federal	**53**	413	353
Provincial	**61**	284	245
Foreign	**496**	152	191
	610	849	789
Deferred income taxes			
Federal	**220**	(72)	(4)
Provincial	**134**	(44)	(5)
Foreign	**(241)**	(126)	(542)
	113	(242)	(551)
Total provision for (recovery of) income taxes	**$ 723**	$ 607	$ 238

Reconciliation to Statutory Income Tax Rate

(millions of Canadian dollars, except as noted)	**2015**		2014		2013	
Income taxes at Canadian statutory income tax rate	**$ 2,409**	**26.3 %**	$ 2,385	26.3 %	$ 1,970	26.3 %
Increase (decrease) resulting from:						
Dividends received	**(319)**	**(3.5)**	(321)	(3.5)	(253)	(3.4)
Rate differentials on international operations	**(556)**	**(6.1)**	(489)	(5.4)	(487)	(6.5)
Other – net	**(11)**	**(0.1)**	(63)	(0.7)	(95)	(1.3)
Provision for income taxes and effective income tax rate	**$ 1,523**	**16.6 %**	$ 1,512	16.7 %	$ 1,135	15.1 %

Deferred tax assets and liabilities comprise of the following.

Deferred Tax Assets and Liabilities[1]

(millions of Canadian dollars)		*As at*
	October 31 2015	October 31 2014
Deferred tax assets		
Allowance for credit losses	**$ 737**	$ 582
Land, buildings, equipment, and other depreciable assets	**19**	7
Deferred (income) expense	**65**	30
Trading loans	**124**	124
Employee benefits	**714**	695
Pensions	**114**	367
Losses available for carry forward	**260**	256
Tax credits	**399**	357
Other	**322**	123
Total deferred tax assets[2]	**2,754**	2,541
Deferred tax liabilities		
Securities	**664**	524
Intangibles	**404**	287
Goodwill	**78**	9
Total deferred tax liabilities	**1,146**	820
Net deferred tax assets	**1,608**	1,721
Reflected on the Consolidated Balance Sheet as follows:		
Deferred tax assets	**1,931**	2,008
Deferred tax liabilities[3]	**323**	287
Net deferred tax assets	**$ 1,608**	$ 1,721

1 Certain comparative amounts have been reclassified to conform with the presentation adopted in the current period.
2 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 $21 million as at October 31, 2015 (October 31, 2014 – $18 million), of which $11 million (October 31, 2014 – $8 million) is scheduled to expire within five years.
3 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)	**2015**				2014[1]			
	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	**$ (155)**	**$ –**	**$ –**	**$ (155)**	$ (25)	$ –	$ –	$ (25)
Land, buildings, equipment, and other depreciable assets	**(12)**	**–**	**–**	**(12)**	(16)	–	–	(16)
Deferred (income) expense	**(35)**	**–**	**–**	**(35)**	13	–	–	13
Trading loans	**–**	**–**	**–**	**–**	7	–	–	7
Goodwill	**12**	**–**	**57**	**69**	2	–	–	2
Employee benefits	**(27)**	**8**	**–**	**(19)**	(5)	(2)	–	(7)
Losses available for carry forward	**(4)**	**–**	**–**	**(4)**	57	–	–	57
Tax credits	**(42)**	**–**	**–**	**(42)**	3	–	–	3
Other deferred tax assets	**(193)**	**–**	**(6)**	**(199)**	202	–	(4)	198
Securities	**(124)**	**264**	**–**	**140**	(13)	(76)	–	(89)
Intangible assets	**117**	**–**	**–**	**117**	(95)	–	–	(95)
Pensions	**111**	**142**	**–**	**253**	(99)	(191)	–	(290)
Total deferred income tax expense (recovery)	**$ (352)**	**$ 414**	**$ 51**	**$ 113**	$ 31	$ (269)	$ (4)	$ (242)

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

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, 2015. The total amount of these temporary differences was $48 billion as at October 31, 2015 (October 31, 2014 – $37 billion).

NOTE 27: 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*		
	2015	2014	2013
Basic earnings per share			
Net income attributable to common shareholders	**$ 7,813**	$ 7,633	$ 6,350
Weighted-average number of common shares outstanding (millions)	**1,849.2**	1,839.1	1,837.9
Basic earnings per share (dollars)	**4.22**	4.15	3.46
Diluted earnings per share			
Net income attributable to common shareholders	**7,813**	7,633	6,350
Effect of dilutive securities			
Capital Trust II Securities – Series 2012-1	**–**	–	3
Net income available to common shareholders including impact of dilutive securities	**$ 7,813**	$ 7,633	$ 6,353
Weighted-average number of common shares outstanding (millions)	**1,849.2**	1,839.1	1,837.9
Effect of dilutive securities			
Stock options potentially exercisable (millions) [1]	**4.9**	6.2	5.7
TD Capital Trust II Securities – Series 2012-1 (millions)	**–**	–	1.5
Weighted-average number of common shares outstanding – diluted (millions)	**1,854.1**	1,845.3	1,845.1
Diluted earnings per share (dollars)[1]	**$ 4.21**	$ 4.14	$ 3.44

1 For the years ended October 31, 2015, October 31, 2014, and October 31, 2013, the computation of diluted earnings per share did not include any weighted-average options where the option price was greater than the average market price of the Bank's common shares.

NOTE 28: PROVISIONS, CONTINGENT LIABILITIES, COMMITMENTS, GUARANTEES, PLEDGED ASSETS, AND COLLATERAL

PROVISIONS

The following table summarizes the Bank's provisions.

Provisions

(millions of Canadian dollars)	**Litigation**	**Restructuring[1]**	**Asset retirement obligations**	**Other**	**Total**
Balance as at November 1, 2014	**$ 168**	**$ 55**	**$ 68**	**$ 66**	**$ 357**
Additions	**172**	**733**	**–**	**96**	**1,001**
Amounts used	**(179)**	**(261)**	**–**	**(79)**	**(519)**
Release of unused amounts	**(11)**	**(47)**	**(1)**	**(22)**	**(81)**
Foreign currency translation adjustments and other	**16**	**6**	**3**	**4**	**29**
Balance as at October 31, 2015, before allowance for credit losses for off-balance sheet instruments	**$ 166**	**$ 486**	**$ 70**	**$ 65**	**$ 787**
Add: allowance for credit losses for off-balance sheet instruments [2]					**313**
Balance as at October 31, 2015					**$ 1,100**

1 Includes provisions for onerous lease contracts.
2 Refer to Note 8 for further details.

LITIGATION

In the ordinary course of business, the Bank and its subsidiaries are involved in various legal and regulatory actions, 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, although it is possible the Bank may incur additional losses and actual losses may vary significantly from the current estimate. The Bank believes the estimate of the aggregate range of reasonably possible losses (i.e. those which are neither probable nor remote), in excess of provisions, for its legal proceedings where it is possible to make such an estimate, is from zero to approximately $389 million as at October 31, 2015. This represents the Bank's best estimate based upon currently available information for actions for which an estimate can be made. Actions for which the Bank cannot currently make an estimate, such as those which are in a preliminary stage or for which no specific amount is claimed, have not been included. The Bank's estimate involves significant judgment, given the varying stages of the proceedings, the existence of multiple defendants in many of such proceedings whose share of liability has yet to be determined and the fact that the underlying matters will change from time to time.

In management's opinion, based on its current knowledge and after consultation with counsel, the ultimate disposition of these actions, individually or in the aggregate, will not have a material adverse effect on the consolidated financial condition or the consolidated cash flows of the Bank. However, 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"). Two civil matters, *Coquina Investments v. TD Bank, N.A. et al.* and *Razorback Funding, LLC, et al. v. TD Bank, N.A., et al* ., were exempted from the Bar Order, but both matters are now concluded.

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.

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.

TD Bank, N.A. was subsequently named as a defendant in eleven putative nationwide class actions challenging the overdraft practices of TD Bank, N.A. from August 16, 2010 to the present: *King, et al. v. TD Bank, N.A f/k/a Carolina First Bank* (D.S.C.); *Padilla, et al. v. TD Bank, N.A* . (E.D. Pa.); *Hurel v. TD Bank, N.A. and The Toronto-Dominion Bank* (D.N.J.); *Koshgarian v. TD Bank, N.A. and The Toronto-Dominion Bank* (S.D.N.Y.); *Goodall v. The Toronto-Dominion Bank and TD Bank, N.A.* (M.D. FL.); *Klein et al. v. TD Bank, N.A.* (D.N.J.); *Ucciferri v. TD Bank, N.A.* (D.N.J.); and *Austin v. TD Bank, N.A.* (D. Conn.); *Robinson v. TD Bank, N.A.* (S.D. Fla.) ("*Robinson* Case No. 60469"); *Robinson v. TD Bank, N.A.* (S.D. Fla.) ("*Robinson* Case No. 60476"); and *Mingrone v. TD Bank, N.A.* (E.D.N.Y.). The *King* action further challenges the overdraft practices of Carolina First Bank prior to its merger into TD Bank, N.A. in September 2010. The Toronto-Dominion Bank was also named as a defendant in the *Hurel, Koshgarian*, and *Goodall* actions, but was subsequently dismissed without prejudice in *Hurel.* All of the actions have been consolidated for pretrial proceedings as MDL 2613 in the United States District Court for the District of South Carolina. The plaintiffs filed a consolidated amended class action complaint on June 19, 2015, which governs all of the consolidated cases other than Mingrone and Robinson Case No. 15-60476. On July 21, 2015, the Mingrone class action complaint was dismissed without prejudice. The Toronto-Dominion Bank was not named as a defendant in the consolidated amended class action complaint. TD Bank, N.A. has moved to dismiss the consolidated amended class action complaint in part.

Gevaerts Litigation

TD Bank, N.A. was named as a defendant in *Gevaerts, et al. v. TD Bank, et al.,* a purported class action lawsuit in the United States District Court for the Southern District of Florida related to an alleged $223 million fraud scheme orchestrated by Ms. Deborah Peck, a former customer of TD Bank, N.A., among others.

On November 5, 2015, the court approved a settlement between TD Bank, N.A. and the plaintiffs. The claims against TD Bank, N.A. will be dismissed with prejudice under the terms of the settlement.

Interchange Fee Class Actions

Between 2011 and 2013, seven proposed class actions were commenced in British Columbia, Alberta, Saskatchewan, Ontario and Québec: *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, No Discrimination and No Surcharge) have the effect of increasing the merchant 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. The certification decision was appealed by both plaintiff class representatives and defendants. The appeal hearing took place in December 2014 and the decision was released on August 19, 2015. Both the plaintiffs and defendants succeeded in part on their respective appeals.

Stanford Litigation

The Toronto-Dominion Bank was named as a defendant in *Rotstain v. Trustmark National Bank, et al.* , a putative class action lawsuit in the United States District Court for the Northern District of Texas related to a US$7.2 billion Ponzi scheme perpetrated by R. Allen Stanford, the owner of Stanford International Bank, Limited ("SIBL"), an offshore bank based in Antigua. Plaintiffs purport to represent a class of investors in SIBL-issued certificates of deposit. The Bank provided certain correspondent banking services to SIBL. Plaintiffs allege that the Bank and four other banks aided and abetted or conspired with Mr. Stanford to commit fraud and that the bank defendants received fraudulent transfers from SIBL by collecting fees for providing certain services.

The Official Stanford Investors Committee, a court-approved committee representing investors, received permission to intervene in the lawsuit and has brought similar claims against all the bank defendants.

The court denied in part and granted in part The Toronto-Dominion Bank's motion to dismiss the lawsuit on April 21, 2015. The court also entered a class certification scheduling order, requiring the parties to conduct discovery and submit briefing regarding class certification. The class certification motion was fully submitted on October 26, 2015. Plaintiffs filed an amended complaint asserting certain additional state law claims against the Bank on June 23, 2015. The Bank's motion to dismiss the newly amended complaint in its entirety was fully submitted on August 18, 2015.

The Toronto-Dominion Bank is also a defendant in two cases filed in the Ontario Superior Court of Justice: (1) *Wide & Dickson v. The Toronto-Dominion Bank* , an action filed by the Joint Liquidators of SIBL appointed by the Eastern Caribbean Supreme Court, and (2) *Dynasty Furniture Manufacturing Ltd., et al. v. The Toronto-Dominion Bank* , an action filed by five investors in certificates of deposits sold by Stanford. The suits assert that the Bank acted negligently and provided knowing assistance to SIBL's fraud. The court denied the Bank's motion for summary judgement in the Joint Liquidators case to dismiss the action based on the applicable statute of limitations on November 9, 2015 and designated the limitations issues to be addressed as part of a future trial on the merits. The parties intend to schedule a status conference to set a timetable for proceeding with the Joint Liquidators' case and dealing with the Dynasty case.

RESTRUCTURING

In fiscal 2015 the Bank recorded restructuring charges of $686 million ($471 million after tax) on a net basis. During 2015 the Bank commenced its restructuring review and in the second quarter of 2015 recorded $337 million ($228 million after tax) of restructuring charges and recorded an additional restructuring charge of $349 million ($243 million after tax) on a net basis in the fourth quarter of 2015. The restructuring charges incurred in fiscal 2015 were intended to reduce costs and manage expenses in a sustainable manner and to achieve greater operational efficiencies. These measures included process redesign and business restructuring, retail branch and real estate optimization, and organizational review and primarily related to asset impairments, exiting of lease agreements, employee severance and other personnel-related costs.

COMMITMENTS

Credit-related Arrangements

In the normal course of business, the Bank enters into various commitments and contingent liability contracts. The primary purpose of these contracts is to make funds available for the financing needs of customers. The Bank's policy for requiring collateral security with respect to these contracts and the types of collateral security held is generally the same as for loans made by the Bank.

Financial and performance standby letters of credit represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties and they carry the same credit risk, recourse and collateral security requirements as loans extended to customers. Refer to the Guarantees section in this Note for further details.

Documentary and commercial letters of credit are instruments issued on behalf of a customer authorizing a third party to draw drafts on the Bank up to a certain amount subject to specific terms and conditions. The Bank is at risk for any drafts drawn that are not ultimately settled by the customer, and the amounts are collateralized by the assets to which they relate.

Commitments to extend credit represent unutilized portions of authorizations to extend credit in the form of loans and customers' liability under acceptances. A discussion on the types of liquidity facilities the Bank provides to its securitization conduits is included in Note 10.

The values of credit instruments reported as follows represent the maximum amount of additional credit that the Bank could be obligated to extend should contracts be fully utilized.

Credit Instruments

(millions of Canadian dollars)		*As at*
	October 31 2015	October 31 2014
Financial and performance standby letters of credit	**$ 21,046**	$ 18,395
Documentary and commercial letters of credit	**330**	207
Commitments to extend credit[1]		
Original term to maturity of one year or less	**40,477**	32,456
Original term to maturity of more than one year	**90,803**	67,913
Total	**$ 152,656**	$ 118,971

[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, 2015, the Bank is committed to fund $133 million (October 31, 2014 – $76 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 $917 million for 2016; $874 million for 2017; $801 million for 2018, $718 million for 2019, and $4,756 million for 2020 and thereafter.

Future minimum finance lease commitments where the annual payment is in excess of $100 thousand, is estimated at $31 million for 2016; $24 million for 2017; $12 million for 2018, $10 million for 2019, and $29 million for 2020 and thereafter.

The premises and equipment net rental expense, included under Non-interest expenses in the Consolidated Statement of Income, was $1.1 billion for the year ended October 31, 2015 (October 31, 2014 – $0.9 billion; October 31, 2013 – $1.0 billion).

Pledged Assets and Collateral

In the ordinary course of business, securities and other assets are pledged against liabilities or contingent liabilities, including repurchase agreements, securitization liabilities, covered bonds, obligations related to securities sold short, and securities borrowing transactions. Assets are also deposited for the purposes of participation in clearing and payment systems and depositories or to have access to the facilities of central banks in foreign jurisdictions, or as security for contract settlements with derivative exchanges or other derivative counterparties.

Details of assets pledged against liabilities and collateral assets held or re-pledged are shown in the following table:

(millions of Canadian dollars)		*As at*
	October 31 2015	October 31 2014
Sources of pledged assets and collateral		
Bank assets		
Interest-bearing deposits with banks	**$ 4,997**	$ 4,594
Loans	**66,602**	63,293
Securities	**71,228**	65,318
	142,827	133,205
Third-party assets[1]		
Collateral received and available for sale or re-pledging	**150,120**	131,600
Less: Collateral not re-pledged	**(51,012)**	(47,101)
	99,108	84,499
	241,935	217,704
Uses of pledged assets and collateral[2]		
Derivatives	**3,005**	2,871
Obligations related to securities sold under repurchase agreements	**70,011**	56,857
Securities borrowing and lending	**32,511**	23,987
Obligations related to securities sold short	**36,303**	40,899
Securitization	**33,169**	39,581
Covered bond	**22,071**	16,355
Clearing systems, payment systems, and depositories	**4,137**	3,925
Foreign governments and central banks	**8,462**	6,273
Other	**32,266**	26,956
Total	**$ 241,935**	$ 217,704

1 Includes collateral received from reverse repurchase agreements, securities borrowing, margin loans, and other client activity.
2 Includes $34.1 billion of on-balance sheet assets that the Bank has pledged and that the counterparty can subsequently repledge as at October 31, 2015 (October 31, 2014 – $26.8 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. During the year ended October 31, 2015, the fair value of mortgages repurchased as a result of the liquidity event was $29 million (October 31, 2014 – $84 million). For further details on the Bank's involvement with the Fund, refer to Note 10.

Credit Enhancements

The Bank guarantees payments to counterparties in the event that third party credit enhancements supporting asset pools are insufficient.

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, 2015, was $101 billion (October 31, 2014 – $95 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 prevent the Bank from making a reasonable estimate of the maximum potential amount that the Bank would be required to pay such counterparties.

The Bank also indemnifies directors, officers and other persons, to the extent permitted by law, against certain claims that may be made against them as a result of their services to the Bank or, at the Bank's request, to another entity.

The following table summarizes as at October 31, the maximum potential amount of future payments that could be made under guarantees without consideration of possible recoveries under recourse provisions or from collateral held or pledged.

Maximum Potential Amount of Future Payments

(millions of Canadian dollars)		*As at*
	October 31 2015	October 31 2014
Financial and performance standby letters of credit	**$ 21,046**	$ 18,395
Assets sold with contingent repurchase obligations	**207**	267
Total	**$ 21,253**	$ 18,662

NOTE 29: RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to directly or indirectly control the other party or exercise significant influence over the other party in making financial or operational decisions. The Bank's related parties include key management personnel, their close family members and their related entities, subsidiaries, associates, joint ventures, and post-employment benefit plans for the Bank's employees.

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

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

As at October 31, 2015, $340 million of loans were made to key management personnel, their close family members and their related entities (October 31, 2014 – $266 million).

COMPENSATION

The remuneration of key management personnel was as follows:

Compensation

(millions of Canadian dollars)			*For the years ended October 31*	
		2015	2014	2013
Short-term employee benefits	**$**	**22**	$ 27	$ 25
Post-employment benefits		**3**	1	2
Share-based payments		**31**	37	32
Total	**$**	**56**	$ 65	$ 59

In addition, the Bank offers deferred share and other plans to non-employee directors, executives, and certain other key employees. Refer to Note 24 for further details.

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

TRANSACTIONS WITH SUBSIDIARIES, TD AMERITRADE AND SYMCOR INC.

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

Transactions between the Bank, TD Ameritrade and Symcor Inc. (Symcor) also qualify as related party transactions. There were no significant transactions between the Bank, TD Ameritrade and Symcor during the year ended October 31, 2015, other than as described in the following sections.

Other Transactions with TD Ameritrade and Symcor

(1) TRANSACTIONS WITH TD AMERITRADE HOLDING CORPORATION

The Bank is party to an insured deposit account (IDA) agreement with TD Ameritrade, pursuant to which the Bank makes available to clients of TD Ameritrade, IDAs as designated sweep vehicles. TD Ameritrade provides marketing and support services with respect to the IDA. The Bank paid fees of $1.1 billion during the year ended October 31, 2015 (October 31, 2014 – $0.9 billion; October 31, 2013 – $0.8 billion) to TD Ameritrade for the deposit accounts. The fee paid by the Bank is based on the average insured deposit balance of $95 billion for the year ended October 31, 2015 (October 31, 2014 – $80 billion; October 31, 2013 – $70 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, and the balance tied to an agreed rate of return. The Bank earns a servicing fee of 25 basis points (bps) on the aggregate average daily balance in the sweep accounts (subject to adjustment based on a specified formula).

As at October 31, 2015, amounts receivable from TD Ameritrade were $79 million (October 31, 2014 – $103 million). As at October 31, 2015, amounts payable to TD Ameritrade were $140 million (October 31, 2014 – $104 million).

(2) TRANSACTIONS WITH SYMCOR

The Bank has one-third ownership in Symcor, a Canadian provider of business process outsourcing services offering a diverse portfolio of integrated solutions in item processing, statement processing and production, and cash management services. The Bank accounts for Symcor's results using the equity method of accounting. During the year ended October 31, 2015, the Bank paid $124 million (October 31, 2014 – $122 million; October 31, 2013 – $128 million) for these services. As at October 31, 2015, the amount payable to Symcor was $10 million (October 31, 2014 – $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, 2015, and October 31, 2014.

NOTE 30: 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.

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 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. The Bank's other activities are grouped into the Corporate segment. The Corporate segment includes the effects of certain asset securitization programs, treasury management, the collectively assessed allowance for incurred but not identified credit losses in Canadian Retail and Wholesale Banking, elimination of taxable equivalent adjustments and other management reclassifications, corporate level tax items, and residual unallocated revenue and expenses.

The results of each business segment reflect revenue, expenses and assets generated by the businesses in that segment. Due to the complexity of the Bank, its management reporting model uses various estimates, assumptions, allocations and risk-based methodologies for funds transfer pricing, inter-segment revenue, income tax rates, capital, indirect expenses and cost transfers to measure business segment results. 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 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*				
					2015
	Canadian Retail	**U.S. Retail**	**Wholesale Banking**	**Corporate**	**Total**
Net interest income (loss)	**$ 9,781**	**$ 7,011**	**$ 2,295**	**$ (363)**	**$ 18,724**
Non-interest income (loss)	**9,904**	**2,414**	**631**	**(247)**	**12,702**
Provision for (reversal of) credit losses	**887**	**749**	**18**	**29**	**1,683**
Insurance claims and related expenses	**2,500**	**–**	**–**	**–**	**2,500**
Non-interest expenses	**8,407**	**6,170**	**1,701**	**1,795**	**18,073**
Income (loss) before income taxes	**7,891**	**2,506**	**1,207**	**(2,434)**	**9,170**
Provision for (recovery of) income taxes	**1,953**	**394**	**334**	**(1,158)**	**1,523**
Equity in net income of an investment in associate, net of income taxes	**–**	**376**	**–**	**1**	**377**
Net income (loss)	**$ 5,938**	**$ 2,488**	**$ 873**	**$ (1,275)**	**$ 8,024**
Total assets as at October 31					
(billions of Canadian dollars)	**$ 360.1**	**$ 347.3**	**$ 343.5**	**$ 53.5**	**$ 1,104.4**

					2014
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[1]					
(billions of Canadian dollars)	$ 334.6	$ 277.1	$ 317.6	$ 31.2	$ 960.5

					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

1 Certain comparative amounts have been restated, where applicable, as a result of the implementation of the 2015 IFRS Standards and Amendments. Refer to Note 4 for further details.

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*
			2015	**2015**
	Total revenue	**Income before income taxes**	**Net income**	**Total assets[1]**
Canada	**$ 20,224**	**$ 6,625**	**$ 5,361**	**$ 623,061**
United States	**10,140**	**2,040**	**1,802**	**417,186**
Other international	**1,062**	**505**	**861**	**64,126**
Total	**$ 31,426**	**$ 9,170**	**$ 8,024**	**$ 1,104,373**
			2014	2014
Canada	$ 19,642	$ 6,314	$ 5,106	$ 554,036
United States	8,363	1,579	1,284	324,865
Other international	1,956	1,182	1,493	81,610
Total	**$** 29,961	$ 9,075	$ 7,883	$ 960,511
			2013	2013
Canada	$ 18,013	$ 5,220	$ 4,234	$ 518,247
United States	7,205	1,023	864	262,679
Other international	2,041	1,260	1,542	81,095
Total	**$** 27,259	$ 7,503	$ 6,640	$ 862,021

[1] Certain comparative amounts have been restated, where applicable, as a result of the implementation of the 2015 IFRS Standards and Amendments. Refer to Note 4 for further details.

NOTE 31: INTEREST RATE RISK

The Bank earns and pays interest on certain assets and liabilities. To the extent that the assets and liabilities 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 assets and liabilities 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[1]

(billions of Canadian dollars, except as noted)							*As at*	
							October 31, 2015	
	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	**$ 16.5**	**$ 28.1**	**$ 0.7**	**$ 45.3**	**$ –**	**$ –**	**$ 0.3**	**$ 45.6**
Trading loans, securities, and other	**0.8**	**5.6**	**8.7**	**15.1**	**24.3**	**16.6**	**39.2**	**95.2**
Financial assets designated at fair value through profit or loss	**1.0**	**0.2**	**0.7**	**1.9**	**1.2**	**1.2**	**0.1**	**4.4**
Available-for-sale	**1.4**	**6.4**	**3.5**	**11.3**	**45.7**	**31.3**	**0.5**	**88.8**
Held-to-maturity	**–**	**1.2**	**7.1**	**8.3**	**53.0**	**13.2**	**–**	**74.5**
Securities purchased under reverse repurchase agreements	**5.5**	**63.5**	**15.2**	**84.2**	**–**	**–**	**13.2**	**97.4**
Loans	**21.9**	**227.5**	**63.3**	**312.7**	**184.0**	**33.7**	**13.9**	**544.3**
Other	**86.0**	**–**	**–**	**86.0**	**–**	**–**	**68.2**	**154.2**
Total assets	**133.1**	**332.5**	**99.2**	**564.8**	**308.2**	**96.0**	**135.4**	**1,104.4**
Liabilities and equity								
Trading deposits	**–**	**29.0**	**43.2**	**72.2**	**0.5**	**0.5**	**1.6**	**74.8**
Other financial liabilities designated at fair value through profit or loss	**0.6**	**0.2**	**0.6**	**1.4**	**–**	**–**	**–**	**1.4**
Other deposits	**237.8**	**76.0**	**44.3**	**358.1**	**104.8**	**32.5**	**200.2**	**695.6**
Securitization liabilities at fair value	**–**	**0.5**	**0.3**	**0.8**	**7.0**	**3.2**	**–**	**11.0**
Obligations related to securities sold short	**38.8**	**–**	**–**	**38.8**	**–**	**–**	**–**	**38.8**
Obligations related to securities sold under repurchase agreements	**0.6**	**53.9**	**0.3**	**54.8**	**–**	**–**	**12.4**	**67.2**
Securitization liabilities at amortized cost	**–**	**8.8**	**2.9**	**11.7**	**8.5**	**2.5**	**–**	**22.7**
Subordinated notes and debentures	**–**	**1.0**	**–**	**1.0**	**7.4**	**0.2**	**–**	**8.6**
Other	**73.9**	**–**	**–**	**73.9**	**–**	**–**	**43.4**	**117.3**
Equity	**–**	**–**	**–**	**–**	**2.0**	**0.7**	**64.3**	**67.0**
Total liabilities and equity	**351.7**	**169.4**	**91.6**	**612.7**	**130.2**	**39.6**	**321.9**	**1,104.4**
Net position	**$ (218.6)**	**$ 163.1**	**$ 7.6**	**$ (47.9)**	**$ 178.0**	**$ 56.4**	**$ (186.5)**	**$ –**
							October 31, 2014	
Total assets	**$** 123.9	$ 278.4	$ 113.4	$ 515.7	$ 249.3	$ 70.2	$ 125.3	$ 960.5
Total liabilities and equity	311.3	142.4	66.0	519.7	121.1	34.2	285.5	960.5
Net position	**$** (187.4)	$ 136.0	$ 47.4	$ (4.0)	$ 128.2	$ 36.0	$ (160.2)	$ –

[1] Certain comparative amounts have been restated, where applicable, as a result of the implementation of the 2015 IFRS Standards and Amendments. Refer to Note 4 for further details.

Interest Rate Risk by Category

(billions of Canadian dollars)									*As at*
									October 31, 2015
	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	**$ (172.3)**	**$ 118.9**	**$ 34.6**	**$ (18.8)**	**$ 113.0**	**$ 11.3**	**$ (110.6)**	**$ (5.1)**
Foreign currency	**(46.3)**	**44.2**	**(27.0)**	**(29.1)**	**65.0**	**45.1**	**(75.9)**	**5.1**
Net position	**$ (218.6)**	**$ 163.1**	**$ 7.6**	**$ (47.9)**	**$ 178.0**	**$ 56.4**	**$ (186.5)**	**$ –**
									October 31, 2014
Canadian currency	$ (186.1)	$ 109.7	$ 25.5	$ (50.9)	$ 103.2	$ 9.9	$ (49.5)	$ 12.7
Foreign currency	(1.3)	26.3	21.9	46.9	25.0	26.1	(110.7)	(12.7)
Net position	**$** (187.4)	$ 136.0	$ 47.4	$ (4.0)	$ 128.2	$ 36.0	$ (160.2)	$ –

NOTE 32: 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 2015	October 31 2014	**October 31 2015**	October 31 2014	**October 31 2015**	October 31 2014
Canada	**68 %**	72 %	**40 %**	48 %	**35 %**	34 %
United States[6]	**31**	27	**55**	48	**25**	23
United Kingdom	**–**	–	**1**	1	**16**	18
Europe – other	**–**	–	**3**	2	**18**	18
Other international	**1**	1	**1**	1	**6**	7
Total	**100 %**	100 %	**100 %**	100 %	**100 %**	100 %
	$ 561	$ 492	**$ 153**	$ 119	**$ 63**	$ 53

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, 2015, was: real estate 9% (October 31, 2014 – 9%).

2 As at October 31, 2015, the Bank had commitments and contingent liability contracts in the amount of $153 billion (October 31, 2014 – $119 billion). Included are commitments to extend credit totalling $131 billion (October 31, 2014 – $100 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, 2015: financial institutions 17% (October 31, 2014 – 17%); pipelines, oil and gas 10% (October 31, 2014 – 9%); power and utilities 9% (October 31, 2014 – 9%); food, beverage and tobacco 7% (October 31, 2014 – 3%); sundry manufacturing and wholesale 7% (October 31, 2014 – 7%); government, public sector entities, and education 6% (October 31, 2014 – 8%); automotive 6% (October 31, 2014 – 6%); professional and other services 6% (October 31, 2014 – 5%).

4 As at October 31, 2015, the current replacement cost of derivative financial instruments amounted to $63 billion (October 31, 2014 – $53 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 74% of the total as at October 31, 2015 (October 31, 2014 – 85%). The second largest concentration was with governments, which accounted for 19% of the total as at October 31, 2015 (October 31, 2014 – 11%). No other industry segment exceeded 5% of the total.

6 Debt securities classified as loans were less than 1% as at October 31, 2015 (October 31, 2014 – 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 [1]

(millions of Canadian dollars)	As at	
	October 31 2015	October 31 2014
Cash and due from banks	**$ 1,776**	$ 1,639
Interest-bearing deposits with banks	**42,483**	43,773
Securities[2]		
Trading		
Government and government-insured securities	**39,136**	30,899
Other debt securities	**10,165**	9,019
Retained interest	**38**	48
Available-for-sale		
Government and government-insured securities	**59,916**	31,707
Other debt securities	**26,443**	28,724
Held-to-maturity		
Government and government-insured securities	**43,667**	34,119
Other debt securities	**30,783**	22,858
Securities purchased under reverse purchase agreements	**97,364**	82,556
Derivatives[3]	**107,120**	93,863
Loans		
Residential mortgages	**212,245**	198,815
Consumer instalment and other personal	**134,693**	122,714
Credit card	**29,101**	24,570
Business and government	**166,379**	130,387
Debt securities classified as loans	**1,923**	2,423
Customers' liability under acceptances	**16,646**	13,080
Amounts receivable from brokers, dealers and clients	**21,996**	17,130
Other assets	**4,199**	3,542
Total assets	**1,046,073**	891,866
Credit instruments[4]	**152,656**	118,971
Unconditionally cancellable commitments to extend credit relating to personal lines of credit and credit card lines	**239,839**	197,829
Total credit exposure	**$ 1,438,568**	$ 1,208,666

1 Certain comparative amounts have been restated, where applicable, as a result of the implementation of the 2015 IFRS Standards and Amendments. Refer to Note 4 for further details.
2 Excludes equity securities.
3 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. Refer to Note 11 for further details.
4 The balance represents the maximum amount of additional funds that the Bank could be obligated to extend should the contracts be fully utilized. The actual maximum exposure may differ from the amount reported above. Refer to Note 28 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 and on the Bank's risk ratings.

Financial Assets Subject to the Standardized Approach by Risk-Weights

(millions of Canadian dollars)

As at

	October 31, 2015							
	0%	**20%**	**35%**	**50%**	**75%[2]**	**100%[3]**	**150%**	**Total**
Loans								
Residential mortgages	**$ – $**	**– $**	**24,010 $**	**– $**	**2,901 $**	**386 $**	**4 $**	**27,301**
Consumer instalment and other personal	**847**	**317**	**5,154**	**–**	**32,302**	**79**	**294**	**38,993**
Credit card	**–**	**–**	**–**	**–**	**21,258**	**–**	**180**	**21,438**
Business and government	**11,279**	**5,190**	**–**	**–**	**3,891**	**73,087**	**717**	**94,164**
Debt securities classified as loans	**–**	**134**	**–**	**–**	**–**	**7**	**–**	**141**
Total loans	**12,126**	**5,641**	**29,164**	**–**	**60,352**	**73,559**	**1,195**	**182,037**
Held-to-maturity	**1,646**	**41,994**	**–**	**–**	**–**	**–**	**–**	**43,640**
Securities purchased under reverse repurchase agreements	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Customers' liability under acceptances	**–**	**–**	**–**	**–**	**–**	**2**	**–**	**2**
Other assets[1]	**12,710**	**527**	**–**	**1**	**–**	**–**	**–**	**13,238**
Total assets	**26,482**	**48,162**	**29,164**	**1**	**60,352**	**73,561**	**1,195**	**238,917**
Off-balance sheet credit instruments	**382**	**2,516**	**–**	**–**	**461**	**25,776**	**–**	**29,135**
Total	**$ 26,864 $**	**50,678 $**	**29,164 $**	**1 $**	**60,813 $**	**99,337 $**	**1,195 $**	**268,052**

	October 31, 2014							
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

1 Other assets include amounts due from banks and interest-bearing deposits with banks.

2 Based on the Bank's internal risk ratings, 70% of retail exposures are rated 'low risk' or 'normal risk' and 30% are rated 'high risk' or 'default' as at October 31, 2015 (October 31, 2014 – 68% and 32%, respectively).

3 Based on the Bank's internal risk ratings, 38% of non-retail exposures are rated 'investment grade' and 62% are rated 'non-investment grade' as at October 31, 2015 (October 31, 2014 – 33% and 67%, respectively).

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. The non-retail and retail asset risk rating classifications subject to the AIRB Approach reflect whether the exposure is subject to a guarantee, which would result in the exposure being classified based on the internal risk rating of the guarantor. The following risk ratings may not directly correlate with the 'Neither past due nor impaired', 'Past due but not impaired' and 'Impaired' status disclosed in Note 8 – Loans, Impaired Loans and Allowance for Credit Losses, because of the aforementioned risk transference guarantees, and certain loan exposures that remain subject to the Standardized Approach. 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 [1]

(millions of Canadian dollars) *As at*

	October 31, 2015				
	Investment grade	**Non-Investment grade**	**Watch and classified**	**Impaired/ defaulted**	**Total**
Loans					
Residential mortgages[2]	**$ 98,583**	**$ –**	**$ –**	**$ –**	**$ 98,583**
Consumer instalment and other personal[2]	**21,392**	**30**	**–**	**–**	**21,422**
Business and government	**32,933**	**32,194**	**1,054**	**161**	**66,342**
Debt securities classified as loans	**1,356**	**163**	**113**	**207**	**1,839**
Total loans	**154,264**	**32,387**	**1,167**	**368**	**188,186**
Held-to-maturity	**30,810**	**–**	**–**	**–**	**30,810**
Securities purchased under reverse repurchase agreements	**86,801**	**10,563**	**–**	**–**	**97,364**
Customers' liability under acceptances	**9,039**	**7,326**	**273**	**6**	**16,644**
Other assets[3]	**29,617**	**160**	**–**	**–**	**29,777**
Total assets	**310,531**	**50,436**	**1,440**	**374**	**362,781**
Off-balance sheet credit instruments	**71,725**	**10,300**	**340**	**19**	**82,384**
Total	**$ 382,256**	**$ 60,736**	**$ 1,780**	**$ 393**	**$ 445,165**

	October 31, 2014				
Loans					
Residential mortgages[2]	$ 108,027	$ –	$ –	$ –	$ 108,027
Consumer instalment and other personal[2]	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	73,730	8,826	–	–	82,556
Customers' liability under acceptances	6,911	6,067	100	–	13,078
Other assets[3]	34,698	50	–	–	34,748
Total assets	298,018	43,410	876	375	342,679
Off-balance sheet credit instruments	59,661	8,047	97	7	67,812
Total	**$** 357,679	$ 51,457	$ 973	$ 382	$ 410,491

1 Certain comparative amounts have been restated, where applicable, as a result of the implementation of the 2015 IFRS Standards and Amendments. Refer to Note 4 for further details.
2 Includes CMHC insured exposures classified as sovereign exposure under Basel III and therefore included in the non-retail category under the AIRB Approach.
3 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, 2015
	Low risk	Normal risk	Medium risk	High risk	Default	Total
Loans						
Residential mortgages[2]	**$ 43,920**	**$ 36,169**	**$ 4,684**	**$ 1,572**	**$ 144**	**$ 86,489**
Consumer instalment and other personal[2]	**31,290**	**28,953**	**10,322**	**4,223**	**268**	**75,056**
Credit card	**2,564**	**2,398**	**2,354**	**1,407**	**54**	**8,777**
Business and government[3]	**545**	**3,193**	**2,232**	**999**	**54**	**7,023**
Total loans	**78,319**	**70,713**	**19,592**	**8,201**	**520**	**177,345**
Held-to-maturity	**–**	**–**	**–**	**–**	**–**	**–**
Off-balance sheet credit instruments	**58,822**	**12,571**	**3,379**	**916**	**4**	**75,692**
Total	**$ 137,141**	**$ 83,284**	**$ 22,971**	**$ 9,117**	**$ 524**	**$ 253,037**

						October 31, 2014
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

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 33: REGULATORY CAPITAL

The Bank manages its capital under guidelines established by OSFI. The regulatory capital guidelines measure capital in relation to credit, market, and operational risks. The Bank has various capital policies, procedures, and controls which it utilizes to achieve its goals and objectives.

The Bank's capital management objectives are:

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

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

Basel III Capital Framework

Capital requirements of the Basel Committee on Banking and Supervision (BCBS) are commonly referred to as Basel III. Under Basel III, total capital consists of three components, namely Common Equity Tier 1 (CET1), Additional Tier 1, and Tier 2 Capital. 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. CET1 Capital is the highest quality capital and the predominant form of Tier 1 Capital. It 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. Additional Tier 1 Capital primarily consists of preferred shares. Tier 2 Capital is mainly comprised of subordinated debt and certain loan loss allowances. Regulatory capital ratios are calculated by dividing CET1, Tier 1, and Total Capital by risk-weighted assets (RWA).

Basel III introduced a non-risk sensitive leverage ratio to act as a supplementary measure to the risk-based capital requirements. The objective of the leverage ratio is to constrain the build-up of excessive leverage in the banking sector. The leverage ratio replaced OSFI's asset to capital multiple (ACM) effective January 1, 2015. The leverage ratio is calculated as per OSFI's Leverage Requirements guideline. The key components in the calculation of the ratio include, but are not limited to, Tier 1 Capital, on-balance sheet assets with adjustments made to derivative and securities financing transaction exposures, and credit equivalent amounts of off-balance sheet exposures.

Capital Position and Capital Ratios

The Basel framework allows qualifying banks to determine capital levels consistent with the way they measure, manage, and mitigate risks. It specifies methodologies for the measurement of credit, market, and operational risks. The Bank uses the advanced approaches for the majority of its portfolios which results in regulatory and economic capital being more closely aligned than was the case under Basel I. Since the U.S. banking subsidiaries 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 U.S. Retail Bank.

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, 2015, the Bank complied with the OSFI guideline related to capital ratios and the leverage ratio. This guideline is based on *"A global regulatory framework for more resilient banks and banking systems" (Basel III)* issued by the BCBS. OSFI's target CET1, Tier 1 and Total Capital ratios for Canadian banks are 7%, 8.5% and 10.5%, respectively. For the year ended October 31, 2015, the scalars are 64%, 71%, and 77% respectively.

The following table summarizes the Bank's regulatory capital position as at October 31:

Regulatory Capital Position

(millions of Canadian dollars, except as noted)	*As at*	
	October 31 2015	October 31 2014[1]
Common Equity Tier 1 Capital	**$ 37,958**	$ 30,965
Common Equity Tier 1 Capital ratio[2]	**9.9 %**	9.4 %
Tier 1 Capital	**$ 43,416**	$ 35,999
Tier 1 Capital ratio[2,3]	**11.3 %**	10.9 %
Total Capital[4]	**$ 53,600**	$ 44,255
Total Capital ratio[2,5]	**14.0 %**	13.4 %
Leverage ratio[6]	**3.7**	n/a
Assets-to-capital multiple[7]	**n/a**	19.1

1 The amounts have not been adjusted to reflect the impact of the 2015 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 the third quarter of 2014, each capital ratio has its own RWA measure due to the OSFI prescribed scalar for inclusion of the CVA. For the third and fourth quarter of 2014, the scalars for inclusion of CVA for CET1, Tier 1, and Total Capital RWA are 57%, 65%, and 77% respectively. For the year ended October 31, 2015, the scalars are 64%, 71%, 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 leverage ratio is calculated as Tier 1 Capital divided by leverage exposure, as defined.
7 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 leverage ratio (as previously with the ACM), which allows for the exclusion of assets securitized and sold through CMHC-sponsored programs prior to March 31, 2010 from the calculation.

NOTE 34: RISK MANAGEMENT

The risk management policies and procedures of the Bank are provided in the MD&A. The shaded sections of the "Managing Risk" section of the MD&A relating to market and liquidity risks are an integral part of the 2015 Consolidated Financial Statements.

NOTE 35: INFORMATION ON SUBSIDIARIES

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

SIGNIFICANT SUBSIDIARIES[1]

(millions of Canadian dollars)			As at October 31, 2015
North America	**Address of Head or Principal Office**[2]	**Description**	**Carrying value of shares owned by the Bank**
Meloche Monnex Inc.	Montréal, Québec	Holding Company providing management services to subsidiaries	$ 1,628
Security National Insurance Company	Montréal, Québec	Insurance Company	
Primmum Insurance Company	Toronto, Ontario	Insurance Company	
TD Direct Insurance Inc.	Toronto, Ontario	Insurance Company	
TD General Insurance Company	Toronto, Ontario	Insurance Company	
TD Home and Auto Insurance Company	Toronto, Ontario	Insurance Company	
TD Asset Management Inc.	Toronto, Ontario	Investment Counselling and Portfolio Management	595
TD Waterhouse Private Investment Counsel Inc.	Toronto, Ontario	Investment Counselling and Portfolio Management	
TD Auto Finance (Canada) Inc.	Toronto, Ontario	Automotive Finance Entity	1,757
TD Auto Finance Services Inc.	Toronto, Ontario	Automotive Finance Entity	1,321
TD Equipment Finance Canada Inc.	Oakville, Ontario	Financial Services	8
TD Financing Services Home Inc.	Toronto, Ontario	Mortgage Lender	45
TD Financing Services Inc.	Toronto, Ontario	Financial Services Entity	145
TD Group US Holdings LLC	Wilmington, Delaware	Holding Company	40,310
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 Investment Services Inc.	Toronto, Ontario	Mutual Fund Dealer	25
TD Life Insurance Company	Toronto, Ontario	Insurance Company	59
TD Mortgage Corporation	Toronto, Ontario	Loans and Deposits Entity	11,632
TD Pacific Mortgage Corporation	Vancouver, British Columbia	Deposit Taking Entity	
The Canada Trust Company	Toronto, Ontario	Trust, Loans and Deposits Entity	
TD Securities Inc.	Toronto, Ontario	Investment Dealer and Broker	1,728
TD Vermillion Holdings ULC	Calgary, Alberta	Holding Company	19,696
TD Financial International Ltd.	Hamilton, Bermuda	Holding Company	
TD Reinsurance (Barbados) Inc.	St. James, Barbados	Reinsurance Company	
Toronto Dominion International Inc.	St. James, Barbados	Intragroup Lending Company	
TD Waterhouse Canada Inc.	Toronto, Ontario	Investment Dealer	2,056
TDAM USA Inc.	Wilmington, Delaware	Investment Counselling and Portfolio Management	12
Toronto Dominion Holdings (U.S.A.), Inc.	New York, New York	Holding Company	2,408
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			
TD Bank International S.A.	Luxembourg, Luxembourg	International Direct Brokerage	49
TD Bank N.V.	Amsterdam, The Netherlands	Dutch Bank	678
TD Ireland	Dublin, Ireland	Holding Company	1,051
TD Global Finance	Dublin, Ireland	Securities Dealer	
TD Luxembourg International Holdings	Luxembourg, Luxembourg	Holding Company	6,683
TD Ameritrade Holding Corporation[3]	Omaha, Nebraska	Securities Dealer	
TD Wealth Holdings (UK) Limited	Leeds, England	Holding Company	219
TD Direct Investing (Europe) Limited	Leeds, England	Direct Broker	
Thirdco II Limited	Leeds, England	Investment Holding Company	133
TD Asset Administration UK Limited	Leeds, England	Foreign Securities Dealer	
Toronto Dominion Australia Limited	Sydney, Australia	Securities Dealer	215
Toronto Dominion Investments B.V.	London, England	Holding Company	1,242
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	1,170

[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] As at October 31, 2015, the Bank's reported indirect investment in TD Ameritrade Holding Corporation was 41.54% (October 31, 2014 – 40.97%) of the outstanding shares of TD Ameritrade Holding Corporation. TD Luxembourg International Holdings and its ownership of TD Ameritrade Holding Corporation is included given the significance of the Bank's investment in TD Ameritrade Holding Corporation.

SUBSIDIARIES WITH RESTRICTIONS TO TRANSFER FUNDS

Certain of the Bank's subsidiaries have regulatory requirements to fulfill, in accordance with applicable law, in order to transfer funds, including paying dividends to, repaying loans to, or redeeming subordinated debentures issued to, the Bank. These customary requirements include, but are not limited to:

- Local regulatory capital and/or surplus adequacy requirements;
- Basel requirements under Pillar I and Pillar II;
- Local regulatory approval requirements; and
- Local corporate and/or securities laws.

As at October 31, 2015, the net assets of subsidiaries subject to regulatory or capital adequacy requirements was $66.2 billion (October 31, 2014 – $48.5 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 and Note 28.

Aside from non-controlling interests disclosed in Note 21, there were no significant restrictions on the ability of the Bank to access or use the assets or settle the liabilities of subsidiaries within the group as a result of protective rights of non-controlling interests.

NOTE 36: SUBSEQUENT EVENT

Normal Course Issuer Bid

As approved by the Board on December 2, 2015, the Bank announced its intention to initiate a normal course issuer bid for up to 9.5 million of its common shares, commencing as early as December, 2015, subject to the approval of OSFI and the Toronto Stock Exchange (TSX). The timing and amount of any purchases under the program are subject to regulatory approvals and to management discretion based on factors such as market conditions and capital adequacy.

Exhibit 99.4

RETURN ON ASSETS, DIVIDEND PAYOUTS, AND EQUITY TO ASSETS RATIOS[1,2,3]

	For the three months ended				*For the year ended*		
	October 31 2015	July 31 2015	April 30 2015	January 31 2015	**October 31 2015**	October 31 2014	October 31 2013
Return on Assets – reported[4]	**0.65 %**	0.83 %	0.71 %	0.80 %	**0.75 %**	0.83 %	0.76 %
Return on Assets – adjusted[5]	**0.77**	0.84	0.83	0.83	**0.81**	0.86	0.82
Dividend Payout Ratio – reported[6]	**53.0**	42.7	52.2	43.1	**47.3**	44.3	46.9
Dividend Payout Ratio – adjusted[7]	**44.5**	42.3	44.5	41.8	**43.3**	43.0	43.5
Equity to Asset Ratio[8]	**6.0**	5.9	5.8	5.8	**5.9**	5.8	5.9

1 Certain comparative amounts have been restated, where applicable, as a result of the implementation of the 2015 IFRS Standards and Amendments.
2 Calculated pursuant to the U.S. Securities and Exchange Commission Industry Guide 3.
3 The Bank's financial results are prepared in accordance with International Financial Reporting Standards (IFRS), the current generally accepted accounting principles (GAAP). The Bank refers to results prepared in accordance with IFRS as "reported" results. The Bank also utilizes non-GAAP financial measures referred to as "adjusted" results to assess each of its businesses and to measure overall Bank performance. Please refer to the "Financial Results Overview" section in the Bank's 2015 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.
4 Calculated as Reported net income available to common shareholders and non-controlling interests (NCI) in subsidiaries divided by average total assets.
5 Calculated as Adjusted net income available to common shareholders and NCI in subsidiaries divided by average total assets.
6 Calculated as dividends declared per common share divided by reported basic earnings per share.
7 Calculated as dividends declared per common share divided by adjusted basic earnings per share.
8 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 2015 Total	October 31 2014 Total
Deposits[1,2]	$ 613,457	$ 44,939	$ 27,913	$ 10,297	$ 696,606	$ 503,851
Securitization liabilities[3]						
Securitization liabilities at fair value	791	3,555	2,593	3,136	10,075	10,875
Securitization liabilities at amortization cost	11,588	5,008	3,539	2,552	22,687	24,925
Subordinated notes and debentures[3]	–	–	–	8,637	8,637	7,785
Liability for preferred shares	–	–	–	34	34	30
Structured entity liabilities	–	1,650	1,750	–	3,400	5,046
Contractual interest payments[4,5]	2,713	3,628	2,336	20,492	29,169	28,764
Operating lease commitments	917	1,675	1,383	4,091	8,066	6,734
Capital lease commitments	31	35	18	22	106	119
Network service agreements	15	–	–	–	15	40
Automated teller machines	115	41	15	–	171	265
Contact centre technology	32	61	–	–	93	111
Software licensing and equipment maintenance	184	144	42	7	377	322
Total	$ 629,843	$ 60,736	$ 39,589	$ 49,268	$ 779,436	$ 588,867

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, and asset-backed commercial paper based on applicable interest and foreign exchange rates as at October 31, 2015, and October 31, 2014, 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 2015 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 29, 2015.

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 2, 2015, with respect to the consolidated balance sheet of The Toronto-Dominion Bank (the “Bank”) as at October 31, 2015 and 2014, 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, 2015, and the effectiveness of internal control over financial reporting of the Bank as at October 31, 2015.

We also consent to the incorporation by reference of our reports dated December 2, 2015 in the following Registration Statements of the Bank:

1) Registration Statement (Form F-10 No. 333-196343),
2) Registration Statement (Form F-10 No. 333-200741),
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 3, 2015

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 3, 2015

/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 3, 2015

/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, 2015 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 3, 2015

/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, 2015 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 3, 2015

/s/ Colleen Johnston

Colleen Johnston
Group Head Finance, Sourcing and Corporate Communications and Chief Financial Officer