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, 2021** 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	Trading Symbol(s)	Name of each exchange on which registered
Common Shares	**TD**	**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	1,823,932,636
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 5-Year Rate Reset Preferred Shares, Series 16 (Non-Viability Contingent Capital)	14,000,000
Non-Cumulative 5-Year Rate Reset Preferred Shares, Series 18 (Non-Viability Contingent Capital)	14,000,000
Non-Cumulative 5-Year Rate Reset Preferred Shares, Series 20 (Non-Viability Contingent Capital)	16,000,000
Non-Cumulative 5-Year Rate Reset Preferred Shares, Series 22 (Non-Viability Contingent Capital)	14,000,000
Non-Cumulative 5-Year Rate Reset Preferred Shares, Series 24 (Non-Viability Contingent Capital)	18,000,000
Non-Cumulative 5-Year Rate Reset Preferred Shares, Series 26 (Non-Viability Contingent Capital)*	1,750,000

*In connection with the issuance of Limited Recourse Capital Notes (LRCN) NVCC Series 1 on July 29, 2021, the Registrant issued CAD$1,750 million of Class A First Preferred Shares, Series 26 (Series 26 Preferred Shares) at a price of CAD$1,000 per Series 26 Preferred Share. The Series 26 Preferred Shares were issued to a trust to be held as limited recourse trust assets in connection with the LRCN structure. The Series 26 Preferred Shares are eliminated on the Registrant's consolidated financial statements.

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

Yes ☒ No ☐

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

Yes ☒ No ☐

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

Emerging growth company ☐

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

☐

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

Indicate by check mark whether the Registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

☒

Disclosure Controls and Procedures

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

Management's Annual Report on Internal Control Over Financial Reporting

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

Attestation Report of the Registered Public Accounting Firm

The disclosure provided under the heading *Report of Independent Registered Public Accounting Firm To the Shareholders and Directors of The Toronto-Dominion Bank – Opinion on Internal Control over Financial Reporting* included in Exhibit 99.3: 2021 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 1, 2021 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, Senior Executive Vice President and Chief Financial Officer, and Senior Vice President, Controller, Chief Accountant and Corporate Segment Finance. The Registrant posts the Code on its website at www.td.com and also undertakes to provide a copy of the Code to any person without charge upon request. Such request may be made by mail, telephone 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
E-mail: tdshinfo@td.com

On February 3, 2021, an amended version of the Code was filed with the SEC on Form 6-K and made available on the Registrant's website.

The key amendments made to the Code at that time included: a) Introduction and Summary – TD's Culture Framework, which combines elements of TD's purpose, strategy, Shared Commitments, Risk Appetite and the Code, is now referenced in the introduction; b) Section 2D) – *Human Rights, Accessibility, Diversity, Inclusion and Preventing Violence in the Workplace* - Language added to align with the recently updated Respectful Workplace Policy, clarifying that the obligation to treat others with dignity and respect extends to customers, vendors and members of the public; c) Section 2E) – *Communicating on Behalf of TD or about TD* – The Electronic Communication and Social Media Policy has been divided into two standalone policies: the Social Media Policy and the Electronic Communication Acceptable Use Policy. Amendments have been made to reflect the new policy framework; d) Section 2F) – *Irregular Business Conduct (Sales Practice Misconduct)* – Language has been updated to emphasize the obligation to take customer needs, circumstances, and financial goals into consideration in all customer interactions; e) Section 4D) – *Computer System Security* - Language added to reinforce that the installation and use of any unauthorized software is strictly prohibited; f) Section 7B) – *Reporting Violations* – Language updated to reflect the rebranding of the Whistleblower Hotline to the "Conduct and Ethics Hotline". In addition to these changes, certain other editorial, technical, organizational, administrative and non-substantive amendments were made to the Code.

No waivers from the provisions of the Code were granted in the fiscal year ended October 31, 2021 to the Registrant's Group President and Chief Executive Officer, Senior Executive Vice President and Chief Financial Officer, and Senior Vice President, Controller, Chief Accountant and Corporate Segment Finance.

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 1, 2021 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 1, 2021 is incorporated by reference herein.

During the fiscal year ended October 31, 2021, 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 Table 58: *Remaining Contractual Maturity* included in Exhibit 99.2: Management's Discussion and Analysis 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 1, 2021 identifying the Registrant's Audit Committee is incorporated by reference herein.

Mine Safety Disclosure

Not Applicable

Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

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 New York Stock Exchange Corporate Governance Rules

A comparison of NYSE Corporate Governance Rules required to be followed by U.S. Domestic Issuers under the NYSE's listing standards 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 at 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/ Kelvin Tran*
Name:	Kelvin Tran
Title:	Senior Executive Vice President and Chief Financial Officer
Date:	December 2, 2021

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 1, 2021
99.2	Management's Discussion and Analysis
99.3	2021 Annual Financial Statements
99.4	Industry Guide 3 – Return on Assets, Dividend Payouts, and Equity to Assets Ratios
99.5	Code of Ethics
99.6	Consent of Independent Registered Public Accounting Firm
99.7	Certification Pursuant to Section 302 of the U.S. Sarbanes-Oxley Act of 2002
99.8	Certification Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the U.S. Sarbanes-Oxley Act of 2002
101	The following financial information from The Toronto-Dominion Bank's Annual Report on Form 40-F for the year ended October 31, 2021 formatted in Inline XBRL: (i) Consolidated Balance Sheet as at October 31, 2021 and 2020; (ii) Consolidated Statements of Income, Comprehensive Income, Changes in Equity, and Cash Flows for each of the years in the three-year period ended October 31, 2021; and (iii) Notes to Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

Exhibit 99.1

The Toronto-Dominion Bank

ANNUAL INFORMATION FORM

December 1, 2021

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, 2021 (the "2021 MD&A") and are incorporated by reference into this AIF.

Unless otherwise specified, this AIF presents information as at October 31, 2021.

Caution Regarding Forward-Looking Statements

From time to time, the Bank (as defined in this document) makes written and/or oral forward-looking statements, including in this document, in other filings with Canadian regulators or the United States (U.S.) Securities and Exchange Commission (SEC), and in other communications. In addition, representatives of the Bank may make forward-looking statements orally to analysts, investors, the media and others. All such statements are made pursuant to the "safe harbour" provisions of, and are intended to be forward-looking statements under, applicable Canadian and U.S. securities legislation, including the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, statements made in this document, the Management's Discussion and Analysis ("2021 MD&A") in the Bank's 2021 Annual Report under the headings "Economic Summary and Outlook" and "The Bank's Response to COVID-19", for the Canadian Retail, U.S. Retail, and Wholesale Banking segments under the headings "Key Priorities for 2022" and "Operating Environment and Outlook", and for the Corporate segment under the heading "Focus for 2022", and in other statements regarding the Bank's objectives and priorities for 2022 and beyond and strategies to achieve them, the regulatory environment in which the Bank operates, the Bank's anticipated financial performance, and the potential economic, financial and other impacts of the Coronavirus Disease 2019 (COVID-19). Forward-looking statements are typically identified by words such as "will", "would", "should", "believe", "expect", "anticipate", "intend", "estimate", "plan", "goal", "target", "may", and "could".

By their very nature, these forward-looking statements require the Bank to make assumptions and are subject to inherent risks and uncertainties, general and specific. Especially in light of the uncertainty related to the physical, financial, economic, political, and regulatory environments, such risks and uncertainties – many of which are beyond the Bank's control and the effects of which can be difficult to predict – may cause actual results to differ materially from the expectations expressed in the forward-looking statements. Risk factors that could cause, individually or in the aggregate, such differences include: strategic, credit, market (including equity, commodity, foreign exchange, interest rate, and credit spreads), operational (including technology, cyber security, and infrastructure), model, insurance, liquidity, capital adequacy, legal, regulatory compliance and conduct, reputational, environmental and social, and other risks. Examples of such risk factors include the economic, financial, and other impacts of pandemics, including the COVID-19 pandemic; general business and economic conditions in the regions in which the Bank operates; geopolitical risk; the ability of the Bank to execute on long-term strategies and shorter-term key strategic priorities, including the successful completion of acquisitions and dispositions, business retention plans, and strategic plans; technology and cyber security risk (including cyber-attacks or data security breaches) on the Bank's information technology, internet, network access or other voice or data communications systems or services; model risk; fraud activity; 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, and other risks arising from the Bank's use of third-party service providers; the impact of new and changes to, or application of, current laws and regulations, including without limitation tax laws, capital guidelines and liquidity regulatory guidance and the bank recapitalization "bail-in" regime; regulatory oversight and compliance risk; increased competition from incumbents and new entrants (including Fintechs and big technology competitors); shifts in consumer attitudes and disruptive technology; exposure related to significant litigation and regulatory matters; ability of the Bank to attract, develop, and retain key talent; changes to the Bank's credit ratings; changes in currency and interest rates (including the possibility of negative interest rates); increased funding costs and market volatility due to market illiquidity and competition for funding; Interbank Offered Rate (IBOR) transition risk; critical accounting estimates and changes to accounting standards, policies, and methods used by the Bank; existing and potential international debt crises; environmental and social risk (including climate change); 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 2021 MD&A, as may be updated in subsequently filed quarterly reports to shareholders and news releases (as applicable) related to any events or transactions discussed under the heading "Significant Acquisitions" or "Significant and Subsequent Events and Pending Acquisitions" in the relevant MD&A, which applicable releases may be found on www.td.com. All such factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements, should be considered carefully when making decisions with respect to the Bank. 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 2021 MD&A under the headings "Economic Summary and Outlook" and "The Bank's Response to COVID-19", for the Canadian Retail, U.S. Retail, and Wholesale Banking segments, "Key Priorities for 2022" and "Operating Environment and Outlook", and for the Corporate segment, "Focus for 2022", each as may be updated in subsequently filed quarterly reports to shareholders.

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

CORPORATE STRUCTURE

Name, Address and Incorporation

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

Intercorporate Relationships

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

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

The Toronto-Dominion Bank and its subsidiaries are collectively known as TD Bank Group ("TD" or the "Bank"). TD is the fifth largest bank in North America by assets and serves more than 26 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 The Charles Schwab Corporation; and Wholesale Banking, including TD Securities. TD also ranks among the world's leading online financial services firms, with more than 15 million active online and mobile customers. TD had CDN$1.7 trillion in assets on October 31, 2021. The Toronto-Dominion Bank trades under the symbol "TD" on the Toronto and New York Stock Exchanges.

TD Bank, N.A., operating under the brand name TD Bank, America's Most Convenient Bank®, is one of the 10 largest banks in the U.S. and provides customers with a full range of financial products and services at more than 1,100 convenient locations located throughout the Northeast, Mid-Atlantic, Metro D.C., the Carolinas and Florida. TD Bank, N.A. is a wholly owned subsidiary of the Bank.

For additional information on TD's businesses, see the descriptions provided below and on pages 3 to 7 and 14 to 26 of the 2021 MD&A.

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

On January 10, 2019, the Bank entered into a long-term loyalty program agreement (the “Loyalty Agreement”) with Air Canada. Under the terms of the Loyalty Agreement, the Bank will be the primary credit card issuer for Air Canada’s new loyalty program which launched in November 2020 through to 2030, subject to extension under certain circumstances. The Loyalty Agreement was entered into in conjunction with Air Canada’s acquisition of Aimia Canada Inc., which previously operated the Aeroplan loyalty business, for an aggregate purchase price of $450 million in cash and the assumption of approximately $1.9 billion of Aeroplan Miles liability.

On October 6, 2020, The Charles Schwab Corporation (“Schwab”) completed its acquisition of TD Ameritrade Holding Corporation (“TD Ameritrade”), of which the Bank was a major shareholder (the “Schwab transaction”). Upon closing, the Bank exchanged its approximate 43% ownership in TD Ameritrade for an approximate 13.5% stake in Schwab, consisting of 9.9% voting common shares and the remainder in non-voting common shares, convertible into voting common shares upon transfer to a third party.

The Bank and Schwab are party to a stockholder agreement (the “Stockholder Agreement”), which became effective upon closing of the Schwab transaction. Under the Stockholder Agreement: (i) subject to meeting certain conditions, the Bank has two seats on Schwab’s Board of Directors, which seats are currently held by Mr. Bharat Masrani and Mr. Brian Levitt, (ii) the TD Bank Group is not permitted to own more than 9.9% voting common shares of Schwab, and (iii) the Bank is subject to customary standstill restrictions and, subject to certain exceptions, transfer restrictions.

In addition, on November 25, 2019, the Bank and Schwab entered into an insured deposit account agreement, which became effective upon closing of the Schwab transaction and has an initial expiration date of July 1, 2031.

On May 1, 2021, the Bank completed its acquisition of Wells Fargo’s Canadian direct equipment finance business.

On July 1, 2021, the Bank completed its acquisition of Headlands Tech Global Markets, LLC, a Chicago-based quantitative fixed income trading company.

DESCRIPTION OF THE BUSINESS

Descriptions of TD’s significant business segments and related information are provided on pages 3 and 14 to 26 of the 2021 MD&A.

Investment in The Charles Schwab Corporation

Upon closing of the Schwab transaction on October 6, 2020, the Bank exchanged its approximate 43% ownership in TD Ameritrade for an approximate 13.5% stake in Schwab, consisting of 9.9% voting common shares and the remainder in non-voting common shares, convertible into voting common shares upon transfer to a third party. The Bank owned an approximate 13.41% stake in Schwab as at October 31, 2021.

Schwab is a leading provider of financial services. Through its subsidiaries, Schwab provides a full range of wealth management, securities brokerage, banking, asset management, custody, and financial advisory services to individual investors and independent investment advisors. Schwab is a U.S. publicly-traded company and its common stock is listed on The New York Stock Exchange.

The Bank’s investment in Schwab is subject to a Stockholder Agreement that contains provisions relating to governance, board composition, stock ownership, transfers of shares, voting and other matters.

Average Number of Employees

TD had an average of 89,464 full-time equivalent employees for fiscal 2021.

Social and Environmental Policies

The Bank publishes an Environmental, Social and Governance Report outlining the Bank's social and environmental policies and strategies. This report and other related information is available on the Bank's website. Additional information about the Bank's social and environmental policies can be found under "Environmental and Social Risk" on pages 90-91 of the 2021 MD&A, which is incorporated by reference.

Risk Factors

The Bank considers it critical to regularly assess its operating environment and highlight top and emerging risks, which are risks with a potential to have a material effect on the Bank and where the attention of senior leaders is focused due to the potential magnitude or immediacy of their impact. An explanation of the types of risks facing the Bank and its businesses and the ways in which the Bank manages them can be found under the heading "Risk Factors and Management" on pages 52-91 of the 2021 MD&A, which is incorporated by reference.

DIVIDENDS

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

Type of Shares	2021	2020	2019
Common Shares	$3.16	$3.11	$2.89
Class A First Preferred Shares (Non-Viability Contingent Capital)			
Series 1	$0.92	$0.92	$0.98
Series 3	$0.92	$0.92	$0.94
Series 5	$0.97	$0.96	$0.94
Series 7	$0.80	$0.88	$0.90
Series 9	$0.81	$0.93	$0.93
Series 11[1]	$0.00	$1.23	$1.23
Series 12[2]	$0.69	$1.38	$1.38
Series 14[3]	$1.21	$1.21	$1.21
Series 16	$1.13	$1.13	$1.13
Series 18	$1.18	$1.18	$1.18
Series 20	$1.19	$1.19	$1.35
Series 22	$1.30	$1.30	$0.98
Series 24	$1.28	$1.28	$0.52
Series 26[4]	–	–	–

Notes:

1. On October 31, 2020, the Bank redeemed all of its 6,000,000 outstanding Non-Cumulative Class A First Preferred Shares, Series 11 (NVCC).
2. On April 30, 2021, the Bank redeemed all of its 28,000,000 outstanding Non-Cumulative Class A First Preferred Shares, Series 12 (NVCC).
3. On October 31, 2021, the Bank redeemed all of its 40,000,000 outstanding Non-Cumulative Class A First Preferred Shares, Series 14 (NVCC).
4. The Class A First Preferred Shares, Series 26 (NVCC) were issued on July 29, 2021 to a limited recourse trust, in connection with the issuance of limited recourse capital notes. Until revoked, the trustee of the limited recourse trust has waived its right to receive any and all dividends on the Class A First Preferred Shares, Series 26 (NVCC). Until such waiver is revoked by the trustee of the limited recourse trust, no dividends are expected to be declared or paid on the Class A First Preferred Shares, Series 26 (NVCC).

Dividends for Schwab (September 30th year-end)

Schwab declared a US$0.18 per share quarterly cash dividend on its common stock during each quarter of its 2021 fiscal year.

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. 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.

CAPITAL STRUCTURE

The following summarizes certain provisions of the Bank's common shares, preferred shares and limited recourse capital notes. This summary is qualified in its entirety by the Bank's by-laws and the actual terms and conditions of such securities. For more information on the Bank's capital structure, see pages 42 to 49 of the 2021 MD&A and Notes 19, 20 and 21 of the 2021 Financial Statements. The Bank incorporates those pages and Notes herein by reference.

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 (as defined below) 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.

Voting Rights

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.

Dividend Rights

The holders of common shares are entitled to receive dividends as and when declared by the Board, subject to the preference of the holders of the Preferred Shares of the Bank.

Rights on Liquidation

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 Bank is authorized to issue an unlimited number of Class A First Preferred Shares (the "Preferred Shares"), without nominal or par value.

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 may determine.

Priority

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.

Voting Rights

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.

Rights on Liquidation

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.

Limited Recourse Capital Notes

The Bank currently has outstanding $1,750 million of Limited Recourse Capital Notes NVCC, Series 1 (the “LRCNs”) with recourse limited to assets held in a trust consolidated by the Bank (the “Limited Recourse Trust”). The Limited Recourse Trust’s assets consist of $1,750 million of the Bank’s Non-Cumulative 5-Year Fixed Rate Reset Preferred Shares NVCC, Series 26 (“Preferred Shares Series 26”) at a price of $1,000 per share, issued concurrently with the LRCNs.

In the event of (i) non-payment of interest following any interest payment date, (ii) non-payment of the redemption price in case of a redemption of the LRCNs, (iii) non-payment of principal plus accrued and unpaid interest at the maturity of the LRCNs, (iv) an event of default on the LRCNs, or (v) a Trigger Event (each, a “Recourse Event”), the recourse of each LRCN holder will be limited to that holder’s pro rata share of the Limited Recourse Trust's assets. A Trigger Event is defined as an event where 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 of Canada without which the Bank would have been determined by OSFI to be non-viable.

The LRCNs, by virtue of the recourse to the Preferred Shares Series 26, include standard NVCC provisions necessary for them to qualify as Additional Tier 1 Capital under OSFI's Capital Adequacy Requirements guideline. NVCC provisions require the conversion of the instrument into a variable number of common shares upon the occurrence of a Trigger Event. In such an event, each Preferred Share Series 26 held in the Limited Recourse Trust will automatically and immediately be converted into a variable number of common shares which will be delivered to LRCN holders in satisfaction of the principal amount of, and accrued and unpaid interest on, the LRCNs. The number of common shares issued will be determined based on the conversion formula set out in the terms of the Preferred Shares Series 26. The LRCNs are compound instruments with both equity and liability features as payments of interest and principal in cash are made at the Bank's discretion. Non-payment of interest and principal in cash does not constitute an event of default and will trigger the delivery of Preferred Shares Series 26.

Constraints

There are no constraints imposed on the ownership of securities of the Bank to ensure that the Bank has a required level of Canadian ownership. However, the *Bank Act* contains restrictions on the issue, transfer, acquisition, beneficial ownership and voting of all shares of a chartered bank. For example, no person shall be a major shareholder of a bank if the bank has equity of $12 billion or more. A person is a major shareholder of a bank where:

(i) the aggregate of shares of any class of voting shares beneficially owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person is more than 20% of that class of voting shares; or

(ii) the aggregate of shares of any class of non-voting shares beneficially owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person is more than 30% of that class of non-voting shares. No person shall have a significant interest in any class of shares of a bank, including the Bank, unless the person first receives the approval of the Minister of Finance (Canada).

For purposes of the *Bank Act*, a person has a significant interest in a class of shares of a Canadian chartered bank where the aggregate of any shares of the class beneficially owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person exceeds 10% of all of the outstanding shares of that class of shares of such bank.

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

Ratings

Credit ratings are important to the Bank's borrowing costs and ability to raise funds. Rating downgrades could potentially result in higher financing costs and increased collateral pledging requirements for the Bank and reduced access to capital markets. Rating downgrades may also affect the Bank's ability to enter into normal course derivative transactions. The Bank regularly reviews the level of increased collateral that would be required in the event of rating downgrades and holds liquid assets to cover additional collateral required in the event of certain downgrades in the Bank's senior long-term credit ratings. Additional information relating to credit ratings is provided under the heading "Liquidity Risk" in the "Managing Risk" section starting on pages 77 to 87 of the 2021 MD&A.

As at October 31, 2021, The Toronto-Dominion Bank (TD) had the following solicited ratings from the rating agencies listed below:

		Rating	Rank*
Moody's Investor Service	Legacy Senior Debt[1]	Aa2	3 of 21
	Senior Debt[2]	A1	5 of 21
	Short Term Debt	P-1	1 of 4
	Subordinated Debt	A2	6 of 21
	Subordinated Debt–NVCC	A2 (hyb)	6 of 21
	Preferred Shares–NVCC	Baa1 (hyb)	8 of 21
	Limited Recourse Capital Notes–NVCC	Baa1 (hyb)	8 of 21
	Outlook	Stable	

		Rating	Rank*
Standard & Poor's	Legacy Senior Debt[1]	AA-	4 of 22
	Senior Debt[2]	A	6 of 22
	Short Term Debt	A-1+	1 of 8
	Subordinated Debt	A	6 of 22
	Subordinated Debt–NVCC	A-	7 of 22
	Preferred Shares–NVCC	BBB	9 of 22
	Limited Recourse Capital Notes–NVCC	BBB	9 of 22
	Outlook	Stable	

		Rating	Rank*
DBRS	Legacy Senior Debt[1]	AA (high)	2 of 26
	Senior Debt[2]	AA	3 of 26
	Short Term Debt	R-1 (high)	1 of 10
	Subordinated Debt	AA (low)	4 of 26
	Subordinated Debt–NVCC	A	6 of 26
	Preferred Shares–NVCC	Pfd-2 (high)	4 of 16
	Limited Recourse Capital Notes–NVCC	A (low)	7 of 26
	Outlook	Stable	

* Relative rank of each rating within the rating agency's overall classification system.

Notes:

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

Fitch Ratings ("Fitch") continues to provide unsolicited ratings for TD; however, TD does participate in the ratings process. As of October 31, 2021, Fitch rated TD senior unsecured long-term debt at 'AA-' (ranking 4 of 23), short-term rating of 'F1+' (ranking 1 of 8), subordinated long-term debt at 'A' (ranking of 6 of 23), and a 'Stable' outlook.

Credit ratings are not recommendations to purchase, sell or hold a financial obligation in as much 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.

As is common practice, 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.

A definition of the categories of each rating as at October 31, 2021 has been obtained from the respective rating agency's website and is outlined in Appendix B, and a more detailed explanation may be obtained from the applicable rating agency. We note that the definition of the ratings categories for 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.

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. Except for the Class A First Preferred Shares, Series 26 (NVCC), which are not listed on an exchange, the Bank's Preferred Shares are listed on the Toronto Stock Exchange.

Trading Price and Volume

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

COMMON SHARES												
	Nov. 2020	**Dec. 2020**	**Jan. 2021**	**Feb. 2021**	**March 2021**	**April 2021**	**May 2021**	**June 2021**	**July 2021**	**Aug. 2021**	**Sept. 2021**	**Oct. 2021**
High ($)	71.55	72.62	76.05	79.94	83.65	85.51	89.12	88.56	87.70	86.80	85.45	90.70
Low ($)	58.56	70.25	71.65	72.39	77.64	81.70	83.40	86.59	81.34	81.91	80.68	84.05
Vol.('000)	116,134	107,338	164,019	89,124	157,737	146,416	86,268	87,335	132,398	66,680	89,535	162,749

Class A First Preferred Shares (Non-Viability Contingent Capital)												
	Nov. 2020	**Dec. 2020**	**Jan. 2021**	**Feb. 2021**	**March 2021**	**April 2021**	**May 2021**	**June 2021**	**July 2021**	**Aug. 2021**	**Sept. 2021**	**Oct. 2021**
Series 1												
High ($)	19.50	20.87	21.20	23.06	23.20	23.15	23.99	24.30	24.00	24.25	24.49	24.66
Low ($)	17.68	19.40	20.55	21.07	22.46	22.52	23.05	23.41	23.44	23.54	23.90	24.02
Vol.('000)	341	974	429	431	1,182	426	198	410	179	125	501	467
Series 3												
High ($)	19.50	20.67	21.20	22.95	23.15	23.13	23.94	24.43	23.93	24.25	24.49	24.84
Low ($)	17.64	19.40	20.34	20.97	22.42	22.40	23.11	23.42	23.50	23.50	23.90	24.11
Vol.('000)	327	1,347	237	276	407	383	377	171	170	174	103	146
Series 5												
High ($)	20.21	20.99	21.25	22.88	23.30	23.44	24.00	24.40	24.00	24.40	24.82	24.75
Low ($)	18.22	19.90	20.34	21.06	22.42	22.55	23.33	23.40	23.61	23.65	24.06	24.35
Vol.('000)	252	381	251	353	474	432	223	206	169	242	264	404
Series 7												
High ($)	20.57	22.48	22.89	23.87	24.24	24.22	24.60	24.80	24.56	25.06	25.09	25.20
Low ($)	19.45	20.55	22.35	22.62	23.67	23.51	23.80	23.90	23.85	24.22	24.56	24.77
Vol.('000)	69	379	84	685	174	129	542	144	115	297	160	228
Series 9												
High ($)	21.40	23.48	23.50	24.00	24.25	24.34	24.75	24.87	24.61	25.27	25.19	25.28
Low ($)	20.18	21.06	22.87	23.11	23.50	23.56	24.11	23.39	23.95	24.43	24.82	24.95
Vol.('000)	41	56	52	347	107	78	153	191	82	93	62	73
Series 12[1]												
High ($)	25.49	25.60	25.59	25.36	25.35	25.38						
Low ($)	25.27	25.40	25.15	25.19	25.23	24.97	—	—	—	—	—	—
Vol.('000)	856	897	695	792	1,183	713						
Series 14[2]												
High ($)	25.65	25.77	25.80	25.61	25.75	25.75	25.49	25.61	25.54	25.31	25.30	25.30
Low ($)	25.00	25.44	25.15	25.42	25.47	25.30	25.34	25.38	25.17	25.20	25.23	24.98
Vol.('000)	435	637	911	746	1,326	520	2,174	416	377	517	526	438

Class A First Preferred Shares (Non-Viability Contingent Capital)												
	Nov. 2020	**Dec. 2020**	**Jan. 2021**	**Feb. 2021**	**March 2021**	**April 2021**	**May 2021**	**June 2021**	**July 2021**	**Aug. 2021**	**Sept. 2021**	**Oct. 2021**
Series 16												
High ($)	23.95	24.48	24.71	24.95	24.45	25.58	26.00	26.09	25.89	26.04	25.79	26.04
Low ($)	22.08	23.51	23.74	24.50	24.55	24.91	25.13	25.27	25.36	25.42	25.43	25.55
Vol.('000)	99	308	287	336	355	242	146	196	117	133	69	123
Series 18												
High ($)	21.27	23.06	23.40	24.44	24.92	25.10	25.48	25.88	25.47	26.01	25.94	25.75
Low ($)	20.35	21.25	22.79	23.00	24.25	24.53	24.85	25.10	24.75	25.23	25.31	25.23
Vol.('000)	585	254	669	292	383	239	162	60	85	104	199	144
Series 20												
High ($)	21.30	22.98	22.82	24.14	24.59	24.84	25.20	25.39	25.53	25.93	25.70	25.66
Low ($)	19.90	21.20	22.13	22.70	23.90	24.10	24.72	25.00	24.64	25.03	25.12	25.14
Vol.('000)	107	191	404	401	292	373	284	221	277	250	131	130
Series 22												
High ($)	25.20	25.35	25.59	25.72	26.19	26.29	26.83	27.00	26.84	27.01	26.88	27.07
Low ($)	24.28	24.95	25.11	25.25	25.30	25.79	25.99	26.02	25.89	26.27	26.25	26.35
Vol.('000)	155	233	395	166	186	474	270	126	134	105	133	129
Series 24												
High ($)	25.40	25.72	26.05	26.15	26.64	26.31	27.14	27.20	27.12	27.33	27.33	27.38
Low ($)	24.78	25.20	25.36	25.60	25.78	25.79	26.19	26.40	25.86	26.59	26.61	26.80
Vol.('000)	172	452	165	115	445	339	562	166	122	124	193	140

Notes:
1. On April 30, 2021, the Bank redeemed all of its 28,000,000 outstanding Non-Cumulative Class A First Preferred Shares, Series 12 (NVCC).
2. On October 31, 2021, the Bank redeemed all of its 40,000,000 outstanding Non-Cumulative Class A First Preferred Shares, Series 14 (NVCC).

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 information on the Bank's issuance of subordinated debentures and limited recourse capital notes since October 31, 2020, please see Notes 19 and 20 of the Annual Financial Statements for the year ended October 31, 2021, which notes are incorporated by reference in this AIF.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer as at October 31, 2021	Percentage of class
Common Shares[1]	86,339	0.004%
Class A First Preferred Shares, Series 26 (NVCC)[2]	1,750,000	100% of the Class A First Preferred Shares, Series 26 (NVCC)

[1] On November 1, 2018, the Bank acquired 100% of the outstanding equity of Greystone Capital Management Inc. (GCMI), the parent company of Greystone Managed Investments Inc. (Greystone). In connection therewith, TD common shares were issued to employee shareholders to satisfy a portion of the purchase price and to replace share-based awards. A portion of the common shares of each employee shareholder intended to replace share based awards were held in escrow for a period of three years following the acquisition date, subject to the continued employment of such employee shareholder. On November 1, 2021, the remaining 86,339 common shares that were held in escrow as of October 31, 2021 were released from escrow and delivered to the applicable shareholders. AST Trust Company (Canada) acted as Escrow Agent.
[2] The Class A First Preferred Shares, Series 26 (NVCC) are held in a limited recourse trust and are restricted from being transferred except to satisfy the recourse of the holders of the Limited Recourse Capital Notes in the event of a Recourse Event.

DIRECTORS AND EXECUTIVE OFFICERS

Directors and Board Committees of the Bank

The following table sets forth, as at December 1, 2021, 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
Cherie L. Brant Partner, Borden Ladner Gervais LLP Tyendinaga Mohawk Territory, Ontario, Canada	August 2021
Amy W. Brinkley Consultant, AWB Consulting, LLC Charlotte, North Carolina, U.S.A.	September 2010
Brian C. Ferguson Corporate Director, and former President & Chief Executive Officer, Cenovus Energy Inc. Calgary, Alberta, Canada	March 2015
Colleen A. Goggins Corporate Director, and retired Worldwide Chairman, Consumer Group, Johnson & Johnson Princeton, New Jersey, U.S.A.	March 2012
Jean-René Halde Corporate Director, and retired President and Chief Executive Officer Business Development Bank of Canada Saint-Laurent, Quebec, Canada	December 2015
David E. Kepler Corporate Director, and retired Executive Vice President, The Dow Chemical Company Sanford, Michigan, U.S.A.	December 2013
Brian M. Levitt Board Chair, The Toronto-Dominion Bank Kingston, Ontario, Canada	December 2008
Alan N. MacGibbon Corporate Director, and retired Managing Partner and Chief Executive of Deloitte LLP (Canada) Oakville, Ontario, Canada	April 2014
Karen E. Maidment Corporate Director, and former Chief Financial and Administrative Officer, BMO Financial Group Cambridge, Ontario, Canada	September 2011

Director Name Principal Occupation & Municipality of Residence	Director Since
Bharat B. Masrani Group President and Chief Executive Officer, The Toronto-Dominion Bank Toronto, Ontario, Canada	April 2014
Irene R. Miller Chief Executive Officer, Akim, Inc. New York, New York, U.S.A.	May 2006
Nadir H. Mohamed Corporate Director, and former President and Chief Executive Officer, Rogers Communications Inc. Toronto, Ontario, Canada	April 2008
Claude Mongeau Corporate Director, and former President and Chief Executive Officer, Canadian National Railway Company Montreal, Quebec, Canada	March 2015
Joseph M. Natale Corporate Director, and former President and Chief Executive Officer, Rogers Communications Inc. Toronto, Ontario, Canada	April 2021
S. Jane Rowe Vice Chair, Investments, Ontario Teachers' Pension Plan Board Toronto, Ontario, Canada	April 2020

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

Mr. Ferguson was President & Chief Executive Officer of Cenovus Energy Inc. prior to November 3, 2017. Mr. Natale was President and Chief Executive Officer of Rogers Communications Inc. from April 19, 2017 until November 16, 2021. Ms. Rowe was Executive Managing Director and head of the Equities department of the Ontario Teachers' Pension Plan Board prior to October 1, 2020.

Each director will hold office until the next annual meeting of shareholders of the Bank, which is scheduled for April 14, 2022. 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 1, 2021 and each Committee's key responsibilities.

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

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

* *Designated Audit Committee Financial Expert*

Audit Committee

The Audit Committee of the Board of Directors of the Bank operates under a written charter that sets out its responsibilities and composition requirements. A copy of the charter is attached to this AIF as Appendix "C". 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, including the Bank's Director Independence Policy (a copy of which is available on the Bank's website at www.td.com).

As indicated in the table above, the members of the Committee are: Alan N. MacGibbon (Chair), Brian C. Ferguson, Jean-René Halde, Irene R. Miller, Claude Mongeau and S. Jane Rowe. The members of the 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. Ferguson, MacGibbon and Mongeau and Mses. Miller and Rowe 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:

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

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

Alan N. MacGibbon is Chair of the Bank's Audit Committee. Mr. MacGibbon is a Corporate Director. He was Managing Partner and Chief Executive of Deloitte LLP (Canada) from 2004 to June 2012 and also served as Global Managing Director, Quality, Strategy and Communications of Deloitte Touche Tohmatsu Limited from June 2011 to September 2013 and Senior Counsel to Deloitte LLP (Canada) from June 2012 to December 2013. Mr. MacGibbon currently serves as Chair of the Audit Committee of each of TD Bank US Holding Company (the holding company of TD Bank, N.A. and TD Bank USA, N.A.), and a member of the Audit Committee 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.

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 previously served as Chair of the Audit Committee of the boards of Inditex, S.A., Coach, Inc., Oakley, Inc., The Body Shop International plc, and Benckiser N.V. Ms. Miller holds an undergraduate degree in science from the University of Toronto and a master of science degree in chemistry and chemical engineering from Cornell University. Ms. Miller is one of the Bank's Audit Committee financial experts.

Claude Mongeau is a Corporate Director. He is the former President and Chief Executive Officer of Canadian National Railway Company. Prior to leading Canadian National Railway Company, Mr. Mongeau was the company's Executive Vice-President and Chief Financial Officer. Mr. Mongeau serves as Chair of the Audit Committee of Cenovus Energy Inc., and is a member of the Safety, Environment, Responsibility and Reserves Committee of Cenovus Energy Inc. and the Finance and Risk Management, Safety, and the Compensation Committees of Norfolk Southern Corporation. Mr. Mongeau holds an undergraduate degree in psychology from the Université du Québec à Montréal and a master's degree in business administration from McGill University. Mr. Mongeau is one of the Bank's Audit Committee financial experts.

S. Jane Rowe is the Vice Chair, Investments, Ontario Teachers' Pension Plan ("Ontario Teachers") and was formerly the Executive Managing Director, Equities, Ontario Teachers. Prior to joining Ontario Teachers in 2010, Ms. Rowe held several senior investment banking and executive finance positions at Scotiabank. Ms. Rowe previously served as Chair of the Audit Committee of Sierra Wireless. Ms. Rowe holds an undergraduate degree in commerce from the Memorial University of Newfoundland and a master's degree in business administration from the Schulich School of Business, York University. Ms. Rowe is one of the Bank's Audit Committee financial experts.

Additional Information Regarding the Audit Committee and Shareholders' Auditor

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

The Audit Committee is responsible for the annual recommendation of the appointment and oversight of the shareholders' independent external auditor. The Audit Committee assesses the performance and qualification of the shareholders' auditor and submits its recommendation for appointment, or reappointment, to the Board 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 in reaching its recommendation to appoint the shareholders' auditor. This annual evaluation includes an assessment of audit quality and service considerations such as: auditor independence, objectivity and professional skepticism; quality of the engagement team; monitoring of the partner rotation timing; and quality of the communication and service provided by the shareholders' auditor. In the evaluation, the Audit Committee considers the nature and extent of communications received from the shareholders' auditor during the year, the responses from management and the Audit Committee to an annual questionnaire regarding the performance of, and interactions with, the shareholders' auditor.

EY was appointed as the shareholders' independent external auditor for the year ended October 31, 2021, 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

As at December 1, 2021, the following individuals are executive officers of the Bank:

Executive Officer	Principal Occupation	Municipality of Residence
Riaz Ahmed	Group Head, Wholesale Banking, TD Bank Group and President and CEO, TD Securities	Oakville, Ontario, Canada
Ajai K. Bambawale	Group Head and Chief Risk Officer, TD Bank Group	Toronto, Ontario, Canada
Greg Braca[1]	Group Head, U.S. Retail, TD Bank Group and President and Chief Executive Officer, TD Bank, America's Most Convenient Bank®	Orangeburg, New York, U.S.A.
Norie C. Campbell	Group Head and General Counsel, TD Bank Group	Toronto, Ontario, Canada
Theresa L. Currie[1]	Group Head, Canadian Personal Banking, TD Bank Group	Toronto, Ontario, Canada
Paul C. Douglas	Group Head, Canadian Business Banking, TD Bank Group	Burlington, Ontario, Canada
Barbara Hooper	Senior Executive Vice President, Treasury, Corporate Development, Strategic Sourcing and Real Estate	Etobicoke, Ontario, Canada
Kenn Lalonde	Senior Executive Vice President and Chief Human Resources Officer, TD Bank Group	Toronto, Ontario, Canada
Bharat B. Masrani	Group President and Chief Executive Officer, TD Bank Group	Toronto, Ontario, Canada
Christine Morris	Senior Executive Vice President, Enterprise Transformation, Enablement and Customer Experience	Etobicoke, Ontario, Canada
Michael G. Rhodes[1]	Group Head, Innovation, Technology and Shared Services, TD Bank Group	Wilmington, Delaware, U.S.A.
Leovigildo Salom[1]	Group Head, Wealth Management and TD Insurance, TD Bank Group	Toronto, Ontario, Canada
Kelvin Tran	Senior Executive Vice President and Chief Financial Officer	Toronto, Ontario, Canada

1. On October 28, 2021, the Bank announced the following changes to its executive officers, effective January 1, 2022: Michael Rhodes will become Group Head, Canadian Personal Banking, succeeding Theresa Currie who will retire on January 31, 2022; Leo Salom will become Group Head U.S. Retail, TD Bank Group & President and CEO, TD Bank, America's Most Convenient Bank®, succeeding Greg Braca who will become Vice-Chair of TD Bank in the U.S.; Raymond Chun will become Group Head, Wealth and Insurance, succeeding Leo Salom; and Greg Keeley will become Senior Executive Vice President, Technology and Platforms.

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

Prior to commencing his current role as Group Head, Wholesale Banking, TD Bank Group and President and CEO, TD Securities on September 1, 2021, Mr. Ahmed was Group Head and Chief Financial Officer, TD Bank Group from January 2, 2016 until August 31, 2021.

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

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

Prior to commencing her current role as Group Head and General Counsel, TD Bank Group on March 20, 2020, Ms. Campbell was Group Head, Customer and Colleague Experience, TD Bank Group from November 1, 2017 to March 19, 2020, Group Head and Chief General Counsel, TD Bank Group from December 12, 2016 to October 31, 2017, and Group Head and General Counsel (formerly known as Group Head Legal, Compliance, Anti-Money Laundering, Financial Crimes and Fraud Management, Enterprise Projects and General Counsel, TD Bank Group) from November 1, 2014 to December 11, 2016.

Prior to commencing her current role as Senior Executive Vice President, Treasury, Corporate Development, Strategic Sourcing and Real Estate on September 1, 2021, Ms. Hooper was Executive Vice President, Treasury, Corporate Development and Strategic Sourcing from January 23, 2017 to August 31, 2021, and Senior Vice President, Treasury and Balance Sheet Management and Corporate Development from June 27, 2016 to January 22, 2017.

Prior to commencing his current role as Senior Executive Vice President and Chief Human Resources Officer on May 27, 2021, Mr. Lalonde was Executive Vice President, Human Resources from May 27, 2019 to May 26, 2021, and President and CEO of TD Insurance from September 17, 2012 to May 26, 2019.

Prior to starting her current role as Senior Executive Vice President, Enterprise Transformation, Enablement and Customer Experience on September 1, 2021, Ms. Morris was Executive Vice President and Chief Operating Officer, Canadian Personal Banking from April 1, 2020 to August 31, 2021, Executive Vice President, Lending Solutions, Canadian Personal Banking from September 16, 2019 to March 31, 2020, and Senior Vice President, Real Estate Secured Lending, Personal Banking Products, Canadian Personal Banking from June 27, 2016 to September 15, 2019.

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

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

Prior to commencing his current role as Senior Executive Vice President and Chief Financial Officer on September 1, 2021, Mr. Tran was Executive Vice President, Enterprise Finance from March 29, 2021 until August 31, 2021, Senior Vice President, TD Bank Group and Chief Financial Officer, TD Bank, America's Most Convenient Bank® from July 28, 2020 to March 28, 2021, and Senior Vice President and Chief Auditor from November 29, 2017 to July 27, 2020.

Shareholdings of Directors and Executive Officers

To the knowledge of the Bank, as at October 31, 2021, the directors and executive officers of the Bank as a group beneficially owned, directly or indirectly, or exercised control or direction over an aggregate of 1,659,900 of the Bank's common shares, representing approximately 0.09% 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 1, 2021, 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.

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

Pre-Approval Policies and Shareholders' Auditor Service Fees

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

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

Fees paid to EY, the Bank's current shareholders' independent external auditor, by category of fee for services provided during the three most recently completed fiscal years are detailed in the table below.

	Fees paid to Ernst & Young LLP		
(thousands of Canadian dollars)	**2021**	**2020**	**2019**
Audit fees[1]	$28,530	$28,283	$ 26,395
Audit-related fees[2]	1,502	1,334	1,477
Tax fees[3]	913	1,481	1,794
All other fees[4]	1,103	1,680	512
Total Bank and Subsidiaries	**$32,048**	**$32,778**	**$ 30,178**
Investment Funds[5]	**3,060**	**2,970**	**231**
Total Fees	**$35,108**	**$35,748**	**$ 30,409**

Notes:

1. Audit fees are fees for the professional services in connection with the audit of the Bank's financial statements including the audit of internal control over financial reporting, the audit of its subsidiaries, and other services that are normally provided by the shareholders' auditor in connection with statutory and regulatory filings or engagements.
2. Audit-related fees are fees for assurance and related services that are performed by the shareholders' auditor. These services include: employee benefit plan audits; audit of charitable organizations; audit services for certain special purpose entities administered by the Bank; accounting and tax consultation in connection with mergers, acquisitions, divestitures and restructurings; application and general controls reviews; interpretation of accounting,; assurance services or specified procedures that are not required by statute or regulation; translation of financial statements and reports in connection with the audit or review; and information technology advisory services.
3. Tax fees comprise general tax planning and advice related to mergers and acquisitions and financing structures; electronic and paper-based tax knowledge publications; income and commodity tax compliance and advisory services; and transfer pricing services and customs and duties issues.
4. All other fees include fees for reports on control procedures at a service organization; audit and tax services for SEC-registered funds, subject to the SEC investment company complexes rules as well as other funds and related management entities; benchmark studies; regulatory advisory services; and performance and process improvement services.
5. Includes fees for professional services provided by EY for certain investment funds managed by subsidiaries of the Bank. In addition to other administrative costs, the subsidiaries are responsible for the auditors' fees for professional services rendered in connections with the annual audit, statutory and regulatory filings, and other services for the investment funds, in return for a fixed administration fee. For certain funds, these fees are paid directly by the funds. EY was appointed auditor of the majority of the investment funds for the fiscal year ended October 31, 2020.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

A description of certain legal proceedings to which the Bank is a party is set out under the heading “Litigation” in Note 27 of the Annual Financial Statements for the year ended October 31, 2021, 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.[1] In addition, the Bank and its subsidiaries are subject to numerous regulatory authorities around the world, and fees, administrative penalties, settlement agreements and sanctions may be categorized differently by each regulator. During the past financial year, the Bank paid a $400,000 administrative monetary penalty to the Financial Consumer Agency of Canada.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the best of our knowledge, the Bank confirms that, as at December 1, 2021, 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

TSX Trust Company
P.O. Box 700, Station B
Montreal, Quebec H3B 3K3

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

Co-transfer Agent and Registrar

Computershare
P.O. Box 505000
Louisville, KY 40233
or
462 South 4th Street, Suite 1600
Louisville, KY 40202

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

1 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.

INTERESTS OF EXPERTS

The Consolidated Financial Statements of the Bank for the year ended October 31, 2021 filed under National Instrument 51-102 – Continuous Disclosure Obligations, portions of which are incorporated by reference in this AIF, have been audited by EY, Chartered Professional Accountants, Licensed Public Accountants, Toronto, Ontario. EY is the external auditor who prepared the Report of Independent Registered Public Accounting Firm – Opinion on the Consolidated Financial Statements, and Report of Independent Registered Public Accounting Firm – Opinion on Internal Control over Financial Reporting. EY is independent with respect to the Bank within the context of the CPA Code of Professional Conduct of the Chartered Professional Accountants of Ontario. EY is also independent with respect to the Bank within the meaning of the U.S. federal securities laws and the applicable rules and regulations thereunder adopted by the U.S. Securities and Exchange Commission and 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, 2021.

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

Appendix “A”

Intercorporate Relationships

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

SIGNIFICANT SUBSIDIARIES[1]

(millions of Canadian dollars)		**October 31, 2021**
North America	**Address of Head or Principal Office**[2]	**Carrying value of shares owned by the Bank**[3]
Meloche Monnex Inc.	Montreal, Québec	$ 2,354
Security National Insurance Company	Montreal, Québec	
Primmum Insurance Company	Toronto, Ontario	
TD Direct Insurance Inc.	Toronto, Ontario	
TD General Insurance Company	Toronto, Ontario	
TD Home and Auto Insurance Company	Toronto, Ontario	
TD Wealth Holdings Canada Limited	Toronto, Ontario	5,085
TD Asset Management Inc.	Toronto, Ontario	
GMI Servicing Inc.	Regina, Saskatchewan	
TD Waterhouse Private Investment Counsel Inc.	Toronto, Ontario	
TD Waterhouse Canada Inc.	Toronto, Ontario	
TD Auto Finance (Canada) Inc.	Toronto, Ontario	3,321
TD Group US Holdings LLC	Wilmington, Delaware	68,575
Toronto Dominion Holdings (U.S.A.), Inc.	New York, New York	
TD Prime Services LLC	New York, New York	
TD Securities Automated Trading LLC	Chicago, Illinois	
TD Securities (USA) LLC	New York, New York	
Toronto Dominion (Texas) LLC	New York, New York	
Toronto Dominion (New York) LLC	New York, New York	
Toronto Dominion Capital (U.S.A.), Inc.	New York, New York	
Toronto Dominion Investments, Inc.	New York, New York	
TD Bank US Holding Company	Cherry Hill, New Jersey	
Epoch Investment Partners, Inc.	New York, New York	
TDAM USA Inc.	New York, New York	
TD Bank USA, National Association	Cherry Hill, New Jersey	
TD Bank, National Association	Cherry Hill, New Jersey	
TD Auto Finance LLC	Farmington Hills, Michigan	
TD Equipment Finance, Inc.	Cherry Hill, New Jersey	
TD Private Client Wealth LLC	New York, New York	
TD Wealth Management Services Inc.	Mt. Laurel, New Jersey	
TD Investment Services Inc.	Toronto, Ontario	38
TD Life Insurance Company	Toronto, Ontario	93
TD Mortgage Corporation	Toronto, Ontario	11,041
TD Pacific Mortgage Corporation	Vancouver, British Columbia	
The Canada Trust Company	Toronto, Ontario	
TD Securities Inc.	Toronto, Ontario	2,656
TD Vermillion Holdings Limited	Toronto, Ontario	27,487
TD Financial International Ltd.	Hamilton, Bermuda	
TD Reinsurance (Barbados) Inc.	St. James, Barbados	
International		
TD Ireland Unlimited Company	Dublin, Ireland	1,322
TD Global Finance Unlimited Company	Dublin, Ireland	
TD Securities (Japan) Co. Ltd.	Tokyo, Japan	12
Toronto Dominion Australia Limited	Sydney, Australia	100
Toronto Dominion Investments B.V.	London, England	1,022
TD Bank Europe Limited	London, England	
Toronto Dominion Holdings (U.K.) Limited	London, England	
TD Securities Limited	London, England	
Toronto Dominion (South East Asia) Limited	Singapore, Singapore	1,054

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

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

3 Carrying amounts are prepared for purposes of meeting the disclosure requirements of Section 308 (3)(a)(ii) of the *Bank Act*. Intercompany transactions may be included herein which are eliminated for consolidated financial reporting purposes.

Appendix "B"

Description of Ratings

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

Ratings assigned on Moody's global long-term and short-term rating scales are forward-looking opinions of the relative credit risks of financial obligations issued by non-financial corporates, financial institutions, structured finance vehicles, project finance vehicles, and public sector entities. Moody's defines credit risk as the risk that an entity may not meet its contractual financial obligations as they come due and any estimated financial loss in the event of default or impairment. The contractual financial obligations addressed by Moody's ratings are those that call for, without regard to enforceability, the payment of an ascertainable amount, which may vary based upon standard sources of variation (e.g., floating interest rates), by an ascertainable date. Moody's rating addresses the issuer's ability to obtain cash sufficient to service the obligation, and its willingness to pay. Moody's ratings do not address non- standard sources of variation in the amount of the principal obligation (e.g., equity indexed), absent an express statement to the contrary in a press release accompanying an initial rating. Long-term ratings are assigned to issuers or obligations with an original maturity of eleven months or more and reflect both on the likelihood of a default or impairment on contractual financial obligations and the expected financial loss suffered in the event of default or impairment. Short-term ratings are assigned to obligations with an original maturity of thirteen months or less and reflect both on the likelihood of a default or impairment on contractual financial obligations and the expected financial loss suffered in the event of default or impairment. Moody's issues ratings at the issuer level and instrument level on both the long- term scale and the short-term scale. Typically, ratings are made publicly available although private and unpublished ratings may also be assigned.

Moody's differentiates structured finance ratings from fundamental ratings (i.e., ratings on nonfinancial corporate, financial institution, and public sector entities) on the global long-term scale by adding (sf) to all structured finance ratings. The addition of (sf) to structured finance ratings should eliminate any presumption that such ratings and fundamental ratings at the same letter grade level will behave the same. The (sf) indicator for structured finance security ratings indicates that otherwise similarly rated structured finance and fundamental securities may have different risk characteristics. Through its current methodologies, however, Moody's aspires to achieve broad expected equivalence in structured finance and fundamental rating performance when measured over a long period of time.

Moody's assigns ratings to long-term and short-term financial obligations. Long-term ratings are assigned to issuers or obligations with an original maturity of eleven months 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. Short-term ratings are assigned to obligations with an original maturity of thirteen months or less and reflect both on the likelihood of a default on contractually promised payments and the expected financial loss suffered in the event of default. 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 firms.

A global long-term rating of 'Aa' reflects obligations that are judged to be of high quality and are subject to very low credit risk. Obligations rated 'A' are judged to be upper-medium grade and are subject to low credit risk. Obligations rated 'Baa' are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics. Global short-term ratings of 'P-1' (Prime-1) reflect a superior ability to repay short-term obligations.

A Moody's rating outlook is an opinion regarding the likely rating direction over the medium term. Rating outlooks fall into four categories: 'Positive' (POS), 'Negative' (NEG), 'Stable' (STA), and 'Developing'

(DEV). Outlooks may be assigned at the issuer level or at the rating level. Where there is an outlook at the issuer level and the issuer has multiple ratings with differing outlooks, an “(m)” modifier to indicate multiple will be displayed and Moody’s press releases will describe and provide the rationale for these differences. A designation of ‘RUR’ (Rating(s) Under Review) is typically used when an issuer has one or more ratings under review, which overrides the outlook designation. A designation of ‘RWR’ (Rating(s) Withdrawn) indicates that an issuer has no active ratings to which an outlook is applicable. Rating outlooks are not assigned to all rated entities. In some cases, this will be indicated by the display ‘NOO’ (No Outlook).

A ‘Stable’ outlook indicates a low likelihood of a rating change over the medium term. A ‘Negative’, ‘Positive’ or ‘Developing’ outlook indicates a higher likelihood of a rating change over the medium term. A rating committee that assigns an outlook of ‘Stable’, ‘Negative’, ‘Positive’, or ‘Developing’ to an issuer’s rating is also indicating its belief that the issuer’s credit profile is consistent with the relevant rating level at that point in time.

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

An S&P Global Ratings issue credit rating is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific financial obligation, a specific class of financial obligations, or a specific financial program (including ratings on medium-term note programs and commercial paper programs). It takes into consideration the creditworthiness of guarantors, insurers, or other forms of credit enhancement on the obligation and takes into account the currency in which the obligation is denominated. The opinion reflects S&P Global Ratings’ view of the obligor’s capacity and willingness to meet its financial commitments as they come due, and this opinion may assess terms, such as collateral security and subordination, which could affect ultimate payment in the event of default.

Issue credit ratings can be either long-term or short-term. Short-term issue credit ratings are generally assigned to those obligations considered short-term in the relevant market, typically with an original maturity of no more than 365 days. Short-term issue credit ratings are also used to indicate the creditworthiness of an obligor with respect to put features on long-term obligations. We would typically assign a long-term issue credit rating to an obligation with an original maturity of greater than 365 days. However, the ratings we assign to certain instruments may diverge from these guidelines based on market practices. Medium-term notes are assigned long-term ratings.

Issue credit ratings are based, in varying degrees, on S&P Global Ratings’ analysis of the following considerations:

- The likelihood of payment—the capacity and willingness of the obligor to meet its financial commitments on an obligation in accordance with the terms of the obligation;

- The nature and provisions of the financial obligation, and the promise we impute; and

- The protection afforded by, and relative position of, the financial obligation in the event of a bankruptcy, reorganization, or other arrangement under the laws of bankruptcy and other laws affecting creditors’ rights.

An issue rating is an assessment of default risk but may incorporate an assessment of relative seniority or ultimate recovery in the event of default. Junior obligations are typically rated lower than senior obligations, to reflect lower priority in bankruptcy, as noted above. (Such differentiation may apply when an entity has both senior and subordinated obligations, secured and unsecured obligations, or operating company and holding company obligations.)

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

A short-term obligation rated ‘A-1’ is rated in the highest category by S&P Global Ratings. The obligor’s capacity to meet its financial commitments 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 commitments on these obligations is extremely strong.

The S&P Global Ratings Canadian preferred share rating scale serves issuers, investors, and intermediaries in the Canadian financial markets by expressing preferred share ratings (determined in accordance with global rating criteria) in terms of rating symbols that have been actively used in the Canadian market over a number of years. An S&P Global Ratings preferred share rating on the Canadian scale is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific preferred share obligation issued in the Canadian market relative to preferred shares issued by other issuers in the Canadian market. There is a direct correspondence between the specific ratings assigned on the Canadian preferred share scale and the various rating levels on the global debt rating scale of S&P Global Ratings. The Canadian scale rating is fully determined by the applicable global scale rating, and there are no additional analytical criteria associated with the determination of ratings on the Canadian scale. S&P Global Ratings’ practice is to present ratings on an issuer’s preferred shares on both the global rating scale and on the Canadian national scale when listing the ratings for a particular issuer. A Canadian National preferred share rating of ‘P-2’ corresponds to global scale preferred share rating of ‘BBB’.

An S&P Global Ratings outlook assesses the potential direction of a long-term credit rating over the intermediate term, which is generally up to two years for investment grade and generally up to one year for speculative grade. In determining a rating outlook, consideration is given to any changes in economic and/or fundamental business conditions. A ‘Stable’ rating outlook indicates that a rating is not likely to change.

Description of ratings, as disclosed by DBRS on its public website

The DBRS Morningstar long-term rating scale provides an opinion on the risk of default. That is, the risk that an issuer will fail to satisfy its financial obligations in accordance with the terms under which an obligation has been issued. Ratings are based on quantitative and qualitative considerations relevant to the issuer, and the relative ranking of claims. All rating categories other than ‘AAA’ and ‘D’ also contain subcategories ‘(high)’ and ‘(low)’. The absence of either a ‘(high)’ or ‘(low)’ designation indicates the rating is in the middle of the category. A long-term rating of ‘AA’ is of 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 long-term rating of ‘A’ is of 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. Ratings are based on quantitative and qualitative considerations relevant to the issuer and the relative ranking of claims. The ‘R-1’ and ‘R-2’ rating categories are further denoted by the subcategories ‘(high)’, ‘(middle)’, and ‘(low)’. A short-term debt rating of ‘R-1’ ‘(high)’ is the 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 reflects an opinion on the risk that an issuer will not fulfil its obligations with respect to both dividend and principal commitments in respect of preferred shares issued in the Canadian securities market in accordance with the terms under which the relevant preferred shares have been issued. Every DBRS rating using the preferred share rating scale is based on quantitative and qualitative considerations relevant to the issuing entity. Each rating category may be 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 issued in the Canadian securities markets are rated using the preferred share rating scale and preferred shares issued outside of the Canadian securities markets are rated using the long-term obligations scale. Because preferred share dividends are only payable when approved, the non-payment of a preferred share dividend does not necessarily result in a ‘D’. DBRS may also use ‘SD’ (Selective Default) in cases where only some securities are affected, such as in the case of a “distressed exchange”. Preferred shares rated ‘Pfd-2’ are generally of good 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 issuers with an ‘A’ category or higher reference point.

Appendix "C"

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

CHARTER

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

Main Responsibilities:

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

Independence is Key:

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

Composition and Independence, Financial Literacy and Authority

The Committee shall be composed of members of the Board of Directors in such number as is determined by the Board with regard to the by-laws of the Bank, applicable laws, rules and regulations, and any other relevant considerations, subject to a minimum requirement of three directors.

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

The members of the Committee shall be appointed by the Board and each shall serve until his or her successor is duly appointed, unless the member resigns, is removed, or ceases to be a director. A Chair will be appointed by the Board upon recommendation of the Corporate Governance Committee, failing which the members of the Committee may designate a Chair by majority vote. The Committee may from time to time delegate to its Chair certain powers or responsibilities that the Committee itself may have hereunder.

In addition to the qualities set out in the Position Description for Directors, all members of the Committee should be financially literate or be willing and able to acquire the necessary knowledge quickly. Financially literate means the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Bank's financial statements. At least one member of the Committee shall have a background in accounting or related financial management experience which would include any experience or background that results in the individual's financial sophistication, including being or having been an auditor, a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. In fulfilling the responsibilities set out in this Charter, the Committee has the authority to conduct any investigation it deems appropriate to, and access any officer, employee or agent of the Bank for the purpose of fulfilling its responsibilities, including the shareholders' auditor. The 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 Executive Officer, the Chief Financial Officer, the General Counsel, the Chief Auditor, the Chief Compliance Officer, the Global Chief 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 meets 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 have a standing invitation to attend each meeting of this Committee at his or her discretion as a non-voting observer and receive the materials for each such meeting. In addition, this Committee shall meet with the Risk Committee at least two times annually to discuss topics relevant to both Committees.

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

Specific Duties and Responsibilities

Financial Reporting

The Committee shall be responsible for the oversight of reliable, accurate and clear financial reporting to shareholders, including reviewing and discussing the Bank's annual and interim financial statements and management's discussion and analysis ("MD&A") and reviewing the shareholders' auditor opinion on the annual financial statements and on the Bank's internal control over financial reporting, prior to approval by the Board and release to the public, and reviewing, as appropriate, releases to the public of significant material non-public financial information of the Bank. Such review of the financial reports of the Bank shall include, when appropriate but at least annually, discussion with management, the internal audit division and the shareholders' auditor of significant issues regarding accounting principles, practices, financial statement, and MD&A disclosures, including adjustments to GAAP measures (e.g., Items of Note) and significant management estimates and judgments.

The Committee shall review earnings news releases and satisfy itself that adequate procedures are in place for the review of the Bank's public disclosure of financial information extracted or derived from the Bank's financial statements, other than the public disclosure in the Bank's annual and interim financial statements and MD&A and must periodically assess the adequacy of those procedures.

Financial Reporting Process

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

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

The Committee's Role in the Financial Reporting Process

The shareholders' auditor is responsible for planning and carrying out, in accordance with professional standards, an audit of the Bank's annual financial statements and reviews of the Bank's quarterly financial information. Management of the Bank is responsible for the Bank's financial reporting process which includes the preparation, presentation and integrity of the Bank's financial statements and maintenance of appropriate accounting and financial reporting principles and policies, and internal controls and procedures designed to ensure compliance with accounting standards and applicable laws and regulations. The 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 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 shareholders' auditor is also responsible for planning and carrying out, in accordance with professional standards, an audit of the Bank's internal control over financial reporting. Management of the Bank is responsible for devising and maintaining effective internal control over financial reporting and for its assessment of the effectiveness of such internal control.

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 and 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 internal control over financial reporting and controls related to the prevention, identification and detection of fraud;
- overseeing that there are adequate governance structures and control processes for all financial instruments that are measured at fair value for financial reporting purposes;
- receiving reports from the Risk Committee as considered necessary or desirable with respect to any issues relating to internal control procedures considered by that Committee in the course of undertaking its responsibilities; and
- reviewing reporting by the Bank to its shareholders regarding internal control over financial reporting.

Internal Audit Division

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

- review and approve the annual audit plan (including the risk assessment methodology), and any significant changes thereto and satisfy itself that the plan is appropriate, risk-based and addresses all the relevant activities and significant risks over a measurable cycle;
- review and approve the annual financial budget and resource plan, and review significant updates;
- review and approve at least annually the Chief Auditor's mandate and independence attestation, and the mandate of the internal audit division;
- review key components of significant audit policies
- confirm the appointment and dismissal of the Chief Auditor;
- annually convey its view of the performance of the Chief Auditor to the Chief Executive Officer as input into the compensation approval process;

- at least annually assess the effectiveness and operational adequacy of the internal audit division;
- review the results of the independent quality assurance review report on the internal audit division conducted on a five-year cycle, including information on the qualifications and independence of the assessor(s) and any potential conflict of interest;
- review and discuss regular reports prepared by the Chief Auditor, including internal control over financial reporting and all other information outlined in regulatory guidance, together with management's response and follow-up on outstanding findings, and proactively consider thematic findings across the Bank;
- provide a forum for the Chief Auditor to have unfettered access to the Committee to raise any internal audit, organizational or industry issues or issues with respect to the relationship and interaction between the internal audit division, management, the shareholders' auditor and/or regulators; and
- review reports of deficiencies identified by supervisory authorities related to the internal audit division, including information to demonstrate progress of necessary correction action and remediation, by management, within an appropriate time frame.

Oversight of Shareholders' Auditor

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

- review and approve the annual audit plans and engagement letters of the shareholders' auditor and satisfy itself that the plans are appropriate, risk-based and address all the relevant activities over a measurable cycle;
- at least annually, review the shareholders' auditor's processes for assuring the quality of their audit services including ensuring their independence and any other matters that may affect the audit firm's ability to serve as shareholders' auditor;
- discuss those matters that are required to be communicated by the shareholders' auditor to the Committee in accordance with the standards established by the Chartered Professional Accountants of Canada and the Public Company Accounting Oversight Board ("PCAOB") and the requirements of the *Bank Act (Canada)* and of the Bank's regulators, including its primary regulator OSFI, as such matters are applicable to the Bank from time to time;
- review with the shareholders' auditor any issues that may be brought forward by it, including any audit problems or difficulties, such as restrictions on its audit activities or access to requested information, and management's responses;
- request management to take the necessary corrective actions to address any findings and recommendations of the shareholders' auditor in a timely manner;
- review with the shareholders' auditor concerns, if any, about the quality, not just acceptability, of the Bank's accounting principles and policies as applied in its financial reporting;
- provide a forum for management and the internal and/or shareholders' auditor to raise issues regarding their relationship and interaction. To the extent disagreements regarding financial

reporting are not resolved, be responsible for the resolution of such disagreements between management and the internal and/or shareholders' auditor;

- at least annually, review and evaluate the qualifications, performance and independence of the lead, and other key senior partners of the shareholders' auditor, monitor the rotation timing and, as required upon rotation of the lead and other key senior partners, assess the qualifications of the shareholders' auditor's proposed new lead and other key senior partners and obtain confirmation from the shareholders' auditor of compliance with the requirements for the qualifications for auditors pursuant to the *Bank Act (Canada)*, and guidance by other applicable regulators;
- at least every five years, conduct a periodic comprehensive review of the shareholders' auditor; and
- annually review and discuss the Canadian Public Accountability Board's ("CPAB") and PCAOB's public reports with the shareholders' auditor and, as necessary, discuss any CPAB and/or PCAOB 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 and the shareholders' auditor, annually and otherwise as necessary, 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;
- periodically reviewing the results of a benchmarking of the Finance Department conducted with the assistance of an independent third party;

- annually conveying its view of the performance of the Chief Financial Officer to the Chief Executive Officer as input into the compensation approval process;
- confirming the appointment and dismissal of the Chief Financial Officer; and
- providing a forum for the Chief Financial Officer to have unfettered access to the Committee to raise any financial reporting issues or issues with respect to the relationship and interaction among the Finance Department, management, the shareholders' auditor and/or regulators.

Compliance

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

- establishing and maintaining procedures in accordance with regulatory requirements for the receipt, retention and treatment of confidential, anonymous submissions of concerns regarding questionable accounting, internal accounting controls or auditing matters, and receiving reports on such complaints and submissions as required under the applicable policy; 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;
- annually review and approve the mandate of the Compliance Department and the mandate of the Chief Compliance Officer;
- at least annually assess the effectiveness of the Compliance Department;
- periodically review the results of a benchmarking of the Compliance Department conducted with the assistance of an independent third party;
- confirm the appointment and dismissal of the Chief Compliance Officer;
- annually convey its view of the performance of the Chief Compliance Officer to the Chief Executive Officer as input into the compensation approval process;
- review with management the Bank's compliance with applicable regulatory requirements and the Regulatory Compliance Management ("RCM") Program;
- semi-annually receive reports from the Compliance Department on Compliance with Canadian Consumer Protection Requirements as Supervised by the Financial Consumer Agency of Canada ("FCAC");
- regularly review and discuss reports prepared by the Chief Compliance Officer for the Committee, including with regard to reports by regulators and supervisory authorities related to the Compliance Department, the Bank's RCM program or the Bank's compliance or non-compliance with applicable laws and regulations and follow-up on any outstanding issues including proactive consideration of whether deficiencies in one area may be present in other areas;

- at least annually review the assessment by the Chief Compliance Officer on the adequacy of, adherence to and effectiveness of the Bank's day-to-day RCM controls, as well as the Opinion of the Chief Compliance Officer as to whether the RCM Program and controls are sufficiently robust to achieve compliance with the applicable enterprise-wide regulatory requirements; and
- provide a forum for the Chief Compliance Officer to have unfettered access to the Committee to raise any compliance issues or concerns with respect to the relationship and interaction among the Compliance Department, management and/or regulators.

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

The Committee shall oversee and monitor the establishment, maintenance and ongoing effectiveness of the Anti-Money Laundering / Anti-Terrorist Financing / Economic Sanctions / Anti-Bribery and Anti-Corruption Program ("AML Program") that is designed so that 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 Chief 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 the opinion of the Chief Auditor on the effectiveness of the AML Program every two years and following up with management on the status of recommendations and suggestions, as appropriate.

Global Anti-Money Laundering Department

The Committee shall oversee the Global Anti-Money Laundering Department of the Bank and the execution of its mandate and shall satisfy itself that the Global AML Department is sufficiently independent to perform its responsibilities. In addition, the Committee shall:

- review and approve the Global AML Department's annual plan, including its budget and resources, and any significant changes to the annual plan;
- consider and approve the AML Program, its design and any significant AML/ATF policies, including the TD Global Sanctions Policy;
- at least annually assess the effectiveness of the Global AML Department;
- review the results of an independent effectiveness review of the AML Program conducted periodically;
- periodically review the results of a benchmarking of the Global AML Department conducted with the assistance of an independent third party;
- annually review and approve the mandate of the Global AML Department and the mandate of the Global Chief Anti-Money Laundering Officer;
- confirm the appointment and dismissal of the Global Chief Anti-Money Laundering Officer;
- annually convey its view of the performance of the Global Chief 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 Chief Anti-Money Laundering Officer for the Committee, including with regard to reports by supervisory authorities related to the AML Program, on the Bank's compliance or non-compliance with applicable laws and regulations and on the design and operation of the AML Program, the adequacy of resources (people, systems and 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 Chief 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 for certain Canadian subsidiaries of the Bank that are federally-regulated financial institutions, including meeting on an annual basis, without management present, with the appointed actuaries of the applicable subsidiaries of the Bank that are federally-regulated financial institutions;
- reviewing with the Bank's General Counsel any legal matter arising from litigation, asserted claims or regulatory non-compliance that could have a material impact on the Bank's financial condition and provide a forum for the General Counsel to have unfettered access to the Committee to raise any legal issues;
- performing such other functions and tasks as may be mandated by regulatory requirements applicable to audit committees or delegated by the Board;
- conducting an annual evaluation of the Committee to assess its contribution and effectiveness in fulfilling its mandate;
- review and assess the adequacy of this Charter at least annually and submit this Charter to the Corporate Governance Committee for review and recommendation to the Board for approval; noting that changes considered administrative by the Chair of the Committee and the Board Chair can be reviewed and approved by the Corporate Governance Committee throughout the year and aggregated once per year for review and concurrence by the Board;
- maintaining minutes or other records of meetings and activities of the Committee; and
- reporting to the Board on material matters arising at Audit Committee meetings following each meeting of the Committee and reporting as required to the Risk Committee on issues of relevance to it.

Exhibit 99.2

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (MD&A) is presented to enable readers to assess material changes in the financial condition and operating results of TD Bank Group ("TD" or the "Bank") for the year ended October 31, 2021, 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, 2021. This MD&A is dated December 1, 2021. 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 revised to conform with the presentation adopted in the current period.

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

Caution Regarding Forward-Looking Statements

From time to time, the Bank (as defined in this document) makes written and/or oral forward-looking statements, including in this document, in other filings with Canadian regulators or the United States (U.S.) Securities and Exchange Commission (SEC), and in other communications. In addition, representatives of the Bank may make forward-looking statements orally to analysts, investors, the media and others. All such statements are made pursuant to the "safe harbour" provisions of, and are intended to be forward-looking statements under, applicable Canadian and U.S. securities legislation, including the *U.S. Private Securities Litigation Reform Act of 1995*. Forward-looking statements include, but are not limited to, statements made in this document, the Management's Discussion and Analysis ("2021 MD&A") in the Bank's 2021 Annual Report under the headings "Economic Summary and Outlook" and "The Bank's Response to COVID-19", under the headings "Key Priorities for 2022" and "Operating Environment and Outlook" for the Canadian Retail, U.S. Retail, and Wholesale Banking segments, and under the heading "Focus for 2022" for the Corporate segment, and in other statements regarding the Bank's objectives and priorities for 2022 and beyond and strategies to achieve them, the regulatory environment in which the Bank operates, the Bank's anticipated financial performance, and the potential economic, financial and other impacts of the Coronavirus Disease 2019 (COVID-19). Forward-looking statements are typically identified by words such as "will", "would", "should", "believe", "expect", "anticipate", "intend", "estimate", "plan", "goal", "target", "may", and "could".

By their very nature, these forward-looking statements require the Bank to make assumptions and are subject to inherent risks and uncertainties, general and specific. Especially in light of the uncertainty related to the physical, financial, economic, political, and regulatory environments, such risks and uncertainties – many of which are beyond the Bank's control and the effects of which can be difficult to predict – may cause actual results to differ materially from the expectations expressed in the forward-looking statements. Risk factors that could cause, individually or in the aggregate, such differences include: strategic, credit, market (including equity, commodity, foreign exchange, interest rate, and credit spreads), operational (including technology, cyber security, and infrastructure), model, insurance, liquidity, capital adequacy, legal, regulatory compliance and conduct, reputational, environmental and social, and other risks. Examples of such risk factors include the economic, financial, and other impacts of pandemics, including the COVID-19 pandemic; general business and economic conditions in the regions in which the Bank operates; geopolitical risk; the ability of the Bank to execute on long-term strategies and shorter-term key strategic priorities, including the successful completion of acquisitions and dispositions, business retention plans, and strategic plans; technology and cyber security risk (including cyber-attacks or data security breaches) on the Bank's information technology, internet, network access or other voice or data communications systems or services; model risk; fraud activity; 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, and other risks arising from the Bank's use of third-party service providers; the impact of new and changes to, or application of, current laws and regulations, including without limitation tax laws, capital guidelines and liquidity regulatory guidance and the bank recapitalization "bail-in" regime; regulatory oversight and compliance risk; increased competition from incumbents and new entrants (including Fintechs and big technology competitors); shifts in consumer attitudes and disruptive technology; exposure related to significant litigation and regulatory matters; ability of the Bank to attract, develop, and retain key talent; changes to the Bank's credit ratings; changes in currency and interest rates (including the possibility of negative interest rates); increased funding costs and market volatility due to market illiquidity and competition for funding; Interbank Offered Rate (IBOR) transition risk; critical accounting estimates and changes to accounting standards, policies, and methods used by the Bank; existing and potential international debt crises; environmental and social risk (including climate change); 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 2021 MD&A, as may be updated in subsequently filed quarterly reports to shareholders and news releases (as applicable) related to any events or transactions discussed under the heading "Significant Acquisitions" or "Significant and Subsequent Events and Pending Acquisitions" in the relevant MD&A, which applicable releases may be found on www.td.com. All such factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements, should be considered carefully when making decisions with respect to the Bank. 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 2021 MD&A under the headings "Economic Summary and Outlook" and "The Bank's Response to COVID-19", under the headings "Key Priorities for 2022" and "Operating Environment and Outlook" for the Canadian Retail, U.S. Retail, and Wholesale Banking segments, and under the heading "Focus for 2022" for the Corporate segment, each as may be updated in subsequently filed quarterly reports to shareholders.

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

TABLE 1: FINANCIAL HIGHLIGHTS

(millions of Canadian dollars, except where noted)	2021	2020	2019
Results of operations			
Total revenue – reported	$ 42,693	$ 43,646	$ 41,065
Total revenue – adjusted[1]	42,693	42,225	41,065
Provision for (recovery of) credit losses	(224)	7,242	3,029
Insurance claims and related expenses	2,707	2,886	2,787
Non-interest expenses – reported	23,076	21,604	22,020
Non-interest expenses – adjusted[1]	22,909	21,338	21,085
Net income – reported	14,298	11,895	11,686
Net income – adjusted[1]	14,649	9,968	12,503
Financial positions (billions of Canadian dollars)			
Total loans net of allowance for loan losses	$ 722.6	$ 717.5	$ 684.6
Total assets	1,728.7	1,715.9	1,415.3
Total deposits	1,125.1	1,135.3	887.0
Total equity	99.8	95.5	87.7
Total risk-weighted assets[2]	460.3	478.9	456.0
Financial ratios			
Return on common equity (ROE) – reported[3]	15.5 %	13.6 %	14.5 %
Return on common equity – adjusted[1]	15.9	11.4	15.6
Return on tangible common equity (ROTCE)[1]	21.2	18.7	20.5
Return on tangible common equity – adjusted[1]	21.4	15.3	21.5
Efficiency ratio – reported[3]	54.1	49.5	53.6
Efficiency ratio – adjusted[1,3]	53.7	50.5	51.3
Provision for (recovery of) credit losses as a % of net average loans and acceptances[4]	(0.03)	1.00	0.45
Common share information – reported (Canadian dollars)			
Per share earnings			
Basic	$ 7.73	$ 6.43	$ 6.26
Diluted	7.72	6.43	6.25
Dividends per share	3.16	3.11	2.89
Book value per share[3]	51.66	49.49	45.20
Closing share price[5]	89.84	58.78	75.21
Shares outstanding (millions)			
Average basic	1,817.7	1,807.3	1,824.2
Average diluted	1,820.2	1,808.8	1,827.3
End of period	1,822.0	1,815.6	1,811.9
Market capitalization (billions of Canadian dollars)	$ 163.7	$ 106.7	$ 136.3
Dividend yield[3]	3.9 %	4.8 %	3.9 %
Dividend payout ratio[3]	40.9	48.3	46.1
Price-earnings ratio[3]	11.6	9.2	12.0
Total shareholder return (1 year)[3]	58.9	(17.9)	7.1
Common share information – adjusted (Canadian dollars)[1,3]			
Per share earnings			
Basic	$ 7.92	$ 5.37	$ 6.71
Diluted	7.91	5.36	6.69
Dividend payout ratio	39.9 %	57.9 %	43.0 %
Price-earnings ratio	11.3	11.0	11.2
Capital ratios[2]			
Common Equity Tier 1 Capital ratio	15.2 %	13.1 %	12.1 %
Tier 1 Capital ratio	16.5	14.4	13.5
Total Capital ratio	19.1	16.7	16.3
Leverage ratio	4.8	4.5	4.0

1 The Toronto-Dominion Bank ("TD" or 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 the "reported" results. The Bank also utilizes non-GAAP financial measures such as "adjusted" results and non-GAAP ratios to assess each of its businesses and to measure overall Bank performance. To arrive at adjusted results, the Bank adjusts for "items of note", from reported results. Refer to the "Financial Results Overview" section of this document for further explanation, a list of the items of note, and a reconciliation of adjusted to reported results. Non-GAAP financial measures and ratios used in this document are not defined terms under IFRS and, therefore, may not be comparable to similar terms used by other issuers.

2 These measures have been included in this document in accordance with the Office of the Superintendent of Financial Institutions Canada's (OSFI's) Capital Adequacy Requirements and Leverage Requirements guidelines. Refer to the "Capital Position" section of this document for further details.

3 For additional information about this metric, refer to the Glossary of this document.

4 Excludes acquired credit-impaired (ACI) loans.

5 Toronto Stock Exchange (TSX) closing market price.

FINANCIAL RESULTS OVERVIEW

CORPORATE OVERVIEW

The Toronto-Dominion Bank and its subsidiaries are collectively known as TD Bank Group ("TD" or the "Bank"). TD is the fifth largest bank in North America by assets and serves more than 26 million customers in three key businesses operating in a number of locations in financial centres around the globe: Canadian Retail, which includes the results of the personal and commercial banking, wealth, and insurance businesses; U.S. Retail, which includes the results of the personal and business banking operations, wealth management services, and the Bank's investment in The Charles Schwab Corporation ("Schwab"); and Wholesale Banking. TD also ranks among the world's leading online financial services firms, with more than 15 million active online and mobile customers. TD had CDN$1.7 trillion in assets on October 31, 2021. The Toronto-Dominion Bank trades under the symbol "TD" on the Toronto and New York Stock Exchanges.

ECONOMIC SUMMARY AND OUTLOOK

The global economy's recovery from the COVID-19 pandemic continues. As public health restrictions are lifted, activity is resuming in higher-contact sectors. However, supply disruptions are increasingly constraining the pace of the recovery. Shortages of microchips have led to significant reductions in automobile production around the world, while the logistics industry is struggling with backlogs that are slowing the delivery of products to their final destination.

Disparities in vaccination rates are driving varying health outcomes, exacerbating supply constraints. Recent outbreaks of COVID-19 in Asia have worsened input shortages and contributed to delays at ports. With containment measures continuing to interrupt workflows, global supply chains remain at risk of ongoing disruption, which could put upward pressure on prices and limit global economic growth.

The U.S. economy grew by an estimated 2% annualized in the third calendar quarter, down from 6.5% on average in the first half of the year. After unsustainable double-digit growth in each of the first two quarters, consumer spending slowed to an annualized rate of just 1.6% in the third quarter. Much of the pullback was due to a retreat in spending on durable goods. Motor vehicle sales, in particular, contracted by an annualized 54%, in part due to scarcity of available product. In contrast, spending on services continued to recover, but at a slower rate than in previous quarters, as concerns about the Delta variant weighed on the rebound in recreation, food services and accommodation sectors.

While U.S. GDP now exceeds its pre-recession level, the recovery has been highly imbalanced. As of the third calendar quarter, spending on goods was 7% above its pre-pandemic level, while spending on services – which comprise a much larger share of the economy – was still 1.6% below that threshold. The divergence has caused a widening in the trade deficit and contributed to supply shortages. A reorientation of activity back toward services should help alleviate some of these pressures, while high levels of savings should help households absorb higher prices and allow for continued growth in calendar 2022.

The recent slowdown in U.S. economic activity is less evident in the labour market. Job growth picked up in October, suggesting a re-acceleration in economic activity in the final quarter of the calendar year. Demand for workers is very strong – the rate of job openings hit a record high at the midpoint of the year and remains well above pre-pandemic levels – but it is taking longer for employers to fill positions. As of October, there were over three million fewer people in the U.S. labour force than prior to the pandemic. This shrinkage in the labour force is restraining job growth and helping push down the unemployment rate, which hit 4.6% in October.

The uneven nature of the recovery, alongside ongoing supply constraints, has led to elevated inflationary pressures. The consumer price index rose 5.4% year-over-year in September and has been above the 5% threshold since May of this year. Price pressures appear to be becoming more widespread, encompassing not just goods categories, such as food, energy and vehicles, but also services, including shelter. The latter have historically proven more persistent.

In November, the Federal Reserve took its first steps toward reducing monetary accommodation, announcing a reduction in its monthly asset purchases from the current rate of US$80 billion in Treasuries and US$40 billion in agency mortgage-backed securities. The central bank will reduce purchases of Treasuries by US$10 billion per month and purchases of mortgage-backed securities by US$5 billion per month, putting it on track to cease expanding its balance sheet by the middle of next year. After that point, TD Economics expects the Federal Reserve to raise the federal funds rate in 25 basis points (bps) increments twice in the second half of calendar 2022. The timing and magnitude of future rate increases may be altered should inflationary pressures fail to ease to the central bank's satisfaction.

After a pullback in activity in the second calendar quarter, the Canadian economy returned to modest growth in the third quarter. Economic reopening has led to stronger growth in service areas of the economy, but drought conditions severely hampered agricultural output through the summer months, while supply chain shortages led to a pullback in manufacturing activity that has lasted through the fall. As these impacts fade, economic activity is expected to re-accelerate. While an uptick in virus cases poses a downside risk to the outlook, especially as the winter progresses, Canada's high rates of vaccination and more consistent implementation of mitigating policies, including mask requirements and vaccine "green passes" for indoor activities, should reduce the likelihood of major disruptions to economic activity. Meanwhile, the large pool of excess savings should continue to support spending over the course of 2022.

One key advantage for the Canadian economy is the outperformance of the labour market, which has seen all of the jobs lost during the initial pandemic shock replaced, and the labour force return to its pre-pandemic size. Still, there is room for additional progress. Job growth has been concentrated in a handful of sectors, while employment in high-contact service industries, such as leisure and hospitality, remains well below pre-COVID levels. In contrast to the dynamic in the U.S., Canada's strong labour force growth has limited the improvement in the unemployment rate, which sat at 6.7% in October. As in the United States, demand for labour is high and job growth is expected to remain healthy.

The Canadian housing market has remained resilient. After pulling back in the summer, resale activity has re-accelerated in recent months. Average home price growth has also picked up, reflecting tight market conditions across the country. Limited supply may support prices, but the rate of home price growth should slow given the erosion in affordability and an edging up of mortgage rates.

Consumer price inflation in Canada, while lower than in the U.S., has also picked up in recent months, reaching 4.4% in September, the fastest rate in thirteen years. Accelerating food price growth, along with rising energy and shelter costs, have pushed up inflation. Like the U.S. and other advanced economies, Canada is susceptible to further price pressures from prolonged global supply chain disruptions.

The Bank of Canada kept its overnight interest rate at 0.25% in October, but went one step further than the Federal Reserve in ending its asset purchase program outright. With a stronger labour market recovery, this puts the Bank of Canada in a position to begin raising interest rates earlier than the Federal Reserve. TD Economics expects the overnight rate to rise by 25 bps in the second calendar quarter of 2022, with two more 25 bps increases to come before the end of the calendar year.
TD Economics expects the Canadian dollar to remain in a range of 79-81 U.S. cents over the next two years.

THE BANK'S RESPONSE TO COVID-19

Efforts to contain the COVID-19 pandemic continued to have a profound impact on economies around the world throughout fiscal 2021. In North America, the banking sector implemented a variety of measures in March and April of 2020 to ease the strain on consumers and businesses, some of which continued into 2021. Similarly, governments, crown corporations, central banks, and regulators introduced programs to mitigate the fallout of the crisis and support the effective functioning of financial markets, and some of those measures also remained in place in 2021. TD has been actively engaged in the ongoing effort to respond to the COVID-19 pandemic, guided by the principles of supporting the well-being of its customers and colleagues and maintaining the Bank's operational and financial resilience.

Beginning in the second quarter of 2020, the Bank enabled substantially all of its employees to work from home. While most of the Bank's branch and store employees were able to return to their workplaces before the 2021 fiscal year began, approximately 60,000 TD colleagues continued to work from home throughout the 2021 fiscal year, and these arrangements are expected to remain in place for some time. TD's operations, including the Bank's technology infrastructure, network capacity, enterprise cloud capabilities, and remote access systems have remained stable in the months since the onset of COVID-19, providing ongoing support for work from home arrangements and a continued high level of online and mobile customer traffic. The Bank continues to evaluate its medium- and long-term plans related to COVID-19, including the impact of the economic recovery and, for various 'return to the workplace' scenarios.

In fiscal 2020, the Bank offered several forms of direct financial assistance to customers experiencing financial hardship due to COVID-19, including deferral of loan payments. The bulk of this assistance has largely run its course, except for deferrals of real estate secured loans in the U.S., where the program allowed deferrals for up to 18 months. There have been few other customer requests for extensions. As of October 31, 2021, gross loan balances that remained subject to COVID-related deferral programs were approximately $0.04 billion in Canada, primarily reflecting Small Business Banking and Commercial Lending portfolios ($4.4 billion as at October 31, 2020, primarily reflecting Real Estate Secured Lending, Other Consumer Lending, Small Business Banking and Commercial Lending portfolios), and US$0.49 billion in the United States, primarily in the Real Estate Secured Lending portfolio (US$2.2 billion as at October 31, 2020, primarily reflecting Real Estate Secured Lending, Other Consumer Lending, Small Business Banking and Commercial Lending portfolios). Delinquency rates for customers that have exited deferral are higher than for the broader population but remain low in absolute terms, reflecting the continuation of government support and TD's proactive outreach to clients. The Bank continues to provide advice and assistance to customers through its usual channels, TD Helps in Canada and TD Cares in the U.S. Any financial relief offered through these channels is not included in the balances disclosed above.

In addition to direct financial assistance, the Bank continued to support programs for individuals and businesses introduced by the Canadian and U.S. governments described below.

<u>Canada Emergency Business Account Program</u>

Under the Canada Emergency Business Account (CEBA) Program, with funding provided by Her Majesty in Right of Canada (the "Government of Canada") and Export Development Canada (EDC) as the Government of Canada's agent, the Bank provided eligible business banking customers with an interest-free, partially forgivable loan of up to $60,000 until December 31, 2022. If the loan is not repaid by December 31, 2022, it will be extended for an additional 3-year term bearing an interest rate of 5% per annum. The application window for new CEBA loans and expansion requests closed on June 30, 2021. The funding provided to the Bank by the Government of Canada in respect of the CEBA Program represents an obligation to pass-through collections on the CEBA loans and is otherwise non-recourse to the Bank. As of October 31, 2021, the Bank had provided approximately 213,000 customers (October 31, 2020 – 184,000) with CEBA loans and had funded approximately $11.6 billion (October 31, 2020 – $7.3 billion) in loans under the program.

<u>U.S. Coronavirus Aid, Relief, and Economic Security Act, Paycheck Protection Program</u>

Under the Paycheck Protection Program (PPP) established by the U.S. Coronavirus Aid, Relief, and Economic Security (CARES) Act and implemented by the Small Business Administration (SBA), the Bank provided loans to small businesses to assist them in retaining workers, maintaining payroll, and covering other expenses. PPP loans have a 2-year or 5-year term, bear an interest rate of 1% per annum, and are 100% guaranteed by the SBA. The full principal amount of the loan and any accrued interest are eligible for forgiveness if the loan is used for qualifying expenses. The Bank receives fees on PPP loans generally ranging from 1-5% of the loan's value at origination. The fees are amortized over the life of the loan, with any unamortized amount upon forgiveness being recognized immediately as income. The Bank will be paid by the SBA for any portion of the loan that is forgiven. The application window for new PPP loans closed on May 31, 2021. As of October 31, 2021, the Bank had funded approximately 133,000 PPP loans (October 31, 2020 – 86,000) and had approximately 36,000 PPP loans outstanding (October 31, 2020 – 86,000) with a gross carrying amount of approximately US$3.1 billion (October 31, 2020 – US$8.2 billion). During the year ended October 31, 2021, approximately 47,000 new PPP loans (US$3.6 billion) were originated (October 31, 2020 – 86,000 new PPP loans, US$8.2 billion) and approximately 97,000 PPP loans (US$8.7 billion) were forgiven (October 31, 2020 – nil).

<u>Other Programs</u>

During 2021, the Bank continued to work with federal Crown Corporations, including EDC and the Business Development Bank of Canada (BDC) to deliver various other guarantee and co-lending programs for the Bank's clients. This includes the Highly Affected Sectors Credit Availability Program (HASCAP) Guarantee, which launched in the second fiscal quarter, to provide support to Canadian businesses that have been highly affected by and are facing economic hardship as a result of the COVID-19 pandemic. In addition, TD continued to work with Canada's federal government to facilitate access to the Canada Recovery Benefit and Canada Emergency Wage Subsidy through Canada Revenue Agency direct deposit.

HOW THE BANK REPORTS

The Bank prepares its Consolidated Financial Statements in accordance with IFRS, the current GAAP, and refers to results prepared in accordance with IFRS as "reported" results.

Non-GAAP and Other Financial Measures

In addition to reported results, the Bank also presents certain financial measures, including non-GAAP financial measures that are historical, non-GAAP ratios, supplementary financial measures and capital management measures, to assess its results. Non-GAAP financial measures, such as "adjusted" results, are utilized to assess the Bank's businesses and to measure the Bank's overall performance. To arrive at adjusted results, the Bank adjusts for "items of note", from reported results. Items of note are items which management does not believe are indicative of underlying business performance and are disclosed in Table 3. Non-GAAP ratios include a non-GAAP financial measure as one or more of its components. Examples of non-GAAP ratios include adjusted basic and diluted earnings per share (EPS), adjusted dividend payout ratio, adjusted efficiency ratio, and adjusted effective income tax rate. The Bank believes that non-GAAP financial measures and non-GAAP ratios provide the reader with a better understanding of how management views the Bank's performance. Non-GAAP financial measures and non-GAAP ratios used in this document are not defined terms under IFRS and, therefore, may not be comparable to similar terms used by other issuers. Supplementary financial measures depict the Bank's financial performance and position, and capital management measures depict the Bank's capital position, and both are explained in this document where they first appear.

U.S. Strategic Cards

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

Investment in The Charles Schwab Corporation
On October 6, 2020, the Bank acquired an approximately 13.5% stake in Schwab following the completion of Schwab's acquisition of TD Ameritrade Holding Corporation ("TD Ameritrade") of which the Bank was a major shareholder (the "Schwab transaction"). For further details, refer to Note 12 of the 2021 Consolidated Financial Statements. The Bank's share of Schwab's earnings is reported with a one-month lag, and the Bank started recording its share of Schwab's earnings on this basis in the first quarter of fiscal 2021. The U.S. Retail segment reflects the Bank's share of net income from its investment in Schwab. The Corporate segment net income (loss) includes amounts for amortization of acquired intangibles and the acquisition and integration charges related to the Schwab transaction.

On November 25, 2019, the Bank and Schwab entered into an insured deposit account agreement (the "Schwab IDA Agreement"), which became effective upon closing of the Schwab transaction and has an initial expiration date of July 1, 2031. Refer to the "Related Party Transactions" section of this document for further details.

SIGNIFICANT ACQUISITIONS
The Bank completed two acquisitions during fiscal 2021:

Acquisition of Wells Fargo & Company's Canadian Direct Equipment Finance Business
On May 1, 2021, the Bank acquired the Canadian Direct Equipment Finance business of Wells Fargo & Company. The results of the acquired business have been consolidated from the acquisition date and included in the Canadian Retail segment.

Acquisition of Headlands Tech Global Markets, LLC
On July 1, 2021, the Bank acquired Headlands Tech Global Markets, LLC, a Chicago based quantitative fixed income trading company. The results of the acquired business have been consolidated from the acquisition date and included in the Wholesale segment.

These acquisitions were accounted for as business combinations under the purchase method. The excess of accounting consideration over the fair value of tangible net assets acquired is allocated to other intangibles and goodwill.

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

TABLE 2: OPERATING RESULTS – Reported[1]

(millions of Canadian dollars)	**2021**	2020	2019
Net interest income	**$ 24,131**	$ 24,497	$ 23,821
Non-interest income	**18,562**	19,149	17,244
Total revenue	**42,693**	43,646	41,065
Provision for credit losses	**(224)**	7,242	3,029
Insurance claims and related expenses	**2,707**	2,886	2,787
Non-interest expenses	**23,076**	21,604	22,020
Income before income taxes and share of net income from investment in Schwab and TD Ameritrade	**17,134**	11,914	13,229
Provision for (recovery of) income taxes	**3,621**	1,152	2,735
Share of net income from investment in Schwab and TD Ameritrade	**785**	1,133	1,192
Net income – reported	**14,298**	11,895	11,686
Preferred dividends and distributions on other equity instruments	**249**	267	252
Net income available to common shareholders and non-controlling interests in subsidiaries	**$ 14,049**	$ 11,628	$ 11,434
Attributable to:			
Common shareholders	**$ 14,049**	$ 11,628	$ 11,416
Non-controlling interests	**–**	–	18

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

TABLE 3: NON-GAAP FINANCIAL MEASURES – Reconciliation of Adjusted to Reported Net Income[1]

(millions of Canadian dollars)	**2021**	2020	2019
Operating results – adjusted			
Net interest income	**$ 24,131**	$ 24,497	$ 23,821
Non-interest income[2]	**18,562**	17,728	17,244
Total revenue	**42,693**	42,225	41,065
Provision for (recovery of) credit losses	**(224)**	7,242	3,029
Insurance claims and related expenses	**2,707**	2,886	2,787
Non-interest expenses[3]	**22,909**	21,338	21,085
Income before income taxes and share of net income from investment in Schwab and TD Ameritrade	**17,301**	10,759	14,164
Provision for income taxes	**3,658**	2,020	2,949
Share of net income from investment in Schwab and TD Ameritrade[4]	**1,006**	1,229	1,288
Net income – adjusted	**14,649**	9,968	12,503
Preferred dividends and distributions on other equity instruments	**249**	267	252
Net income available to common shareholders and non-controlling interests in subsidiaries – adjusted	**14,400**	9,701	12,251
Attributable to:			
Non-controlling interests in subsidiaries, net of income taxes	**–**	–	18
Net income available to common shareholders – adjusted	**14,400**	9,701	12,233
Pre-tax adjustments for items of note			
Amortization of acquired intangibles[5]	**(285)**	(262)	(307)
Acquisition and integration charges related to the Schwab transaction[6]	**(103)**	–	–
Net gain on sale of the investment in TD Ameritrade[2]	**–**	1,421	–
Charges associated with the acquisition of Greystone[3]	**–**	(100)	(117)
Charges related to the long-term loyalty agreement with Air Canada[3]	**–**	–	(607)
Less: Impact of income taxes			
Amortization of acquired intangibles	**(32)**	(37)	(48)
Acquisition and integration charges related to the Schwab transaction[6]	**(5)**	–	–
Net gain on sale of the investment in TD Ameritrade	**–**	(829)	–
Charges associated with the acquisition of Greystone	**–**	(2)	(5)
Charges related to the long-term loyalty agreement with Air Canada	**–**	–	(161)
Total adjustments for items of note	**(351)**	1,927	(817)
Net income available to common shareholders – reported	**$ 14,049**	$ 11,628	$ 11,416

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

2 Adjusted non-interest income excludes the following item of note related to the Bank's own asset acquisitions and business combinations:
i. Net gain on sale of the investment in TD Ameritrade – 2020: $1,421 million. This amount was reported in the Corporate segment.

3 Adjusted non-interest expenses exclude the following items of note related to the Bank's asset acquisitions and business combinations:
i. Amortization of acquired intangibles – 2021: $148 million; 2020: $166 million; 2019: $211 million. These charges are reported in the Corporate segment.
ii. The Bank's own integration costs related to the Schwab transaction – 2021: $19 million. These costs are reported in the Corporate segment.
iii. Charges associated with the acquisition of Greystone – 2020: $100 million; 2019: $117 million. These charges were reported in the Canadian Retail segment.
iv. Charges related to the long-term loyalty agreement with Air Canada – 2019: $607 million; this amount was reported in the Canadian Retail segment.

4 Adjusted share of net income from investment in Schwab and TD Ameritrade excludes the following items of note on an after-tax basis. The earnings impact of both items is reported in the Corporate segment:
i. Amortization of Schwab and TD Ameritrade-related acquired intangibles – 2021: $137 million; 2020: $96 million; 2019: $96 million; and
ii. The Bank's share of acquisition and integration charges associated with Schwab's acquisition of TD Ameritrade – 2021: $84 million.

5 Amortization of acquired intangibles relates to intangibles acquired as a result of asset acquisitions and business combinations, including the after-tax amounts for amortization of acquired intangibles relating to the Share of net income from investment in Schwab and TD Ameritrade, both reported in the Corporate segment. Refer to footnotes 3 and 4 for amounts.

6 Acquisition and integration charges related to the Schwab transaction include the Bank's own integration costs, as well as the Bank's share of acquisition and integration charges associated with Schwab's acquisition of TD Ameritrade on an after-tax basis, both reported in the Corporate segment. Refer to footnotes 3 and 4 for amounts.

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

(Canadian dollars)	**2021**	2020	2019
Basic earnings per share – reported	**$ 7.73**	$ 6.43	$ 6.26
Adjustments for items of note	**0.19**	(1.06)	0.45
Basic earnings per share – adjusted	**$ 7.92**	$ 5.37	$ 6.71
Diluted earnings per share – reported	**$ 7.72**	$ 6.43	$ 6.25
Adjustments for items of note	**0.19**	(1.07)	0.44
Diluted earnings per share – adjusted	**$ 7.91**	$ 5.36	$ 6.69

1 EPS is computed by dividing net income available to common shareholders by the weighted-average number of shares outstanding during the period.

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

(millions of Canadian dollars)	**2021**	2020	2019
TD Bank, National Association (TD Bank, N.A.)	**$ 27**	$ 51	$ 76
Schwab and TD Ameritrade	**137**	96	96
MBNA Canada	**27**	27	40
Aeroplan	**23**	17	17
Other	**39**	34	30
	253	225	259
Software and asset servicing rights	**436**	523	469
Amortization of intangibles, net of income taxes	**$ 689**	$ 748	$ 728

1 Amortization of intangibles, with the exception of software and asset servicing rights, are included as items of note.
2 Included in Share of net income from investment in Schwab and TD Ameritrade.

RETURN ON COMMON EQUITY

The consolidated Bank ROE is calculated as reported net income available to common shareholders as a percentage of average common equity. The consolidated Bank adjusted ROE is calculated as adjusted net income available to common shareholders as a percentage of average common equity. Adjusted ROE is a non-GAAP ratio, and can be utilized in assessing the Bank's use of equity.

ROE for the business segments is calculated as the segment net income attributable to common shareholders as a percentage of average allocated capital. The Bank's methodology for allocating capital to its business segments is largely aligned with the common equity capital requirements under Basel III. Capital allocated to the business segments was decreased to 9% Common Equity Tier 1 (CET1) Capital effective the second quarter of 2020 compared with 10.5% in the first quarter of 2020, and 10% in fiscal 2019.

TABLE 6: RETURN ON COMMON EQUITY

(millions of Canadian dollars, except as noted)	**2021**	2020	2019
Average common equity	**$ 90,677**	$ 85,203	$ 78,638
Net income available to common shareholders – reported	**14,049**	11,628	11,416
Items of note, net of income taxes	**351**	(1,927)	817
Net income available to common shareholders – adjusted	**$ 14,400**	$ 9,701	$ 12,233
Return on common equity – reported	**15.5 %**	13.6 %	14.5 %
Return on common equity – adjusted	**15.9**	11.4	15.6

RETURN ON TANGIBLE COMMON EQUITY

Tangible common equity (TCE) is calculated as common shareholders' equity less goodwill, imputed goodwill and intangibles on the investments in Schwab and TD Ameritrade and other acquired intangible assets, net of related deferred tax liabilities. ROTCE is calculated as reported net income available to common shareholders after adjusting for the after-tax amortization of acquired intangibles, which are treated as an item of note, as a percentage of average TCE. Adjusted ROTCE is calculated using reported net income available to common shareholders, adjusted for all items of note, as a percentage of average TCE. TCE, ROTCE, and adjusted ROTCE can be utilized in assessing the Bank's use of equity. TCE is a non-GAAP financial measure, and ROTCE and adjusted ROTCE are non-GAAP ratios.

TABLE 7: RETURN ON TANGIBLE COMMON EQUITY

(millions of Canadian dollars, except as noted)	**2021**	2020	2019
Average common equity	**$ 90,677**	$ 85,203	$ 78,638
Average goodwill	**16,404**	17,261	17,070
Average imputed goodwill and intangibles on investments in Schwab and TD Ameritrade	**6,667**	4,369	4,146
Average other acquired intangibles[1]	**439**	509	662
Average related deferred tax liabilities	**(171)**	(255)	(260)
Average tangible common equity	**67,338**	63,319	57,020
Net income available to common shareholders – reported	**14,049**	11,628	11,416
Amortization of acquired intangibles, net of income taxes	**253**	225	259
Net income available to common shareholders adjusted for amortization of acquired intangibles, net of income taxes	**14,302**	11,853	11,675
Other items of note, net of income taxes	**98**	(2,152)	558
Net income available to common shareholders – adjusted	**$ 14,400**	$ 9,701	$ 12,233
Return on tangible common equity	**21.2 %**	18.7 %	20.5 %
Return on tangible common equity – adjusted	**21.4**	15.3	21.5

[1] Excludes intangibles relating to software and asset servicing rights.

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

The following table reflects the estimated impact of foreign currency translation on key U.S. Retail segment income statement items. The impact is calculated as the difference in translated earnings using the average U.S. to Canadian dollars exchange rates in the periods noted.

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

(millions of Canadian dollars, except as noted)	**2021 vs. 2020 Increase (Decrease)**	2020 vs. 2019 Increase (Decrease)
U.S. Retail Bank		
Total revenue	**$ (752)**	$ 138
Non-interest expenses	**(443)**	83
Net income – after tax	**(300)**	3
Share of net income from investment in Schwab and TD Ameritrade[1]	**(57)**	15
U.S. Retail segment net income – after tax	**(357)**	18
Earnings per share (Canadian dollars)		
Basic	**$ (0.20)**	$ 0.01
Diluted	**(0.20)**	0.01

[1] Share of net income from investment in Schwab and TD Ameritrade and the foreign exchange impact are reported with a one-month lag.

Average foreign exchange rate (equivalent of CAD $1.00)	**2021**	2020	2019
U.S. dollar	**0.795**	0.743	0.753

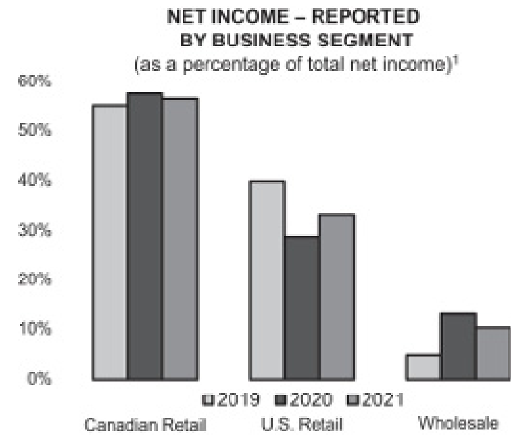
FINANCIAL RESULTS OVERVIEW

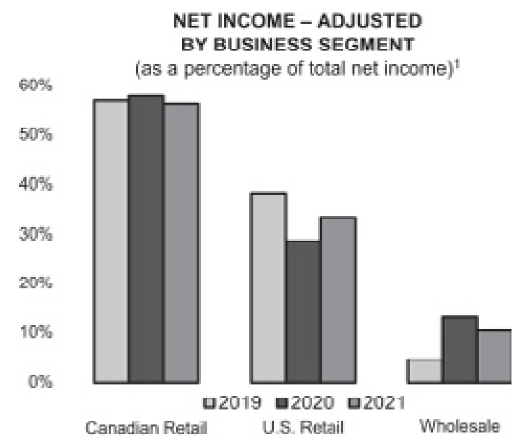
Net Income

Reported net income for the year was $14,298 million, an increase of $2,403 million, or 20%, compared with last year. The increase primarily reflects lower PCL, higher revenues in the Canadian Retail business, and lower insurance claims and related expenses, partially offset by a net gain on sale of the Bank's investment in TD Ameritrade in the prior year, higher non-interest expenses, lower revenue in the U.S. Retail business and a lower contribution from the Bank's investment in Schwab as compared with the contribution from the Bank's investment in TD Ameritrade in the prior year. On an adjusted basis, net income for the year was $14,649 million, an increase of $4,681 million, or 47%, compared with last year. The reported ROE for the year was 15.5%, compared with 13.6% last year. The adjusted ROE for the year was 15.9%, compared with 11.4% last year.

By segment, the increase in reported net income reflects an increase in Canadian Retail of $2,455 million, an increase in U.S. Retail of $1,959 million and an increase in Wholesale Banking of $152 million, partially offset by a decrease in the Corporate segment of $2,163 million.

Reported diluted EPS for the year was $7.72, an increase of 20%, compared with $6.43 last year. Adjusted diluted EPS for the year was $7.91, a 48% increase, compared with $5.36 last year.



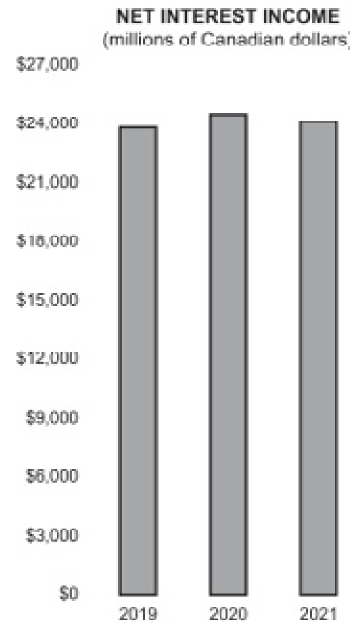


1 Amounts exclude Corporate segment

FINANCIAL RESULTS OVERVIEW

Revenue

Reported revenue was $42,693 million, a decrease of $953 million, or 2%, compared with last year. Adjusted revenue was $42,693 million, an increase of $468 million, or 1%, compared with last year.



NET INTEREST INCOME
Net interest income for the year was $24,131 million, a decrease of $366 million, or 1%, compared with last year. The decrease reflects lower margins in the Canadian and U.S. Retail segments, and the impact of foreign exchange translation, partially offset by volume growth in the personal and commercial banking businesses, and higher trading net interest income.

By segment, the decrease in reported net interest income reflects a decrease in U.S. Retail of $760 million, a decrease in the Corporate segment of $142 million, and a decrease in Canadian Retail of $104 million, partially offset by an increase in Wholesale Banking of $640 million.

NET INTEREST MARGIN
Net interest margin is calculated by dividing net interest income by average interest-earning assets. This metric is an indicator of the profitability of the Bank's earning assets less the cost of funding. Net interest margin decreased by 16 bps during the year to 1.56%, compared with 1.72% last year, primarily reflecting the impact of lower interest rates and higher deposit balances in the personal and commercial banking businesses. Average interest-earning assets used in the calculation is a non-GAAP financial measure and net interest margin is a non-GAAP ratio. They are not defined terms under IFRS and, therefore, may not be comparable to similar terms used by other issuers.

NON-INTEREST INCOME
Reported non-interest income for the year was $18,562 million, a decrease of $587 million, or 3%, compared with last year reflecting the net gain on sale of the Bank's investment in TD Ameritrade in the prior year. On an adjusted basis, non-interest income for the year was $18,562 million, an increase of $834 million, or 5%, compared with last year reflecting higher fee and transaction-based revenue in the wealth and banking businesses, insurance volumes, and higher revenue from treasury and balance sheet management activities. These were partially offset by lower wholesale trading revenue, and a decrease in the fair value of investments supporting claims liabilities which resulted in a similar decrease in insurance claims.

By segment, the decrease in reported non-interest income reflects a decrease in the Corporate segment of $1,212 million, and a decrease in Wholesale Banking of $898 million, partially offset by an increase in Canadian Retail of $1,277 million and an increase in U.S. Retail of $246 million.

TABLE 9: NON-INTEREST INCOME[1]

(millions of Canadian dollars, except as noted)	2021	2020	2019	2021 vs. 2020 % change
Investment and securities services				
Broker dealer fees and commissions	**$ 1,095**	$ 865	$ 637	**27**
Full-service brokerage and other securities services	**1,453**	1,224	1,191	**19**
Underwriting and advisory	**816**	717	520	**14**
Investment management fees	**649**	623	629	**4**
Mutual fund management	**2,052**	1,797	1,768	**14**
Trust fees	**114**	115	127	**(1)**
Total investment and securities services	**6,179**	5,341	4,872	**16**
Credit fees	**1,453**	1,400	1,289	**4**
Net securities gains (losses)	**14**	40	78	**(65)**
Trading income (losses)	**313**	1,404	1,047	**(78)**
Service charges	**2,655**	2,593	2,885	**2**
Card services	**2,435**	2,154	2,465	**13**
Insurance revenue	**4,877**	4,565	4,282	**7**
Other income (loss)	**636**	1,652	326	**(62)**
Total	**$ 18,562**	$ 19,149	$ 17,244	**(3)**

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

TRADING-RELATED REVENUE
Trading-related revenue is the total of trading income (loss), net interest income on trading positions, and income (loss) from financial instruments designated at fair value through profit or loss (FVTPL) that are managed within a trading portfolio. Trading income (loss) includes realized and unrealized gains and losses on trading assets and liabilities. Net interest income on trading positions 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-related revenue excludes underwriting fees and commissions on securities transactions. Trading-related revenue is a non-GAAP financial measure, which is not a defined term under IFRS and, therefore, may not be comparable to similar terms used by other issuers. Management believes that the trading-related revenue is an appropriate measure of trading performance.

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

TABLE 10: TRADING-RELATED REVENUE

(millions of Canadian dollars)	For the years ended October 31		
	2021	2020	2019
Trading income (loss)	**$ 313**	$ 1,404	$ 1,047
Net interest income (loss)[1]	**1,892**	1,325	293
Income (Loss) from financial instruments designated at fair value through profit or loss[2]	**18**	53	(10)
Total	**$ 2,223**	$ 2,782	$ 1,330
Trading-related TEB adjustment	**122**	159	127
Total trading-related revenue (TEB)[3]	**$ 2,345**	$ 2,941	$ 1,457
By product			
Interest rate and credit	**$ 931**	$ 1,717	$ 413
Foreign exchange	**792**	766	677
Equity and other	**500**	299	240
Total	**$ 2,223**	$ 2,782	$ 1,330
Trading-related TEB adjustment	**122**	159	127
Total trading-related revenue (TEB)[3]	**$ 2,345**	$ 2,941	$ 1,457

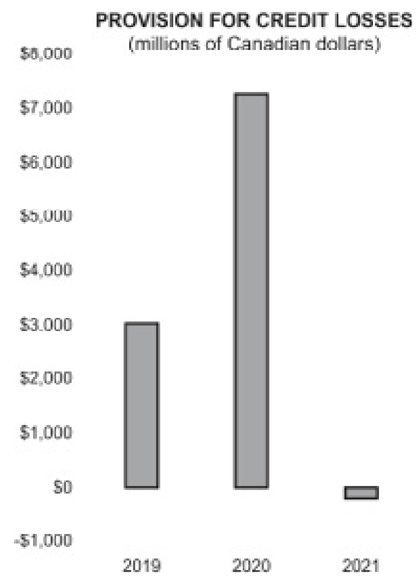
1 Excludes taxable equivalent basis (TEB).
2 Excludes amounts related to securities designated at FVTPL that are not managed within a trading portfolio, but which have been combined with derivatives to form economic hedging relationships.
3 Includes Wholesale Banking trading-related revenue (TEB) of $2,279 million (2020 – $2,940 million, 2019 – $1,573 million). For additional information about TEB adjustment, refer to the "Business Focus" section of this document.

FINANCIAL RESULTS OVERVIEW

Provision for Credit Losses

PCL for the year was a recovery of $224 million, lower by $7,466 million, compared with last year. PCL – impaired was $1,309 million, a decrease of $1,654 million, or 56%, largely related to improved credit conditions and prior year credit migration in the Wholesale lending portfolio. PCL – performing was a recovery of $1,533 million, lower by $5,812 million, reflecting a performing allowance increase in the prior year, and allowance release this year largely related to improved credit conditions, including a more favourable economic outlook. Total PCL as a percentage of credit volume was -0.03%.

By segment, PCL was lower by $3,175 million in U.S. Retail, by $2,488 million in Canadian Retail, by $1,177 million in the Corporate segment, and by $626 million in Wholesale Banking.

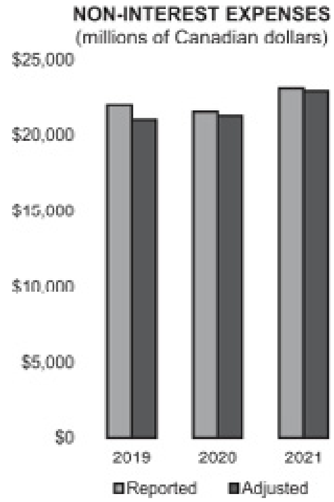


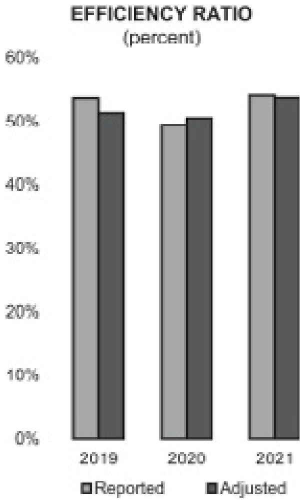
Expenses

NON-INTEREST EXPENSES

Reported non-interest expenses for the year were $23,076 million, an increase of $1,472 million, or 7%, reflecting an increase in the retailer program partners' net share of the profits from the U.S. strategic cards portfolio, primarily as a result of lower PCL which accounted for approximately 5% of the increase. Non-interest expenses also reflect higher employee-related expenses and higher spend supporting business growth, partially offset by the impact of foreign exchange translation and prior year charges related to the Greystone acquisition, which collectively accounted for 2% of the increase. On an adjusted basis, non-interest expenses were $22,909 million, an increase of $1,571 million, or 7%.

By segment, the increase in reported non-interest expenses reflects an increase in the Corporate segment of $881 million, an increase in Canadian Retail of $562 million and an increase in Wholesale Banking of $191 million, partially offset by a decrease in U.S. Retail of $162 million.





INSURANCE CLAIMS AND RELATED EXPENSES

Insurance claims and related expenses were $2,707 million, a decrease of $179 million, or 6%, compared with last year reflecting more favourable current year claims experience and a decrease in the fair value of investments supporting claims liabilities which resulted in a similar decrease in non-interest income, partially offset by higher current year claims from business growth.

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 54.1%, compared with 49.5% last year. The adjusted efficiency ratio was 53.7%, compared with 50.5% last year.

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

(millions of Canadian dollars, except as noted)	2021	2020	2019	2021 vs. 2020 % change
Salaries and employee benefits				
Salaries	**$ 7,250**	$ 7,225	$ 6,921	**–**
Incentive compensation	**3,074**	2,785	2,682	**10**
Pension and other employee benefits	**2,054**	1,883	1,653	**9**
Total salaries and employee benefits	**12,378**	11,893	11,256	**4**
Occupancy				
Rent[2]	**274**	349	944	**(21)**
Depreciation and impairment losses	**1,121**	1,101	405	**2**
Other	**487**	540	486	**(10)**
Total occupancy	**1,882**	1,990	1,835	**(5)**
Technology and Equipment				
Equipment, data processing and licenses[2]	**1,455**	1,411	1,281	**3**
Depreciation and impairment losses	**239**	223	200	**7**
Total technology and equipment	**1,694**	1,634	1,481	**4**
Amortization of other intangibles	**706**	817	800	**(14)**
Communication and marketing	**1,203**	1,187	1,202	**1**
Restructuring charges	**47**	(16)	175	**394**
Brokerage-related and sub-advisory fees	**427**	362	336	**18**
Professional, advisory and outside services	**1,620**	1,451	1,666	**12**
Other expenses	**3,119**	2,286	3,269	**36**
Total expenses	**$ 23,076**	$ 21,604	$ 22,020	**7**
Efficiency ratio – reported	**54.1 %**	49.5 %	53.6 %	**460 bps**
Efficiency ratio – adjusted	**53.7**	50.5	51.3	**320**

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

2 Upon adoption of IFRS 16, *Leases* (IFRS 16) interest expense is recognized on lease liabilities in Net interest income and depreciation expense is recognized on right-of-use (ROU) assets in Non-interest expense. Previously under IAS 17, *Leases* net rental expense on operating leases were recorded in Non-interest expense. Remaining rent expenses reflect the payments exempt from IFRS 16.

FINANCIAL RESULTS OVERVIEW

Taxes

Reported total income and other taxes increased by $2,509 million, or 91.7%, compared with last year, reflecting an increase in income tax expense of $2,469 million, or 214.3%, and an increase in other taxes of $40 million, or 2.5%. Adjusted total income and other taxes increased by $1,678 million from last year, or 46.6%, reflecting an increase in income tax expense of $1,638 million, or 81.1%.

The Bank's reported effective tax rate was 21.1% for 2021, compared with 9.7% last year. The year-over-year increase primarily reflects the impact of higher pre-tax income as well as the impact of the sale of the Bank's investment in TD Ameritrade in the prior year. For a reconciliation of the Bank's effective income tax rate with the Canadian statutory income tax rate, refer to Note 25 of the 2021 Consolidated Financial Statements.

The Bank reported its investments in Schwab and TD Ameritrade using the equity method of accounting. Schwab's tax expense ($280 million in the current year) and TD Ameritrade's tax expense ($378 million in the prior year) were not part of the Bank's effective tax rate.

To allow for an after-tax calculation of adjusted income, the adjusted provision for income taxes is calculated by adjusting the taxes for each item of note using the statutory income tax rate of the applicable legal entity. The adjusted effective income tax rate is calculated as the adjusted provision for income taxes before other taxes as a percentage of adjusted net income before taxes. The Bank's adjusted effective income tax rate for 2021 was 21.1%, compared with 18.8% last year. The year-over-year increase primarily reflects the impact of higher adjusted pre-tax income. Adjusted results are not defined terms under IFRS and, therefore, may not be comparable to similar terms used by other issuers.

TABLE 12: INCOME TAXES – Reconciliation of Reported to Adjusted Provision for Income Taxes

(millions of Canadian dollars, except as noted)	2021	2020	2019
Provision for income taxes – reported	**$ 3,621**	$ 1,152	$ 2,735
Total adjustments for items of note	**37**	868	214
Provision for income taxes – adjusted	**3,658**	2,020	2,949
Other taxes			
Payroll	**635**	602	587
Capital and premium	**201**	186	168
GST, HST, and provincial sales[1]	**535**	539	678
Municipal and business	**253**	257	243
Total other taxes	**1,624**	1,584	1,676
Total taxes – adjusted	**$ 5,282**	$ 3,604	$ 4,625
Effective income tax rate – reported	**21.1 %**	9.7 %	20.7 %
Effective income tax rate – adjusted	**21.1**	18.8	20.8

1 Goods and services tax (GST) and Harmonized sales tax (HST).

FINANCIAL RESULTS OVERVIEW

Quarterly Financial Information

FOURTH QUARTER 2021 PERFORMANCE SUMMARY

Reported net income for the quarter was $3,781 million, a decrease of $1,362 million, or 26%, compared with the fourth quarter last year. The decrease reflects the net gain on sale of the Bank's investment in TD Ameritrade in the prior year. On an adjusted basis, net income for the quarter was $3,866 million, an increase of $896 million, or 30%, compared with the fourth quarter last year, reflecting lower PCL and higher revenues, partially offset by higher non-interest expenses. Reported diluted EPS for the quarter was $2.04, a decrease of 27%, compared with $2.80 in the fourth quarter of last year. Adjusted diluted EPS for the quarter was $2.09, an increase of 31%, compared with $1.60 in the fourth quarter of last year.

Reported revenue for the quarter was $10,941 million, a decrease of $903 million, or 8%, compared with the fourth quarter last year. Adjusted revenue for the quarter was $10,941 million, an increase of $518 million, or 5%, compared with the fourth quarter last year.

Reported net interest income for the quarter was $6,262 million, an increase of $235 million, or 4%, primarily reflecting volume growth in the personal and commercial banking businesses, accelerated fee amortization from PPP loan forgiveness, and higher trading net interest income, partially offset by lower margins and the impact of foreign exchange translation. By segment, the increase in reported net interest income reflects an increase in Canadian Retail of $80 million, an increase in Wholesale Banking of $80 million, an increase in the Corporate segment of $43 million, and an increase in U.S. Retail of $32 million.

Reported non-interest income for the quarter was $4,679 million, a decrease of $1,138 million, or 20%, reflecting the net gain on sale of the Bank's investment in TD Ameritrade in the prior year. Adjusted non-interest income for the quarter was $4,679 million, an increase of $283 million, or 6%, reflecting higher fee-based revenue in the wealth and personal and commercial banking businesses, higher insurance volumes, and higher underwriting and advisory fees, partially offset by lower wholesale trading revenue. By segment, the decrease in reported non-interest income reflects a decrease in the Corporate segment of $1,396 million, and a decrease in Wholesale Banking of $184 million, partially offset by an increase in Canadian Retail of $411 million, and an increase in U.S. Retail of $31 million.

PCL for the quarter was a recovery of $123 million, lower by $1,040 million compared with the fourth quarter last year. PCL – impaired for the quarter was $220 million, a decrease of $139 million, or 39%, largely related to improved credit conditions. PCL – performing for the quarter was a recovery of $343 million, lower by $901 million, reflecting a performing allowance increase in the prior year, and allowance release this quarter largely related to improved credit conditions. Total PCL for the quarter as an annualized percentage of credit volume was -0.07%.

By segment, PCL was lower by $648 million in U.S. Retail, by $198 million in Canadian Retail, by $123 million in the Corporate segment and by $71 million in Wholesale Banking.

Insurance claims and related expenses for the quarter were $650 million, an increase of $20 million, or 3%, compared with the fourth quarter last year reflecting less favourable prior years' claims development and higher current year claims from business growth, partially offset by improved current year claims experience and a decrease in the fair value of investments supporting claims liabilities which resulted in a similar decrease in non-interest income.

Reported non-interest expenses for the quarter were $5,947 million, an increase of $238 million, or 4%, compared with the fourth quarter last year reflecting higher employee-related expenses, higher spend supporting business growth, partially offset by lower corporate real estate optimization costs and the impact of foreign exchange translation, which collectively accounted for 2% of the increase. Non-interest expenses also reflect an increase in the retailer program partners' net share of the profits from the U.S. strategic cards portfolio, primarily as a result of lower PCL, which accounted for approximately 2% of the increase. By segment, the increase in reported non-interest expenses reflects an increase in Canadian Retail of $228 million, and an increase in Wholesale Banking of $77 million, partially offset by a decrease in U.S. Retail of $43 million and a decrease in the Corporate segment of $24 million. Adjusted non-interest expenses for the quarter were $5,898 million, an increase of $252 million, or 4%, compared with the fourth quarter last year.

The Bank's reported effective tax rate was 20.4% for the quarter, compared with -4.4% in the same quarter last year. The year-over-year increase primarily reflects the impact of the sale of the Bank's investment in TD Ameritrade in the prior year.

The Bank's adjusted effective tax rate was 20.4% for the quarter, compared with 19.7% in the same quarter last year. The year-over-year increase primarily reflects the impact of higher adjusted pre-tax income, partially offset by changes to the estimated liability for uncertain tax positions.

QUARTERLY TREND ANALYSIS

The COVID-19 pandemic continued to have a significant impact on TD's financial performance in 2021. As the year progressed, earnings benefited from a more favourable economic outlook and improving credit conditions, resulting in significantly lower PCL, particularly in the second and third quarters. While low interest rates continued to pressure net interest margins, revenue increased on higher volumes and rising customer activity, primarily in the Canadian Retail business. Expenses were higher, reflecting employee-related expenses including variable compensation and investments in support of business growth. The Bank's quarterly earnings were impacted by, among other things, seasonality, the number of days in a quarter, the economic environment in Canada and the U.S., and foreign currency translation.

TABLE 13: QUARTERLY RESULTS[1]

(millions of Canadian dollars, except as noted)								*For the three months ended*
				2021				2020
	Oct. 31	**Jul. 31**	**Apr. 30**	**Jan. 31**	Oct. 31	Jul. 31	Apr. 30	Jan. 31
Net interest income	**$ 6,262**	**$ 6,004**	**$ 5,835**	**$ 6,030**	$ 6,027	$ 6,101	$ 6,200	$ 6,169
Non-interest income	**4,679**	**4,708**	**4,393**	**4,782**	5,817	4,564	4,328	4,440
Total revenue	**10,941**	**10,712**	**10,228**	**10,812**	11,844	10,665	10,528	10,609
Provision for (recovery of) credit losses	**(123)**	**(37)**	**(377)**	**313**	917	2,188	3,218	919
Insurance claims and related expenses	**650**	**836**	**441**	**780**	630	805	671	780
Non-interest expenses	**5,947**	**5,616**	**5,729**	**5,784**	5,709	5,307	5,121	5,467
Provision for (recovery of) income taxes	**910**	**922**	**962**	**827**	(202)	445	250	659
Share of net income from investment in Schwab and TD Ameritrade	**224**	**170**	**222**	**169**	353	328	247	205
Net income – reported	**3,781**	**3,545**	**3,695**	**3,277**	5,143	2,248	1,515	2,989
Pre-tax adjustments for items of note[2]								
Amortization of acquired intangibles	**74**	**68**	**69**	**74**	61	63	68	70
Acquisition and integration charges related to the Schwab transaction	**22**	**24**	**19**	**38**	–	–	–	–
Net gain on sale of the investment in TD Ameritrade	**–**	**–**	**–**	**–**	(1,421)	–	–	–
Charges associated with the acquisition of Greystone	**–**	**–**	**–**	**–**	25	25	26	24
Total pre-tax adjustments for items of note	**96**	**92**	**88**	**112**	(1,335)	88	94	94
Less: Impact of income taxes[2]	**11**	**9**	**8**	**9**	838	9	10	11
Net income – adjusted	**3,866**	**3,628**	**3,775**	**3,380**	2,970	2,327	1,599	3,072
Preferred dividends and distributions on other equity instruments	**63**	**56**	**65**	**65**	64	68	68	67
Net income available to common shareholders – adjusted	**$ 3,803**	**$ 3,572**	**$ 3,710**	**$ 3,315**	$ 2,906	$ 2,259	$ 1,531	$ 3,005
(Canadian dollars, except as noted)								
Basic earnings per share								
Reported	**$ 2.04**	**$ 1.92**	**$ 2.00**	**$ 1.77**	$ 2.80	$ 1.21	$ 0.80	$ 1.61
Adjusted	**2.09**	**1.96**	**2.04**	**1.83**	1.60	1.25	0.85	1.66
Diluted earnings per share								
Reported	**2.04**	**1.92**	**1.99**	**1.77**	2.80	1.21	0.80	1.61
Adjusted	**2.09**	**1.96**	**2.04**	**1.83**	1.60	1.25	0.85	1.66
Return on common equity – reported	**15.7 %**	**15.3 %**	**16.7 %**	**14.3 %**	23.3 %	10.0 %	6.9 %	14.2 %
Return on common equity – adjusted	**16.1**	**15.6**	**17.1**	**14.7**	13.3	10.4	7.3	14.6
(billions of Canadian dollars, except as noted)								
Average total assets	**$ 1,750**	**$ 1,699**	**$ 1,726**	**$ 1,746**	$ 1,718	$ 1,681	$ 1,568	$ 1,449
Average interest-earning assets[3]	**1,574**	**1,527**	**1,536**	**1,563**	1,531	1,494	1,374	1,292
Net interest margin	**1.58 %**	**1.56 %**	**1.56 %**	**1.53 %**	1.57 %	1.62 %	1.83 %	1.90 %

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

3 Average interest-earning assets is a non-GAAP financial measure. Refer to "Non-GAAP and Other Financial Measures" in the "Financial Results Overview" section and the Glossary of this document for additional information about this metric.

BUSINESS SEGMENT ANALYSIS

Business Focus

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

Canadian Retail serves over 16 million customers in the Canadian personal and commercial banking, wealth, and insurance businesses. Personal Banking provides a comprehensive suite of deposit, payment and lending products and advice through a network of 1,061 branches, 3,381 automated teller machines (ATM), and telephone, mobile and internet banking services. Auto Finance provides flexible financing options to customers at point of sale for automotive and recreational vehicle purchases. Business Banking offers a broad range of customized products and services to help business owners meet their financing, investment, cash management, international trade, and day-to-day banking needs. Merchant Solutions provides point-of-sale payment solutions for large and small businesses. The wealth business offers wealth and asset management products and advice to retail and institutional clients in Canada through the direct investing, advice-based, and asset management businesses. The insurance business offers property and casualty insurance, as well as life and health insurance products to customers across Canada.

U.S. Retail includes the Bank's personal, business banking and wealth management operations in the U.S., as well as the Bank's investment in Schwab. Operating under the TD Bank, America's Most Convenient Bank® brand, the U.S. Retail Bank serves 9.6 million customers in stores along the U.S. eastern seaboard, and via auto dealerships and credit card partner business locations nationwide. Personal Banking provides a full range of financial products and services to customers mainly from Maine to Florida through a network of 1,148 stores, 2,701 ATMs, telephone, and mobile and internet banking services. Business Banking offers a diversified range of products and services to help businesses meet their financing, investment, cash management, international trade, and day-to-day banking needs. Wealth management provides wealth products and services to retail and institutional clients. The contribution from the Bank's investment in Schwab is reported as equity in net income of an investment in Schwab with a one-month lag.

Wholesale Banking serves over 12,000 corporate, government, and institutional clients in key financial markets around the world. Operating under the TD Securities brand, Wholesale Banking offers capital markets and corporate and investment banking services to external clients and provides market access and wholesale banking solutions for the Bank's wealth and retail operations and their customers. Wholesale Banking's expertise is global, supported by a presence across North America, Europe, and Asia-Pacific.

The Bank's other business activities are grouped in the Corporate segment and consist of service and control groups, including technology solutions, shared services, treasury and balance sheet management, marketing, human resources, finance, risk management, compliance, legal, and anti-money laundering, among others. Certain costs relating to these functions are allocated to operating business segments. The basis of allocation and methodologies are reviewed periodically to align with management's evaluation of the Bank's business segments.

Results of each business segment reflect revenue, expenses, assets, and liabilities generated by the businesses in that segment. Where applicable, the Bank measures and evaluates the performance of each segment based on adjusted results and ROE, and for those segments the Bank indicates that the measure is adjusted. For further details, refer to Note 29 of the 2021 Consolidated Financial Statements.

Net interest income within Wholesale Banking is calculated on a 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 $152 million (October 31, 2020 – $159 million, October 31, 2019 – $127 million).

Share of net income from investment in Schwab is reported in the U.S. Retail segment. Amounts for amortization of acquired intangibles and the acquisition and integration charges related to the Schwab transaction are recorded in the Corporate segment.

The "Key Priorities for 2022" section for each business segment, provided on the following pages, is based on the Bank's views and the assumptions set out in the "Economic Summary and Outlook" section and the actual outcome may be materially different. For more information, refer to the "Caution Regarding Forward-Looking Statements" section and the "Risk Factors That May Affect Future Results" section.

TABLE 14: RESULTS BY SEGMENT[1,2]

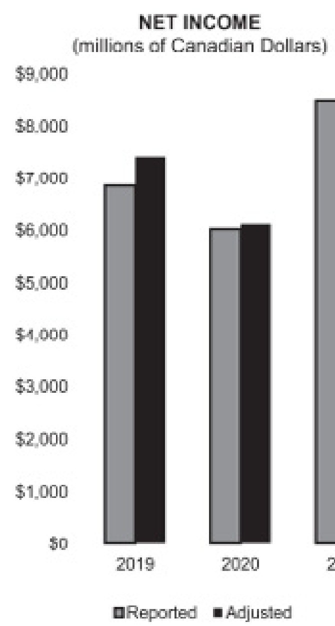
(millions of Canadian dollars)	Canadian Retail		U.S. Retail		Wholesale Banking[3]		Corporate[3]		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Net interest income (loss)	**$ 11,957**	$ 12,061	**$ 8,074**	$ 8,834	**$ 2,630**	$ 1,990	**$ 1,470**	$ 1,612	**$ 24,131**	$ 24,497
Non-interest income (loss)	**13,549**	12,272	**2,684**	2,438	**2,070**	2,968	**259**	1,471	**18,562**	19,149
Total revenue	**25,506**	24,333	**10,758**	11,272	**4,700**	4,958	**1,729**	3,083	**42,693**	43,646
Provision for (recovery of) credit losses – impaired	**652**	1,256	**438**	997	**8**	279	**211**	431	**1,309**	2,963
Provision for (recovery of) credit losses – performing	**(394)**	1,490	**(688)**	1,928	**(126)**	229	**(325)**	632	**(1,533)**	4,279
Total provision for (recovery of) credit losses	**258**	2,746	**(250)**	2,925	**(118)**	508	**(114)**	1,063	**(224)**	7,242
Insurance claims and related expenses	**2,707**	2,886	**–**	–	**–**	–	**–**	–	**2,707**	2,886
Non-interest expenses	**11,003**	10,441	**6,417**	6,579	**2,709**	2,518	**2,947**	2,066	**23,076**	21,604
Income (loss) before income taxes	**11,538**	8,260	**4,591**	1,768	**2,109**	1,932	**(1,104)**	(46)	**17,134**	11,914
Provision for (recovery of) income taxes	**3,057**	2,234	**504**	(167)	**539**	514	**(479)**	(1,429)	**3,621**	1,152
Share of net income from investment in Schwab and TD Ameritrade	**–**	–	**898**	1,091	**–**	–	**(113)**	42	**785**	1,133
Net income (loss) – reported	**8,481**	6,026	**4,985**	3,026	**1,570**	1,418	**(738)**	1,425	**14,298**	11,895
Pre-tax adjustments for items of note										
Amortization of acquired intangibles	**–**	–	**–**	–	**–**	–	**285**	262	**285**	262
Acquisition and integration charges related to the Schwab transaction	**–**	–	**–**	–	**–**	–	**103**	–	**103**	–
Net gain on sale of the investment in TD Ameritrade	**–**	–	**–**	–	**–**	–	**–**	(1,421)	**–**	(1,421)
Charges associated with the acquisition of Greystone	**–**	100	**–**	–	**–**	–	**–**	–	**–**	100
Total pre-tax adjustments for items of note	**–**	100	**–**	–	**–**	–	**388**	(1,159)	**388**	(1,059)
Less: Impact of income taxes	**–**	2	**–**	–	**–**	–	**37**	866	**37**	868
Net income (loss) – adjusted[4]	**$ 8,481**	$ 6,124	**$ 4,985**	$ 3,026	**$ 1,570**	$ 1,418	**$ (387)**	$ (600)	**$ 14,649**	$ 9,968
Average common equity[5]	**$ 17,626**	$ 18,049	**$ 38,531**	$ 39,825	**$ 8,318**	$ 8,374	**$ 26,202**	$ 18,955	**$ 90,677**	$ 85,203
Risk-weighted assets	**145,458**	143,504	**205,879**	232,966	**99,678**	92,434	**9,255**	10,005	**460,270**	478,909

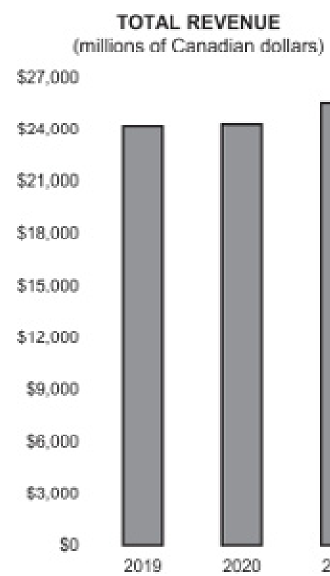
1 Certain comparative amounts have been reclassified to conform with the presentation adopted in the current period.
2 The retailer program partners' share of revenues and credit losses is presented in the Corporate segment, with an offsetting amount (representing the partners' net share) recorded in Non-interest expenses, resulting in no impact to Corporate reported Net income (loss). The Net income (loss) included in the U.S. Retail segment includes only the portion of revenue and credit losses attributable to the Bank under the agreements.
3 Net interest income within Wholesale Banking is calculated on a TEB. The TEB adjustment reflected in Wholesale Banking is reversed in the Corporate segment.
4 For additional information about the Bank's use of non-GAAP financial measures, refer to "Non-GAAP and Other Financial Measures" in the "Financial Results Overview" section of this document.
5 For additional information about this metric, refer to the Glossary of this document.

BUSINESS SEGMENT ANALYSIS

Canadian Retail

Canadian Retail offers a full range of financial products and services to over 16 million customers in the Canadian personal and commercial banking, wealth, and insurance businesses.





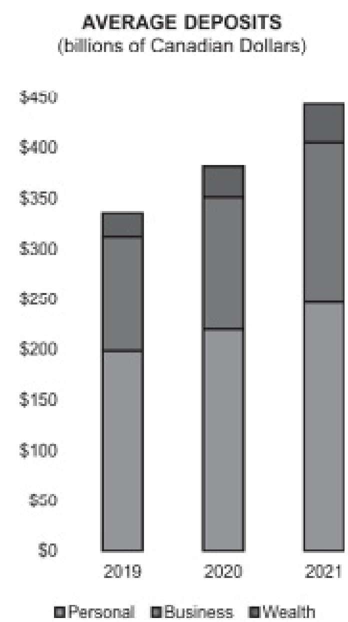


TABLE 15: REVENUE

(millions of Canadian dollars)	**2021**	2020	2019
Personal banking	**$ 11,452**	$ 11,321	$ 12,076
Business banking	**3,465**	3,383	3,184

Wealth	**5,693**	4,840	4,432
Insurance	**4,896**	4,789	4,534
Total	**$ 25,506**	$ 24,333	$ 24,226

KEY PRODUCT GROUPS

Personal Banking

- Personal Deposits – comprehensive line-up of chequing, savings, and investment products for retail customers.
- Real Estate Secured Lending – wide range of lending products for homeowners secured by residential properties.
- Consumer Lending – diverse range of unsecured financing products for retail customers.
- Credit Cards & Payments – Visa debit, mobile wallets, digital money movement, installment plans and proprietary, co-branded, and affinity credit cards.
- Auto Finance – retail automotive and recreational vehicle financing, including promotional rate loans offered in cooperation with large automotive manufacturers.

Business Banking

- Commercial Banking – borrowing, deposit and cash management solutions for businesses across a range of industries, including real estate, agriculture and automotive.
- Small Business Banking – financial products and services for small businesses.
- Merchant Solutions – point-of-sale technology and payment solutions for large and small businesses.
- TD Equipment Finance – specialized financing options to support equipment purchases for businesses in a variety of industries

Wealth

- Direct Investing – resources for self-directed retail investors to facilitate research, investment management and trading in a range of investment products through online, phone and mobile channels.
- Wealth Advice – wealth management advice and financial planning solutions for mass affluent, high net worth and ultra high net worth clients, integrated with other Wealth businesses and the broader bank.
- Asset Management – public and private market investment management capabilities and structuring services for retail and institutional clients, including a diversified suite of mutual funds, ETFs, and professionally managed portfolios designed to provide better risk-adjusted returns.

Insurance

- Property and Casualty – home and auto insurance provided through direct channels and to members of affinity groups such as professional associations, universities and employer groups.
- Life and Health – credit protection for personal banking borrowing customers, other simple life and health insurance products, credit card balance protection, and travel insurance products, distributed through direct channels.

INDUSTRY PROFILE

The personal and business banking industry in Canada is mature and highly competitive, consisting of large chartered banks, sizeable regional banks, niche players competing in specific products and geographies, and a variety of non-traditional competitors, ranging from start-ups to established non-financial firms expanding into financial services. Market leadership and profitability depend upon delivering a full suite of competitively priced products, proactive advice that meets customers' needs, outstanding service and convenience, prudent risk management, and disciplined expense management. The Canadian wealth management industry includes banks, insurance companies, independent asset managers, and full-service and discount brokerages. Market share growth relies on the ability to provide differentiated and integrated wealth solutions and keep pace with technological change and regulatory requirements. The property and casualty insurance industry in Canada is fragmented and competitive, consisting of numerous personal and commercial line writers, while the life and health insurance industry is comprised of several large competitors. Success in the insurance business depends upon offering a range of products that provide protection at competitive prices that properly reflect the level of risk assumed.

STRATEGIC OBJECTIVES, ACCOMPLISHMENTS AND PRIORITIES

BUSINESS STRATEGY	BUSINESS HIGHLIGHTS IN 2021
Provide trusted advice to help our customers feel confident about their financial future	• Continued to deliver TD Ready Advice, our One TD approach to helping customers feel more confident about their financial futures through the delivery of personalized advice • Increased the number of advisors across our branch banking and wealth distribution channels, expanded training resources, and introduced tools to elevate our advice offering and provide a more consistent customer experience • Began creating a one-stop shop for insurance advice with the launch of a new Learning Centre on the TD Insurance public site to build consumer confidence and increase digital fluency
Consistently deliver legendary, personal, and connected customer experiences across all channels	• Enhanced the value proposition of our products and achieved higher Legendary Experience Index (LEI) results across our businesses – TD Canada Trust was recognized as a Financial Service Excellence award winner for "Automated Telephone Banking Excellence"[2] among the Big 5 Canadian Retail Banks[3] and among all Financial Institutions in the 2021 Ipsos Customer Service Index (CSI) study[4] – TD's suite of credit cards received multiple awards, with TD Aeroplan Infinite named top airline card (Rewards Canada) and best travel rewards card (GreedyRates), and MBNA Rewards Platinum Plus named best rewards card for everyday spending (GreedyRates) and best no-fee travel rewards card (Rewards Canada) – TD Auto Finance ranked "Highest in Dealer Satisfaction among Non-Captive Lenders with Retail Credit" for the fourth year in a row in the J.D. Power 2021 Canada Dealer Financing Satisfaction Study – TD Wealth continued to optimize contact center service levels, introduce platform improvements, and invest in personalized, best-in-class education for investors – TD Insurance expanded its network of one-stop auto claims centres, opening its 22nd location nationally
Deepen customer relationships by delivering One TD and growing across underrepresented products and markets	• Maintained strong market share[5] positions and gained momentum across our businesses: – #1 market share in personal deposits, direct investing, Interac e-Transfer and Flash – #2 market share in real estate secured lending, credit cards, auto and indirect loans, mutual funds, and business deposits and loans – 2nd largest money manager in Canada for pension assets and largest institutional money manager[6] – Largest direct distribution insurer[7] and leader in the affinity market in Canadian insurance – Record real estate secured lending originations and credit card retail sales – Record accumulation of assets across our wealth businesses – Record General Insurance premiums • Entered into a strategic alliance with Canada Post to expand access to financial services for Canadians, particularly those in rural, remote and Indigenous communities • Closed the acquisition of Wells Fargo's Canadian Direct Equipment Financing business, delivering scaled expertise in equipment leasing and finance • Created a Black Customer Experience team to provide customized advice and solutions for Black customers and communities across Canada
Execute with speed and impact, taking only those risks we can understand and manage	• Continued to transform the way we work, automating more of our operations and implementing other process improvements to increase speed and efficiency • Continued to provide personalized payment experiences and rewards to customers through strategic credit card relationships, including: – Refreshed the TD Aeroplan credit card suite of four market leading travel credit cards – Through our exclusive partnership with Amazon, enabled customers to redeem TD Rewards points though Amazon Shop with Points, with over 22 billion points redeemed and 1.5 million unique redemptions since launch in October 2020 – Enhanced the application process for the Amazon / MBNA co-brand card – Launched instant issuance allowing customers booking a flight on the Air Canada website to open a new TD Aeroplan credit card and instantly pay for that flight purchase

2 TD Canada Trust shared in the Automated Telephone Banking Excellence award in the 2021 Ipsos Study.
3 Big 5 Canadian Retail Banks consist of Bank of Montreal, Canadian Imperial Bank of Commerce, Royal Bank of Canada, Scotiabank, and The Toronto-Dominion Bank.
4 Ipsos 2021 Financial Service Excellence Awards are based on ongoing quarterly Customer Service Index (CSI) survey results. Sample size for the total 2021 CSI program year ended with the September 2021 survey wave was 47,977 completed surveys yielding 72,290 financial institution ratings nationally.
5 Market share ranking is based on most current data available from OSFI for personal deposits and loans as at August 2021, from Quarterly Supplemental Financial disclosures for credit cards as at July 2021, from the Canadian Bankers Association for Real Estate Secured Lending as at June 2021, from the Canadian Bankers Association for business deposits and loans as at March 2021, from the Canadian Bankers Association for Auto & Indirect loans as at April 2021, from Investor Economics, a division of ISS Market Intelligence, for Direct Investing asset, trades, and revenue metrics as at June 2021, and from Investment Funds Institute of Canada for mutual funds when compared to the Big 6 Banks as at September 2021. The Big 6 Banks consist of Bank of Montreal, Canadian Imperial Bank of Canada, National Bank of Canada, Royal Bank of Canada, Scotiabank, and The Toronto-Dominion Bank.
6 "Top 40 Money Managers (as of June 30, 2021)" Benefits Canada, November 2021; and "Managed Money Advisory Service (as of June 30, 2021)" Investor Economics, Fall 2021.
7 Based on Gross Written Premiums for Property and Casualty business. Rankings based on data available from OSFI, insurers, Insurance Bureau of Canada, and provincial regulators as at December 31, 2020.

BUSINESS STRATEGY	BUSINESS HIGHLIGHTS IN 2021
Innovate with purpose for our customers and colleagues, and shape the future of banking in the digital age	• Recognized as Canada's Best Consumer Digital Bank in North America by Global Finance Magazine – Won an industry-leading 7 categories, including Best Mobile Banking App, Best Online Product Offering, Best Bill Payment & Presentment, Best Information Security and Fraud Management, Best in Lending, and Best Open Banking APIs – TD was also recognized as Most Innovative Digital Bank for a third consecutive year • Recognized by the Business Intelligence Group for our AI-powered Customer Innovations[8] • Continued to lead in the number of Interac e-Transfer, Debit and Flash transactions[9] • Continued to rank #1 for average digital reach of any bank in Canada, remained among the leaders for domestic digital reach among major developed market banks[10], and continued to have the top-ranked Canadian digital banking app with the highest number of unique visitors and the highest engagement according to Comscore[11] • #1 Financial Institution Patent Filer in Canada • Strengthened TD Insurance's position to become a leading digital insurer in Canada through new enhanced self-serve capabilities, including same day online quote, bind and modify coverages on-line
Be recognized as an extraordinary place to work where diversity and inclusiveness are valued	• At TD, we remain devoted to advancing our Diversity & Inclusion strategy to build a more inclusive and diverse culture at the Bank. We've been bold about our commitments both inside and outside the organization and focused our efforts to align to our purpose to enrich the lives of our customers, colleagues and communities • Recognized by prestigious benchmarking companies in 2021 for being a best-in-class employer for diversity and inclusion, including Canada's Best Diversity Employers; #14 on DiversityInc.'s Top Company for Diversity in 2021; named on the Bloomberg Financial Services Gender Equality Index (BFGEI); Canada's Best Workplaces for Women from Great Place to Work
Contribute to the well-being of our communities	• Remained #1 for number of branches in urban locations and hours of operation • Committed $10 million over the next five years to the Black Opportunity Fund (BOF) to combat anti-Black racism and systemic discrimination in Canada • Launched 4 new Environment and Social Governance (ESG)-focused ETFs in 2021, including three Morningstar-partnered funds to advance our sustainable investing strategy and offer clients more ESG investment options • TD Asset Management Inc. (TDAM) joined the International Corporate Governance Network • Expanded services for new Canadians, including a New to Canada Booklet in 10 languages, a Financial Personal Quiz to help customers assess their financial knowledge, a new International Student pre-arrival GIC Program, and an enhanced banking package including 12 months of unlimited TD Global Money Transfer transactions

KEY PRIORITIES FOR 2022

- Continue to invest in TD Ready Advice and increase our advisory salesforce to help customers plan their financial futures
- Enhance end-to-end omni-channel capabilities to provide seamless, intuitive and personalized customer experiences
- Grow market share by deepening customer relationships with a focus on under-represented products and markets
- Grow Wealth Advice distribution capabilities, enrich the Direct Investing client offering, and innovate for leadership in Asset Management
- Continue to enhance our Insurance products and services, with a focus on ensuring they are competitive, easy to understand, and provide the protection clients need
- Improve speed, capacity and efficiency by leveraging data and advanced analytics, automation and adapting to new ways of working
- Continue to evolve our brand as a diverse and inclusive employer of choice, enabling colleagues to achieve their full potential
- Advance our ESG objectives by contributing to an inclusive and sustainable recovery and helping strengthen community resilience

8 Source: from Business Intelligence Group 2021 Artificial Intelligence Excellence Awards (March 29, 2021)
9 Source: INTERAC Issuer Executive Metric Summary – The Toronto-Dominion Bank, October 2021
10 Source: from Comscore MMX® Multi-Platform, Financial Services – Banking, Total audience, 3-month average ending September 2021, Canada, United States, Spain, France and U.K.
11 Source: from Comscore Mobile Metrix®, Financial Services – Banking (Mobile Apps), Total Audience, 3-month average ending September 2021, Canada.

TABLE 16: CANADIAN RETAIL

(millions of Canadian dollars, except as noted)	**2021**	2020	2019
Net interest income	**$ 11,957**	$ 12,061	$ 12,349
Non-interest income	**13,549**	12,272	11,877
Total revenue	**25,506**	24,333	24,226
Provision for (recovery of) credit losses – impaired	**652**	1,256	1,126
Provision for (recovery of) credit losses – performing	**(394)**	1,490	180
Total provision for (recovery of) credit losses	**258**	2,746	1,306
Insurance claims and related expenses	**2,707**	2,886	2,787
Non-interest expenses – reported	**11,003**	10,441	10,735
Non-interest expenses – adjusted[1]	**11,003**	10,341	10,011
Provision for (recovery of) income taxes – reported	**3,057**	2,234	2,535
Provision for (recovery of) income taxes – adjusted[1]	**3,057**	2,236	2,701
Net income – reported	**8,481**	6,026	6,863
Net income – adjusted[1]	**$ 8,481**	$ 6,124	$ 7,421
Selected volumes and ratios			
Return on common equity – reported[2]	**48.1 %**	33.4 %	38.6 %
Return on common equity – adjusted[1,2]	**48.1**	33.9	41.7
Net interest margin (including on securitized assets)	**2.61**	2.79	2.96
Efficiency ratio – reported	**43.1**	42.9	44.3
Efficiency ratio – adjusted[1]	**43.1**	42.5	41.3
Assets under administration (billions of Canadian dollars)[3]	**$ 557**	$ 433	$ 422
Assets under management (billions of Canadian dollars)[3]	**427**	358	353
Number of Canadian retail branches	**1,061**	1,085	1,091
Average number of full-time equivalent staff	**41,439**	40,872	40,936

1 For additional information about the Bank's use of non-GAAP financial measures, refer to "Non-GAAP and Other Financial Measures" in the "Financial Results Overview" section of this document.
2 Capital allocated to the business segment was reduced to 9% CET1 effective the second quarter of 2020 compared with 10.5% in the first quarter of 2020 and 10% in 2019.
3 For additional information about this metric, refer to the Glossary of this document.

REVIEW OF FINANCIAL PERFORMANCE

Canadian Retail reported net income for the year was $8,481 million, an increase of $2,455 million, or 41%, compared with last year, reflecting lower PCL, higher revenue, and lower insurance claims, partially offset by higher non-interest expenses. On an adjusted basis, net income increased $2,357 million, or 38%. The reported and adjusted ROE for the year was 48.1%, compared with 33.4% and 33.9%, respectively, last year.

Canadian Retail revenue is derived from the Canadian personal and commercial banking, wealth, and insurance businesses. Revenue for the year was $25,506 million, an increase of $1,173 million, or 5%, compared with last year.

Net interest income decreased $104 million, or 1%, reflecting lower deposit margins, partially offset by volume growth. Average loan volumes increased $27 billion, or 6%, reflecting 6% growth in personal loans and 6% growth in business loans. Average deposit volumes increased $61 billion, or 16%, reflecting 12% growth in personal deposits, 22% growth in business deposits, and 24% growth in wealth deposits. Net interest margin was 2.61%, or a decrease of 18 bps, reflecting the ongoing impact of the low interest rate environment and changes to balance sheet mix.

Non-interest income increased $1,277 million, or 10%, reflecting higher transaction and fee-based revenue in the wealth and banking businesses and higher insurance volumes, partially offset by a decrease in the fair value of investments supporting claims liabilities which resulted in a similar decrease in insurance claims and the impact of premium rebates for customers in the insurance business.

Assets under administration (AUA) were $557 billion as at October 31, 2021, an increase of $124 billion, or 29%, and assets under management (AUM) were $427 billion as at October 31, 2021, an increase of $69 billion, or 19%, compared with last year, both reflecting market appreciation and new asset growth.

PCL was $258 million, a decrease of $2,488 million, compared with last year. PCL – impaired was $652 million, a decrease of $604 million, or 48%, largely related to improved credit conditions. PCL – performing was a recovery of $394 million, lower by $1,884 million, reflecting a performing allowance increase in the prior year, and allowance release this year largely related to improved credit conditions, including a more favourable economic outlook. Total PCL as an annualized percentage of credit volume was 0.06%, a decrease of 56 bps.

Insurance claims and related expenses were $2,707 million, a decrease of $179 million, or 6%, compared with last year, reflecting more favourable current year claims experience and a decrease in the fair value of investments supporting claims liabilities which resulted in a similar decrease in non-interest income, partially offset by higher current year claims from business growth.

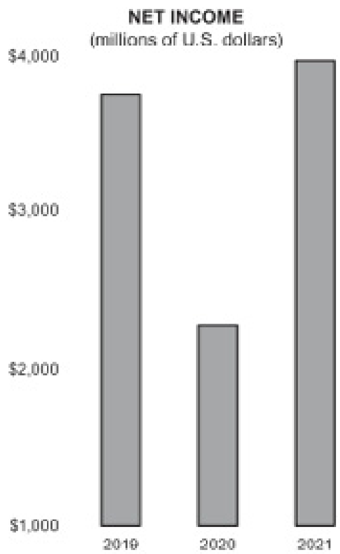
Reported non-interest expenses for the year were $11,003 million, an increase of $562 million, or 5%, compared with last year. The increase primarily reflects higher spend supporting business growth, including volume-driven and employee-related expenses, and technology and marketing costs, partially offset by prior year charges related to the Greystone acquisition. On an adjusted basis, non-interest expenses increased $662 million, or 6%.
The reported and adjusted efficiency ratio for the year was 43.1%, compared with 42.9% and 42.5%, respectively, last year.

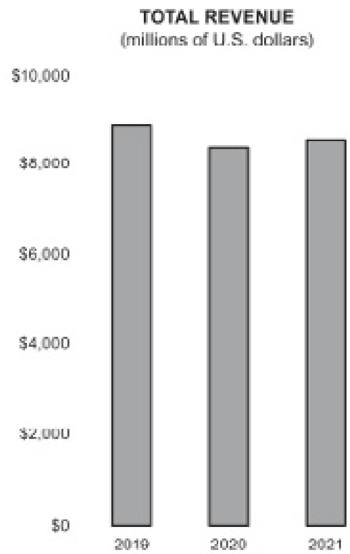
OPERATING ENVIRONMENT AND OUTLOOK

While COVID-19 continues to pose risks to the outlook, economic activity in Canada is expected to accelerate in fiscal 2022, led by rising consumer spending and business investment. The improving economic environment is expected to support continued revenue growth in Canadian Retail, with increased customer activity and higher loan and deposit volumes and the prospect of rising interest rates helping offset anticipated pressure on fees from rising competition and expected moderation in resale housing activity and direct investing trading volumes. Provisions for credit losses are expected to increase throughout the year, reflecting volume growth and an ongoing normalization of credit conditions. Insurance claims are also expected to increase, as customer activity normalizes. Canadian Retail will maintain its disciplined approach to expense management, investing in products, channels and infrastructure to respond to changing customer expectations, meet evolving regulatory requirements and drive greater efficiency. While the quarterly trend in earnings may be uneven, we believe TD's customer-focused and digitally-enabled Canadian Retail franchise is well-positioned to execute on its growth opportunities.

U.S. Retail

Operating under the TD Bank, America's Most Convenient Bank® brand, the U.S. Retail Bank offers a full range of financial products and services to over 9.6 million customers in the Bank's U.S. personal and business banking operations, including wealth management. U.S. Retail includes an investment in Schwab.





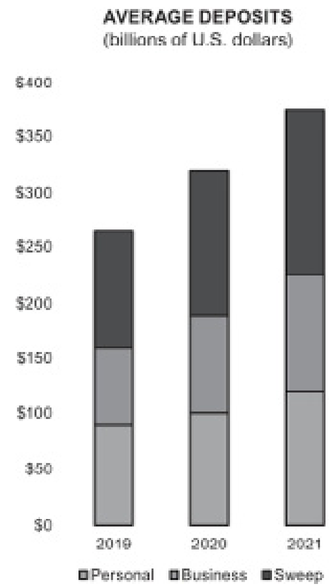


TABLE 17: REVENUE[1]

(millions of dollars)	Canadian dollars			U.S. dollars		
	2021	2020	2019	**2021**	2020	2019
Personal Banking	**$ 6,267**	$ 6,649	$ 6,894	**$ 4,983**	$ 4,942	$ 5,189
Business Banking	**3,810**	3,919	3,786	**3,029**	2,913	2,850
Wealth	**468**	447	496	**372**	332	373
Other[2]	**213**	257	615	**170**	193	464
Total	**$ 10,758**	$ 11,272	$ 11,791	**$ 8,554**	$ 8,380	$ 8,876

1 Excludes equity in net income of an investment in Schwab and TD Ameritrade.
2 Other revenue consists primarily of revenue from investing activities, the TD Ameritrade Insured Deposit Account (IDA) Agreement and the Schwab IDA Agreement.

KEY PRODUCT GROUPS

Personal Banking
- Personal Deposits – full suite of chequing and savings products for retail customers offered through multiple delivery channels.
- Consumer Lending – diverse range of financing products, including residential mortgages, home equity and unsecured lending solutions for retail customers.
- Credit Cards Services – TD-branded credit cards for retail and small business customers, and private label and co-brand credit cards for customers of leading U.S. retailers delivered through nationwide partnerships.
- Auto Finance – indirect retail financing through a network of auto dealers, along with floorplan financing for automotive dealerships throughout the U.S.

Business Banking
- Commercial Banking – borrowing, deposit and cash management solutions for U.S. businesses and governments across a wide range of industries.
- Small Business Banking – financial products and services for small businesses including merchant services.

Wealth
- Wealth Advice – wealth management advice, financial planning solutions, estate and trust planning, and insurance and annuity products for mass affluent, high net worth and institutional clients, delivered by store-based advisors and through a robo-advisory platform.
- Asset Management – comprised of Epoch Investment Partners Inc. and the U.S. arm of TDAM's investment business.

INDUSTRY PROFILE
The U.S. personal and business banking industry is highly competitive and includes several very large financial institutions, as well as regional banks, small community and savings banks, finance companies, credit unions, and other providers of financial services. The wealth management industry includes national and regional banks, insurance companies, independent mutual fund companies, brokers, and independent asset management companies. The personal and business banking and wealth management industries also include non-traditional competitors, ranging from start-ups to established non-financial companies expanding into financial services. These industries serve individuals, businesses, and governments and offer products including deposits, lending, cash management, financial advice, and asset management. Products may be distributed through a single distribution channel or across multiple channels, including physical locations, ATMs, and telephone and digital channels. Certain businesses also serve customers through indirect channels. Traditional competitors are embracing new technologies and strengthening their focus on the customer experience. Non-traditional competitors have gained momentum and are increasingly collaborating with banks to develop new products and services and enhance the customer experience. The keys to profitability continue to be attracting and retaining customer relationships with legendary service and convenience, offering products and services across multiple distribution channels to meet customers' evolving needs, investing strategically while maintaining expense discipline, and managing risk prudently.

STRATEGIC OBJECTIVES, ACCOMPLISHMENTS AND PRIORITIES

BUSINESS STRATEGY	BUSINESS HIGHLIGHTS IN 2021
Deliver legendary omni-channel service and convenience	• Named Most Trusted Bank by Investor's Business Daily for 2021[12] • Ranked #1 in Security and Reputation in Insider Intelligence's Digital Banking Trust Report[13] • Recognized as the #1 SBA lender by units in the Maine to Florida region (#5 nationally through September 2021) • TD Auto Finance received the highest ranking in the 2021 J.D. Power U.S. Dealer Finance Satisfaction Study[14] • TD Bank ranked #1 in the 2021 J.D. Power Small Business Banking Satisfaction Survey in the South Region. This is the third time TD Bank ranked highest in Customer Satisfaction with Small Business Banking in the South Region.[15]
Grow and deepen customer relationships	• Delivered strong year-over-year volume growth, including: – Personal and Business deposit growth of 19% and 22%, respectively – Retail Card Services balance growth of 12% – TD Auto Finance originations of US$1.3 billion, representing growth of 15% • Launched the Double Up Credit Card, an industry-leading cash back offering that enables customers to earn 1% on purchases and a bonus 1% when points are redeemed as cash into a TD deposit account • Merged the products, services and expertise of the Commercial and Corporate & Specialty Banking teams to provide a more comprehensive and scaled offering for commercial customers
Leverage our differentiated brand as the "human" bank	• Facilitated access to SBA PPP financing and subsequent loan forgiveness – Ranked 7th nationwide for PPP financing, funding approximately 133,000 PPP loans since inception – Facilitated forgiveness of approximately 97,000 loans with a gross carrying value of US$8.7 billion through October 31, 2021 • Extended 9,400 deferrals of real estate secured loans for customers experiencing financial hardship due to COVID-19, totaling US$2.1 billion since inception • Introduced TD Essential Banking, a low-cost, no-overdraft-fee deposit account, and announced overdraft policy changes to enhance access to mainstream financial services for underserved communities
Innovate with purpose to simplify processes and execute with speed and excellence	• Enhanced our digital capabilities, including the ability to book in-store appointments for retail, small business, and wealth customers in real-time, add debit and credit cards to digital wallets, and view credit card data online and via the app • Achieved a 9% year-over-year increase in digital active users and a 13% year-over-year increase in mobile active users, with total digital users exceeding 5 million, and total digital sales approaching 37% of total dollar sales • Launched robo-advisor (TD Automated Investing) and robo/hybrid (TD Automated Investing Plus) solutions, giving customers access to an affordable, digital platform to fulfil their investment needs • Entered into a data access agreement with Akoya, a U.S. open banking utility, designed to enable customers to share data with Fintechs and aggregators • Launched direct integration with Autobooks to support online banking for small business clients with invoicing and payments
Be a premier destination for top talent	• Recognized with the top score of 100% for the seventh consecutive year on the 2021 Disability Equality Index® (DEI), a national benchmarking tool for corporate policies and practices related to disability inclusion and workplace equality • Recognized by Forbes as a Best Employer for Diversity in 2021 for the third consecutive year • Earned a Top Team Award and recognition for two executives in American Banker's 2021 Most Powerful Women Program
Actively support the communities where we operate	• Established a US$100 million equity fund for minority-owned small businesses to provide opportunities in underserved communities and help combat racial inequities • Donated over US$23 million to support our communities through the TD Charitable Foundation and the Ready Challenge

KEY PRIORITIES FOR 2022
- Deepen customer engagement by delivering personalized and connected experiences and elevating our advice proposition across all channels
- Continue to invest in data, digitization and technology to understand and serve our customers better
- Increase efficiency, innovation and speed of delivery to unlock the colleague experience and deliver better customer outcomes
- Grow market share by deepening customer relationships and expanding into attractive markets
- Execute with speed through innovation, automation and process simplification for our colleagues and customers
- Prudently manage risk and meet regulatory expectations
- Be an ESG leader in driving climate and environment initiatives forward, with continued focus on diversity and inclusion
- Be a leader in colleague experience and a premier destination for diverse top talent

12 Ranked #1, per Investor's Business Daily from a survey completed in July and August 2021
13 Ranked #1, per Insider Intelligence's Digital Trust report as of Q1 2021
14 J.D. Power 2021 U.S. Dealer Financing Satisfaction Study of dealers' satisfaction; among companies between 375,000 and 910,000 transactions
15 TD Bank ranked Highest in Customer Satisfaction with Small Business Banking in the South Region in the 2021 J.D. Power Small Business Banking Satisfaction Study

TABLE 18: U.S. RETAIL

(millions of dollars, except as noted)			
Canadian Dollars	**2021**	2020	2019
Net interest income	**$ 8,074**	$ 8,834	$ 8,951
Non-interest income	**2,684**	2,438	2,840
Total revenue	**10,758**	11,272	11,791
Provision for (recovery of) credit losses – impaired	**438**	997	936
Provision for (recovery of) credit losses – performing	**(688)**	1,928	146
Total provision for (recovery of) credit losses	**(250)**	2,925	1,082
Non-interest expenses	**6,417**	6,579	6,411
Provision for (recovery of) income taxes	**504**	(167)	471
U.S. Retail Bank net income	**4,087**	1,935	3,827
Share of net income from investment in Schwab and TD Ameritrade[1,2]	**898**	1,091	1,154
Net income	**$ 4,985**	$ 3,026	$ 4,981
U.S. Dollars			
Net interest income	**$ 6,419**	$ 6,561	$ 6,737
Non-interest income	**2,135**	1,819	2,139
Total revenue	**8,554**	8,380	8,876
Provision for (recovery of) credit losses – impaired	**344**	738	705
Provision for (recovery of) credit losses – performing	**(550)**	1,407	109
Total provision for (recovery of) credit losses	**(206)**	2,145	814
Non-interest expenses	**5,101**	4,887	4,826
Provision for (recovery of) income taxes	**403**	(119)	355
U.S. Retail Bank net income	**3,256**	1,467	2,881
Share of net income from investment in Schwab and TD Ameritrade[1,2]	**711**	811	869
Net income	**3,967**	2,278	3,750
Selected volumes and ratios			
Return on common equity[3]	**13.0 %**	7.7 %	12.6 %
Net interest margin[4]	**2.19**	2.69	3.31
Efficiency ratio	**59.6**	58.3	54.4
Assets under administration (billions of U.S. dollars)	**$ 30**	$ 24	$ 21
Assets under management (billions of U.S. dollars)	**41**	39	44
Number of U.S. retail stores	**1,148**	1,223	1,241
Average number of full-time equivalent staff	**25,508**	26,380	26,675

1 The Bank's share of Schwab and TD Ameritrade's earnings is reported with a one-month lag. Refer to Note 12 of the 2021 Consolidated Financial Statements for further details.
2 The after-tax amounts for amortization of acquired intangibles and the Bank's share of acquisition and integration charges associated with Schwab's acquisition of TD Ameritrade are recorded in the Corporate segment.
3 Capital allocated to the business segments was reduced to 9% CET1 effective the second quarter of 2020 compared with 10.5% in the first quarter of 2020 and 10% in 2019.
4 Net interest margin is calculated by dividing U.S. Retail segment's net interest income by average interest-earning assets excluding the impact related to sweep deposits arrangements and the impact of intercompany deposits and cash collateral, which management believes better reflects segment performance. In addition, the value of tax-exempt interest income is adjusted to its equivalent before-tax value. Net interest income and average interest-earning assets used in the calculation are non-GAAP financial measures. For additional information about the Bank's use of non-GAAP financial measures, refer to "Non-GAAP and Other Financial Measures" in the "Financial Results Overview" section of this document.

REVIEW OF FINANCIAL PERFORMANCE

U.S. Retail net income for the year was $4,985 million (US$3,967 million), an increase of $1,959 million (US$1,689 million), or 65% (74% in U.S. dollars), compared with last year. The ROE for the year was 13.0%, compared with 7.7%, in the prior year.

U.S. Retail net income includes contributions from the U.S. Retail Bank and the Bank's investment in Schwab. Net income for the year from the U.S. Retail Bank and the Bank's investment in Schwab were $4,087 million (US$3,256 million) and $898 million (US$711 million), respectively.

The contribution from the bank's investment in Schwab of US$711 million decreased US$100 million, or 12%, compared with the contribution from the Bank's investment in TD Ameritrade last year.

U.S. Retail Bank net income for the year was US$3,256 million, an increase of US$1,789 million, compared with last year primarily reflecting lower PCL and higher non-interest income, partially offset by higher expenses and lower net interest income.

U.S. Retail Bank revenue is derived from personal and business banking, and wealth management businesses. Revenue for the year was US$8,554 million, an increase of US$174 million, or 2%. Net interest income decreased US$142 million, or 2%, reflecting lower deposit margins, partially offset by growth in deposit volumes and accelerated fee amortization from PPP loan forgiveness. Net interest margin was 2.19%, a decrease of 50 bps primarily reflecting lower deposit margins slightly offset by PPP loan forgiveness. Non-interest income increased US$316 million, or 17%, reflecting fee income growth from increased customer activity, higher valuation of certain investments, and lower losses on low-income housing tax credit investments.

Average loan volumes decreased US$2 billion, or 1%, compared with last year, reflecting a 2% decline in business loans as paydowns and lower line usage on commercial loans more than offset the increase in PPP loans, and a 1% decrease in personal loans. Average deposit volumes increased US$55 billion, or 17%, compared with last year, reflecting a 22% increase in business deposit volumes, a 19% increase in personal deposit volumes, and a 13% increase in sweep deposits volumes.

AUA were US$30 billion as at October 31, 2021, an increase of US$6 billion, or 25%, compared with last year, reflecting loan and deposit growth. AUM were US$41 billion as at October 31, 2021, an increase of US$2 billion, or 5%, reflecting market appreciation, partially offset by net asset outflows.

PCL was a recovery of US$206 million, lower by US$2,351 million compared with last year. PCL – impaired was US$344 million, a decrease of US$394 million, or 53%, primarily reflected in the consumer lending portfolios, largely related to improved credit conditions. PCL – performing was a recovery of US$550 million, lower by US$1,957 million, reflecting a performing allowance increase in the prior year, and a release in the current year largely related to improved credit conditions, including a more favourable economic outlook. U.S. Retail PCL including only the Bank's share of PCL in the U.S. strategic cards portfolio, as an annualized percentage of credit volume was -0.12%, a decrease of 142 bps.

Non-interest expenses for the year were US$5,101 million, an increase of US$214 million, or 4%, compared with last year, primarily reflecting store optimization costs, higher incentive compensation costs, and investments in the business, partially offset by lower legal provisions and productivity savings.

Income taxes reflect a provision of US$403 million, compared to a recovery of US$119 million last year, higher by US$522 million, primarily reflecting higher pre-tax income.

The efficiency ratio for the year was 59.6%, compared with 58.3%, in the prior year.

OPERATING ENVIRONMENT AND OUTLOOK
The outlook for U.S. Retail continues to reflect the lingering effects of the COVID-19 pandemic, including low interest rates and high levels of customer liquidity, as well as labour shortages. Revenue growth from higher personal and commercial deposit volumes and rising customer activity is expected to be moderated by margin pressure including lower income from PPP loan forgiveness, and repatriation of sweep deposits. Provisions for credit losses are expected to increase over the course of the year, reflecting higher volumes and an ongoing normalization of credit conditions. U.S. Retail will maintain its disciplined approach to expense management, while continuing to invest strategically to support organic business growth and generate productivity savings. While earnings are likely to fluctuate from quarter to quarter, we believe that the U.S. Retail Bank is well-positioned to continue growing and deepening customer relationships, leveraging data and insights to deliver legendary experiences and meaningful advice across its distribution channels.

THE CHARLES SCHWAB CORPORATION AND TD AMERITRADE HOLDING CORPORATION
Refer to Note 12 of the 2021 Consolidated Financial Statements for further information on Schwab and TD Ameritrade.

BUSINESS SEGMENT ANALYSIS

Wholesale Banking

Operating under the brand name TD Securities, Wholesale Banking is a leading full-service investment bank offering a wide range of capital markets and corporate and investment banking services to corporate, government, and institutional clients in key global financial centres across North America, Europe and Asia-Pacific.

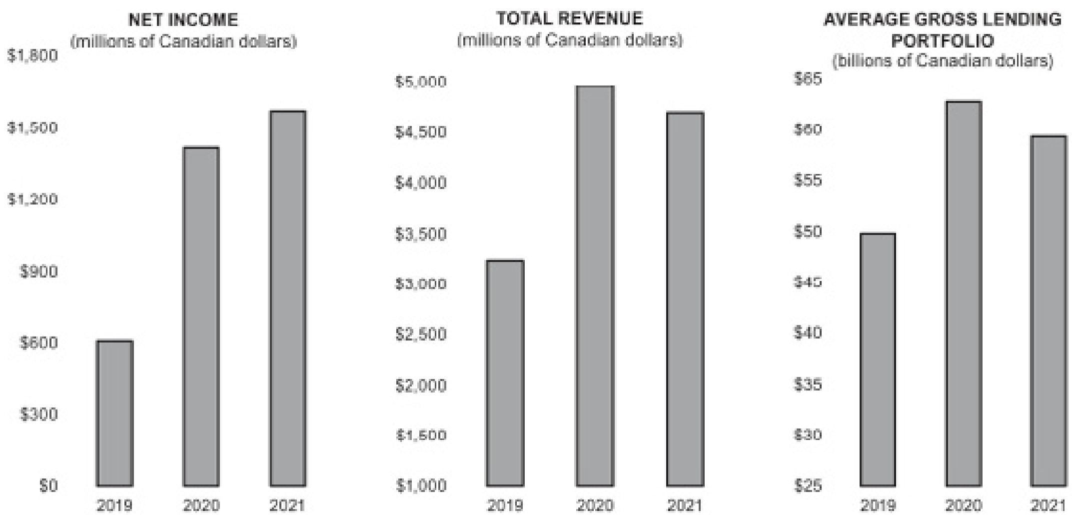


TABLE 19: REVENUE[1]

(millions of Canadian dollars)	**2021**	2020	2019
Global markets	**$ 3,174**	$ 3,658	$ 2,155
Corporate and investment banking	**1,457**	1,162	1,035
Other	**69**	138	41
Total	**$ 4,700**	$ 4,958	$ 3,231

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

LINES OF BUSINESS
- Global Markets – sales, trading and research, debt and equity underwriting, client securitization, trade finance, cash management, prime services, and trade execution services[16].
- Corporate and Investment Banking – corporate lending and syndications, debt and equity underwriting, advisory services, and related activities[16].
- Other – investment portfolios and other accounting adjustments.

INDUSTRY PROFILE
The wholesale banking sector is a mature, highly competitive market comprised of banks, large global investment firms, and independent niche dealers. Wholesale Banking provides capital markets and corporate and investment banking services to corporate, government, and institutional clients. Changing regulatory requirements continue to impact strategy and returns for the sector. Firms are responding by shifting their focus to client-driven trading revenue and fee income to reduce risk, preserve capital, and generate savings that can be invested in technology to support higher electronic trading. Competition is expected to remain intense for transactions with high-quality clients. Longer term, wholesale banks with a diversified client-focused business model, a full suite of products and services, and the ability to manage costs and capital effectively will be well-positioned to achieve attractive returns for shareholders.

16 Certain revenue streams are shared between Global Markets and Corporate and Investment Banking lines of business in accordance with an established agreement.

STRATEGIC OBJECTIVES, ACCOMPLISHMENTS AND PRIORITIES

BUSINESS STRATEGY	BUSINESS HIGHLIGHTS IN 2021
Continue to build an integrated North American dealer franchise with global reach	• Recognized as a leader in capital markets for expertise and execution capabilities: – Named Canada's Best Investment Bank in the 2021 Euromoney Awards – Named "Most Impressive SSA Coverage Team", and "Most Impressive SSA House for Post-Libor Solutions" in the GlobalCapital Bond Awards – Rated Global Outperformer in Cap Intro and Client Services in the 2020 Global Custodian Magazine Survey – Ranked #1 by EnergyRisk in Base Metals for the second year in a row • Invested in the global expansion of our U.S. dollar strategy, including adding senior leaders in the Private Placement, Leveraged Finance, Communications, Media & Technology, and Sponsor sectors • Continued to strengthen our position as ESG capital markets advisors: – Selected as one of two Structuring Advisors for the Government of Canada's inaugural issuance of green bonds – Served as Joint Lead Manager on the International Finance Facility for Immunization Company (IFFIm) Vaccine Bonds, which provided Gavi, the Vaccine Alliance, with immediately available funding to support routine immunization in lower-income countries – Acted as one of 5 joint lead managers on the European Union's EUR 12 billion inaugural green bond, the largest green bond ever issued – Became the first Canadian dealer to launch ESG-linked structured notes – Participated in 53 sustainability-linked loans with a total face value of US$116 billion, acting as a sustainability structuring agent on nine of these global transactions
In Canada, be the top-ranked investment dealer	• Maintained our leadership position in Canada: – #1 in Canadian M&A announced and completed[17], including several marquee and strategic acquisitions: o Exclusive financial advisor to Shaw Communications on its $26 billion acquisition by Rogers Communications o Financial advisor to Cenovus Energy on its $23.6 billion merger with Husky Energy o Financial advisor to Inter Pipeline on its $16 billion sale to Brookfield Infrastructure o Financial advisor to Brookfield Infrastructure on its US$4.1 billion sale of EnWave o Financial advisor to Agnico Eagle on its pending merger with Kirkland Lake Gold for a combined market capitalization of US$24 billion. This represents the 2nd largest gold M&A transaction ever and the largest gold merger of equals transaction – #2 in government debt underwriting[18] – Only Canadian bookrunner on Air Canada's cross-border high yield issue, acting as Lead Left Bookrunner with sole investor coverage on the $2 billion tranche, the largest Canadian high yield offering ever completed, and a bookrunner on the US$1.2 billion tranche – Lead Left Bookrunner on Softchoice's $403 million IPO and joint bookrunner on its $150 million follow-on offering – Recognized as #1 Canadian Foreign Exchange Services Quality Leader in the Greenwich Associates' 2021 Canadian Foreign Exchange Services Study for the second year in a row – Awarded top three ranking for equity research analysts in nine sectors by Brendan Wood International
In the U.S., deliver value and trusted advice in sectors where we have competitive expertise	• Continued to add to our U.S. advisory and execution capability: – Advised Nasdaq on its acquisition of Verafin for US$2.8 billion – Financial advisor to EQT Infrastructure on its US$5.3 billion acquisition of Covanta Holding Corporation, a global leader in sustainable disposal solutions that redirect waste from landfills – Delivered record U.S. notes issuance exceeding US$4 billion – Onboarded over 45 new clients in Corporate Cash Management and 27 new funds in TD Prime Services
In Europe and Asia-Pacific, leverage our global capabilities to build connected, sustainable franchises	• Launched our Dublin operations to support European clients • Acted as joint lead manager on a EUR 9 billion 15-year social bond for the European Union under its Support to mitigate Unemployment Risks in an Emergency (SURE) program
Continue to grow with and support our TD Retail and Wealth partners	• Launched sales of platinum and new precious metals gifts and collectibles including TD Silver Pride Round and Blue Jays Silver Rounds on the TD Precious Metals website • Added to our distribution channel for precious metals through Verified.Me • Launched trading in bitcoin ETFs for TD direct investing clients
Invest in an efficient and agile infrastructure, innovation and data capabilities, and adapt to industry and regulatory changes	• Accelerated TDS' innovation and technology strategy and expanded the dealer's fixed income e-trading capabilities through the acquisition of Headlands Tech Global Markets • Invested in data services and analytics using Bloomberg Enterprise Data • Launched an innovative tool that enables financial institution clients to manage intra-day liquidity • Launched TDS One Portal for research clients
Be an extraordinary and inclusive place to work by attracting, developing, and retaining the best talent	• Raised almost $2 million for children's charities through the annual Underwriting Hope Campaign • Awarded 14 scholarships to diverse candidates through the annual TDS Bridging the Gap Scholarship • Received a score of 100% in the Human Rights Campaign Corporate Equality Index in the U.S. for the sixth year in a row

17 Source: Refinitiv:12 month trailing
18 Source: Bloomberg: calendar year-to-date, excludes self-led offerings, bonus credit to lead

KEY PRIORITIES FOR 2022

- Work together with our corporate, government and institutional clients to deliver integrated advice and solutions with the goal of long-term shared success
- Deepen our relationships with sponsor, institutional, prime services, and government clients globally
- Continue to develop ESG expertise and build on our leadership in this space as we support clients with their transition to a low-carbon economy
- Attain top market share in our Canadian franchise
- Continue to grow our U.S. dollar business in sectors where we are competitively positioned, adding new clients, deepening relationships by maturing our product and advice offerings, and investing in talent
- Leverage our North American franchise and global capabilities to grow our Europe and Asia-Pacific businesses
- Continue to invest alongside our Retail and Wealth partners to add products for our clients
- Drive innovation and build data and analytical capabilities to improve end-to-end process efficiency and enhance client value
- Maintain our focus on managing risk, capital, balance sheet, and liquidity
- Continue to be an extraordinary place to work with a focus on inclusion and diversity

TABLE 20: WHOLESALE BANKING

(millions of Canadian dollars, except as noted)	**2021**	2020	2019
Net interest income (TEB)	**$ 2,630**	$ 1,990	$ 911
Non-interest income	**2,070**	2,968	2,320
Total revenue	**4,700**	4,958	3,231
Provision for (recovery of) credit losses – impaired	**8**	279	20
Provision for (recovery of) credit losses – performing	**(126)**	229	24
Total provision for (recovery of) credit losses	**(118)**	508	44
Non-interest expenses	**2,709**	2,518	2,393
Provision for (recovery of) income taxes (TEB)	**539**	514	186
Net income	**$ 1,570**	$ 1,418	$ 608
Selected volumes and ratios			
Trading-related revenue (TEB)[1]	**$ 2,279**	$ 2,940	$ 1,573
Average gross lending portfolio (billions of Canadian dollars)[2]	**59.3**	62.7	49.8
Return on common equity[3]	**18.9 %**	16.9 %	8.3 %
Efficiency ratio	**57.6**	50.8	74.1
Average number of full-time equivalent staff	**4,796**	4,589	4,536

1 Trading-related revenue (TEB) is part of the total Bank's trading-related revenue (TEB) disclosed in Table 10, and is a non-GAAP financial measure. Refer to "Non-GAAP and Other Financial Measures" in the "Financial Results Overview" section and the Glossary of this document for additional information about this metric.

2 Includes gross loans and bankers' acceptances relating to Wholesale Banking, excluding letters of credit, cash collateral, credit default swaps (CDS), and allowance for credit losses.

3 Capital allocated to the business segment was reduced to 9% CET1 effective the second quarter of 2020 compared with 10.5% in the first quarter of 2020 and 10% in 2019.

REVIEW OF FINANCIAL PERFORMANCE

Wholesale Banking net income for the year was a record $1,570 million, an increase of $152 million, or 11%, compared with the prior year, reflecting lower PCL, partially offset by lower revenue and higher non-interest expenses.

Revenue for the year was $4,700 million, a decrease of $258 million, or 5%, compared with the prior year, reflecting lower trading-related revenue, partially offset by higher other and loan revenue and higher advisory and equity underwriting fees.

PCL for the year was a recovery of $118 million, lower by $626 million compared to the prior year. PCL – impaired was $8 million, a decrease of $271 million, primarily reflecting credit migration in the prior year. PCL – performing was a recovery of $126 million, lower by $355 million primarily reflecting a performing allowance increase in the prior year, and a release this year largely related to improved credit conditions, including a more favourable economic outlook.

Non-interest expenses were $2,709 million, an increase of $191 million, or 8%, compared with the prior year, primarily reflecting higher employee-related costs from continued investment in Wholesale Banking's U.S. dollar strategy and higher variable compensation.

OPERATING ENVIRONMENT AND OUTLOOK

Looking ahead, the operating environment remains complex, characterized by rising inflation and supply chain pressures, uncertainty over the pace and timing of future central bank rate hikes, geo-political and ESG considerations, intensifying competition, and evolving capital and regulatory requirements. These factors may affect corporate and investor sentiment and market and business conditions in a positive or negative manner which makes capital markets results difficult to forecast. We will continue to invest in the U.S. dollar businesses, including adding senior leaders in markets where TD Securities has competitive expertise, and expect to achieve further market share gains. We believe TD Securities' increasingly diversified and client-focused business model is well positioned to support future growth.

Corporate

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

TABLE 21: CORPORATE

(millions of Canadian dollars)		**2021**		2020		2019
Net income (loss) – reported	**$**	**(738)**	$	1,425	$	(766)
Adjustments for items of note						
Amortization of acquired intangibles before income taxes		**285**		262		307
Acquisition and integration charges related to the Schwab transaction		**103**		–		–
Net gain on sale of the investment in TD Ameritrade		**–**		(1,421)		–
Less: impact of income taxes		**37**		866		48
Net income (loss) – adjusted[1]	**$**	**(387)**	$	(600)	$	(507)
Decomposition of items included in net income (loss) – adjusted						
Net corporate expenses[2]	**$**	**(739)**	$	(833)	$	(715)
Other		**352**		233		190
Non-controlling interests		**–**		–		18
Net income (loss) – adjusted[1]	**$**	**(387)**	$	(600)	$	(507)
Selected volumes						
Average number of full-time equivalent staff		**17,721**		17,757		16,884

1 For additional information about the Bank's use of non-GAAP financial measures, refer to "Non-GAAP and Other Financial Measures" in the "Financial Results Overview" section of this document.
2 For additional information about this metric, refer to the Glossary of this document.

Corporate segment includes expenses related to a number of service and control functions, the impact of treasury and balance sheet management activities, certain tax items at an enterprise level, and intercompany adjustments such as elimination of TEB and the retailer program partners' share relating to the U.S. strategic cards portfolio.

Corporate segment's reported net loss for the year was $738 million, compared with reported net income of $1,425 million last year. The year-over-year decrease was primarily attributable to a net gain on sale of the Bank's investment in TD Ameritrade of $1,421 million ($2,250 million after-tax) in the prior year, as well as acquisition and integration charges related to the Schwab transaction in the current year, partially offset by lower net corporate expenses and a higher contribution from other items in the current year. Net corporate expenses decreased $94 million compared to the prior year, largely reflecting $163 million ($121 million after-tax) in corporate real estate optimization costs in the prior year. Other items increased $119 million, largely reflecting higher revenue from treasury and balance sheet management activities. The adjusted net loss for the year was $387 million, compared with an adjusted net loss of $600 million last year.

FOCUS FOR 2022

In 2021, the Corporate segment continued to support the Bank's business segments, execute enterprise and regulatory initiatives, and manage the Bank's balance sheet and funding activities. In 2022, the Corporate segment's service and control groups will continue to proactively address the complexities and challenges arising from the operating environment, including infrastructure to respond to changing demands and expectations of customers, communities, colleagues, governments and regulators. Corporate segment will also maintain its focus on the design, development, and implementation of processes, systems, technologies, enterprise and regulatory controls and initiatives to enable the Bank's businesses to operate efficiently and effectively and in compliance with applicable regulatory requirements.

2020 FINANCIAL RESULTS OVERVIEW

Summary of 2020 Performance

TABLE 22: REVIEW OF 2020 FINANCIAL PERFORMANCE[1]

(millions of Canadian dollars)	Canadian Retail	U.S. Retail	Wholesale Banking	Corporate	Total
Net interest income	$ 12,061	$ 8,834	$ 1,990	$ 1,612	$ 24,497
Non-interest income	12,272	2,438	2,968	1,471	19,149
Total revenue	24,333	11,272	4,958	3,083	43,646
Provision for (recovery of) credit losses – impaired	1,256	997	279	431	2,963
Provision for (recovery of) credit losses – performing	1,490	1,928	229	632	4,279
Total provision for (recovery of) credit losses	2,746	2,925	508	1,063	7,242
Insurance claims and related expenses	2,886	–	–	–	2,886
Non-interest expenses	10,441	6,579	2,518	2,066	21,604
Net income (loss) before provision for income taxes	8,260	1,768	1,932	(46)	11,914
Provision for (recovery of) income taxes	2,234	(167)	514	(1,429)	1,152
Share of net income from investment in Schwab and TD Ameritrade	–	1,091	–	42	1,133
Net income (loss) – reported	6,026	3,026	1,418	1,425	11,895
Adjustments for items of note, net of income taxes	98	–	–	(2,025)	(1,927)
Net income (loss) – adjusted[2]	$ 6,124	$ 3,026	$ 1,418	$ (600)	$ 9,968

1 Certain comparative amounts have been reclassified to conform with the presentation adopted in the current period.
2 For additional information about the Bank's use of non-GAAP financial measures, refer to "Non-GAAP and Other Financial Measures" in the "Financial Results Overview" section of this document.

NET INCOME

Reported income for the year was $11,895 million, an increase of $209 million, or 2%, compared with the prior year. The increase reflects a net gain on sale of the Bank's investment in TD Ameritrade and charges in the prior year related to the agreement with Air Canada. On an adjusted basis, income for the year was $9,968 million, a decrease of $2,535 million, or 20%, compared with the prior year, reflecting higher PCL, lower revenue in the personal and commercial banking businesses, and higher non-interest expenses, partially offset by higher revenue in Wholesale Banking and the wealth and insurance businesses. The reported ROE for the year was 13.6%, compared with 14.5% in the prior year. The adjusted ROE for the year was 11.4%, compared with 15.6% in the prior year.

By segment, the increase in reported net income reflects an increase in the Corporate segment of $2,191 million, and an increase in Wholesale Banking of $810 million, partially offset by a decrease in U.S. Retail of $1,955 million, and a decrease in Canadian Retail of $837 million.

Reported diluted EPS for the year was $6.43, an increase of 3%, compared with $6.25 in the prior year. Adjusted diluted EPS for the year was $5.36, a 20% decrease, compared with $6.69 in the prior year.

Reported revenue was $43,646 million, an increase of $2,581 million, or 6%, compared with the prior year. Adjusted revenue was $42,225 million, an increase of $1,160 million, or 3%, compared with the prior year.

NET INTEREST INCOME

Net interest income for the year was $24,497 million, an increase of $676 million, or 3%, compared with the prior year. The increase reflects higher trading-related net interest income, and volume growth in the personal and commercial banking businesses, partially offset by lower margins.

By segment, the increase in reported net interest income reflects an increase in Wholesale Banking of $1,079 million, and an increase in the Corporate segment of $2 million, partially offset by a decrease in Canadian Retail of $288 million, and a decrease in U.S. Retail of $117 million.

NON-INTEREST INCOME

Reported non-interest income for the year was $19,149 million, an increase of $1,905 million, or 11%, compared with the prior year reflecting the net gain on sale of the Bank's investment in TD Ameritrade, higher revenue in the wealth and insurance businesses, higher trading-related revenue and fee income in Wholesale Banking, partially offset by lower fee income in the personal and commercial banking businesses.

By segment, the increase in reported non-interest income reflects an increase in Corporate of $1,264 million, an increase in Wholesale Banking of $648 million, and an increase in Canadian Retail of $395 million, partially offset by a decrease in U.S. Retail of $402 million.

PROVISION FOR CREDIT LOSSES

PCL for the year was $7,242 million, an increase of $4,213 million, compared with the prior year. PCL – impaired was $2,963 million, an increase of $333 million, or 13%, reflecting credit migration in Wholesale Banking, and higher provisions in the Canadian Retail segment. PCL – performing was $4,279 million, an increase of $3,880 million, primarily related to a significant deterioration in the economic outlook, including the impact of credit migration. Total PCL as a percentage of credit volume was 1%, or an increase of 55 bps.

By segment, the increase in PCL reflects an increase in U.S. Retail of $1,843 million, an increase in Canadian Retail of $1,440 million, an increase in the Corporate segment of $466 million, and an increase in Wholesale Banking of $464 million.

INSURANCE CLAIMS AND RELATED EXPENSES

Insurance claims and related expenses were $2,886 million, an increase of $99 million, or 4%, compared with the prior year. The increase reflects the impact of business growth, an increase in certain current year claims reserves, less favourable prior years' claims development and more severe weather-related events, partially offset by lower current year claims.

NON-INTEREST EXPENSES

Reported non-interest expenses for the year were $21,604 million, a decrease of $416 million, or 2%, compared with the prior year primarily reflecting charges related to the agreement with Air Canada recorded in the prior year. On an adjusted basis, non-interest expenses were $21,338 million, an increase of $253 million, or 1%, reflecting higher spend supporting business initiatives, higher employee-related costs including colleague appreciation awards, corporate real estate optimization costs, and an increase in legal provisions, partially offset by a decline in the retailer program partners' net share of the profits from the U.S. strategic cards portfolio, a reduction in discretionary spend, and restructuring charges in the prior year.

By segment, the decrease in reported non-interest expenses reflects a decrease in the Corporate segment of $415 million, and a decrease in Canadian Retail of $294 million, partially offset by an increase in U.S. Retail of $168 million, and an increase in Wholesale Banking of $125 million.

PROVISION FOR INCOME TAXES

Reported total income and other taxes decreased by $1,675 million, or 38.0%, compared with the prior year, reflecting a decrease in income tax expense of $1,583 million, or 57.9%, and a decrease in other taxes of $92 million, or 5.5%. Adjusted total income and other taxes decreased by $1,021 million from the prior year, or 22.1%, reflecting a decrease in income tax expense of $929 million, or 31.5%.

The Bank's reported effective tax rate was 9.7% for 2020, compared with 20.7% in the prior year. The year-over-year decrease primarily reflects the impact of the sale of the Bank's investment in TD Ameritrade, including the non-taxable revaluation gain, the release of non-taxable cumulative currency translation gains from AOCI, a rate differential on the reclassification to earnings of taxes deferred in AOCI on the designated hedging items, and the release of a deferred tax liability. Other drivers of the lower effective tax rate are lower pre-tax income and business mix, partially offset by higher provisions related to changes in tax law. For a reconciliation of the Bank's effective income tax rate with the Canadian statutory income tax rate, refer to Note 25 of the 2020 Consolidated Financial Statements.

The Bank's adjusted effective income tax rate for 2020 was 18.8%, compared with 20.8% in the prior year. The year-over-year decrease primarily reflects lower pre-tax income and business mix, partially offset by higher provisions related to changes in tax law.

The Bank reported its investment in TD Ameritrade using the equity method of accounting. TD Ameritrade's tax expense of $378 million in 2020, compared with $389 million in the prior year, was not part of the Bank's effective tax rate.

BALANCE SHEET

Total assets were $1,716 billion as at October 31, 2020, an increase of $301 billion, or 21%, from October 31, 2019. The increase reflects cash and interest-bearing deposits with banks of $140 billion, debt securities at amortized cost (DSAC), net of allowance for credit losses of $97 billion, loans net of allowances for loan losses of $33 billion, derivatives of $5 billion, securities purchased under reverse repurchase agreements of $3 billion, investment in Schwab and TD Ameritrade of $3 billion, non-trading financial assets at FVTPL of $2 billion, trading loans, securities and other of $2 billion, financial assets designated at FVTPL of $1 billion, and other assets of $23 billion. The increase was partially offset by a decrease in financial assets at fair value through other comprehensive income (FVOCI) of $8 billion. The depreciation in the Canadian dollar from the prior fiscal year end increased assets by $7 billion, or approximately 1%.

Total liabilities were $1,620 billion as at October 31, 2020, an increase of $293 billion, or 22%, from October 31, 2019. The increase reflects deposits of $248 billion, obligations related to securities sold under repurchase agreements of $63 billion, derivatives of $3 billion, subordinated notes and debentures of $1 billion, and other liabilities of $31 billion. The increase was partially offset by a decrease in financial liabilities designated at FVTPL of $45 billion and trading deposits of $8 billion. The depreciation in the Canadian dollar from the prior fiscal year end increased liabilities by $8 billion, or approximately 1%.

Equity was $96 billion as at October 31, 2020, an increase of $8 billion, or 9%, from October 31, 2019. The increase reflects growth in retained earnings, higher AOCI reflecting gains on derivatives designated as cash flow hedges, and the issuance of common shares.

2020 FINANCIAL RESULTS OVERVIEW

2020 Financial Performance by Business Line

Canadian Retail reported net income for the year was $6,026 million, a decrease of $837 million, or 12%, compared with the prior year. The decrease in earnings reflects higher PCL and higher insurance claims, partially offset by revenue growth and higher non-interest expenses in the prior year related to the agreement with Air Canada and the acquisition of Greystone. On an adjusted basis, net income for the year was $6,124 million, a decrease of $1,297 million, or 17%. The reported and adjusted annualized ROE for the year was 33.4% and 33.9%, respectively, compared with 38.6% and 41.7%, respectively, in the prior year.

Canadian Retail revenue is derived from the Canadian personal and commercial banking, wealth, and insurance businesses. Revenue for the year was $24,333 million, an increase of $107 million, compared with the prior year reflecting strong growth in wealth and insurance revenue as well as volume driven growth in personal and commercial banking revenue, offset by margin compression from lower interest rates in the year.

Net interest income decreased $288 million, or 2%, reflecting lower margins, partially offset by volume growth. Average loan volumes increased $16 billion, or 4%, reflecting 3% growth in personal loans and 7% growth in business loans. Average deposit volumes increased $46 billion, or 14%, reflecting 11% growth in personal deposits, 15% growth in business deposits, and 28% growth in wealth deposits. Net interest margin was 2.79%, or a decrease of 17 bps, reflecting lower interest rates.

Non-interest income increased $395 million, or 3%, reflecting higher transaction and fee-based revenue in the wealth business, higher insurance revenue, partially offset by lower fee-based revenue in the banking businesses reflecting lower customer activity.

AUA were $433 billion as at October 31, 2020, an increase of $11 billion, or 3%, compared with the prior year, reflecting new asset growth. AUM were $358 billion as at October 31, 2020, an increase of $5 billion, or 1%, compared with the prior year, reflecting market appreciation.

PCL for the year was $2,746 million, an increase of $1,440 million, compared with the prior year. PCL – impaired was $1,256 million, an increase of $130 million, or 12%, reflecting higher provisions in the commercial and consumer lending portfolios. PCL – performing was $1,490 million, compared with $180 million in the prior year, primarily related to a significant deterioration in the economic outlook, including the impact of credit migration, with the increase reflected in the consumer and commercial lending portfolios. Annualized PCL as a percentage of credit volume was 0.62%, an increase of 31 bps.

Insurance claims and related expenses were $2,886 million, an increase of $99 million, or 4%, compared with the prior year. The increase reflects the impact of business growth, an increase in certain current year claims reserves, less favourable prior years' claims development and more severe weather-related events, partially offset by lower current year claims.

Reported non-interest expenses for the year were $10,441 million, a decrease of $294 million, or 3%, compared with the prior year. The decrease reflects charges related to the agreement with Air Canada and the acquisition of Greystone in the prior year. On an adjusted basis, non-interest expenses were $10,341 million, an increase of $330 million, or 3%, reflecting higher people-related costs including variable compensation, volume-driven expenses and technology investments, partially offset by a reduction in other discretionary spend.

The reported and adjusted efficiency ratio for the year was 42.9% and 42.5%, respectively, compared with 44.3% and 41.3%, respectively, in the prior year.

U.S. Retail reported net income for the year was $3,026 million (US$2,278 million), a decrease of $1,955 million (US$1,472 million), or 39% (39% in U.S. dollars), compared with the prior year. The ROE for the year was 7.7%, compared with 12.6%, in the prior year.

U.S. Retail net income includes contributions from the U.S. Retail Bank and the Bank's investment in TD Ameritrade. Net income for the year from the U.S. Retail Bank and the Bank's investment in TD Ameritrade were $1,935 million (US$1,467 million) and $1,091 million (US$811 million), respectively.

The contribution from TD Ameritrade of US$811 million decreased US$58 million, or 7%, compared with the prior year, primarily reflecting reduced trading commissions, lower asset-based revenue, and higher operating expenses, partially offset by higher trading volumes.

U.S. Retail Bank net income for the year was US$1,467 million, a decrease of US$1,414 million, or 49%, compared with the prior year, primarily reflecting higher PCL and lower revenue, partially offset by lower tax expense.

U.S. Retail Bank revenue is derived from personal and business banking, and wealth management. Revenue for the year was US$8,380 million, a decrease of US$496 million, or 6%. Net interest income decreased US$176 million, or 3%, as growth in loan and deposit volumes was more than offset by deposit margin compression in the low interest rate environment. Net interest margin was 2.69%, a decrease of 62 bps primarily reflecting lower deposit margins and balance sheet mix. Non-interest income decreased US$320 million, or 15%, reflecting lower deposit and credit card activity as well as higher losses on low income housing tax credit investments.

Average loan volumes increased US$12 billion, or 7%, compared with the prior year, reflecting growth in personal and business loans of 6% and 8%, respectively, with significant increases in business loans reflecting increased draws on commercial lines of credit and originations under the SBA PPP. Average deposit volumes increased US$53 billion, or 20%, compared with the prior year, reflecting a 26% increase in business deposit volumes, a 25% increase in sweep deposit volumes, and a 10% increase in personal deposit volumes.

AUA were US$24 billion as at October 31, 2020, an increase of US$3 billion, or 16%, compared with the prior year, reflecting loan and deposit growth. AUM were US$39 billion as at October 31, 2020, a decrease of US$5 billion, or 11%, reflecting net fund outflows.

PCL for the year was US$2,145 million, an increase of US$1,331 million, compared with the prior year. PCL – impaired was US$738 million, an increase of US$33 million, or 5%. PCL – performing was US$1,407 million, an increase of US$1,298 million, primarily related to a significant deterioration in the economic outlook, including the impact of credit migration, and predominantly reflected in the commercial, credit card, and auto lending portfolios. U.S. Retail PCL including only the Bank's contractual portion of credit losses in the U.S. strategic cards portfolio, as an annualized percentage of credit volume was 1.30%, or an increase of 78 bps.

Non-interest expenses for the year were US$4,887 million, an increase of US$61 million, or 1%, compared with the prior year, primarily reflecting increases in legal provisions, employee-related expenses, and costs to support customers and employees during the COVID-19 pandemic, partially offset by productivity savings and restructuring charges incurred in the prior year.

Income taxes reflect a recovery of US$119 million, compared to a provision of US$355 million in the prior year, a decrease of US$474 million, primarily reflecting lower pre-tax income and changes to the estimated liability for uncertain tax positions, partially offset by higher provisions related to changes in tax law.

The reported and adjusted efficiency ratios for the year were 58.3%, compared with 54.4%, in the prior year.

Wholesale Banking net income for the year was a record $1,418 million, an increase of $810 million, compared with the prior year reflecting higher revenue, partially offset by higher PCL and higher non-interest expenses.

Revenue for the year was $4,958 million, an increase of $1,727 million, or 53%, compared with the prior year reflecting higher trading-related revenue, higher underwriting fees, and higher loan fees.

PCL for the year was $508 million, an increase of $464 million compared to the prior year. PCL – impaired was $279 million reflecting credit migration largely in the oil and gas sector. PCL – performing was $229 million, primarily related to a significant deterioration in the economic outlook, including the impact of credit migration.

Non-interest expenses were $2,518 million, an increase of $125 million, or 5%, compared with the prior year. The increase reflects higher variable compensation, higher volume related expenses, and the impact of foreign exchange translation.

Corporate segment reported net income for the year was $1,425 million, compared with a reported net loss of $766 million in the prior year. The year-over-year increase was primarily attributable to a net gain on sale of the Bank's investment in TD Ameritrade of $1,421 million ($2,250 million after-tax), as well as a higher contribution from other items, partially offset by higher net corporate expenses in the current year and a contribution from non-controlling interests in the prior year. Other items increased reflecting the impact of legal provisions and the negative impact of tax items in the prior year, partially offset by lower contribution from treasury and balance sheet management activities. Net corporate expenses increased primarily reflecting the impact of corporate real estate optimization costs of $163 million in the current year, partially offset by restructuring charges of $51 million in the prior year. The adjusted net loss for the year was $600 million, compared with an adjusted net loss of $507 million in the prior year.

GROUP FINANCIAL CONDITION

Balance Sheet Review

TABLE 23: CONDENSED CONSOLIDATED BALANCE SHEET ITEMS

(millions of Canadian dollars)		*As at*
	October 31, 2021	October 31, 2020
Assets		
Cash and Interest-bearing deposits with banks	**$ 165,893**	$ 170,594
Trading loans, securities, and other	**147,590**	148,318
Non-trading financial assets at fair value through profit or loss	**9,390**	8,548
Derivatives	**54,427**	54,242
Financial assets designated at fair value through profit or loss	**4,564**	4,739
Financial assets at fair value through other comprehensive income	**79,066**	103,285
Debt securities at amortized cost, net of allowance for credit losses	**268,939**	227,679
Securities purchased under reverse repurchase agreements	**167,284**	169,162
Loans, net of allowance for loan losses	**722,622**	717,523
Investment in Schwab	**11,112**	12,174
Other	**97,785**	99,601
Total assets	**$ 1,728,672**	$ 1,715,865
Liabilities		
Trading deposits	**$ 22,891**	$ 19,177
Derivatives	**57,122**	53,203
Financial liabilities designated at fair value through profit or loss	**113,988**	59,665
Deposits	**1,125,125**	1,135,333
Obligations related to securities sold under repurchase agreements	**144,097**	188,876
Subordinated notes and debentures	**11,230**	11,477
Other	**154,401**	152,635
Total liabilities	**1,628,854**	1,620,366
Total equity	**99,818**	95,499
Total liabilities and equity	**$ 1,728,672**	$ 1,715,865

Total assets were $1,729 billion as at October 31, 2021, an increase of $13 billion, or 1%, from October 31, 2020. The impact of foreign exchange translation from the appreciation in the Canadian dollar decreased total assets by $56 billion, or approximately 3%.

The increase in total assets reflects DSAC, net of allowance for credit losses of $41 billion, loans, net of allowances for loan losses of $5 billion and non-trading financial assets at FVTPL of $1 billion. The increase was partially offset by a decrease in financial assets at FVOCI of $24 billion, cash and interest-bearing deposits with banks of $5 billion, securities purchased under reverse repurchase agreements of $2 billion, trading loans, securities, and other of $1 billion, other assets of $1 billion and investment in Schwab of $1 billion.

Cash and interest-bearing deposits with banks decreased $5 billion primarily reflecting the impact of foreign exchange translation and cash management activities.

Trading loans, securities, and other decreased $1 billion primarily reflecting a decrease in government-related securities and the impact of foreign exchange translation, partially offset by an increase in equity securities.

Non-trading financial assets at fair value through profit or loss increased $1 billion reflecting new investments, partially offset by maturities.

Financial assets at fair value through other comprehensive income decreased $24 billion reflecting maturities and the impact of foreign exchange translation, partially offset by new investments.

Debt securities at amortized cost, net of allowance for credit losses increased $41 billion reflecting new investments, partially offset by maturities and the impact of foreign exchange translation.

Securities purchased under reverse repurchase agreements decreased $2 billion reflecting the impact of foreign exchange translation, partially offset by an increase in volume.

Loans, net of allowance for loan losses increased $5 billion primarily reflecting volume growth in real estate secured lending, partially offset by the impact of foreign exchange translation.

Investment in Schwab decreased $1 billion primarily reflecting the impact of foreign exchange translation.

Other assets decreased $1 billion primarily reflecting the impact of foreign exchange translation.

Total liabilities were $1,629 billion as at October 31, 2021, an increase of $9 billion, or 1%, from October 31, 2020. The impact of foreign exchange translation from the appreciation in the Canadian dollar decreased total liabilities by $59 billion, or approximately 4%.

The increase in total liabilities reflects financial liabilities designated at FVTPL of $54 billion, derivatives of $4 billion, trading deposits of $4 billion and other liabilities of $2 billion. The increase was partially offset by a decrease in obligations related to securities sold under repurchase agreements of $45 billion and deposits of $10 billion.

Trading deposits increased $4 billion reflecting new issuances, partially offset by maturities.

Derivative liabilities increased $4 billion primarily reflecting mark-to-market losses on foreign exchange contracts and equity contracts, partially offset by mark-to-market gains on interest rate contracts and the impact of foreign exchange translation.

Financial liabilities designated at fair value through profit or loss increased $54 billion reflecting new issuances, partially offset by maturities.

Deposits decreased $10 billion as the increase in total deposits was more than offset by the impact of foreign exchange translation.

Obligations related to securities sold under repurchase agreements decreased $45 billion primarily reflecting a decrease in volume.

Other liabilities increased $2 billion primarily reflecting an increase in obligations related to securities sold short, partially offset by the impact of foreign exchange translation.

Equity was $100 billion as at October 31, 2021, an increase of $4 billion, or 5%, from October 31, 2020. The increase primarily reflects an increase in retained earnings, partially offset by the impact of foreign exchange translation.

GROUP FINANCIAL CONDITION

Credit Portfolio Quality

AT A GLANCE OVERVIEW

- **Loans and acceptances, net of allowance for loan losses were $743 billion, an increase of $8 billion compared with last year.**
- **Impaired loans net of Stage 3 allowances were $1,782 million, a decrease of $541 million compared with last year.**
- **Provision for credit losses was a recovery of $224 million, compared with provisions of $7,242 million last year.**
- **Total allowance for credit losses including off-balance sheet positions decreased by $2,129 million to $7,255 million.**

LOAN PORTFOLIO

The Bank increased its credit portfolio net of allowance for loan losses by $8 billion, or 1%, from the prior year, primarily reflecting volume growth in the Canadian portfolios, partially offset by the impact of foreign exchange, and repayments in the U.S. business and government portfolio, largely attributable to the PPP.

While the majority of the Bank's 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 31 of the 2021 Consolidated Financial Statements.

CONCENTRATION OF CREDIT RISK

The Bank's loan portfolio continued to be concentrated in Canadian and U.S. residential mortgages, consumer instalment and other personal loans, and credit card loans, representing 66% of total loans net of Stage 3 allowances, up 3% from 2020. During the year, these portfolios increased by $19 billion, or 4%, and totalled $488 billion at year end. Residential mortgages represented 36% of total loans net of Stage 3 allowances in 2021, up 2% from 2020. Consumer instalment and other personal loans, and credit card loans were 30% of total loans net of Stage 3 allowances in 2021, up 1% from 2020.

The Bank's business and government credit exposure was 34% of total loans net of Stage 3 allowances, down 3% from 2020. The largest business and government sector concentrations in Canada were the Real estate and Financial sectors, which comprised 6% and 2% of net loans, respectively. Real estate and Financial sectors were the largest U.S. sector concentrations in 2021, representing 4% and 2% of net loans, respectively.

Geographically, the credit portfolio remained concentrated in Canada. In 2021, the percentage of loans net of Stage 3 allowances held in Canada was 69%, up 4% from 2020. The largest Canadian regional exposure was in Ontario, which represented 40% of total loans net of Stage 3 allowances for 2021, compared with 38% in the prior year.

The remaining credit portfolio was predominantly in the U.S., which represented 30% of loans net of Stage 3 allowances, down 4% from 2020. Exposures to ACI loans, and other geographic regions were relatively small. The largest U.S. regional exposures were in New York, New England, and New Jersey which represented 6%, 5%, and 4% of total loans net of Stage 3 allowances, respectively, compared with 6%, 6%, and 5% in the prior year.

Under IFRS 9, *Financial Instruments* (IFRS 9), the Bank calculates allowances for expected credit losses (ECLs) on DSAC and debt securities at FVOCI. The Bank has $341,806 million in such debt securities of which $341,806 million are performing securities (Stage 1 and 2) and none are impaired. The allowance for credit losses on DSAC and debt securities at FVOCI was $2 million and $7 million, respectively.

TABLE 24: LOANS AND ACCEPTANCES, NET OF STAGE 3 ALLOWANCE FOR LOAN LOSSES BY INDUSTRY SECTOR[1,2]

(millions of Canadian dollars, except as noted)					*As at*			*Percentage of total*
			October 31 2021	October 31 2020	October 31 2019	**October 31 2021**	October 31 2020	October 31 2019
	Gross loans	**Stage 3 allowances for loan losses impaired**	**Net loans**	Net loans	Net loans			
Canada								
Residential mortgages	**$ 231,675**	**$ 33**	**$ 231,642**	$ 213,196	$ 200,925	**31.0 %**	28.7 %	28.5 %
Consumer instalment and other personal								
HELOC[3]	**101,933**	**20**	**101,913**	94,814	91,040	**13.6**	12.8	12.9
Indirect Auto	**27,580**	**39**	**27,541**	27,311	25,644	**3.7**	3.7	3.6
Other	**19,257**	**28**	**19,229**	18,239	18,410	**2.6**	2.4	2.6
Credit card	**15,149**	**49**	**15,100**	15,479	18,358	**2.0**	2.1	2.6
Total personal	**395,594**	**169**	**395,425**	369,039	354,377	**52.9**	49.7	50.2
Real estate								
Residential	**24,716**	**1**	**24,715**	22,697	19,795	**3.3**	3.1	2.8
Non-residential	**18,841**	**1**	**18,840**	17,513	15,827	**2.5**	2.4	2.2
Total real estate	**43,557**	**2**	**43,555**	40,210	35,622	**5.8**	5.5	5.0
Agriculture	**9,060**	**2**	**9,058**	8,652	8,126	**1.2**	1.2	1.2
Automotive	**4,997**	**12**	**4,985**	5,166	6,590	**0.7**	0.7	0.9
Financial	**15,134**	**–**	**15,134**	14,012	16,633	**2.0**	1.8	2.5
Food, beverage, and tobacco	**2,583**	**1**	**2,582**	2,282	2,424	**0.3**	0.3	0.3
Forestry	**577**	**–**	**577**	529	657	**0.1**	0.1	0.1
Government, public sector entities, and education	**2,892**	**19**	**2,873**	3,564	3,358	**0.4**	0.5	0.5
Health and social services	**8,442**	**11**	**8,431**	7,745	7,134	**1.1**	1.0	1.0
Industrial construction and trade contractors	**4,615**	**74**	**4,541**	3,488	3,478	**0.6**	0.5	0.5
Metals and mining	**1,661**	**3**	**1,658**	1,514	1,668	**0.2**	0.2	0.2
Pipelines, oil, and gas	**3,882**	**22**	**3,860**	4,933	4,641	**0.5**	0.7	0.7
Power and utilities	**2,542**	**–**	**2,542**	1,856	1,961	**0.3**	0.2	0.3
Professional and other services	**4,375**	**15**	**4,360**	5,299	4,674	**0.6**	0.7	0.7
Retail sector	**3,705**	**66**	**3,639**	3,452	3,592	**0.5**	0.5	0.5
Sundry manufacturing and wholesale	**2,759**	**5**	**2,754**	2,296	2,685	**0.4**	0.3	0.4
Telecommunications, cable, and media	**2,694**	**2**	**2,692**	2,996	2,852	**0.4**	0.4	0.4
Transportation	**3,306**	**11**	**3,295**	2,605	2,209	**0.4**	0.4	0.3
Other	**5,321**	**7**	**5,314**	4,606	4,156	**0.7**	0.6	0.6
Total business and government	**122,102**	**252**	**121,850**	115,205	112,460	**16.2**	15.6	16.1
Total Canada	**517,696**	**421**	**517,275**	484,244	466,837	**69.1**	65.3	66.3
United States								
Residential mortgages	**36,573**	**18**	**36,555**	38,808	34,475	**4.9**	5.2	4.9
Consumer instalment and other personal								
HELOC	**8,726**	**26**	**8,700**	10,893	11,489	**1.2**	1.5	1.6
Indirect Auto	**31,550**	**23**	**31,527**	33,048	32,428	**4.3**	4.4	4.6
Other	**769**	**3**	**766**	941	1,113	**0.1**	0.1	0.2
Credit card	**15,584**	**89**	**15,495**	16,646	17,877	**2.1**	2.3	2.6
Total personal	**93,202**	**159**	**93,043**	100,336	97,382	**12.6**	13.5	13.9
Real estate								
Residential	**9,242**	**4**	**9,238**	10,195	8,875	**1.2**	1.3	1.3
Non-residential	**21,522**	**9**	**21,513**	25,217	24,249	**2.8**	3.3	3.4
Total real estate	**30,764**	**13**	**30,751**	35,412	33,124	**4.0**	4.6	4.7
Agriculture	**737**	**–**	**737**	899	736	**0.1**	0.1	0.1
Automotive	**4,210**	**–**	**4,210**	6,580	6,809	**0.6**	0.9	1.0
Financial	**16,337**	**–**	**16,337**	13,062	7,215	**2.2**	1.8	1.0
Food, beverage, and tobacco	**3,017**	**3**	**3,014**	3,461	3,705	**0.4**	0.5	0.5
Forestry	**467**	**–**	**467**	517	699	**0.1**	0.1	0.1
Government, public sector entities, and education	**14,034**	**1**	**14,033**	14,725	12,597	**1.8**	2.0	1.8
Health and social services	**13,736**	**1**	**13,735**	16,039	13,175	**1.8**	2.2	2.0
Industrial construction and trade contractors	**2,366**	**4**	**2,362**	3,611	2,234	**0.3**	0.5	0.3
Metals and mining	**1,454**	**1**	**1,453**	1,891	1,887	**0.2**	0.3	0.3
Pipelines, oil, and gas	**1,893**	**7**	**1,886**	4,502	4,554	**0.3**	0.6	0.6
Power and utilities	**2,976**	**–**	**2,976**	2,995	3,052	**0.4**	0.4	0.4
Professional and other services	**11,671**	**6**	**11,665**	14,308	11,723	**1.6**	1.9	1.7
Retail sector	**5,367**	**8**	**5,359**	7,616	5,866	**0.7**	1.0	0.8
Sundry manufacturing and wholesale	**6,223**	**2**	**6,221**	7,926	8,887	**0.8**	1.1	1.3
Telecommunications, cable, and media	**3,212**	**–**	**3,212**	3,707	4,755	**0.4**	0.5	0.7
Transportation	**6,997**	**2**	**6,995**	8,956	10,164	**0.9**	1.2	1.4
Other	**2,290**	**1**	**2,289**	2,184	2,432	**0.3**	0.3	0.3
Total business and government	**127,751**	**49**	**127,702**	148,391	133,614	**16.9**	20.0	19.0
Total United States	**220,953**	**208**	**220,745**	248,727	230,996	**29.5**	33.5	32.9
International								
Personal	**34**	**–**	**34**	12	12	**–**	–	–
Business and government	**10,227**	**–**	**10,227**	9,206	5,781	**1.4**	1.2	0.8
Total international	**10,261**	**–**	**10,261**	9,218	5,793	**1.4**	1.2	0.8
Total excluding other loans	**748,910**	**629**	**748,281**	742,189	703,626	**100.0**	100.0	100.0
Other loans								
Acquired credit-impaired loans[4]	**152**	**6**	**146**	222	301	**–**	–	–
Total other loans	**152**	**6**	**146**	222	301	**–**	–	–
Total	**$ 749,062**	**$ 635**	**$ 748,427**	$ 742,411	$ 703,927	**100.0 %**	100.0 %	100.0 %
Stage 1 and Stage 2 allowance for loan losses – performing								
Personal, business and government			**5,755**	7,446	3,701			
Total, net of allowance			**$ 742,672**	$ 734,965	$ 700,226			
Percentage change over previous year – loans and acceptances, net of Stage 3 allowance for loan losses (impaired)			**0.8 %**	5.5 %	5.2 %			
Percentage change over previous year – loans and acceptances, net of allowance			**1.0**	5.0	5.1			

1 Primarily based on the geographic location of the customer's address.
2 Includes loans that are measured at FVOCI.
3 Home equity line of credit.
4 Includes Federal Deposit Insurance Corporation (FDIC) covered loans and other ACI loans.

TABLE 25: LOANS AND ACCEPTANCES, NET OF STAGE 3 ALLOWANCE FOR LOAN LOSSES BY GEOGRAPHY[1,2]

(millions of Canadian dollars, except as noted)

					As at			Percentage of total
			October 31 2021	October 31 2020	October 31 2019	October 31 2021	October 31 2020	October 31 2019
	Gross loans	Stage 3 allowances for loan losses impaired	Net loans	Net loans	Net loans			
Canada								
Atlantic provinces	$ 12,875	$ 7	$ 12,868	$ 12,767	$ 12,722	1.7 %	1.7 %	1.8 %
British Columbia[3]	78,461	26	78,435	70,245	67,415	10.5	9.5	9.6
Ontario[3]	301,048	312	300,736	279,355	271,220	40.2	37.6	38.5
Prairies[3]	83,009	58	82,951	81,203	75,932	11.1	10.9	10.8
Québec	42,303	18	42,285	40,674	39,548	5.6	5.6	5.6
Total Canada	517,696	421	517,275	484,244	466,837	69.1	65.3	66.3
United States								
Carolinas (North and South)	12,600	13	12,587	13,483	12,711	1.7	1.8	1.8
Florida	18,672	19	18,653	20,314	18,181	2.5	2.7	2.6
New England[4]	35,446	24	35,422	42,465	42,508	4.7	5.7	6.0
New Jersey	27,854	20	27,834	35,425	31,504	3.7	4.8	4.5
New York	43,330	33	43,297	46,154	40,382	5.8	6.2	5.7
Pennsylvania	12,973	11	12,962	15,267	12,999	1.7	2.1	1.9
Other	70,078	88	69,990	75,619	72,711	9.4	10.2	10.4
Total United States	220,953	208	220,745	248,727	230,996	29.5	33.5	32.9
International								
Europe	4,212	–	4,212	3,229	2,634	0.6	0.4	0.4
Other	6,049	–	6,049	5,989	3,159	0.8	0.8	0.4
Total international	10,261	–	10,261	9,218	5,793	1.4	1.2	0.8
Total excluding other loans	748,910	629	748,281	742,189	703,626	100.0	100.0	100.0
Other loans	152	6	146	222	301	–	–	–
Total	$ 749,062	$ 635	$ 748,427	$ 742,411	$ 703,927	100.0 %	100.0 %	100.0 %
Stage 1 and Stage 2 allowances			5,755	7,446	3,701			
Total, net of allowance			$ 742,672	$ 734,965	$ 700,226			

Percentage change over previous year – loans and acceptances, net of Stage 3 allowances for loan losses (impaired)	2021	2020	2019
Canada	6.8 %	3.7 %	4.9 %
United States	(11.3)	7.7	5.8
International	11.3	59.1	5.7
Other loans	(34.2)	(26.3)	(30.8)
Total	1.0 %	5.0 %	5.1 %

1 Primarily based on the geographic location of the customer's address.
2 Includes loans that are measured at FVOCI.
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 are designed so 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 borrowers' default. The Bank may also purchase 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.

Canadian minimum qualifying rate for uninsured and insured mortgages

On May 20, 2021, OSFI announced changes to the minimum qualifying rate for uninsured mortgages. In addition, the Department of Finance announced changes to the qualifying rate for insured mortgages. Effective June 1, 2021, the new benchmark rate is the greater of the mortgage contractual rate plus 2% or 5.25% for both uninsured and insured mortgages. The previous uninsured benchmark rate was the greater of the mortgage contractual rate plus 2% or the Bank of Canada five-year benchmark rate. The previous insured benchmark rate was the greater of the mortgage contractual rate or the Bank of Canada five-year benchmark rate.

TABLE 26: CANADIAN REAL ESTATE SECURED LENDING[1]

(millions of Canadian dollars)

					As at
			Amortizing	Non-amortizing	Total real estate secured lending
	Residential Mortgages	Home equity lines of credit	Total amortizing real estate secured lending	Home equity lines of credit	
					October 31, 2021
Total	$ 231,675	$ 71,016	$ 302,691	$ 30,917	$ 333,608
					October 31, 2020
Total	$ 213,239	$ 61,790	$ 275,029	$ 33,048	$ 308,077

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

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

(millions of Canadian dollars, except as noted)

	Residential mortgages				Home equity lines of credit				Total			*As at*
	Insured[3]		Uninsured		Insured[3]		Uninsured		Insured[3]		Uninsured	
												October 31, 2021
Canada												
Atlantic provinces	**$ 3,007**	**1.3 %**	**$ 3,575**	**1.5 %**	**$ 265**	**0.3 %**	**$ 1,451**	**1.4 %**	**$ 3,272**	**1.0 %**	**$ 5,026**	**1.5 %**
British Columbia[4]	**9,522**	**4.1**	**37,169**	**16.0**	**1,446**	**1.4**	**17,738**	**17.4**	**10,968**	**3.3**	**54,907**	**16.5**
Ontario[4]	**25,603**	**11.1**	**94,913**	**41.1**	**5,173**	**5.1**	**52,977**	**52.0**	**30,776**	**9.1**	**147,890**	**44.3**
Prairies[4]	**20,590**	**8.9**	**17,244**	**7.4**	**2,425**	**2.4**	**11,314**	**11.1**	**23,015**	**6.9**	**28,558**	**8.6**
Québec	**8,138**	**3.5**	**11,914**	**5.1**	**841**	**0.8**	**8,303**	**8.1**	**8,979**	**2.7**	**20,217**	**6.1**
Total Canada	**66,860**	**28.9 %**	**164,815**	**71.1 %**	**10,150**	**10.0 %**	**91,783**	**90.0 %**	**77,010**	**23.0 %**	**256,598**	**77.0 %**
United States	**868**		**35,797**		**–**		**8,736**		**868**		**44,533**	
Total	**$ 67,728**		**$ 200,612**		**$ 10,150**		**$ 100,519**		**$ 77,878**		**$ 301,131**	
												October 31, 2020
Canada												
Atlantic provinces	$ 3,218	1.5 %	$ 3,108	1.5 %	$ 316	0.3 %	$ 1,337	1.4 %	$ 3,534	1.1 %	$ 4,445	1.4 %
British Columbia[4]	10,142	4.8	30,416	14.3	1,670	1.8	16,192	17.1	11,812	3.8	46,608	15.1
Ontario[4]	28,818	13.5	80,096	37.4	5,925	6.2	47,361	50.0	34,743	11.3	127,457	41.5
Prairies[4]	21,741	10.2	16,750	7.9	2,726	2.9	11,260	11.9	24,467	7.9	28,010	9.1
Québec	8,520	4.0	10,430	4.9	993	1.0	7,058	7.4	9,513	3.1	17,488	5.7
Total Canada	72,439	34.0 %	140,800	66.0 %	11,630	12.2 %	83,208	87.8 %	84,069	27.2 %	224,008	72.8 %
United States	1,008		37,972		–		10,953		1,008		48,925	
Total	$ 73,447		$ 178,772		$ 11,630		$ 94,161		$ 85,077		$ 272,933	

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 FVTPL for which no allowance is recorded.
3 Default insurance is contractual coverage for the life of eligible facilities whereby the Bank's exposure to real estate secured lending, all or in part, is protected against potential losses caused by borrower default. It is provided by either government-backed entities or other approved private mortgage insurers.
4 The territories are included as follows: Yukon is included in British Columbia; Nunavut is included in Ontario; and the Northwest Territories is included in the Prairies region.

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

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

	<5 years	5– <10 years	10– <15 years	15– <20 years	20– <25 years	25– <30 years	30– <35 years	>=35 years	Total
									As at **October 31, 2021**
Canada	**0.9 %**	**3.1 %**	**6.6 %**	**19.0 %**	**41.9 %**	**28.2 %**	**0.3 %**	**– %**	**100.0 %**
United States	**8.4**	**3.2**	**4.6**	**5.6**	**17.7**	**58.3**	**2.0**	**0.2**	**100.0**
Total	**1.9 %**	**3.2 %**	**6.3 %**	**17.2 %**	**38.4 %**	**32.4 %**	**0.6 %**	**– %**	**100.0 %**
									October 31, 2020
Canada	0.9 %	3.4 %	6.9 %	20.0 %	44.7 %	23.3 %	0.8 %	– %	100.0 %
United States	5.3	4.5	4.6	6.0	20.8	56.3	2.3	0.2	100.0
Total	1.6 %	3.5 %	6.5 %	17.8 %	41.2 %	28.4 %	1.0 %	– %	100.0 %

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

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

	October 31, 2021			October 31, 2020		
	Residential mortgages	**Home equity lines of credit[4,5]**	**Total**	Residential mortgages	Home equity lines of credit[4,5]	Total
Canada						
Atlantic provinces	**73 %**	**71 %**	**72 %**	74 %	71 %	73 %
British Columbia[6]	**68**	**65**	**67**	68	63	66
Ontario[6]	**68**	**66**	**67**	68	66	67
Prairies[6]	**74**	**71**	**73**	74	71	72
Québec	**73**	**72**	**72**	73	72	73
Total Canada	**69**	**67**	**68**	69	66	68
United States	**72**	**63**	**70**	71	62	69
Total	**69 %**	**66 %**	**68 %**	69 %	66 %	68 %

For the 12 months ended

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 FVTPL for which no allowance is recorded.
3 Based on house price at origination.
4 HELOC loan-to-value includes first position collateral mortgage if applicable.
5 HELOC fixed rate advantage option is included in loan-to-value calculation.
6 The territories are included as follows: Yukon is included in British Columbia; Nunavut is included in Ontario; and the Northwest Territories is included in the Prairies region.

IMPAIRED LOANS

A loan is considered impaired and migrates to Stage 3 when it is 90 days or more past due for retail exposures, rated BRR 9 for non-retail exposures, or when there is objective evidence that there has been a deterioration of credit quality to the extent that the Bank no longer has reasonable assurance as to the timely collection of the full amount of principal and interest. Gross impaired loans excluding ACI loans decreased $746 million, or 24%, compared with the prior year.

In Canada, impaired loans net of Stage 3 allowances decreased by $318 million, or 38% in 2021. Residential mortgages, consumer instalment and other personal loans, and credit cards, had net impaired loans of $352 million, a decrease of $209 million, or 37%, impacted by improved credit conditions, and largely reflected in the residential mortgage and home equity line of credit portfolios. Business and government impaired loans net of Stage 3 allowances were $161 million, a decrease of $109 million, or 40%, compared with the prior year, largely reflecting resolutions outpacing new formations.

In the U.S., net impaired loans decreased by $223 million, or 15% in 2021. Residential mortgages, consumer instalment and other personal loans, and credit cards, had net impaired loans of $921 million, a decrease of $179 million, or 16%, compared with the prior year largely reflecting improvement in credit conditions and the impact of foreign exchange. Business and government net impaired loans were $348 million, a decrease of $44 million, or 11%, compared with the prior year reflecting resolutions outpacing new formations, and the impact of foreign exchange.

Geographically, 29% of total net impaired loans were located in Canada and 71% in the U.S. The largest regional concentration of net impaired loans in Canada was in Ontario, representing 14% of total net impaired loans, compared with 18% in the prior year. The largest regional concentration of net impaired loans in the U.S. was in New York, representing 18% of total net impaired loans, compared with 14% in the prior year.

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

(millions of Canadian dollars)	**2021**	2020	2019
Personal, Business and Government Loans			
Impaired loans as at beginning of period	**$ 3,157**	$ 3,032	$ 3,154
Classified as impaired during the period	**3,839**	6,305	6,037
Transferred to performing during the period	**(938)**	(1,138)	(1,272)
Net repayments	**(1,322)**	(1,553)	(1,492)
Disposals of loans	**(18)**	(67)	(292)
Amounts written off	**(2,173)**	(3,436)	(3,175)
Exchange and other movements	**(134)**	14	72
Impaired loans as at end of year	**$ 2,411**	$ 3,157	$ 3,032

1 Includes customers' liability under acceptances.
2 Excludes ACI loans.
3 Includes loans that are measured at FVOCI.

TABLE 31: IMPAIRED LOANS NET OF STAGE 3 ALLOWANCE FOR LOAN LOSSES BY INDUSTRY SECTOR[1,2,3,4]

(millions of Canadian dollars, except as noted)

	Oct. 31 2021 Gross impaired loans	Oct. 31 2021 Stage 3 allowances for loan losses impaired	Oct. 31 2021 Net impaired loans	Oct. 31 2020 Net impaired loans	Oct. 31 2019 Net impaired loans	Oct. 31 2018 Net impaired loans	Oct. 31 2017 Net impaired loans	Percentage of total Oct. 31 2021	Oct. 31 2020	Oct. 31 2019	Oct. 31 2018	Oct. 31 2017
Canada												
Residential mortgages	**$ 233**	**$ 33**	**$ 200**	$ 333	$ 253	$ 246	$ 279	**11.2 %**	14.3 %	11.0 %	10.0 %	11.6 %
Consumer instalment and other personal												
HELOC	**121**	**20**	**101**	177	134	118	102	**5.7**	7.6	5.8	4.8	4.3
Indirect Auto	**51**	**39**	**12**	21	29	23	11	**0.7**	0.9	1.3	0.9	0.5
Other	**39**	**28**	**11**	–	9	12	19	**0.6**	–	0.4	0.5	0.8
Credit card[5]	**77**	**49**	**28**	30	66	55	51	**1.6**	1.3	2.9	2.2	2.1
Total personal	**521**	**169**	**352**	561	491	454	462	**19.8**	24.1	21.4	18.4	19.3
Real estate												
Residential	**2**	**1**	**1**	7	2	3	3	**0.1**	0.3	0.1	0.1	0.1
Non-residential	**3**	**1**	**2**	6	2	2	3	**0.1**	0.3	0.1	0.1	0.1
Total real estate	**5**	**2**	**3**	13	4	5	6	**0.2**	0.6	0.2	0.2	0.2
Agriculture	**10**	**2**	**8**	16	13	4	5	**0.4**	0.7	0.6	0.2	0.2
Automotive	**18**	**12**	**6**	16	25	9	2	**0.3**	0.7	1.1	0.4	0.1
Financial	**–**	**–**	**–**	–	1	2	–	**–**	–	–	0.1	–
Food, beverage, and tobacco	**5**	**1**	**4**	5	2	1	1	**0.2**	0.2	0.1	–	–
Forestry	**1**	**–**	**1**	–	–	1	–	**0.1**	–	–	–	–
Government, public sector entities, and education	**19**	**19**	**–**	–	–	–	–	**–**	–	–	–	–
Health and social services	**33**	**11**	**22**	21	4	4	11	**1.2**	0.9	0.2	0.2	0.5
Industrial construction and trade contractors	**101**	**74**	**27**	71	142	136	2	**1.5**	3.0	6.2	5.5	0.1
Metals and mining	**6**	**3**	**3**	4	6	7	15	**0.2**	0.2	0.2	0.3	0.7
Pipelines, oil, and gas	**39**	**22**	**17**	25	19	9	22	**1.0**	1.1	0.8	0.4	0.9
Power and utilities	**–**	**–**	**–**	–	–	–	–	**–**	–	–	–	–
Professional and other services	**25**	**15**	**10**	7	13	5	6	**0.5**	0.3	0.6	0.2	0.2
Retail sector	**118**	**66**	**52**	54	11	5	8	**2.9**	2.3	0.5	0.2	0.3
Sundry manufacturing and wholesale	**8**	**5**	**3**	10	–	6	7	**0.2**	0.4	–	0.2	0.3
Telecommunications, cable, and media	**5**	**2**	**3**	19	6	1	–	**0.2**	0.8	0.2	–	–
Transportation	**13**	**11**	**2**	4	4	2	5	**0.1**	0.2	0.2	0.1	0.2
Other	**7**	**7**	**–**	5	3	1	2	**–**	0.2	0.1	–	0.1
Total business and government	**413**	**252**	**161**	270	253	198	92	**9.0**	11.6	11.0	8.0	3.8
Total Canada	**934**	**421**	**513**	831	744	652	554	**28.8**	35.7	32.4	26.4	23.1
United States												
Residential mortgages	**397**	**18**	**379**	425	418	416	429	**21.3**	18.3	18.2	16.9	17.9
Consumer instalment and other personal												
HELOC	**336**	**26**	**310**	386	455	796	795	**17.4**	16.6	19.8	32.3	33.1
Indirect Auto	**194**	**23**	**171**	210	232	198	234	**9.6**	9.0	10.1	8.0	9.8
Other	**5**	**3**	**2**	8	5	6	4	**0.1**	0.3	0.2	0.2	0.2
Credit card[5]	**148**	**89**	**59**	71	90	58	38	**3.3**	3.1	3.9	2.4	1.6
Total personal	**1,080**	**159**	**921**	1,100	1,200	1,474	1,500	**51.7**	47.3	52.2	59.8	62.6
Real estate												
Residential	**50**	**4**	**46**	45	20	24	27	**2.5**	1.9	0.9	1.0	1.1
Non-residential	**100**	**9**	**91**	87	66	97	73	**5.1**	3.8	2.9	3.9	3.1
Total real estate	**150**	**13**	**137**	132	86	121	100	**7.6**	5.7	3.8	4.9	4.2
Agriculture	**1**	**–**	**1**	1	1	2	2	**0.1**	–	–	0.1	0.1
Automotive	**4**	**–**	**4**	4	5	8	12	**0.2**	0.2	0.2	0.3	0.5
Financial	**7**	**–**	**7**	14	15	28	39	**0.4**	0.6	0.7	1.1	1.6
Food, beverage, and tobacco	**11**	**3**	**8**	8	8	10	9	**0.4**	0.4	0.3	0.4	0.4
Forestry	**–**	**–**	**–**	–	–	1	1	**–**	–	–	–	–
Government, public sector entities, and education	**6**	**1**	**5**	7	9	7	9	**0.3**	0.3	0.4	0.3	0.4
Health and social services	**21**	**1**	**20**	20	32	11	11	**1.1**	0.9	1.4	0.5	0.5
Industrial construction and trade contractors	**18**	**4**	**14**	13	24	19	20	**0.8**	0.6	1.0	0.8	0.8
Metals and mining	**15**	**1**	**14**	19	4	3	4	**0.8**	0.8	0.2	0.1	0.2
Pipelines, oil, and gas	**8**	**7**	**1**	1	–	11	17	**0.1**	–	–	0.5	0.7
Power and utilities	**7**	**–**	**7**	13	1	1	1	**0.4**	0.6	–	–	–
Professional and other services	**59**	**6**	**53**	52	68	44	46	**3.0**	2.2	2.9	1.8	1.9
Retail sector	**37**	**8**	**29**	38	38	37	37	**1.6**	1.6	1.7	1.5	1.6
Sundry manufacturing and wholesale	**14**	**2**	**12**	13	13	15	26	**0.7**	0.6	0.6	0.6	1.1
Telecommunications, cable, and media	**6**	**–**	**6**	6	4	3	1	**0.3**	0.3	0.2	0.1	–
Transportation	**27**	**2**	**25**	30	26	15	6	**1.4**	1.3	1.1	0.6	0.2
Other	**6**	**1**	**5**	21	20	6	3	**0.3**	0.9	0.9	0.2	0.1
Total business and government	**397**	**49**	**348**	392	354	342	344	**19.5**	17.0	15.4	13.8	14.3
Total United States	**1,477**	**208**	**1,269**	1,492	1,554	1,816	1,844	**71.2**	64.3	67.6	73.6	76.9
International	**–**	**–**	**–**	–	–	–	–	**–**	–	–	–	–
Total	**$ 2,411**	**$ 629**	**$ 1,782**	$ 2,323	$ 2,298	$ 2,468	$ 2,398	**100.0 %**	100.0 %	100.0 %	100.0 %	100.0 %
Net impaired loans as a % of common equity			**1.89 %**	2.59 %	2.81 %	3.33 %	3.45 %					

1 Includes customers' liability under acceptances.
2 Primarily based on the geographic location of the customer's address.
3 Includes loans that are measured at FVOCI.
4 Excludes ACI loans, debt securities classified as loans under IAS 39, *Financial Instruments: Recognition and Measurement* (IAS 39) and DSAC and debt securities at FVOCI under IFRS 9.
5 Credit cards are considered impaired when they are 90 days past due and written off at 180 days past due.

TABLE 32: IMPAIRED LOANS NET OF STAGE 3 ALLOWANCE FOR LOAN LOSSES BY GEOGRAPHY[1,2,3,4,5]

(millions of Canadian dollars, except as noted)					As at			Percentage of total
			October 31 2021	October 31 2020	October 31 2019	**October 31 2021**	October 31 2020	October 31 2019
	Gross impaired loans	**Stage 3 allowances for loan losses impaired**	**Net impaired loans**	Net impaired loans	Net impaired loans			
Canada								
Atlantic provinces	**$ 25**	**$ 7**	**$ 18**	$ 23	$ 24	**1.0 %**	1.0 %	1.1 %
British Columbia[6]	**87**	**26**	**61**	95	71	**3.4**	4.0	3.1
Ontario[6]	**556**	**312**	**244**	415	382	**13.7**	17.9	16.6
Prairies[6]	**223**	**58**	**165**	238	211	**9.3**	10.2	9.2
Québec	**43**	**18**	**25**	60	56	**1.4**	2.6	2.4
Total Canada	**934**	**421**	**513**	831	744	**28.8**	35.7	32.4
United States								
Carolinas (North and South)	**77**	**13**	**64**	99	104	**3.6**	4.3	4.5
Florida	**155**	**19**	**136**	154	141	**7.6**	6.6	6.1
New England[7]	**259**	**24**	**235**	299	367	**13.2**	12.9	16.0
New Jersey	**177**	**20**	**157**	192	219	**8.8**	8.3	9.5
New York	**352**	**33**	**319**	324	324	**17.9**	13.9	14.1
Pennsylvania	**93**	**11**	**82**	99	84	**4.6**	4.3	3.7
Other	**364**	**88**	**276**	325	315	**15.5**	14.0	13.7
Total United States	**1,477**	**208**	**1,269**	1,492	1,554	**71.2**	64.3	67.6
Total	**$ 2,411**	**$ 629**	**$ 1,782**	$ 2,323	$ 2,298	**100.0 %**	100.0 %	100.0 %
Net impaired loans as a % of net loans			**0.24 %**	0.32 %	0.33 %			

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

ALLOWANCE FOR CREDIT LOSSES

The allowance for credit losses including off-balance sheet positions of $7,255 million as at October 31, 2021, was comprised of Stage 3 allowance for impaired loans of $638 million, Stage 2 allowance of $3,959 million, and Stage 1 allowance of $2,649 million, and allowance for debt securities of $9 million. The Stage 1 and 2 allowances are for performing loans and off-balance sheet instruments.

Stage 3 allowances (impaired)

The Stage 3 allowance for loan losses decreased $240 million, or 27%, compared with last year, reflecting resolutions of impaired loans in the Wholesale Banking portfolio, improved credit conditions, and the impact of foreign exchange.

Stage 1 and Stage 2 allowances (performing)

As at October 31, 2021, the performing allowance was $6,608 million, down from $8,499 million as at October 31, 2020. The decrease was largely related to releases this year reflecting improvement in credit conditions, including a more favourable economic outlook, and the impact of foreign exchange. The allowance decrease for consumer lending was reflected across all products and included $437 million attributable to the partners' share of the U.S. strategic cards portfolios. The Business and Government allowance decrease was broadly reflected across various industries. The allowance for debt securities increased by $2 million compared with last year.

Forward-looking information, including macroeconomic variables deemed to be predictive of ECLs based on the Bank's experience, is used to determine ECL scenarios and associated probability weights to determine the probability-weighted ECLs. Each quarter, all base forecast macroeconomic variables are refreshed, resulting in new upside and downside macroeconomic scenarios. The probability weightings assigned to each ECL scenario are also reviewed each quarter and updated as required, as part of the Bank's ECL governance process. As a result of periodic reviews and quarterly updates, the allowance for credit losses may be revised to reflect updates in loss estimates based on the Bank's recent loss experience and its forward-looking views, including the impact of COVID-19. The Bank periodically reviews the methodology and has performed certain additional qualitative portfolio and loan level assessments of significant increase in credit risk. Refer to Note 3 of the Bank's 2021 Consolidated Financial Statements for further details on forward-looking information.

The probability-weighted allowance for credit losses reflects the Bank's forward-looking views, including its estimate of the potential impact of COVID-19. The Bank continues to monitor the effects of COVID-19. To the extent that certain anticipated effects of COVID-19 cannot be fully incorporated into quantitative models, management continues to exercise expert credit judgment in determining the amount of ECLs by considering reasonable and supportable information. There remains considerable uncertainty regarding the impact of the COVID-19 pandemic, and as the situation unfolds, the allowance for credit losses will be refined in future quarters. Refer to Note 3 of the Bank's 2021 Consolidated Financial Statements for additional detail.

PROVISION FOR CREDIT LOSSES

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

In Canada, PCL – impaired related to residential mortgages, consumer instalment and other personal loans, and credit card loans was $553 million, a decrease of $468 million, or 46%, compared to 2020 largely related to improved credit conditions. PCL – impaired related to business and government loans was $102 million, a decrease of $178 million or 64%, compared with last year, largely related to improved credit conditions.

In the U.S., PCL – impaired related to residential mortgages, consumer instalment and other personal loans, and credit card loans was $589 million, a decrease of $712 million, or 55%, compared to 2020, largely related to improved credit conditions. PCL – impaired related to business and government loans was $73 million, a decrease of $298 million or 80%, compared with last year, largely related to improved credit conditions.

Geographically, the largest regional concentration of PCL – impaired in Canada was in Ontario. The largest regional concentration of PCL – impaired in the U.S. was in New York and New England.

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

TABLE 33: PROVISION FOR CREDIT LOSSES

(millions of Canadian dollars)	**2021**	2020	2019
Provision for credit losses – Stage 3 (impaired)			
Canadian Retail	**$ 652**	$ 1,256	$ 1,126
U.S. Retail	**438**	997	936
Wholesale Banking	**8**	279	20
Corporate[1]	**211**	431	548
Total provision for credit losses – Stage 3	**1,309**	2,963	2,630
Provision for credit losses – Stage 1 and Stage 2 (performing)[2]			
Canadian Retail	**(394)**	1,490	180
U.S. Retail	**(688)**	1,928	146
Wholesale Banking	**(126)**	229	24
Corporate[1]	**(325)**	632	49
Total provision for credit losses – Stage 1 and 2	**(1,533)**	4,279	399
Provision for credit losses	**$ (224)**	$ 7,242	$ 3,029

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

TABLE 34: PROVISION FOR CREDIT LOSSES BY INDUSTRY SECTOR[1,2]

(millions of Canadian dollars, except as noted)	*For the years ended*			*Percentage of total*		
	October 31 2021	October 31 2020	October 31 2019	**October 31 2021**	October 31 2020	October 31 2019
Stage 3 provision for credit losses (impaired)						
Canada						
Residential mortgages	**$ –**	$ 27	$ 26	**– %**	0.9 %	1.0 %
Consumer instalment and other personal						
HELOC	**3**	17	11	**0.2**	0.6	0.4
Indirect auto	**151**	221	238	**11.5**	7.5	9.1
Other	**126**	226	227	**9.6**	7.6	8.6
Credit card	**273**	530	489	**20.9**	17.9	18.6
Total personal	**553**	1,021	991	**42.2**	34.5	37.7
Real estate						
Residential	**1**	(4)	1	**0.1**	(0.1)	–
Non-residential	**–**	1	1	**–**	–	–
Total real estate	**1**	(3)	2	**0.1**	(0.1)	–
Agriculture	**(1)**	5	2	**(0.1)**	0.2	–
Automotive	**4**	5	8	**0.3**	0.2	0.3
Financial	**–**	–	–	**–**	–	–
Food, beverage, and tobacco	**2**	–	3	**0.2**	–	0.1
Forestry	**–**	–	–	**–**	–	–
Government, public sector entities, and education	**24**	–	–	**1.8**	–	–
Health and social services	**7**	4	7	**0.5**	0.1	0.3
Industrial construction and trade contractors	**24**	52	48	**1.8**	1.7	1.9
Metals and mining	**1**	4	9	**0.1**	0.1	0.3
Pipelines, oil, and gas	**8**	17	8	**0.6**	0.6	0.3
Power and utilities	**–**	–	–	**–**	–	–
Professional and other services	**13**	20	15	**1.0**	0.7	0.6
Retail sector	**9**	99	15	**0.7**	3.3	0.6
Sundry manufacturing and wholesale	**–**	7	5	**–**	0.2	0.2
Telecommunications, cable, and media	**–**	42	7	**–**	1.4	0.3
Transportation	**7**	15	8	**0.5**	0.6	0.3
Other	**3**	13	11	**0.3**	0.4	0.4
Total business and government	**102**	280	148	**7.8**	9.4	5.6
Total Canada	**655**	1,301	1,139	**50.0**	43.9	43.3
United States						
Residential mortgages	**(4)**	9	10	**(0.3)**	0.3	0.4
Consumer instalment and other personal						
HELOC	**(19)**	11	(12)	**(1.5)**	0.4	(0.4)
Indirect auto	**92**	349	318	**7.0**	11.7	12.1
Other	**140**	171	180	**10.7**	5.8	6.8
Credit card	**380**	761	894	**29.1**	25.7	34.0
Total personal	**589**	1,301	1,390	**45.0**	43.9	52.9
Real estate						
Residential	**3**	3	3	**0.2**	0.1	0.1
Non-residential	**(4)**	16	4	**(0.3)**	0.5	0.2
Total real estate	**(1)**	19	7	**(0.1)**	0.6	0.3
Agriculture	**–**	–	–	**–**	–	–
Automotive	**–**	–	1	**–**	–	–
Financial	**5**	1	2	**0.4**	–	–
Food, beverage, and tobacco	**3**	2	–	**0.2**	0.2	–
Government, public sector entities, and education	**(1)**	–	1	**(0.1)**	–	–
Health and social services	**3**	24	7	**0.2**	0.8	0.3
Industrial construction and trade contractors	**4**	(4)	15	**0.3**	(0.1)	0.6
Metals and mining	**(1)**	5	(1)	**(0.1)**	0.3	–
Pipelines, oil, and gas	**8**	231	–	**0.6**	7.8	–
Power and utilities	**3**	7	18	**0.2**	0.2	0.7
Professional and other services	**2**	25	27	**0.2**	0.8	1.1
Retail sector	**8**	10	8	**0.6**	0.3	0.3
Sundry manufacturing and wholesale	**2**	6	2	**0.2**	0.2	–
Telecommunications, cable, and media	**1**	7	2	**0.1**	0.2	–
Transportation	**10**	7	16	**0.8**	0.2	0.6
Other	**27**	31	15	**2.1**	1.0	0.6
Total business and government	**73**	371	120	**5.6**	12.5	4.5
Total United States	**662**	1,672	1,510	**50.6**	56.4	57.4
International	**–**	2	–	**–**	0.1	–
Total excluding other loans	**1,317**	2,975	2,649	**100.6**	100.4	100.7
Other loans						
Debt securities at amortized cost and FVOCI	**–**	–	–	**–**	–	–
Acquired credit-impaired loans[3]	**(8)**	(12)	(19)	**(0.6)**	(0.4)	(0.7)
Total other loans	**(8)**	(12)	(19)	**(0.6)**	(0.4)	(0.7)
Total Stage 3 provision for credit losses (impaired)	**$ 1,309**	$ 2,963	$ 2,630	**100.0 %**	100.0 %	100.0 %
Stage 1 and 2 provision for credit losses						
Personal, business, and government	**$ (1,534)**	$ 4,276	$ 400			
Debt securities at amortized cost and FVOCI	1	3	(1)			
Total Stage 1 and 2 provision for credit losses	**(1,533)**	4,279	399			
Total provision for credit losses	**$ (224)**	$ 7,242	$ 3,029			

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

TABLE 35: PROVISION FOR CREDIT LOSSES BY GEOGRAPHY[1,2,3]

(millions of Canadian dollars, except as noted)	For the years ended			Percentage of total		
	October 31 2021	October 31 2020	October 31 2019	**October 31 2021**	October 31 2020	October 31 2019
Canada						
Atlantic provinces	**$ 40**	$ 67	$ 80	**(17.9)%**	0.9 %	2.6 %
British Columbia[4]	**73**	138	120	**(32.6)**	1.9	4.0
Ontario[4]	**315**	678	490	**(140.6)**	9.4	16.2
Prairies[4]	**163**	276	302	**(72.8)**	3.8	10.0
Québec	**64**	142	147	**(28.5)**	2.0	4.8
Total Canada	**655**	1,301	1,139	**(292.4)**	18.0	37.6
United States						
Carolinas (North and South)	**35**	68	63	**(15.6)**	0.9	2.1
Florida	**59**	117	112	**(26.3)**	1.6	3.7
New England[5]	**65**	191	161	**(29.0)**	2.6	5.3
New Jersey	**52**	107	128	**(23.2)**	1.5	4.2
New York	**101**	180	174	**(45.1)**	2.5	5.7
Pennsylvania	**30**	52	61	**(13.4)**	0.7	2.0
Other[6]	**320**	957	811	**(142.9)**	13.2	26.8
Total United States	**662**	1,672	1,510	**(295.5)**	23.0	49.8
International	**–**	2	–	**–**	–	–
Total excluding other loans	**1,317**	2,975	2,649	**(587.9)**	41.0	87.4
Other loans[7]	**(8)**	(12)	(19)	**3.5**	(0.1)	(0.6)
Total Stage 3 provision for credit losses (impaired)	**1,309**	2,963	2,630	**(584.4)**	40.9	86.8
Stage 1 and 2 provision for credit losses	**(1,533)**	4,279	399	**684.4**	59.1	13.2
Total provision for credit losses	**$ (224)**	$ 7,242	$ 3,029	**100.0 %**	100.0 %	100.0 %

Provision for credit losses as a % of average net loans and acceptances[6]	**October 31 2021**	October 31 2020	October 31 2019
Canada			
Residential mortgages	**– %**	0.01 %	0.01 %
Credit card, consumer instalment and other personal	**0.35**	0.66	0.65
Business and government	**0.08**	0.22	0.13
Total Canada	**0.03**	0.27	0.25
United States			
Residential mortgages	**(0.01)**	0.03	0.03
Credit card, consumer instalment and other personal	**1.08**	2.10	2.28
Business and government	**0.06**	0.26	0.10
Total United States	**(0.17)**	0.70	0.69
International	**0.03**	0.10	–
Total excluding other loans	**0.18**	0.41	0.39
Other loans	**(61.54)**	(7.10)	(5.29)
Total Stage 3 provision for credit losses (impaired)	**0.18**	0.41	0.39
Stage 1 and 2 provision for credit losses	**(0.21)**	0.59	0.06
Total provision for credit losses as a % of average net loans and acceptances	**(0.03)%**	0.99 %	0.44 %

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

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

(millions of Canadian dollars) *As at*

	Loans and commitments[2]				Derivatives, repos, and securities lending[3]				Trading and investment portfolio[4,5]				Total
	Corporate	Sovereign	Financial	Total	Corporate	Sovereign	Financial	Total	Corporate	Sovereign	Financial	Total	Exposure[6]
Country													**October 31, 2021**
GIIPS													
Greece	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**
Italy	**–**	**–**	**9**	**9**	**–**	**–**	**20**	**20**	**15**	**4**	**48**	**67**	**96**
Ireland	**–**	**–**	**539**	**539**	**11**	**10**	**353**	**374**	**–**	**–**	**37**	**37**	**950**
Portugal	**–**	**–**	**–**	**–**	**–**	**118**	**61**	**179**	**3**	**–**	**–**	**3**	**182**
Spain	**–**	**–**	**100**	**100**	**–**	**12**	**124**	**136**	**21**	**1**	**57**	**79**	**315**
Total GIIPS	**–**	**–**	**648**	**648**	**11**	**140**	**558**	**709**	**39**	**5**	**142**	**186**	**1,543**
Rest of Europe													
Austria	**–**	**–**	**17**	**17**	**7**	**90**	**31**	**128**	**–**	**1,418**	**11**	**1,429**	**1,574**
Belgium	**433**	**–**	**210**	**643**	**727**	**17**	**134**	**878**	**2**	**298**	**31**	**331**	**1,852**
Finland	**–**	**199**	**9**	**208**	**–**	**109**	**119**	**228**	**–**	**980**	**64**	**1,044**	**1,480**
France	**548**	**904**	**979**	**2,431**	**46**	**364**	**1,627**	**2,037**	**234**	**5,064**	**220**	**5,518**	**9,986**
Germany	**2,411**	**429**	**353**	**3,193**	**866**	**759**	**1,513**	**3,138**	**302**	**9,628**	**98**	**10,028**	**16,359**
Netherlands	**607**	**234**	**411**	**1,252**	**287**	**272**	**338**	**897**	**141**	**2,550**	**79**	**2,770**	**4,919**
Norway	**–**	**305**	**28**	**333**	**–**	**167**	**24**	**191**	**3**	**1,161**	**628**	**1,792**	**2,316**
Sweden	**–**	**–**	**56**	**56**	**–**	**73**	**94**	**167**	**10**	**1,833**	**662**	**2,505**	**2,728**
Switzerland	**1,014**	**74**	**311**	**1,399**	**578**	**32**	**1,302**	**1,912**	**72**	**–**	**87**	**159**	**3,470**
United Kingdom	**6,998**	**13,841**	**1,151**	**21,990**	**1,790**	**1,304**	**11,022**	**14,116**	**1,487**	**382**	**539**	**2,408**	**38,514**
Other[7]	**–**	**162**	**119**	**281**	**–**	**224**	**372**	**596**	**6**	**460**	**11**	**477**	**1,354**
Total Rest of Europe	**12,011**	**16,148**	**3,644**	**31,803**	**4,301**	**3,411**	**16,576**	**24,288**	**2,257**	**23,774**	**2,430**	**28,461**	**84,552**
Total Europe	**$ 12,011**	**$ 16,148**	**$ 4,292**	**$ 32,451**	**$ 4,312**	**$ 3,551**	**$ 17,134**	**$ 24,997**	**$ 2,296**	**$ 23,779**	**$ 2,572**	**$ 28,647**	**$ 86,095**
Country													October 31, 2020
GIIPS													
Greece	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Italy	–	–	10	10	–	–	3	3	17	–	17	34	47
Ireland	–	–	320	320	11	–	331	342	–	–	21	21	683
Portugal	–	–	–	–	–	86	24	110	13	–	–	13	123
Spain	–	–	89	89	–	–	86	86	4	715	38	757	932
Total GIIPS	–	–	419	419	11	86	444	541	34	715	76	825	1,785
Rest of Europe													
Austria	–	–	18	18	3	122	33	158	5	1,266	9	1,280	1,456
Belgium	266	–	189	455	824	30	175	1,029	40	320	–	360	1,844
Finland	–	252	9	261	–	52	63	115	–	1,054	16	1,070	1,446
France	591	1,024	962	2,577	55	1,075	1,253	2,383	109	4,789	466	5,364	10,324
Germany	1,481	494	374	2,349	895	697	725	2,317	249	9,691	30	9,970	14,636
Netherlands	609	275	536	1,420	383	179	1,086	1,648	29	2,635	220	2,884	5,952
Norway	–	365	29	394	–	439	42	481	5	708	439	1,152	2,027
Sweden	–	–	67	67	–	109	174	283	4	1,784	781	2,569	2,919
Switzerland	1,163	151	331	1,645	327	19	856	1,202	16	–	162	178	3,025
United Kingdom	5,333	9,797	760	15,890	1,592	847	8,424	10,863	93	479	526	1,098	27,851
Other[7]	–	273	109	382	9	203	699	911	–	430	40	470	1,763
Total Rest of Europe	9,443	12,631	3,384	25,458	4,088	3,772	13,530	21,390	550	23,156	2,689	26,395	73,243
Total Europe	$ 9,443	$ 12,631	$ 3,803	$ 25,877	$ 4,099	$ 3,858	$ 13,974	$ 21,931	$ 584	$ 23,871	$ 2,765	$ 27,220	$ 75,028

1 Certain comparative amounts have been reclassified to conform with the presentation adopted in the current period.
2 Exposures include interest-bearing deposits with banks and are presented net of impairment charges where applicable. There were no impairment charges for European exposures as at October 31, 2021, or October 31, 2020.
3 Exposures are calculated on a fair value basis and are net of collateral. Total market value of pledged collateral is $1.9 billion (October 31, 2020 – $1.5 billion) for GIIPS and $78.0 billion for the rest of Europe (October 31, 2020 – $82.3 billion). Derivatives are presented as net exposures where there is an International Swaps and Derivatives Association (ISDA) master netting agreement.
4 Trading and investment portfolio includes deposits and trading exposures are net of eligible short positions.
5 The fair values of the GIIPS exposures in Level 3 in the trading and investment portfolio were nil as at October 31, 2021 and October 31, 2020.
6 The Bank had nil related notional protection purchased through CDS (October 31, 2020 – nil).
7 Other European exposure is distributed across 12 countries (October 31, 2020 – 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, 2021.

Of the Bank's European exposure, approximately 98% (October 31, 2020 – 97%) is to counterparties in countries rated either Aa3 or better by Moody's Investor Services (Moody's) or AA or better by Standard & Poor's (S&P), with the majority of this exposure to the sovereigns themselves or to well rated, systemically important banks in these countries. Derivatives and securities repurchase transactions are completed on a collateralized basis. The vast majority of derivatives exposure is offset by cash collateral while the repurchase transactions are backed largely by government securities rated AA or better, and cash. The Bank also takes a limited amount of exposure to well rated corporate issuers in Europe where the Bank also does business with their related entities in North America.

In addition to the European exposure identified above, the Bank also has $13.6 billion (October 31, 2020 – $14.8 billion) of exposure to supranational entities with European sponsorship and $3.5 billion (October 31, 2020 – $6.2 billion) of indirect exposure to European collateral from non-European counterparties related to repurchase and securities lending transactions that are margined daily.

Capital Position

TABLE 37: CAPITAL STRUCTURE AND RATIOS – Basel III

(millions of Canadian dollars, except as noted)	2021	2020
Common Equity Tier 1 Capital		
Common shares plus related contributed surplus	**$ 23,086**	$ 22,570
Retained earnings	**63,944**	53,845
Accumulated other comprehensive income	**7,097**	13,437
Common Equity Tier 1 Capital before regulatory adjustments	**94,127**	89,852
Common Equity Tier 1 Capital regulatory adjustments		
Goodwill (net of related tax liability)	**(16,099)**	(17,019)
Intangibles (net of related tax liability)	**(2,006)**	(2,030)
Deferred tax assets excluding those arising from temporary differences	**(100)**	(177)
Cash flow hedge reserve	**(1,691)**	(3,720)
Shortfall of provisions to expected losses	**–**	–
Gains and losses due to changes in own credit risk on fair valued liabilities	**(124)**	(57)
Defined benefit pension fund net assets (net of related tax liability)	**(470)**	(9)
Investment in own shares	**(36)**	(36)
Non-significant investments in the capital of banking, financial, and insurance entities, net of eligible short positions (amount above 10% threshold)	**(4,486)**	(6,321)
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)	**–**	–
Other deductions or regulatory adjustments to CET1 as determined by OSFI[1]	**822**	2,133
Total regulatory adjustments to Common Equity Tier 1 Capital	**(24,190)**	(27,236)
Common Equity Tier 1 Capital	**69,937**	62,616
Additional Tier 1 Capital instruments		
Directly issued qualifying Additional Tier 1 instruments plus stock surplus	**5,691**	5,647
Directly issued capital instruments subject to phase out from Additional Tier 1	**450**	1,190
Additional Tier 1 instruments issued by subsidiaries and held by third parties	**–**	–
Additional Tier 1 Capital instruments before regulatory adjustments	**6,141**	6,837
Additional Tier 1 Capital instruments regulatory adjustments		
Non-significant investments in the capital of banking, financial, and insurance entities, net of eligible short positions (amount above 10% threshold)	**(12)**	(12)
Significant investments in the capital of banking, financial, and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	**(350)**	(350)
Total regulatory adjustments to Additional Tier 1 Capital	**(362)**	(362)
Additional Tier 1 Capital	**5,779**	6,475
Tier 1 Capital	**75,716**	69,091
Tier 2 Capital instruments and provisions		
Directly issued qualifying Tier 2 instruments plus related stock surplus	**11,030**	11,277
Directly issued capital instruments subject to phase out from Tier 2	**120**	160
Collective allowances	**1,665**	509
Tier 2 Capital before regulatory adjustments	**12,815**	11,946
Tier 2 regulatory adjustments		
Investment in own Tier 2 instruments	**(8)**	–
Non-significant investments in the capital of banking, financial, and insurance entities, net of eligible short positions (amount above 10% threshold)[2]	**(308)**	(856)
Non-significant investments in the other TLAC-eligible instruments issued by G-SIBs and Canadian D-SIBs, where the institution does not own more than 10% of the issued common share capital of the entity: amount previously designated for the 5% threshold but that no longer meets the conditions	**(68)**	–
Significant investments in the capital of banking, financial, and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	**(160)**	(160)
Total regulatory adjustments to Tier 2 Capital	**(544)**	(1,016)
Tier 2 Capital	**12,271**	10,930
Total Capital	**$ 87,987**	$ 80,021
Risk-weighted assets	**$ 460,270**	$ 478,909
Capital Ratios and Multiples[3]		
Common Equity Tier 1 Capital (as percentage of risk-weighted assets)	**15.2 %**	13.1 %
Tier 1 Capital (as percentage of risk-weighted assets)	**16.5**	14.4
Total Capital (as percentage of risk-weighted assets)	**19.1**	16.7
Leverage ratio[4]	**4.8**	4.5

1 Represents ECL transitional arrangements provided by OSFI. Refer to the “OSFI’s Capital Requirements under Basel III” within the “Capital Position” section of this document for additional details.
2 Includes other TLAC-eligible instruments issued by global systemically important banks (G-SIBs) and Canadian domestic systemically important banks (D-SIBs) that are outside the scope of regulatory consolidation, where the institution does not own more than 10% of the issued common share capital of the entity.
3 The CET1, Tier 1, Total Capital and Leverage ratios excluding the ECL transitional arrangements are 15.0%, 16.3%, 19.1%, and 4.7%, respectively.
4 The Leverage ratio is calculated as Tier 1 Capital divided by leverage exposure, as defined in the “Regulatory Capital” section of this document.

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, including stress test analysis, consistent with the Bank's risk profile and risk tolerance levels.
- To have the most economic weighted-average cost of capital achievable, while 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 loss 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 access 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, limited recourse capital noteholders, and holders of the Bank's subordinated debt.

CAPITAL MANAGEMENT

The Treasury and Balance Sheet Management (TBSM) group manages capital for the Bank and is responsible for forecasting and monitoring compliance with capital targets, on a consolidated basis, with oversight provided by Asset/Liability and Capital Committee (ALCO). 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, OSFI's expectation that financial institutions halt dividend increases and share buybacks as part of the response to COVID-19, management of the balance sheet, and periodic issuance of capital securities.

ECONOMIC CAPITAL

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

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

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

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

REGULATORY CAPITAL

Capital requirements of the Basel Committee on Banking Supervision (BCBS) are commonly referred to as Basel III. Under Basel III, Total Capital consists of three components, namely CET1, Additional Tier 1, and Tier 2 Capital. Risk sensitive regulatory capital ratios are calculated by dividing CET1, Tier 1, and Total Capital by risk-weighted assets (RWA), inclusive of any minimum requirements outlined under the regulatory floor. In 2015, Basel III introduced a non-risk sensitive leverage ratio to act as a supplementary measure to the risk-sensitive capital requirements. The leverage ratio is calculated by dividing Tier 1 Capital by leverage exposure which is primarily comprised of on-balance sheet assets with adjustments made to derivative and securities financing transaction exposures, and credit equivalent amounts of off-balance sheet exposures. TD continued to manage its regulatory capital in accordance with the Basel III Capital Framework as discussed in the "Capital Position" section of this document.

OSFI's Capital Requirements under Basel III

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

Effective January 1, 2013, all newly issued non-common Tier 1 and Tier 2 Capital instruments must include non-viability contingent capital (NVCC) provisions to qualify as regulatory capital. NVCC provisions require the conversion of non-common capital instruments into a variable number of common shares of the Bank upon the occurrence of a Trigger Event. A Trigger Event is defined as an event where 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 of Canada 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 sets the minimum CET1, Tier 1, and Total Capital ratios at 4.5%, 6%, and 8%, respectively. OSFI also expects Canadian banks to include a capital conservation buffer of 2.5%. Additionally, the six Canadian banks designated as D-SIBs, including TD, are subject to a 1% common equity surcharge.

The Canadian Banks are also required to hold a countercyclical capital buffer (CCB), which may range from 0% to 2.5%, and be met with CET1 capital. The CCB is calculated using the weighted-average of the buffers deployed in Canada and across BCBS member jurisdictions and selected non-member jurisdictions to which the Bank has private sector credit exposures. Due to COVID-19, several foreign jurisdictions have released, reduced or delayed planned increases in their CCBs. Canada's CCB remains unchanged at 0%. Based on the allocation of exposures and buffers currently in place, the Bank's countercyclical buffer requirement is 0% as at October 31, 2021.

On June 25, 2018, OSFI provided greater transparency related to a previously undisclosed Pillar 2 CET1 capital buffer through the introduction of the public Domestic Stability Buffer (DSB) held by D-SIBs against Pillar 2 risks associated with systemic vulnerabilities. The level of the buffer ranges between 0% and 2.5% of total RWA and must be met with CET1 Capital. At a minimum, OSFI will review the buffer semi-annually and any changes will be made public. On March 13, 2020, as part of its COVID-19 response, OSFI announced that the DSB, previously set to increase to 2.25% effective April 30, 2020, was being lowered to 1.00% effective immediately. On June 17, 2021, OSFI announced that the DSB would increase to 2.50% of total risk-weighted assets, effective October 31, 2021.

Effective in the second quarter of 2018, OSFI implemented a revised methodology for calculating the regulatory capital floor. The revised floor is based on the Basel II standardized approach with a factor applied. The floor factor was lowered to 70%, from 75%, effective April 9, 2020. The Bank is not currently constrained by the capital floor.

The table below summarizes OSFI's current regulatory minimum capital ratios for the Bank.

REGULATORY CAPITAL TARGET RATIOS

	Minimum	Capital Conservation Buffer	D-SIB / G-SIB[1] Surcharge	Pillar 1[2] Regulatory target	DSB[3]	Pillar 1 & 2 regulatory target
CET1	4.5 %	2.5 %	1.0 %	8.0 %	2.5 %	10.5 %
Tier 1	6.0	2.5	1.0	9.5	2.5	12.0
Total Capital	8.0	2.5	1.0	11.5	2.5	14.0

1 The higher of the D-SIB and G-SIB surcharge applies. The D-SIB surcharge is currently equivalent to the Bank's 1% G-SIB additional common equity requirement. The G-SIB surcharge may increase above 1% if the Bank's G-SIB score increases above certain thresholds to a maximum of 4.5%.
2 The Bank's countercyclical buffer requirement is 0% as of July 31, 2021.
3 The DSB increased to 2.5%, from 1.0%, of total RWA effective October 31, 2021.

The Bank's Leverage Ratio is calculated as per OSFI's Leverage Requirements guideline and has a regulatory minimum requirement of 3%.

On September 23, 2018, the Canadian Bail-in regime came into effect, including OSFI's Total Loss Absorbing Capacity (TLAC) guideline. Under this guideline, the Bank is required to meet supervisory risk-based TLAC and TLAC leverage ratio targets by November 1, 2021. As of September 2018, the targets were 23.0% of RWA for the risk-based TLAC ratio, inclusive of the 1.50% DSB effective at that time, and 6.75% for the TLAC leverage ratio. As a result of the June 17, 2021 OSFI announcement related to the increase in the DSB, the Bank will be required to meet a risk-based TLAC target ratio of 24.0% of RWA, inclusive of the 2.50% DSB, by November 1, 2021. Any further changes to the DSB will result in corresponding changes to the risk-based TLAC target ratio.

In July 2019, in consideration of the final Basel III revisions published by the BCBS in December 2017, OSFI published guidance related to the capital requirements for operational risk. Banks currently approved to use the Advanced Measurement Approach (AMA) will be required to use a revised Basel III standardized approach when the revised requirements are implemented in Canada. OSFI provided a transition period for fiscal 2020 through to 2022, during which time banks currently approved to use AMA are required to report operational risk capital using the current standardized approach.

On November 22, 2019, the Bank was designated as a Global Systemically Important Bank (G-SIB) by the Financial Stability Board (FSB). The public communications on G-SIB status is issued annually each November. The Bank continued to maintain its G-SIB status when the FSB published the 2021 list of G-SIBs on November 23, 2021. As a result of the designation, the Bank continues to be subject to an additional loss absorbency requirement (CET1 as a percentage of RWA) of 1%. In accordance with OSFI's CAR guideline, for Canadian banks designated as a G-SIB, the higher of the D-SIB and G-SIB surcharges will apply. As the D-SIB surcharge is currently equivalent to the 1% G-SIB requirement, the Bank's G-SIB designation has no additional impact on the Bank's minimum CET1 regulatory requirements. For further detail, please refer to the "Global Systemically Important Banks Designation and Disclosures" section of the Bank's 2021 Annual Report.

In fiscal 2020, OSFI introduced a number of measures to support D-SIBs' ability to supply credit to the economy during an expected period of disruption related to COVID-19 and market conditions. These measures, that were immediately effective, and subsequent guidance issued by OSFI, are summarized below.

- On March 13, 2020, as noted above, OSFI lowered the DSB to 1.00%, and set the expectation for all federally regulated financial institutions that dividend increases and share buybacks should be halted. On June 17, 2021, OSFI announced that the DSB would increase to 2.50% of total risk-weighted assets, effective October 31, 2021. On November 4, 2021, OSFI lifted the temporary expectation that financial institutions not increase regular dividends or undertake share repurchases, effective immediately.
- On March 27, 2020, OSFI announced the following additional measures:
  - Bank loans subject to payment deferrals, such as mortgage loans, small business loans, retail loans and mid market commercial loans continued to be treated as performing loans under the CAR Guideline. This temporary capital treatment remained in place for the duration of the payment deferral, up to a maximum of 6 months. On August 31, 2020 OSFI published guidance on the phase out of the capital treatment of loans subject to payment deferrals. Loans granted payment deferrals after September 30, 2020, are not eligible for special capital treatment.
  - OSFI announced that transitional arrangements for ECL provisioning available under the Basel Framework would be introduced. The adjustment allowed a portion of the increase in Stage 1 and Stage 2 allowances relative to a baseline level to be included in CET1 capital, rather than Tier 2 Capital, as the CAR guideline specifies. The baseline level is the sum of Stage 1 and Stage 2 allowances as at the first quarter of 2020 (for October year-end deposit-taking institutions (DTIs)). This increase is tax effected and is subject to a scaling factor, which was set at 70% in fiscal 2020, 50% in fiscal 2021, and 25% in fiscal 2022.
  - Institutions subject to market risk capital requirements and using internal models were permitted to reduce the stressed Value-at-Risk (VaR) multiplier, that they were subject to at the end of the first quarter of 2020, by two. On March 16, 2021, OSFI announced the expiration, effective May 1, 2021, of the temporary reduction in the stressed VaR multiplier.
  - Institutions are expected to remove hedges of Funding Valuation Adjustment (FVA) from the calculation of market risk capital to address the asymmetry in the rule where these hedges of FVA were included, while the underlying exposures to FVA were not. This removal was made effective at the beginning of the second fiscal quarter of 2020.
  - OSFI issued guidance on the capital treatment for exposures acquired through new Government of Canada programs referenced in "The Bank's Response to COVID-19" section of this document. The new CEBA Program is funded by the Government of Canada, and the loan exposures within this program can be excluded from the risk-based capital ratios and from the leverage ratio calculation. For the EDC Business Credit Availability Program, the government-guaranteed portion of the loan is treated as a sovereign exposure, with the remaining portion treated as a loan to the borrower. The entire amount of the loan is included in the leverage ratio calculation.
- On April 9, 2020, OSFI announced DTIs could temporarily exclude exposures from central bank reserves and sovereign-issued securities that qualify as High-Quality Liquid Assets (HQLA) under the Liquidity Adequacy Requirements (LAR) Guideline from the leverage ratio measure. On August 12, 2021, OSFI confirmed that the exclusion of sovereign-issued securities will not extend past December 31, 2021. Central bank reserves will continue to be excluded from the leverage ratio exposure measure until further notice.

- On April 23, 2020, OSFI clarified that PPP loans pledged under the Boston Federal Reserve's PPP Lending Facility can be excluded from the risk-based capital and leverage ratios.

On January 27, 2021, OSFI published guidance on the treatment of new loans to businesses through the Government of Canada's HASCAP, announced on January 26, 2021. HASCAP loans are treated as sovereign exposures based on the BDC guarantee and the relevant risk weight applied under OSFI's CAR guideline. The entire amount of the loan is included in the lender's leverage ratio calculation. The Bank began originating loans under the HASCAP program in the second quarter of 2021.

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, trading market, and operational risks. The Bank uses the Advanced Internal Ratings-Based (AIRB) approach to credit risk for all material portfolios. In the third quarter of 2020, OSFI approved the Bank to calculate the non-retail portfolio credit RWA in the U.S. Retail segment using the AIRB approach.

During the third quarter of 2020, the Bank transitioned the U.S. non-retail portfolios from the Standardized Approach to the AIRB Approach for measuring credit risk RWA. As a result of this transition, the increase in Stage 1 and Stage 2 allowances allocated to the AIRB approach relative to the Q1 2020 baseline amount was capped at the total increase in Stage 1 and Stage 2 allowances reported by the Bank, for the purpose of the OSFI ECL provisioning transitional adjustment to CET1 capital that would otherwise be included in Tier 2 capital.

For accounting purposes, IFRS is followed for consolidation of subsidiaries and joint ventures. For regulatory capital purposes, all the subsidiaries of the Bank are consolidated except for insurance subsidiaries which are deconsolidated and follow prescribed treatment per OSFI's CAR guidelines. Insurance subsidiaries are subject to their own capital adequacy reporting, such as OSFI's Life Insurance Capital Adequacy Test.

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

As at October 31, 2021, the Bank's CET1, Tier 1, and Total Capital ratios were 15.2%, 16.5%, and 19.1%, respectively. The increase in the Bank's CET1 Capital ratio from 13.1% as at October 31, 2020 was attributable primarily to organic capital growth, actuarial gains on employee benefit plans (net), a decrease in the adjustment related to the non-significant investments in the capital of banking, financial, and insurance entities, and a decrease in RWA mainly in the U.S. Retail segment. These favourable items were offset by the reduction in the scaling factor related to OSFI's transition arrangement for ECL provisioning, from 70% in fiscal 2020 to 50% in fiscal 2021.

As at October 31, 2021, the Bank's leverage ratio was 4.8%. Compared with the Bank's leverage ratio of 4.5% at October 31, 2020, the leverage ratio increased due primarily to organic capital growth, partially offset by exposure growth primarily in the Canadian Retail and Wholesale Banking segments.

Common Equity Tier 1 Capital

CET1 Capital was $70 billion as at October 31, 2021. Earnings contributed the majority of CET1 Capital growth in the year. Capital management funding activities during the year included common share issuance of $579 million under the dividend reinvestment plan and from stock option exercises.

Tier 1 and Tier 2 Capital

Tier 1 Capital was $75.7 billion as at October 31, 2021, consisting of CET1 Capital and Additional Tier 1 Capital of $69.9 billion and $5.8 billion, respectively. The Bank's Tier 1 Capital management activities during the year consisted of the redemption of (or announced intention to redeem) four Tier 1-qualifying capital instruments and the issuance of one Tier 1-qualifying capital instrument. On April 30, 2021, the Bank redeemed all of its 28 million outstanding Non-Cumulative 5-Year Rate Reset Class A First Preferred Shares NVCC, Series 12 ("Series 12 Preferred Shares"), at a redemption price of $25.00 per Series 12 Preferred Share, for a total redemption cost of $700 million. On October 31, 2021, the Bank redeemed all of its 40 million outstanding Non-Cumulative 5-Year Rate Reset Class A First Preferred Shares NVCC, Series 14 ("Series 14 Preferred Shares"), at a redemption price of $25.00 per Series 14 Preferred Share, for a total redemption cost of $1 billion. The Bank also redeemed (or announced intention to redeem) two Series of Tier 1-qualifying capital instruments issued through TD Capital Trust IV ("Trust IV") which as of November 1, 2021 will no longer be recognized as regulatory capital under Basel III. On June 30, 2021, Trust IV redeemed all of the outstanding TD Capital Trust IV Notes – Series 3 (TD CaTS IV – 3). On September 23, 2021, Trust IV announced its intention to redeem all of the outstanding TD Capital Trust IV Notes – Series 2 (TD CaTS IV – 2) and subsequently redeemed all of the outstanding TD CaTS IV – 2 on November 1, 2021. On July 29, 2021, the Bank issued $1,750 million of Limited Recourse Capital Notes NVCC, Series 1 (the "LRCNs") with recourse limited to assets held in a trust consolidated by the Bank.

Tier 2 Capital was $12.3 billion as at October 31, 2021. There were no Tier 2 Capital management activities during the year.

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

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

DIVIDEND RESTRICTIONS

The Bank's ability to pay dividends is subject to the requirements of the *Bank Act* and OSFI. Refer to Note 21 of the 2021 Consolidated Financial Statements for further information on dividend restrictions.

On March 13, 2020, OSFI issued a news release announcing a series of measures to support the resilience of financial institutions in response to challenges posed by COVID-19. These measures included the expectation that all federally regulated financial institutions halt dividend increases and share buybacks. On November 4, 2021, OSFI lifted the temporary expectation that financial institutions not increase regular dividends or undertake share repurchases, effective immediately.

DIVIDENDS

On December 1, 2021, the Board approved a dividend in an amount of eighty-nine cents (89 cents) per fully paid common share in the capital stock of the Bank for the quarter ending January 31, 2022, payable on and after January 31, 2022, to shareholders of record at the close of business on January 10, 2022.

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 purchased in the open market at market price.

During the year ended October 31, 2021, all 5.1 million common shares issued from the Bank's treasury, under the dividend reinvestment plan, were issued with no discount. During the year ended October 31, 2020, 4.1 million common shares were issued from the Bank's treasury with no discount and 10.0 million common shares were issued from the Bank's treasury with a 2% discount under the dividend reinvestment plan.

NORMAL COURSE ISSUER BID

On December 1, 2021, the Board approved the initiation of a normal course issuer bid for up to 50 million of the Bank's common shares, subject to the approval of OSFI and the Toronto Stock Exchange. The timing and amount of any purchases under the program are subject to regulatory approvals and management discretion based on factors such as market conditions and capital adequacy.

RISK-WEIGHTED ASSETS

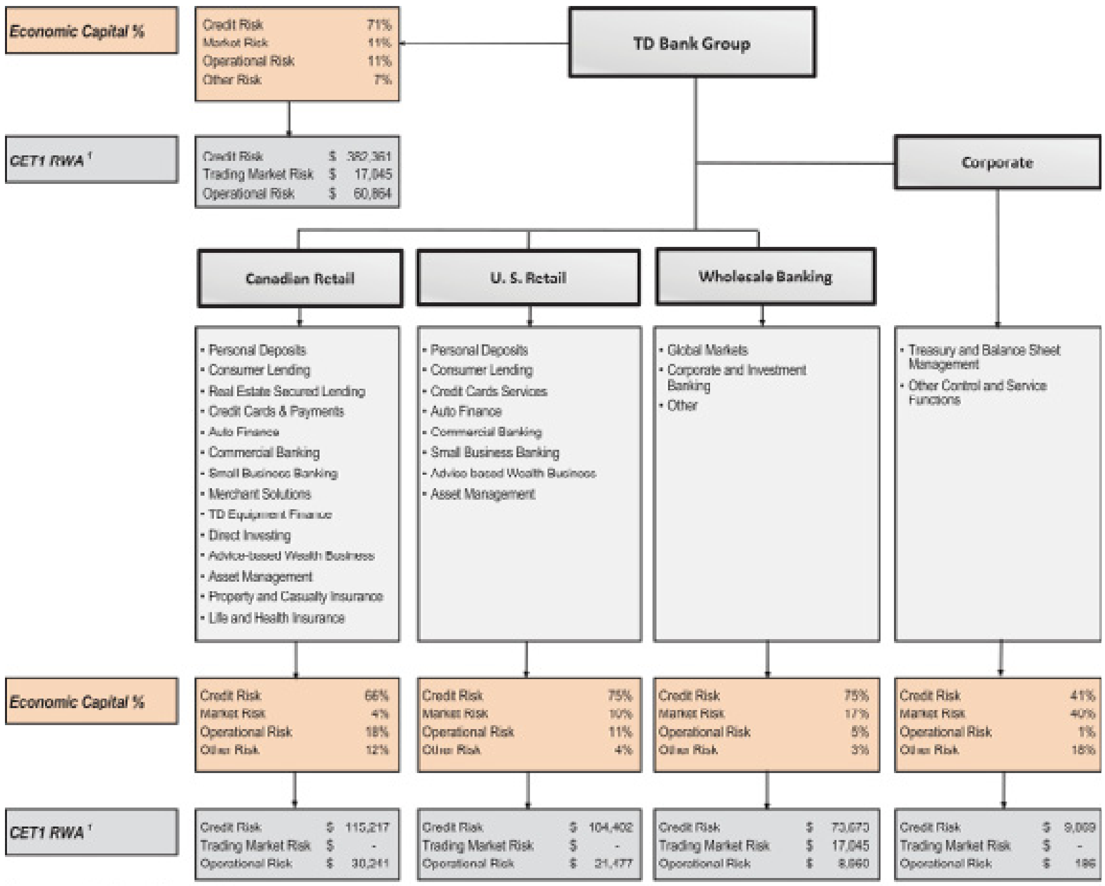
Based on Basel III, RWA are calculated for each of credit risk, market risk, and operational risk. Details of the Bank's RWA are included in the following table.

TABLE 38: RISK-WEIGHTED ASSETS

(millions of Canadian dollars)		*As at*
	October 31, 2021	October 31, 2020
Credit risk		
Retail		
Residential secured	**$ 29,736**	$ 33,372
Qualifying revolving retail	**31,453**	36,448
Other retail	**34,460**	42,182
Non-retail		
Corporate	**174,416**	184,326
Sovereign	**3,747**	3,419
Bank	**9,083**	8,551
Securitization exposures	**12,222**	12,527
Equity exposures	**33,936**	26,970
Exposures subject to standardized or Internal Ratings-Based (IRB) approaches	**329,053**	347,795
Adjustment to IRB RWA for scaling factor	**18,609**	19,839
Other assets not included in standardized or IRB approaches	**34,699**	35,802
Total credit risk	**382,361**	403,436
Market risk	**17,045**	16,758
Operational risk	**60,864**	58,715
Total	**$ 460,270**	$ 478,909

ECONOMIC CAPITAL AND RISK-WEIGHTED ASSETS BY SEGMENT

The following chart provides a breakdown of the Bank's RWA and economic capital as at October 31, 2021. RWA reflects capital requirements assessed based on regulatory prescribed rules for credit risk, trading market risk, and operational risk. Economic capital reflects the Bank's internal view of capital requirements for these risks as well as risks not captured within the assessment of RWA as described in the "Economic Capital" section of this document. The results shown in the chart do not reflect attribution of goodwill and intangibles. For additional information on the risks highlighted below, refer to the "Managing Risk" section of this document.



[1] Amounts are in millions of Canadian dollars

TABLE 39: EQUITY AND OTHER SECURITIES[1]				
(millions of shares/units and millions of Canadian dollars, except as noted)				*As at*
	October 31, 2021		October 31, 2020	
	Number of shares/units	**Amount**	Number of shares/units	Amount
Common shares outstanding	**1,823.9**	**$ 23,066**	1,816.1	$ 22,487
Treasury – common shares	**(1.9)**	**(152)**	(0.5)	(37)
Total common shares	**1,822.0**	**$ 22,914**	1,815.6	$ 22,450
Stock options				
Vested	**4.4**		5.4	
Non-vested	**7.8**		7.7	
Preferred shares – Class A				
Series 1	**20.0**	**$ 500**	20.0	$ 500
Series 3	**20.0**	**500**	20.0	500
Series 5	**20.0**	**500**	20.0	500
Series 7	**14.0**	**350**	14.0	350
Series 9	**8.0**	**200**	8.0	200
Series 12[2]	**–**	**–**	28.0	700
Series 14[3]	**–**	**–**	40.0	1,000
Series 16	**14.0**	**350**	14.0	350
Series 18	**14.0**	**350**	14.0	350
Series 20	**16.0**	**400**	16.0	400
Series 22	**14.0**	**350**	14.0	350
Series 24	**18.0**	**450**	18.0	450
	158.0	**$ 3,950**	226.0	$ 5,650
Other equity instruments				
Limited Recourse Capital Notes Series 1[4]	**1.8**	**1,750**	–	–
	159.8	**$ 5,700**	226.0	$ 5,650
Treasury – preferred shares and other equity instruments	**(0.1)**	**(10)**	(0.1)	(4)
Total preferred shares and other equity instruments	**159.7**	**$ 5,690**	225.9	$ 5,646
Debt issued by TD Capital Trust IV:				
(thousands of units)				
TD Capital Trust IV Notes – Series 2[5]	**450.0**	**450**	450.0	450
TD Capital Trust IV Notes – Series 3[6]	**–**	**–**	750.0	750

1 For further details, including the conversion and exchange features, and distributions, refer to Note 21 of the 2021 Consolidated Financial Statements.
2 On April 30, 2021, the Bank redeemed all of its 28 million outstanding Series 12 Preferred Shares, at a redemption price of $25.00 per Series 12 Preferred Share, for a total redemption cost of $700 million.
3 On October 31, 2021, the Bank redeemed all of its 40 million outstanding Series 14 Preferred Shares, at a redemption price of $25.00 per Series 14 Preferred Share, for a total redemption cost of $1 billion.
4 For Limited Recourse Capital Notes, the number of shares/units represents the number of notes issued.
5 On November 1, 2021, Trust IV redeemed all of the outstanding TD CaTS IV – 2.
6 On June 30, 2021, Trust IV redeemed all of the outstanding TD CaTS IV – 3.

Limited Recourse Capital Notes

On July 29, 2021, the Bank issued $1,750 million of Limited Recourse Capital Notes NVCC, Series 1 (the "LRCNs") with recourse limited to assets held in a trust consolidated by the Bank (the "Limited Recourse Trust"). The Limited Recourse Trust's assets consist of $1,750 million of the Bank's Non-Cumulative 5-Year Fixed Rate Reset Preferred Shares NVCC, Series 26 ("Preferred Shares Series 26") at a price of $1,000 per share, issued concurrently with the LRCNs. The Preferred Shares Series 26 are eliminated on the Bank's consolidated financial statements.

The LRCNs bear interest at a fixed rate of 3.6% per annum, payable semi-annually, until October 31, 2026 and thereafter at a rate per annum, reset every five years, equal to the prevailing 5-year Government of Canada Yield plus 2.747% until maturity on October 31, 2081. The Bank may redeem the LRCNs, in whole or in part, during the period from October 1 to and including October 31, commencing in 2026 and every five years thereafter, with the prior written approval of OSFI. In the event of (i) non-payment of interest following any interest payment date, (ii) non-payment of the redemption price in case of a redemption of the LRCNs, (iii) non-payment of principal plus accrued and unpaid interest at the maturity of the LRCNs, (iv) an event of default on the LRCNs, or (v) a Trigger Event, the recourse of each LRCN holder will be limited to that holder's pro rata share of the Limited Recourse Trust's assets.

The LRCNs, by virtue of the recourse to the Preferred Shares Series 26, include standard NVCC provisions necessary for them to qualify as Additional Tier 1 Capital under OSFI's CAR guideline. NVCC provisions require the conversion of the instrument into a variable number of common shares upon the occurrence of a Trigger Event. In such an event, each Preferred Share Series 26 held in the Limited Recourse Trust will automatically and immediately be converted into a variable number of common shares which will be delivered to LRCN holders in satisfaction of the principal amount of, and accrued and unpaid interest on, the LRCNs. The number of common shares issued will be determined based on the conversion formula set out in the terms of the Preferred Shares Series 26.

The LRCNs are compound instruments with both equity and liability features as payments of interest and principal in cash are made at the Bank's discretion. Non-payment of interest and principal in cash does not constitute an event of default and will trigger the delivery of Preferred Shares Series 26. The liability component has a nominal value and, therefore, the proceeds received upon issuance have been presented as equity, and any interest payments are accounted for as distributions on other equity instruments.

NVCC Provision

All series of preferred shares – Class A include NVCC provisions. If a NVCC trigger event were to occur and excluding the Preferred Shares Series 26 issued with respect to LRCNs, the maximum number of common shares that could be issued, assuming there are no declared and unpaid dividends on the respective series of preferred shares at the time of conversion, would be 790 million in aggregate.

The LRCNs, by virtue of the recourse to the Preferred Shares Series 26, include NVCC provisions. For LRCNs, if a NVCC trigger were to occur, the maximum number of common shares that could be issued, assuming there are no declared and unpaid dividends on the Preferred Shares Series 26, would be 350 million.

For NVCC subordinated notes and debentures, if a NVCC trigger event were to occur, the maximum number of common shares that could be issued, assuming there is no accrued and unpaid interest on the respective subordinated notes and debentures, would be 3.2 billion in aggregate. Refer to Note 21 of the Bank's 2021 Annual Consolidated Financial Statements for additional details.

Future Regulatory Capital Developments
On April 9, 2020, OSFI announced that in line with the BCBS decision, OSFI is extending the deadline for the implementation of the final two phases of the initial margin requirements for non-centrally cleared derivatives outlined in OSFI's Guideline E-22, by one year. With this extension, the final implementation phase will take place on September 1, 2022, at which point covered entities with an aggregate average notional amount (AANA) of non-centrally cleared derivatives greater than CAD $12 billion will be subject to the requirements. As an intermediate step, beginning September 1, 2021, covered entities with an AANA of non-centrally cleared derivatives greater than CAD $75 billion are subject to the requirements. As part of the third phase of implementation, the Bank has been subject to the initial margin requirements for non-centrally cleared derivatives since September 1, 2018.

On November 26, 2020, the BCBS published a technical amendment for capital requirements for non-performing loan securitizations. The amendment includes removal of the option to use the foundation internal risk-based parameters as inputs for the internal ratings-based approach (SEC-IRBA), a 100% risk weight floor for exposures to securitizations that are risk weighted under SEC-IRBA or the standardized approach, and guidance on risk weights for certain senior tranches of securitizations. At the time of the announcement, the amendment was scheduled to be implemented no later than January 1, 2023.

On March 11, 2021, OSFI released a public consultation on proposed regulatory changes for the final round of Basel III reforms to its capital, leverage, and related disclosure guidelines for banks. OSFI's proposals are largely in line with the international standards set by the BCBS adapted to reflect domestic market considerations. On June 18, 2021, OSFI published a public consultation on the proposed management of operational risk capital data for institutions required to use the Basel III Standardized Approach for Operational Risk capital. Also, on June 18, 2021, OSFI launched a consultation on proposed changes to the treatment of credit valuation adjustments and market risk hedges of other valuation adjustments of over-the-counter (OTC) derivatives. These two proposed regulatory changes are a continuation of OSFI's public consultation on the Basel III reforms. On November 29, 2021, OSFI announced details of its final policy positions on a series of key topics associated with the Basel III reforms. As part of the announcement, OSFI announced a deferral in the timing for the domestic implementation of the Basel III reforms by one quarter from the first quarter of 2023 to the second quarter of 2023. The implementation date for revisions to OSFI's market risk and credit valuation adjustment risk frameworks remains the first quarter of 2024.

On August 13, 2021, OSFI published final revisions to its Advisory on G-SIBs – Public Disclosure Requirements. The revised advisory addresses changes to the disclosure requirements included in the updated G-SIBs assessment methodology that was published by the BCBS in July 2018 and takes effect for the 2022 G-SIB assessment exercise.

Global Systemically Important Banks Designation and Disclosures
The FSB, in consultation with the BCBS and national authorities, identifies G-SIBs. In July 2013, the BCBS issued an update to the final rules on G-SIBs and outlined the G-SIB assessment methodology which is based on the submissions of the largest global banks. Twelve indicators are used in the G-SIB assessment methodology to determine systemic importance. The score for a particular indicator is calculated by dividing the individual bank value by the aggregate amount for the indicator summed across all banks included in the assessment. Accordingly, an individual bank's ranking is reliant on the results and submissions of other global banks. The update also provided clarity on the public disclosure requirements of the twelve indicators used in the assessment methodology.

The Bank is required to publish the twelve indicators used in the G-SIB indicator-based assessment framework. Public disclosure of financial year-end data is required annually, no later than the date of a bank's first quarter public disclosure of shareholder financial data in the following year.

The public communications on G-SIB status is issued annually each November. On November 22, 2019, the Bank was designated as a G-SIB by the FSB. The Bank continued to maintain its G-SIB status when the FSB published the 2021 list of G-SIBs on November 23, 2021. As a result of this designation, the Bank would be subject to an additional loss absorbency requirement (CET1 as a percentage of RWA) of 1% under applicable FSB member authority requirements; however, in accordance with OSFI's CAR guideline, for Canadian banks designated as a G-SIB, the higher of the D-SIB and G-SIB surcharges will apply. As the D-SIB surcharge is currently equivalent to the incremental 1% G-SIB common equity ratio requirement, the Bank's G-SIB designation has no additional impact on the Bank's minimum CET1 regulatory requirements. There is also currently no impact to the supervisory target risk-based TLAC ratio of 24.0% or TLAC leverage ratio of 6.75% as a result of the Bank's G SIB requirements. The G-SIB surcharge may increase above 1% if the Bank's G-SIB score increases above certain thresholds to a maximum of 4.5%.

As a result of the Bank's G-SIB designation, the U.S. Federal Reserve requires TD Group US Holding LLC (TDGUS), as TD's U.S. Intermediate Holding Company (IHC), to maintain a minimum amount of TLAC and long-term debt. From the date the Bank was designated as a G-SIB, TDGUS has a three-year transitional period to meet these requirements.

In July 2018, BCBS issued a revised G-SIB framework; G-SIBs: revised assessment methodology and the higher loss absorbency requirement. The new assessment methodology introduces a trading volume indicator and modifies the weights in the substitutability category, amends the definition of cross-jurisdictional indicators, extends the scope of consolidation to insurance subsidiaries, and provides further guidance on bucket migration and associated loss absorbency surcharges. The revised methodology is expected to be implemented in 2022, using the 2021 year-end data.

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 (SEs). The Bank uses SEs 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 Notes 2, 9, and 10 of the 2021 Consolidated Financial Statements for further information regarding the Bank's involvement with SEs.

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

The Bank securitizes residential mortgages under the National Housing Act Mortgage-Backed Securities (NHA MBS) program sponsored by the Canada Mortgage and Housing Corporation (CMHC). The securitization of the residential mortgages with the CMHC does not qualify for derecognition and the mortgages remain on the Bank's Consolidated Balance Sheet. Additionally, the Bank securitizes credit card and personal loans by selling them to Bank-sponsored SEs that are consolidated by the Bank. The Bank also securitizes U.S. residential mortgages with U.S. government-sponsored entities which qualify for derecognition and are removed from the Bank's Consolidated Balance Sheet. Refer to Notes 9 and 10 of the 2021 Consolidated Financial Statements for further information.

TABLE 40: EXPOSURES SECURITIZED BY THE BANK AS ORIGINATOR[1]

(millions of Canadian dollars) *As at*

	Significant unconsolidated SEs		Significant consolidated SEs	Non-SE third-parties	
	Securitized assets	Carrying value of retained interests	Securitized assets	Securitized assets	Carrying value of retained interests
					October 31, 2021
Residential mortgage loans	**$ 23,232**	**$ –**	**$ –**	**$ 1,135**	**$ –**
Consumer instalment and other personal loans[2]	**–**	**–**	**–**	**–**	**–**
Credit card loans	**–**	**–**	**1,810**	**–**	**–**
Business and government loans	**–**	**–**	**–**	**763**	**9**
Total exposure	**$ 23,232**	**$ –**	**$ 1,810**	**$ 1,898**	**$ 9**
					October 31, 2020
Residential mortgage loans	$ 23,583	$ –	$ –	$ 1,688	$ –
Consumer instalment and other personal loans[2]	–	–	2,862	–	–
Credit card loans	–	–	4,173	–	–
Business and government loans	–	–	–	1,004	14
Total exposure	$ 23,583	$ –	$ 7,035	$ 2,692	$ 14

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

Consumer Instalment and Other Personal Loans

The Bank securitizes consumer instalment and other personal loans through a consolidated SE. The Bank consolidates the SE as it serves as a financing vehicle for the Bank's assets, the Bank has power over the key economic decisions of the SE, and the Bank is exposed to the majority of the residual risks of the SE. As at October 31, 2021, the SE did not have any notes outstanding (October 31, 2020 – $2.9 billion). As at October 31, 2021, the Bank's maximum potential exposure to loss for this conduit was nil (October 31, 2020 – $2.9 billion) with a fair value of nil (October 31, 2020 – $2.9 billion).

Credit Card Loans

The Bank securitizes credit card loans through an SE. The Bank consolidates the SE as it serves as a financing vehicle for the Bank's assets, the Bank has power over the key economic decisions of the SE, and the Bank is exposed to the majority of the residual risks of the SE. As at October 31, 2021, the Bank had $2 billion of securitized credit card receivables outstanding (October 31, 2020 – $4 billion). Due to the nature of the credit card receivables, their carrying amounts approximate fair value.

Business and Government Loans

The Bank securitizes business and government loans through significant unconsolidated SEs and Canadian non-SE 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.

Securitization of Third-Party Originated Assets

Significant Unconsolidated Structured 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 SEs, which are not consolidated by the Bank. The Bank's maximum potential exposure to loss due to its ownership interest in commercial paper and through the provision of liquidity facilities for multi-seller conduits was $10.5 billion as at October 31, 2021 (October 31, 2020 – $10.9 billion). Further, as at October 31, 2021, the Bank had committed to provide an additional $2.1 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, 2020 – $3.2 billion).

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

TABLE 41: EXPOSURE TO THIRD-PARTY ORIGINATED ASSETS SECURITIZED BY BANK-SPONSORED UNCONSOLIDATED CONDUITS

(millions of Canadian dollars, except as noted) *As at*

	October 31, 2021		October 31, 2020	
	Exposure and ratings profile of unconsolidated SEs AAA[1]	**Expected weighted-average life (years)[2]**	Exposure and ratings profile of unconsolidated SEs AAA[1]	Expected weighted-average life (years)[2]
Residential mortgage loans	**$ 5,395**	**3.5**	$ 6,411	3.5
Automobile loans and leases	**4,349**	**2.5**	3,802	1.8
Equipment leases	**408**	**2.6**	381	1.4
Trade receivables	**306**	**1.5**	306	1.5
Total exposure	**$ 10,458**	**3.0**	$ 10,900	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, 2021, the Bank held $1.7 billion of ABCP issued by Bank-sponsored multi-seller conduits within the Trading loans, securities, and other category on its Consolidated Balance Sheet (October 31, 2020 – $1.8 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 $2.5 billion as at October 31, 2021 (October 31, 2020 – $4.0 billion). The assets within these conduits are comprised of individual notes backed by automotive loan receivables, credit card receivables, equipment receivables and trade receivables. As at October 31, 2021, 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, to earn fee income, and to lease premises and equipment. Significant commitments of the Bank include financial and performance standby letters of credit, documentary and commercial letters of credit, commitments to extend credit, and obligations under long-term non-cancellable leases for premises and equipment. These products may expose the Bank to liquidity, credit, and reputational risks. There are adequate risk management and control processes in place to mitigate these risks. Certain commitments still remain off-balance sheet. Note 27 of the 2021 Consolidated Financial Statements provides detailed information about the Bank's commitments including credit-related arrangements and long-term commitments or leases.

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, credit enhancements, and indemnification agreements. Certain guarantees remain off-balance sheet. Refer to Note 27 of the 2021 Consolidated Financial Statements for further information.

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 23 of the 2021 Consolidated Financial Statements for more details.

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

TRANSACTIONS WITH SUBSIDIARIES, SCHWAB, 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, Schwab, TD Ameritrade, and Symcor Inc. (Symcor) also qualify as related party transactions. There were no significant transactions between the Bank, Schwab, TD Ameritrade, and Symcor during the year ended October 31, 2021, other than as described in the following sections and in Note 12 of the 2021 Consolidated Financial Statements.

i) TRANSACTIONS WITH SCHWAB AND TD AMERITRADE
The Bank has significant influence over Schwab and accounts for its investment in Schwab using the equity method. Pursuant to the Stockholder Agreement in relation to the Bank's equity investment in Schwab, subject to certain conditions, the Bank has the right to designate two members of Schwab's Board of Directors and has representation on two Board Committees. As of October 31, 2021, the Bank's designated directors were the Bank's Group President and Chief Executive Officer and the Bank's Chair of the Board.

A description of significant transactions between the Bank and its affiliates with Schwab and TD Ameritrade is set forth below.

Insured Deposit Account Agreement
The Bank is party to the Schwab IDA Agreement which became effective on the completion of the Schwab transaction on October 6, 2020 and has an initial expiration date of July 1, 2031. Pursuant to the Schwab IDA Agreement, the Bank makes FDIC-insured (up to specified limits) deposit accounts available to clients of Schwab. Schwab provides recordkeeping and support services with respect to the Schwab IDA Agreement. The servicing fee under the Schwab IDA Agreement is set at 15 bps per annum on the aggregate average daily balance in the sweep accounts. Starting on July 1, 2021, deposits under the Schwab IDA Agreement, which were $176 billion (US$142 billion) as at October 31, 2021, can be reduced at Schwab's option by up to US$10 billion in a year (subject to certain adjustments), with a floor of US$50 billion. The Bank paid fees of $1.6 billion during the year ended October 31, 2021 to Schwab related to sweep deposit accounts (for the period from October 6, 2020 to October 31, 2020 – $136 million). The amount paid by the Bank is based on the average insured deposit balance of $186 billion for the year ended October 31, 2021 (for the period from October 6, 2020 to October 31, 2020 – $194 billion) and yields based on agreed upon market benchmarks, less the actual interest paid to clients of Schwab.

Prior to the Schwab IDA Agreement becoming effective on completion of the Schwab transaction, the Bank was party to an insured deposit account agreement with TD Ameritrade (the "TD Ameritrade IDA Agreement"). Pursuant to the TD Ameritrade IDA Agreement, the Bank made FDIC-insured (up to specified limits) deposit accounts available to clients of TD Ameritrade as either designated sweep vehicles or as non-sweep deposit accounts. TD Ameritrade provided marketing and support services with respect to the TD Ameritrade IDA Agreement. The Bank earned a servicing fee of 25 bps per annum on the aggregate average daily balance in the sweep accounts (subject to adjustment based on a specified formula). The Bank paid fees of $1.9 billion during the year ended October 31, 2020 prior to completion of the Schwab transaction (October 31, 2019 – $2.2 billion) to TD Ameritrade related to sweep deposit accounts. The amount paid by the Bank was based on the average insured deposit balance of $176 billion for the year ended October 31, 2020 prior to completion of the Schwab transaction (October 31, 2019 – $140 billion) and yields based on agreed upon market benchmarks, less the actual interest paid to clients of TD Ameritrade.

As at October 31, 2021, amounts receivable from Schwab were $26 million (October 31, 2020 – $75 million). As at October 31, 2021, amounts payable to Schwab were $195 million (October 31, 2020 – $344 million).

The Bank and other financial institutions provided Schwab and its subsidiaries with unsecured revolving loan facilities. The total commitment provided by the Bank was $95 million, which was undrawn as at October 31, 2021 (October 31, 2020 – $305 million undrawn).

ii) 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, 2021, the Bank paid $76 million (October 31, 2020 – $78 million; October 31, 2019 – $81 million) for these services. As at October 31, 2021, the amount payable to Symcor was $12 million (October 31, 2020 – $12 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, 2021, and October 31, 2020.

GROUP FINANCIAL CONDITION

Financial Instruments

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

The Bank uses financial instruments for both trading and non-trading activities. The Bank typically engages in trading activities by the purchase and sale of securities to provide liquidity and meet the needs of clients and, less frequently, by taking trading positions with the objective of earning a profit. Trading financial instruments include, but are not limited to, trading securities, trading deposits, and trading derivatives. Non-trading financial instruments include the majority of the Bank's lending portfolio, non-trading securities, hedging derivatives, and the majority of the Bank's financial liabilities. In accordance with accounting standards related to financial instruments, financial assets or liabilities classified as held-for-trading, non-trading FVTPL, designated at FVTPL, FVOCI, and all derivatives are measured at fair value in the Bank's 2021 Consolidated Financial Statements. DSAC, most loans, and other liabilities are carried at amortized cost using the effective interest rate (EIR) method. For details on how fair values of financial instruments are determined, refer to the "Accounting Judgments, Estimates, and Assumptions" – "Fair Value Measurement" section of this document. The use of financial instruments allows the Bank to earn profits in trading, interest, and fee income. Financial instruments also create a variety of risks which the Bank manages with its extensive risk management policies and procedures. The key risks include interest rate, credit, liquidity, market, and foreign exchange risks. For a more detailed description on how the Bank manages its risk, refer to the "Managing Risk" section of this document.

RISK FACTORS AND MANAGEMENT

Risk Factors That May Affect Future Results

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

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

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

General Business and Economic Conditions
TD and its customers operate in Canada, the U.S., and to a lesser extent in other countries. As a result, the Bank's earnings are significantly affected by the general business and economic conditions in these regions, which could have an adverse impact on the Bank's results, business, financial condition or liquidity, and could result in changes to the way the Bank operates. These conditions include short-term and long-term interest rates, inflation, fluctuations in financial markets, and related market liquidity, real estate prices, employment levels, consumer spending and debt levels, evolving consumer trends and business models, business investment, government spending, fiscal policy (including tax policy and rate changes), exchange rates, sovereign debt risks, the strength of the economy, threats of terrorism, civil unrest, natural disasters, extreme weather, reputational risk associated with increased regulatory, public, and media focus, pandemics or other public health emergencies, disruptions to public infrastructure, governmental policy, international trade and political relations, and the amount of business activities conducted in a specific region.

Geopolitical Risk
Government policy, international trade and political relations across the globe may impact overall market and economic stability in the regions where the Bank operates. While the nature and extent of risks may vary, they have the potential to disrupt global economic growth, create volatility in financial markets, interest rates, foreign exchange, commodity prices, credit spreads, fiscal policy and equities that may affect the Bank's trading and non-trading activities, and directly and indirectly influence general business and economic conditions in ways that may have an adverse impact on the Bank and its customers. Geopolitical risks in 2021 included ongoing global tensions resulting in sanctions and countersanctions and related operational complexities, uncertainty related to the post-Brexit relationship between the United Kingdom and European Union, policy changes by the U.S. administration, shifting global dynamics, protectionist measures in response to the COVID-19 pandemic, increasing instability in the Middle Eastern regions and Afghanistan, and record debt levels in emerging economies.

Impact of pandemics, including the COVID-19 pandemic
Pandemics, epidemics or outbreaks of an infectious disease in Canada or worldwide have had, and could continue to have, an adverse impact on the Bank's results, business, financial condition or liquidity, and could result in changes to the way the Bank operates.

The COVID-19 pandemic has negatively impacted Canadian, U.S., and global economies; disrupted Canadian, United States, and global supply chains; disrupted financial markets; contributed to a decrease in interest rates and yields on Canadian and U.S. treasury securities; resulted in ratings downgrades; forced the closure of many businesses, leading to loss of revenues, increased unemployment necessitated the imposition of quarantines, physical distancing, business closures, travel restrictions, and sheltering-in-place requirements in Canada, the United States, and other countries; heightened concerns over household debt levels; and reduced customer spending and consumer confidence. The COVID-19 pandemic has also disproportionately impacted certain communities, including racialized and other marginalized groups, highlighting underlying societal issues and disparities in financial stability.

The extent to which the COVID-19 pandemic continues to impact the Bank's results, business, financial condition or liquidity will depend on future developments in Canada, the U.S. and globally, including the widespread availability, uptake and efficacy of vaccines. Adverse effects to the Bank's business and operational results may include, decreased demand for products and services; increased vulnerability of the Bank's customers to negative or unexpected events; increased loan delinquencies; lower asset management fees; lower advisory and underwriting revenue; increased risk of impairment recognition on securities or other assets and potential reductions in income; increased non-interest expenses; downgrades to credit ratings; and higher credit losses due to deterioration in the financial condition of borrowers, which may necessitate further increases in provision for credit losses and net charge-offs. In addition, actual stress levels experienced by the Bank's borrowers may differ from assumptions incorporated in estimates or models used by the Bank during or prior to the pandemic.

Governmental and regulatory authorities implemented significant measures to provide economic assistance to individual households and businesses, stabilize the financial markets, and support economic growth. While, in the short-term, these measures have mitigated some effects of the crisis, over the long-term, they may not be sufficient to fully offset its negative impact or avert continued recessionary conditions. In addition, upon cessation of these measures, the Bank may see an increase in borrower delinquencies or impairments, which could negatively impact its business, financial condition, liquidity and results of operations. Furthermore, the Bank's participation in these assistance programs has exposed the Bank to heightened risk of fraudulent behaviour by persons purporting to be eligible for such programs. Finally, it is unclear what impact, if any, the cost of implementing these programs will have on future fiscal, tax and regulatory policy, and the implications this may have for the Bank, its customers, and the financial services industry.

The pandemic has created additional operational and compliance risks, including the need to implement and execute new programs and procedures for the Bank's products and services; provide enhanced safety measures for its employees and customers; comply with changing regulatory guidance; address the risk and increased incidence of attempted fraudulent activity and cybersecurity threat behaviour; and protect the integrity and functionality of the Bank's systems, networks, and data as a larger number of employees work remotely. The Bank is also exposed to human capital risks, and risks arising from mental wellness concerns for employees due to issues related to health and safety matters, and other environmental stressors as a result of measures implemented in response to the COVID-19 pandemic. Just as the Bank is subject to additional operational and compliance risks, including those listed above, its suppliers and other third parties upon which the Bank relies, have and may continue to be exposed to similar and other risks which could in turn impact the Bank's operations.

The COVID-19 pandemic has resulted in, and may continue to result in, disruptions to the way in which the Bank conducts business, including the closure of certain branches and stores, changes in the availability of products and services that customers can access in-person, work from home arrangements for certain or a significant portion of staff, as well as disruptions to key suppliers of the Bank's goods and services. In addition, consumer behaviour has changed during the COVID-19 pandemic (and may remain so changed even as economic conditions rebound and COVID-19 restrictions are lifted), and it is unclear how the macroeconomic and business environment, societal and business norms, and fiscal, tax and regulatory policy may change after the pandemic. Such developments could have an adverse impact on the Bank's business operations, the quality and continuity of services provided to customers, results of operations and financial condition, including making the Bank's longer-term business, balance sheet and budget planning more difficult or costly. The Bank has experienced, and may continue to experience, increased or different competitive and other challenges. To the extent that the Bank is not able to adapt or compete effectively, it could experience loss of business and its results of operations and financial condition could suffer.

The Bank may be criticized or face increased risk of litigation and governmental and regulatory scrutiny, customer disputes, negative publicity, or exposure to litigation (including class actions, or regulatory and government actions and proceedings) as a result of the effects of the COVID-19 pandemic on market and economic conditions, including as a result of the Bank's participation (directly or on behalf of customers) in governmental assistance programs, the Bank's deferral and other types of customer assistance programs, and the impact or effectiveness of the Bank's health and safety measures on its customers and employees. The Bank has also received formal and informal inquiries from governmental and regulatory agencies regarding its participation in governmental assistance programs. These risks could increase the Bank's operational, legal and compliance costs, expose it to financial judgments and fines, and damage its reputation.

The COVID-19 pandemic has resulted in an increase, and may result in further increases, in certain of the risks outlined in the Risk Factors and Management section of this document, including the Bank's top and emerging, strategic, credit, market, operational, model, insurance, liquidity, capital adequacy, legal, regulatory compliance and conduct, and reputational risks.

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

The Bank regularly explores opportunities to acquire companies or businesses, directly or indirectly through the acquisition strategies of its subsidiaries. In respect of acquisitions, the Bank undertakes transaction assessments and due diligence before completing a merger or an acquisition and closely monitors integration activities and performance post acquisition. However, the Bank'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.

While there is significant management attention on the governance, oversight, methodology, tools, and resources needed to manage the Bank's strategies and priorities, the Bank's ability to execute on them is dependent on a number of assumptions and factors. These include those set out in the "Key Priorities for 2022", "Focus for 2022", "Operating Environment and Outlook", and "Managing Risk" sections of this document, as well as disciplined resource and expense management and the Bank's 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.

The Bank may not achieve its financial or strategic objectives, including anticipated cost savings or revenue synergies, following acquisition and integration activities. In addition, from time to time, the Bank may invest in companies without taking a controlling position in those companies, which may subject the Bank to the operating and financial risks of those companies', the risk that these companies may make decisions that the Bank does not agree with, and the risk that the Bank may have differing objectives than the companies in which the Bank has interests.

As at October 31, 2021, the Bank's reported investment in Schwab was 13.41% of the outstanding voting and non-voting common shares of Schwab, and the Bank is not permitted to own more than 9.9% voting common shares of Schwab. The value of the Bank's investment in Schwab and its contribution to the Bank's financial results are vulnerable to poor financial performance or other issues at Schwab affecting its business. In addition, the Bank relies on Schwab for its financial results that are included in the Bank's financial statements. Although the Bank has director designation rights to the Schwab board of directors and certain other rights under the Stockholder Agreement with Schwab so long as it holds at least a 5% equity interest in Schwab (and currently has designated two directors to serve on the Schwab board), these rights may not mitigate the Bank's exposure to poor financial performance or other issues at Schwab that may affect the Bank's financial results.

If any of the Bank's strategies, priorities, or acquisitions and integration activities are not successfully executed, or do not achieve their financial or strategic objectives, there may be an impact on the Bank's operations and financial performance and the Bank's earnings could grow more slowly or decline.

Technology and Cyber Security Risk

Technology and cyber security risks for large financial institutions like the Bank have increased in recent years. This is due, in part, to the proliferation, sophistication and constant evolution of new technologies and attack methodologies used by sociopolitical entities, organized criminals, malicious insiders, or service providers, nation states, hackers and other internal or external parties. The increased risks are also a factor of the Bank's size and scale of operations, geographic footprint, the complexity of its technology infrastructure, and the Bank's use of internet and telecommunications technologies to conduct financial transactions, such as its continued development of mobile and internet banking platforms as well as opportunistic threats by actors seeking to exploit the COVID-19 pandemic via phishing campaigns and cyber espionage.

The Bank's technologies, systems and networks, and those of the Bank's customers (including their own devices) and third parties providing services to the Bank, continue to be subject to cyber-attacks, and may be subject to disruption of services, data security or other breaches (including loss or exposure of confidential information, including customer or employee information), identity theft and corporate espionage, or other compromises. While the Bank has not experienced a material service disruption, it has experienced a minimal number of limited service disruptions as a result of cyber-attacks in the past. The Bank's use of third-party service providers, which are subject to these potential compromises, increases the Bank's risk of potential attack, breach or disruption as the Bank has less immediate oversight and direct control over their technology infrastructure or information security.

Although the Bank has not experienced any material financial losses relating to technology failure, cyber-attacks or data security or other breaches, the Bank may experience material loss or damage in the future including from cyber-attacks such as targeted and automated online attacks on banking systems and applications, supply chain attacks, ransomware attacks, introduction of malicious software, denial of service attacks, malicious insider or service provider exfiltrating data and phishing attacks any of which could result in the fraudulent use, disclosure or theft of data or customer or Bank funds. These may include attempts by employees, agents or third-party service providers of the Bank to access or disclose sensitive information or other data of the Bank, its customers or its employees. Attempts to illicitly or misleadingly induce employees, customers, third-party service providers or other users of the Bank's systems will likely continue, in an effort to obtain sensitive information and gain access to the Bank's or its customers' or employees' data or customer or Bank funds. In addition, the Bank's customers often use their own devices, such as computers, smartphones, and tablets, which limits the Bank's ability to mitigate certain risks introduced through these personal devices. The Bank may experience loss or damage arising from technology or cyber security threats.

The Bank regularly reviews external events and regularly assesses its controls and response capabilities to cyber-attacks or data security or other breaches, but these activities may not mitigate all risks, and the Bank may experience loss or damage arising from such attacks. Cyber and technology-related risks have become increasingly difficult to mitigate in totality mainly because the tactics, techniques, and procedures used change frequently and risks can originate from a wide variety of sources that have also become increasingly sophisticated. As a result, the industry and the Bank are susceptible to experiencing potential loss or damage from these attacks. The adoption of certain technologies, such as cloud computing, artificial intelligence, machine learning, robotics, and process automation call for continued focus and investment to manage the Bank's risks effectively. It is possible that the Bank, or those with whom the Bank does business, have not anticipated or implemented, or may not anticipate or implement effective measures against all such cyber and technology-related risks, particularly because the tactics, techniques, and procedures used change frequently and risks can originate from a wide variety of sources that have also become increasingly sophisticated. Furthermore, cyber insurance providers are modifying their terms as a result of increased global cyber activity causing pricing uncertainty and coverage term changes across the industry. This has the potential to impact the Bank's cyber insurance purchased to mitigate risk and may limit the amount of coverage available for financial losses. As such, with any cyber-attack, disruption of services, data, security or other breaches (including loss or exposure of confidential information), identity theft, corporate espionage or other compromise of technology or information systems, hardware or related processes, or any significant issues caused by weakness in information technology infrastructure and systems, 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 costs; increased costs to maintain and update the Bank's operational and security systems and infrastructure; and reputational damage. If the Bank were to experience such an incident, it may take a significant amount of time and resources to investigate the incident to obtain full and reliable information necessary to assess the impact. The Bank's owned and operated applications, processes, products, and services could be subject to failures or disruptions as a result of human error, natural disasters, utility disruptions, pandemics or other public health emergencies, malicious insiders, cyber-attacks or other criminal or terrorist acts, or non-compliance with regulations, which may impact the Bank's operations. Such adverse effects could limit the Bank's ability to deliver products and services to customers, and/or damage the Bank's reputation, which in turn could lead to disruptions to its businesses and financial loss.

Model Risk

The pandemic and the associated governmental assistance program have introduced a heightened level of uncertainty in models and impacted model reliability across various business areas. Models impacted by the low interest rate environment were redeveloped. Additionally, appropriate short- and long-term mitigants were identified and executed to improve resilience of models trained on historical data that may become less relevant under the current environment (e.g., IFRS 9 and stress testing models). New model limitations could emerge post-pandemic, and management will continue to reassess whether the identified COVID-19 related limitations remain relevant and the corresponding mitigants remain appropriate, although such reassessments may not adequately or successfully improve the resilience of such models.

Fraud Activity

Fraud risk is the risk associated with acts designed to deceive others, resulting in loss and/or harm to shareholder value, brand, reputation, employee satisfaction and customers. Fraud Risk arises from numerous sources, including potential or existing customers, agents, third parties, contractors, employees and other internal or external parties, including service providers to the Bank's customers that store bank account credentials and harvest data based on customers' web banking information and activities. In deciding whether to extend credit or enter into other transactions with customers or counterparties, the Bank may rely on information furnished by or on behalf of such customers, counterparties or other external parties, including financial statements and financial information and authentication information. The Bank may also rely on the representations of customers, counterparties, and other external parties as to the accuracy and completeness of such information. In order to authenticate customers, whether through the Bank's phone or digital channels or in its branches and stores, the Bank may also rely on certain authentication methods which could be subject to fraud. The Bank has seen an increase in more complex fraud, including cyber fraud and ongoing COVID-19 related fraud schemes. The Bank has seen an increase in the threat environment emanating from the COVID-19 pandemic against both customers and the Bank. Despite the Bank's investments in fraud prevention and detection programs, capabilities, measures and defences, they have not, and in the future may not successfully mitigate against all fraudulent activity which could result in financial loss or disruptions in the Bank's businesses. In addition to the risk of material loss (financial loss, misappropriation of confidential information or other assets of the Bank or its customers and counterparties) that could result from fraudulent activity, the Bank could face legal action and customer and market confidence in the Bank could be impacted.

Third-Party Service Providers

The Bank recognizes the value of using third parties to support its businesses, as they provide access to leading applications, processes, products and services, specialized expertise, innovation, economies of scale, and operational efficiencies. However, they may also create reliance upon the provider with respect to continuity, reliability, and security, and their associated processes, people and facilities. As the financial services industry and its supply chain become more complex, the need for robust, holistic, and sophisticated controls and ongoing oversight increases.

The Bank also recognizes that the applications, processes, products, and services of its providers could be subject to failures or disruptions as a result of human error, natural disasters, utility disruptions, pandemics or other public health emergencies, malicious insiders, cyber-attacks or other criminal or terrorist acts, or non-compliance with regulations, which could in turn impact the Bank's operations. Such adverse effects could limit the Bank's ability to deliver products and services to customers, and/or damage the Bank's reputation, which in turn could lead to disruptions to its businesses and financial loss.

Introduction of New and Changes to Current Laws and Regulations

The financial services industry is highly regulated. TD's operations, profitability and reputation could be adversely affected by the introduction of new laws and regulations, changes to, or changes in interpretation or application of current laws and regulations, issuance of judicial decisions, and changes in enforcement pace or activities. These adverse effects could also result from the fiscal, economic, and monetary policies of various central banks, regulatory agencies and governments in Canada, the United States, the United Kingdom, and other countries, and changes in the interpretation or implementation of those policies. Such adverse effects may include incurring additional costs and resources to address initial and ongoing compliance; limiting the types or nature of products and services the Bank can provide and fees it can charge; unfavourably impacting the pricing and delivery of products and services the Bank provides; increasing the ability of new and existing competitors to compete on the basis of pricing, products and services (including, in jurisdictions outside Canada, the favouring of certain domestic institutions); and increasing risks associated with potential non-compliance. In addition to the adverse impacts described above, the Bank's failure to comply with applicable laws and regulations could result in sanctions, financial penalties, and changes including restrictions on offering certain products or services or on operating in certain jurisdictions, that could adversely impact its earnings, operations, and damage its reputation.

The global anti-money laundering and economic sanctions landscape continues to experience regulatory change, with significant, complex new laws and regulations that have, or are anticipated to, come into force in the short and medium-term in many of the jurisdictions in which the Bank operates.

The global data and privacy landscape is dynamic and regulatory expectations continue to evolve. New and amended legislation is anticipated in various jurisdictions in which the Bank does business.

Canadian, U.S. and global regulators have been increasingly focused on conduct and operational resilience matters and risks, and heightened expectations generally from regulators could lead to investigations, remediation requirements, and higher compliance costs. While the Bank takes numerous steps to continue to strengthen its conduct programs and its operational resilience, and prevent and detect outcomes which could potentially harm customers, colleagues or the integrity of the markets, such outcomes may not always be prevented or detected.

Local, national and international regulators have increased their focus on environmental, social and governance (ESG) matters, including the impact of climate change and financial and economic inclusion, with significant new and amendments to existing legislation anticipated in some of the jurisdictions in which the Bank does business.

In addition, there may be changes in interpretation or application of current laws and regulations to incorporate environmental, social and governance matters in ways that were not previously anticipated.

Despite the Bank's monitoring and evaluation of the potential impact of rules, proposals, consent orders and regulatory guidance, governments and regulators around the world may introduce, and the issuance of judicial decisions may result in, unanticipated new regulations that are applicable to the Bank.

Canada

The Canadian Securities Administrators (CSA) has proposed regulations relating to over-the-counter derivatives reform. The Bank is monitoring this regulatory initiative which, if implemented, could result in increased compliance costs, and compliance with these standards may impact the Bank's businesses, operations and results.

The CSA also introduced regulatory reforms to enhance the client-registrant relationship, referred to as Client Focused Reforms. Enhanced requirements under the Client Focused Reforms create a higher standard of conduct across all categories of registered dealers and advisors. This will result in new training, operational and systems costs, as well as changes in the types of products and services that are offered through the Bank's registered affiliates.

In Canada, there are a number of government initiatives underway that could impact financial institutions, including regulatory initiatives with respect to payments evolution and modernization, open banking, consumer protection, protection of customer data, dealing with vulnerable persons, and anti-money laundering. In particular, new legislation related to consumer protection in the banking industry will come into effect in June 2022, and the Bank continues to work towards being compliant by the effective date.

The Government of Canada's bail-in regime, which became effective in September 2018, was implemented through regulations published under the Canada Deposit Insurance Corporation Act (the "CDIC Act") and the Bank Act, providing the final details of conversion and issuance regimes for bail-in instruments issued by D-SIBs including the Bank (collectively, the Bail-in Regulations). Further amendments were introduced to the CDIC Act in 2021 through Bill C-30 that would support and clarify the scope of the cross-border enforceability of the stay provisions applicable to eligible financial contracts as well as clarify how investors, creditors and other participants may be compensated as a result of actions taken by financial sector authorities to sell, wind-down or restore to viability a failing bank, among other things. The bail-in regime could adversely affect the Bank's cost of funding.

United States
The 2018 U.S. *Economic Growth, Regulatory Relief and Consumer Protection Act* (Reform Act) included modifications to aspects of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank), including stress testing. In addition, the applicable U.S. Federal regulatory agencies have adopted regulatory amendments to some of these requirements. In October 2019, the Federal Reserve issued a final rule that implemented the Reform Act's changes to the application of enhanced prudential standards with respect to U.S. and non-U.S. banking organizations (the "Tailoring Rule") based on the risk profile of the organization. The Bank has incurred, and will continue to incur, operational, capital, liquidity, and compliance costs resulting from these standards. In addition, as a result of the Bank's designation as a G-SIB by the Financial Stability Board, the Bank's U.S. operations will be subject to certain additional long-term debt and "total loss-absorbing capacity" capital requirements, effective in 2023.

The current U.S. regulatory environment for banking organizations may be further impacted by additional legislative or regulatory developments, including resulting from changes in U.S. executive administration, congressional leadership and/or agency leadership, and regulators focusing on potential racial discrimination and economic inequity, including fair lending. The ultimate consequences of these developments and their impact on the Bank remain uncertain and it remains unclear whether any other legislative or regulatory proposals relating to these requirements will be enacted or adopted.

Europe
In Europe, there remains a number of uncertainties in connection with the future of the United Kingdom – European Union relationship, and reforms implemented through the European Market Infrastructure Regulation and the review of Markets in Financial Instruments Directive and accompanying Regulation could result in higher operational and system costs and potential changes in the types of products and services the Bank can offer to customers in the region.

Regulatory Oversight and Compliance Risk
The Bank and its businesses are subject to extensive regulation and oversight by a number of different regulators and self-regulatory organizations around the world. Regulatory change and changes in regulator expectations occur in all jurisdictions in which the Bank operates. Governments and regulators around the world have demonstrated an increased focus on conduct risk, consumer protection, data control, use and security, capital and liquidity management, internal control frameworks, and money laundering and terrorist financing risks and threats. There is heightened scrutiny by regulators globally on the impact of COVID-19 on customers as well as the Bank's operations and its management and oversight of risks associated with the pandemic.

The Bank monitors and evaluates the potential impact of applicable regulatory developments (including enacted and proposed rules, standards, and regulatory guidance). However, while the Bank devotes substantial compliance, legal, and operational business resources to facilitate compliance with these developments by their respective effective dates, and also to the consideration of other governmental and regulator expectations, it is possible that: (i) the Bank may not be able to accurately predict the impact of final rules implementing such developments, the interpretation or enforcement actions taken by governments, regulators and courts regarding such rules, (ii) the Bank may not be able to develop or enhance the platforms, technology, or operational procedures and frameworks necessary to comply with, or adapt to, such rules or expectations in advance of their effective dates, or (iii) regulators and other parties could challenge the Bank's compliance. This could require the Bank to take further actions or incur more costs than expected and may expose the Bank to enforcement and reputational risk. Regulatory change will continue to increase the Bank's compliance and operational risks and costs. In addition, if governments or regulators take formal enforcement action against the Bank, 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 adequately, completely or timely addressed regulatory developments or enforcement actions to which it is subject, in a manner which meets governmental or regulator expectations. The Bank has been subject to regulatory enforcement proceedings and has entered into settlement arrangements with regulators and self-regulatory organizations, and the Bank may continue to face a greater number or wider scope of investigations, enforcement actions, and litigation. In addition, public notifications of enforcement actions are becoming more prevalent which could negatively impact the Bank's reputation.

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, operational changes including restrictions on offering certain products or services or on operating in certain jurisdictions, and its reputation.

Level of Competition, Shifts in Consumer Attitudes, and Disruptive Technology
The Bank operates in a highly competitive industry and its performance is impacted by the level of competition. Customer retention and acquisition can be influenced by many factors, including the Bank's reputation as well as the pricing, market differentiation, and overall customer experience of the Bank's products and services.

Enhanced competition from incumbents and new entrants may impact the Bank's pricing of products and services and may cause it to lose revenue and/or market share. Increased competition requires the Bank to make additional short and long-term investments to remain competitive and continue delivering differentiated value to its customers, which may increase expenses. In addition, the Bank operates in environments where laws and regulations that apply to it may not universally apply to its current and emerging competitors, which could include the domestic institutions in jurisdictions outside of Canada or the U.S., or non-traditional providers (such as Fintech or big technology competitors) of financial products and services. Non-depository or non-financial institutions are often able to offer products and services that were traditionally banking products and compete with banks in offering digital financial solutions (primarily mobile or web-based services), without facing the same regulatory requirements or oversight. These competitors may also operate at much lower costs relative to revenue or balances than traditional banks. These third parties can seek to acquire customer relationships, react quickly to changes in consumer attitudes, and disintermediate customers from their primary financial institution, which 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.

The Bank is advancing its artificial intelligence (AI) capabilities, to help further inform the Bank's business decisions and risk management practices as well as improve customer experiences and efficiency of business operations. AI may not appropriately or sufficiently replicate certain outcomes or accurately predict future events or exposures.

The Bank is also looking at emerging trends, some accelerated by the disruption caused by the COVID-19 pandemic, that may disrupt traditional interfaces, interaction preferences, or customer expectations. The Bank considers various options to accelerate innovation, including making strategic investments in innovative companies, exploring partnership opportunities, and experimenting with new technologies and concepts internally, but these investments and activities may not be successful. Legislative or regulatory action relating to such new technologies could emerge and continue to evolve, potentially increasing compliance costs and risks.

Environmental and Social Risk (including Climate Change)
As a financial institution, TD is subject to environmental risk and social risk. Environmental risk is the risk of financial loss or reputational damage resulting from environmental factors, including climate change and other environmental degradation (e.g., pollution, resource scarcity, contamination, biodiversity loss and deforestation).

Social risk is the risk of loss, harm, or reputational damage resulting from social issues such as financing relationships with socially sensitive sectors, human rights issues (e.g., discrimination including racial inequality, modern slavery, access to banking, Indigenous Peoples' rights), and perceptions of our customers, employees, investors and other stakeholders. Organizations, including TD, are under increasing scrutiny to address social and financial inequalities among racialized and other marginalized groups.

Climate risk is the risk of financial loss or reputational damage from materialized credit, market, operational or other risks resulting from the physical and transition risks of climate change to the Bank, its customers or the communities the Bank operates in. This includes physical risks related to the impacts of a changing climate, including changes in frequency or severity of extreme weather events, rising sea levels and temperatures, and transition risks related to impacts associated with legal, regulatory, technological or behavioural changes resulting from the transition to a lower-carbon economy.

The Bank has joined industry and governmental working groups and committees focused on developing or enhancing ESG performance and sustainable finance, and has aligned itself with certain ESG-focused initiatives. Among others, in 2020, TD announced its global Climate Action Plan, which includes a target to achieve net-zero GHG emissions associated with its operations and financing activities by 2050, aligned to the objectives of the Paris Agreement. In October 2021, the Bank pledged to join the Net-Zero Banking Alliance, a global, industry-led initiative to accelerate and support efforts to address climate change. The Bank also announced a prohibition on providing new project-specific financial services for activities that are directly related to the exploration, development or production of oil and gas within the Arctic Circle. TD supports the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD) recommendations and has implemented new tools at both the borrower and transaction levels to enhance the Bank's assessment of environmental and social risks, including climate change. TD is also participating in industry-wide working groups relating to the development of methodologies and approaches for climate scenario analysis.

Environmental and social risks may have financial implications for both the Bank and its stakeholders (i.e., customers, suppliers, shareholders). Strategic, reputational, business, legal and regulatory risks could arise from the Bank's actual or perceived actions, or inaction, in relation to climate change and other environmental and social risk issues, progress against its environmental or social commitments, or our disclosures on these matters. These risks could also result from environmental and social matters impacting our stakeholders. TD's participation in ESG memberships or commitments may further bolster these risks, and subject the Bank to increased scrutiny from its stakeholders. Furthermore, the Bank may be subject to liability risk as a result of regulatory orders and/or fines, enforcement of securities disclosure and financial supervisory capital adequacy requirements, and legal action by shareholders and other stakeholders.

OTHER RISK FACTORS

Legal Proceedings
The Bank and its subsidiaries are from time to time named as defendants or are otherwise involved in various class actions and other litigation or disputes with third parties, including regulatory investigations and enforcement proceedings, related to its businesses and operations. The Bank manages the risks associated with these proceedings through a litigation management function. The volume of claims and the amount of damages and penalties claimed in litigation, arbitration and regulatory proceedings may increase in the future. Actions currently pending against the Bank may result in judgments, settlements, fines, penalties, disgorgements, injunctions, business improvement orders, limitations or prohibitions from engaging in business activities, or other results adverse to the Bank, which could materially affect the Bank's business, financial condition, results of operations, cash flows, capital and credit ratings; require material changes in the Bank's operations; result in loss of customers; or cause serious reputational harm to the Bank, which could also affect the Bank's future business prospects. 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, in some instances, until late in the proceedings, which may last several years. In addition, settlement or other resolution of certain types of matters are often subject to external approval, which may or may not be granted. Although the Bank establishes reserves for these matters according to accounting requirements, the amount of loss ultimately incurred in relation to those matters may substantially differ from the amounts accrued. As a participant in the financial services industry, the Bank will likely continue to experience the possibility of significant litigation and regulatory investigations and enforcement proceedings related to its businesses and operations. Regulators and other government agencies examine the operations of the Bank and its subsidiaries on both a routine- and targeted-exam basis, and they may pursue regulatory settlements or other enforcement actions against the Bank in the future. For additional information relating to the Bank's material legal proceedings, refer to Note 27 of the 2021 Consolidated Financial Statements.

Ability to Attract, Develop, and Retain Key Talent
The Bank's future performance is dependent on the availability of qualified talent and the Bank's ability to attract, develop, and retain key talent. The Bank's management understands that the competition for talent continues to increase across geographies, industries, and emerging capabilities across a number of sectors including financial services. This competition has intensified and is expected to continue to intensify as a result of the impact of COVID-19, including as a result of remote work opportunities and relaxing geographic boundaries. Annually, the Bank undertakes a talent review process to assess critical capability

requirements for all areas of the business. Through this process, an assessment of current executive leadership, technical and core capabilities, as well as talent development opportunities is completed against both near term and future business needs. The outcomes from the process inform plans at both the enterprise and business level to retain, develop, or acquire the talent which are then actioned throughout the course of the year. Although it is the goal of the Bank's management resource policies and practices to attract, develop, and retain key talent employed by the Bank or an entity acquired by the Bank, the Bank may not be able to do so. The Bank continues to rely on the Bank's annual talent review program as well as the Bank's regular, effective management practices to proactively assess and address retention and recruitment risk and emphasize on-going communication with talent to ensure appropriate responses on a case-by-case basis.

Foreign Exchange Rates, Interest Rates, Credit Spreads, and Equity Prices
Foreign exchange rate, interest rate, credit spread, and equity price movements in Canada, the United States, and other jurisdictions in which the Bank does business impact the Bank's financial position and its future earnings. Changes in the value of the Canadian dollar relative to the global foreign exchange rates may also affect the earnings of the Bank's small business, commercial, and corporate customers. A change in the level of interest rates, negative interest rates or a prolonged low interest rate environment affects the interest spread between the Bank's deposits and other liabilities, and loans, and as a result, impacts the Bank's net interest income. A change in the level of credit spreads affects the relative valuation of assets and liabilities, and as a result, impacts the Bank's earnings. A change in equity prices impacts the Bank's financial position and its future earnings, due to unhedged positions the Bank holds in tradeable equity securities. The Framework and policies manage the Bank's risk appetite for known market risk.

Interbank Offered Rate (IBOR) Transition
Various interest rates and other indices that are deemed to be "benchmarks" (including IBOR benchmarks) have been, and continue to be, the subject of international regulatory guidance and proposals for reform. As a result of the global benchmark reform initiative, efforts to transition away from IBORs to alternative reference rates ("ARR") have been continuing in various jurisdictions. The transition from IBORs to ARRs may result in market dislocation and have other adverse consequences to the Bank, its customers, market participants, and the financial services industry.

The Bank has significant contractual rights, obligations and exposures referenced to IBOR benchmarks as such discontinuance of, or changes to, benchmark rates could adversely affect the Bank's business and results of operations. The Bank has established an enterprise-wide, cross functional initiative with senior management and Board oversight to evaluate and monitor the impact of the market, financial, operational, legal, technology and other risks on its products, services, systems, models, documents, processes, and risk management frameworks with the intention of managing the impact through appropriate mitigating actions. The Bank continues to monitor industry and regulatory developments regarding the orderly wind-down of LIBOR and is incorporating global working group and regulator best practice guidance on transition activities.

In addition to operational challenges, market risks also arise because the new reference rates are likely to differ from the prior benchmark rates resulting in differences in the calculation of the applicable interest rate or payment amount. This could result in different financial performance for previously booked transactions, require alternative hedging strategies, or affect the Bank's capital and liquidity planning and management. Additionally, any adverse impacts on the value of and return on existing instruments and contracts for the Bank's clients may present an increased risk of litigation, regulatory intervention, and possible reputational damage.

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 its reputation. The Bank has established procedures designed to ensure that accounting policies are applied consistently and that the processes for changing methodologies, determining estimates and adopting new accounting standards are controlled and occur in an appropriate and systematic manner. Significant accounting policies as well as current and future changes in accounting policies are described in Note 2 and Note 4, respectively, and significant accounting judgments, estimates, and assumptions are described in Note 3 of the 2021 Consolidated Financial Statements.

Managing Risk

EXECUTIVE SUMMARY

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

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

RISKS INVOLVED IN TD'S BUSINESSES

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

RISK APPETITE

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

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

The Bank's Risk Appetite Governance Framework describes the assumptions, responsibilities, and processes established to define, maintain, and govern TD's risk appetite. The Bank considers current operating conditions and the impact of emerging risks in developing and applying its risk appetite. Adherence to enterprise risk appetite is managed and monitored across the Bank and is informed by the RAS and a broad collection of principles, policies, processes, and tools.

The Bank's RAS describes, by major risk category, the Bank's risk principles and establishes both qualitative and quantitative measures, thresholds, and limits, as appropriate. RAS measures consider both normal and stress scenarios and include those that can be aggregated at the enterprise level and disaggregated at the business segment level.

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

RISK CULTURE

Risk culture is one of the attributes that is integral to TD's overall organizational culture. It forms part of and is guided by the TD Culture Framework. The central oversight for culture at TD is led by Human Resources (HR) in partnership with Risk Management and Global Compliance. The Risk Committee engages with the Chief Risk Officer (CRO) who leads a diverse team of risk professionals to drive a proactive risk culture.

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

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

In addition, governance, risk, and oversight functions operate independently from business segments supported by an organizational structure that provides objective oversight and independent challenge. Governance, risk, and oversight function heads, including the CRO, have unfettered access to respective Board committees to raise risk, compliance, and other issues. Lastly, awareness and communication of the Bank's RAS and the ERF take place across the organization through enterprise risk communication programs, employee orientation and training, and participation in internal risk management conferences. These activities further strengthen the Bank's risk culture by increasing the knowledge and understanding of the Bank's expectations for risk taking.

WHO MANAGES RISK

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

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

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

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

RISK GOVERNANCE STRUCTURE

The Board of Directors

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

The Audit Committee

The Audit Committee oversees financial reporting, the adequacy and effectiveness of internal controls, including internal controls over financial reporting, and the activities of the Bank's Global Anti-Money Laundering (GAML) group, Compliance group, and Internal Audit.

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

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

The Corporate Governance Committee
The Corporate Governance Committee, in addition to its other responsibilities, develops, and where appropriate, recommends to the Board for approval corporate governance principles, including a code of conduct and ethics, aimed at fostering a healthy governance culture at the Bank, and also acts as the conduct review committee for the Bank, including providing oversight of conduct risk. The committee also has oversight of the Bank's alignment with its purpose and its strategy, performance and reporting on corporate responsibility for environmental and social matters.

Chief Executive Officer and Senior Executive Team
The CEO and the SET develop and recommend to the Board the Bank's long-term strategic direction and also develop and recommend for Board approval TD's risk appetite. The SET members set the "tone at the top" and manage risk in accordance with the Bank's risk appetite while considering the impact of emerging risks on the Bank's strategy and risk profile. This accountability includes identifying and reporting significant risks to the Risk Committee.

Executive Committees
The CEO, in consultation with the CRO determines the Bank's executive committees, which are chaired by SET members. The committees meet regularly to oversee governance, risk, and control activities and to review and monitor risk strategies and associated risk activities and practices.

The Enterprise Risk Management Committee (ERMC), chaired by the CEO, oversees the management of major enterprise governance, risk, and control activities and promotes an integrated and effective risk management culture. The following executive committees have been established to manage specific major risks based on the nature of the risk and related business activity:

- ALCO – chaired by the SET member responsible for Treasury and Balance Sheet Management (TBSM), the Asset/Liability and Capital Committee (ALCO) oversees directly and through its standing subcommittees (the Enterprise Capital Committee (ECC) and Global Liquidity and Funding Forum (GLF)), the management of the Bank's consolidated non-trading market risk and each of its consolidated liquidity, funding, investments, and capital positions.
- OROC – chaired by the Group Head and CRO, the Operational Risk Oversight Committee (OROC) oversees the identification, monitoring, and control of key risks within the Bank's operational risk profile.
- Disclosure Committee – chaired by the CFO, the Disclosure Committee oversees that appropriate controls and procedures are in place and operating to permit timely, accurate, balanced, and compliant disclosure to regulators with respect to public disclosure, shareholders, and the market.
- ERRC – chaired by the Group Head and CRO, the Enterprise Reputational Risk Committee (ERRC) oversees the management of reputational risk within the Bank's risk appetite, and also provides a forum for discussion, review, and escalation for non-traditional risks.

Risk Management
The Risk Management function, headed by the CRO, provides independent oversight of enterprise-wide risk management, risk governance, and control including the setting of risk strategy and policy to manage risk in alignment with the Bank's risk appetite and business strategy. Risk Management's primary objective is to support a comprehensive and proactive approach to risk management that promotes a strong risk culture. Risk Management works with the business segments and other corporate oversight functions to establish policies, standards, and limits that align with the Bank's risk appetite and monitors and reports on existing and emerging risks and compliance with the Bank's risk appetite. The CRO leads and directs a diverse team of risk management professionals organized to oversee risks arising from each of the Bank's major risk categories. There is an established process in place for the identification and assessment of top and emerging risks. In addition, the Bank has clear procedures governing when and how risk events and issues are brought to the attention of senior management and the Risk Committee.

Business Segments
Each business segment has a dedicated risk management function that reports directly to a senior risk executive who, in turn, reports to the CRO. This structure supports an appropriate level of independent oversight while emphasizing accountability for risk within the business segment. Business management is responsible for setting the business-level risk appetite and measures, which are reviewed and challenged by Risk Management, endorsed by the ERMC, and approved by the CEO, to align with the Bank's risk appetite and manage risk within approved risk limits.

Internal Audit
The Bank's Internal Audit function provides independent and objective assurance to the Board regarding the reliability and effectiveness of key elements of the Bank's risk management, internal control, and governance processes.

Compliance
The Compliance Department is responsible for fostering a culture of integrity, ethics, and compliance throughout the Bank; delivering independent regulatory compliance and conduct risk management and oversight throughout the Bank; and, providing reliable and objective guidance and reporting to senior leadership and the Board on the state of regulatory compliance and conduct risk, based on independent monitoring and testing conducted and advising whether the Regulatory Compliance Management controls are sufficiently robust to achieve compliance with applicable regulatory requirements enterprise-wide.

Global Anti-Money Laundering
The GAML Department is responsible for regulatory compliance with Anti-Money Laundering (AML), Anti-Terrorist Financing, Economic Sanctions, and anti-bribery/anti-corruption regulatory compliance and broader prudential risk management across the Bank in alignment with enterprise AML policies so that the money laundering, terrorist financing, economic sanctions, and bribery and corruption risks are appropriately identified and mitigated.

Three Lines of Defence
In order to further the understanding of responsibilities for risk management, the Bank employs the following "three lines of defence" model that describes the respective accountabilities of each line of defence in managing risk across the Bank.

THREE LINES OF DEFENCE	
FIRST LINE	**RISK OWNER**
IDENTIFY AND CONTROL	• Own, identify, manage, measure, and monitor current and emerging risks in day-to-day activities, operations, products, and services. • Design, implement, and maintain appropriate mitigating controls, and assess the design and operating effectiveness of those controls. • Assess activities to maintain compliance with applicable laws and regulations. • Monitor and report on risk profile so that activities are within TD's risk appetite and policies. • Implement risk-based approval processes for all new products, activities, processes, and systems. • Escalate risk issues and develop and implement action plans in a timely manner. • Deliver training, tools, and advice to support its accountabilities. • Promote a strong risk management culture.
SECOND LINE	**RISK OVERSIGHT**
SET STANDARDS AND CHALLENGE	• Establish and communicate enterprise governance, risk, and control strategies, frameworks, and policies. • Provide oversight and independent challenge to the first line through an effective objective assessment, that is evidenced and documented where material, including: – Challenge the quality and sufficiency of the first line's risk activities; – Identify and assess current and emerging risks and controls, using a risk-based approach, as appropriate; – Monitor the adequacy and effectiveness of internal control activities; – Review and discuss assumptions, material risk decisions and outcomes; – Aggregate and share results across business lines and control areas to identify similar events, patterns, or broad trends; – Identify and assess, and communicate relevant regulatory changes; – Develop and implement risk measurement tools so that activities are within TD's RAS; – Monitor and report on compliance with TD's RAS and policies; and – Escalate risk issues in a timely manner. • Report on the risks of the Bank on an enterprise-wide and disaggregated level to the Board and/or senior management, independently of the business lines or operational management. • Provide training, tools, and advice to support the first line in carrying out its accountabilities. • Promote a strong risk management culture.
THIRD LINE	**INTERNAL AUDIT**
INDEPENDENT ASSURANCE	• Verify independently that TD's ERF is designed and operating effectively. • Validate the effectiveness of the first and second lines in fulfilling their mandates and managing risk.

In support of a strong risk culture, the Bank applies the following principles in governing how it manages risk:
Enterprise-Wide in Scope – Risk Management will span all areas of the Bank, including third-party alliances and joint venture undertakings to the extent they may impact the Bank, and all boundaries both geographic and regulatory.
Transparent and Effective Communication – Matters relating to risk will be communicated and escalated in a timely, accurate, and forthright manner.
Enhanced Accountability – Risks will be explicitly owned, understood, and actively managed by business management and all employees, individually and collectively.
Independent Oversight – Risk policies, monitoring, and reporting will be established and conducted independently and objectively.
Integrated Risk and Control Culture – Risk Management disciplines will be integrated into the Bank's daily routines, decision-making, and strategy formulation.
Strategic Balance – Risk will be managed to an acceptable level of exposure, recognizing the need to protect and grow shareholder value.

APPROACH TO RISK MANAGEMENT PROCESSES
The Bank's comprehensive and proactive approach to risk management is comprised of four processes: risk identification and assessment, measurement, control, and monitoring and reporting.

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

Risk Measurement
The ability to quantify risks is a key component of the Bank's risk management process. The Bank's risk measurement process aligns with regulatory requirements such as capital adequacy, leverage ratios, liquidity measures, stress testing, and maximum credit exposure guidelines established by its regulators. Additionally, the Bank has a process in place to quantify risks to provide accurate and timely measurements of the risks it assumes.

In quantifying risk, the Bank uses various risk measurement methodologies, 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 business segments and corporate oversight functions to assess key risks and internal controls through a structured Risk and Control Self-Assessment program. Internal and external risk events are monitored to assess whether the Bank's internal controls are effective. This allows the Bank to identify, escalate, and monitor significant risk issues as needed.

Risk Control
The Bank's risk control processes are established and communicated through Risk Committee and management approved policies, and associated management approved procedures, control limits, and delegated authorities which reflect its risk appetite and risk tolerances.

The Bank's approach to risk control also includes risk and capital assessments to appropriately capture key risks in its measurement and management of capital adequacy. This involves the review, challenge, and endorsement by senior management committees of the Bank's Internal Capital Adequacy Assessment Programs (ICAAP) and related economic capital practices. The Bank's performance is measured based on the allocation of risk-based capital to businesses and the cost charged against that capital.

Risk Monitoring and Reporting
The Bank monitors and reports on risk levels on a regular basis against its risk appetite and Risk Management reports on its risk monitoring activities to senior management, the Board and its committees, and appropriate executive and management committees. Complementing regular risk monitoring and reporting, ad hoc risk reporting is provided to senior management, the Risk Committee, and the Board, as appropriate, for new and emerging risks or any significant changes to the Bank's risk profile. The Bank is developing methodologies and approaches for climate scenario analysis through participation in industry-wide working groups and is working to embed the assessment of climate-related risks and opportunities into relevant Bank processes.

Stress Testing
Stress testing is an integral component of the Bank's risk management framework and serves as a key component of the Bank's capital, strategic and financial planning processes. Stress testing at the Bank comprises an annual enterprise-wide stress test featuring a range of severities, prescribed regulatory stress tests in multiple jurisdictions for various legal entities, and various ad hoc stress tests. The results of these stress tests enable management to assess the impact of geopolitical events and changes to economic and other market factors on the Bank's financial condition and assist in the determination of capital targets, capital risk appetite limits and liquidity adequacy. These exercises also complement the identification and quantification of vulnerabilities, the monitoring of changes in risk profile, the establishment of risk appetite limits and the assessment of the impact of strategic business decisions and potential management actions.

The Bank utilizes a combination of quantitative modelling and qualitative approaches to estimate the impact on the Bank's performance under hypothetical stress situations. Stress testing engages senior management across the lines of business, Finance, TBSM, Economics, and Risk Management. Stress test results are reviewed, challenged and approved by senior management, governance councils and executive oversight committees. The Bank's Risk Committee also reviews, challenges and discusses results. The results are submitted, disclosed or shared with regulators as required or requested.

Enterprise-Wide Stress Testing
The Bank conducts an annual EWST as part of a comprehensive capital planning, strategic, and financial exercise that is a key component of the ICAAP framework. The EWST results are considered in establishing the Bank's capital targets and risk appetite limits. The program is subject to a well-defined governance structure that facilitates oversight and engagement throughout the organization. The Bank's EWST program involves the development, application, and assessment of severe, but plausible, stress scenarios on the balance sheet, income statement, capital, liquidity, and leverage. It enables management to identify and articulate enterprise-wide risks and understand potential vulnerabilities, and changes to the risk profile of the Bank. Stress scenarios are developed with consideration of the Bank's key business activities, exposures, concentrations and vulnerabilities. The scenarios cover a wide variety of risk factors meaningful to the Bank's risk profile in both the North American and global economies including, but not limited to, changes to unemployment, gross domestic product, home prices, and interest rates.

Typical EWSTs feature two scenarios. One is a plausible scenario calibrated to historical recessions in Canada and the U.S. and is used to evaluate downside risks. The other is an extremely high severity, low probability scenario targeted towards stressing TD-specific risks and vulnerabilities in support of the ICAAP.

For the 2021 EWST program, the Bank determined that the recession scenario was no longer effective to allow it to evaluate the downside risks given the COVID-19 pandemic environment. As such, the 2021 EWST program assessed a single scenario with extremely high severity, which featured further economic deterioration with a prolonged recovery driven by ineffective vaccines, more stringent lockdown measures and lack of progress on long-term fiscal plans. The assessment of the scenario concluded that the Bank had sufficient capital to withstand the extremely severe and prolonged stress conditions.

Other Stress Tests
Stress tests are also conducted on certain legal entities and jurisdictions, in line with prescribed regulatory requirements. The Bank's U.S.-based operating bank subsidiaries' capital planning process includes activities and results from the Office of the Comptroller of the Currency's (OCC) Dodd-Frank Act stress testing (DFAST) requirements. The Bank's U.S. holding company capital planning process includes the stress testing activities and results from the Federal Reserve Board's capital plan rule and related Comprehensive Capital Analysis and Review (CCAR) requirements. In addition, certain Bank subsidiaries in Singapore, Ireland, and the United Kingdom conduct stress testing exercises as part of their respective ICAAP. The Bank undertakes other internal and regulatory based stress tests including, but not limited to, liquidity and market risk, which are detailed in the respective sections.

The Bank also conducts scenario and sensitivity analysis as part of the Recovery and Resolution Planning program to assess potential mitigating actions and contingency planning strategies, as required. In addition, the Bank conducts ad hoc stress tests, which include enterprise or targeted portfolio testing, to evaluate potential vulnerabilities to specific changes in economic and market conditions.

Strategic Risk

Strategic risk is the risk of sub-optimal outcomes (including financial loss or reputational damage) arising from the Bank's choice of strategies, the improper implementation of chosen strategies, the inability to implement chosen strategies, an inadequate response to disruption to the Bank's strategies or the taking of tail risk (i.e., low probability events that can result in extremely large quantifiable losses). Strategies include current operations and merger and acquisition activities.

WHO MANAGES STRATEGIC RISK
The CEO manages Strategic Risk supported by the members of the SET and the ERMC. The CEO, together with the SET, defines the overall strategy, in consultation with, and subject to approval by the Board. The Enterprise Strategy and Decision Support group, under the leadership of the Chief Financial Officer (CFO), is charged with developing the Bank's overall long-term strategy and shorter-term strategic priorities with input and support from senior executives across the Bank.

Each member of the SET is responsible for establishing and managing long-term strategy and shorter-term priorities for their areas of responsibility (business segment or corporate function), and that such strategies are aligned with the Bank's overall long-term strategy and short-term strategic priorities, and within the enterprise risk appetite. Each SET member is also accountable to the CEO for identifying, assessing, measuring, controlling, monitoring, and reporting on the effectiveness and risks of their business strategies.

The CEO, SET members, and other senior executives report to the Board on the implementation of the Bank's strategies, identifying related risks, and explaining how those risks are managed.

The ERMC oversees the identification and monitoring of significant and emerging risks related to the Bank's strategies so that mitigating actions are taken where appropriate.

HOW TD MANAGES STRATEGIC RISK

The Bank's enterprise-wide strategies and operating performance, and those of significant business segments and corporate functions, are assessed regularly by the CEO and the members of the SET through an integrated financial and strategic planning process, as well as operating results reviews.

The Bank's RAS establishes strategic risk limits at the enterprise and business segment-level. Limits include qualitative and quantitative assessments and are established to monitor and control business concentrations, strategic disruption, and environmental and social risks.

The Bank's annual integrated planning process establishes plans at the enterprise, segment, and strategic business line-levels (subsets of business segments). The plans include key operating trends, long-term strategy, shorter-term strategies, target metrics, key risks and mitigants, ESG considerations, and alignment with enterprise strategy and risk appetite.

Operating results are reviewed on a periodic basis during the year to monitor segment-level performance against the integrated financial and strategic plan. These reviews include an evaluation of the long-term strategy and short-term strategic priorities of each business segment, including the operating environment, competitive position, performance assessment, initiatives for strategy execution and key business risks. The frequency of the operating results reviews depends on the risk profile and size of the business segment or corporate function.

The Bank's strategic risk, and adherence to its risk appetite, is reviewed by the ERMC in the normal course, as well as by the Board. Additionally, material acquisitions are assessed for their fit with the Bank's strategy and risk appetite in accordance with the Bank's Due Diligence Policy. This assessment is reviewed by the SET and Board as part of the decision process.

The shaded areas of this MD&A represent a discussion on risk management policies and procedures relating to credit, market, and liquidity risks as required under IFRS 7, *Financial Instruments: Disclosures*, which permits these specific disclosures to be included in the MD&A. Therefore, the shaded areas which include Credit Risk, Market Risk, and Liquidity Risk, form an integral part of the audited Consolidated Financial Statements for the years ended October 31, 2021 and 2020.

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 understand, select, and manage its exposures to reduce significant fluctuations in earnings.

The Bank's strategy is to include central oversight of credit risk in each business, and reinforce a culture of transparency, accountability, independence, and balance.

WHO MANAGES CREDIT RISK

The responsibility for credit risk management is enterprise-wide. To reinforce ownership of credit risk, credit risk control functions are integrated into each business, but also report to Risk Management.

Each business segment's credit risk control unit is responsible for its credit decisions and must comply with established policies, exposure guidelines, credit approval limits, and policy/limit exception procedures. It must also adhere to established enterprise-wide standards of credit assessment and obtain Risk Management's approval for credit decisions beyond its discretionary authority.

Risk Management is accountable for oversight of credit risk by developing policies that govern and control portfolio risks, and approval of product-specific policies, as required.

The Risk Committee oversees the management of credit risk and annually approves certain significant credit risk policies.

HOW TD MANAGES CREDIT RISK

The Bank's Credit Risk Management Framework outlines the internal risk and control structure to manage credit risk and includes risk appetite, policies, processes, limits and governance. The Credit Risk Management Framework is maintained by Risk Management and supports alignment with the Bank's risk appetite for credit risk.

Credit risk policies and credit decision-making strategies, as well as the discretionary limits of officers throughout the Bank for extending lines of credit are centrally approved by Risk Management, and the Board where applicable.

Limits are established to monitor and control country, industry, product, geographic, and group exposure risks in the portfolios in accordance with enterprise-wide policies.

In the Bank's Retail businesses, the Bank uses established underwriting guidelines (which include collateral and loan-to-value constraints) along with approved scoring techniques and standards in extending, monitoring, and reporting personal credit. Credit scores and decision strategies are used in the origination and ongoing management of new and existing retail credit exposures. Scoring models and decision strategies utilize a combination of borrower attributes, including employment status, existing loan exposure and performance, and size of total bank relationship, as well as external data such as credit bureau information, to determine the amount of credit the Bank is prepared to extend to retail customers and to estimate future credit performance. Established policies and procedures are in place to govern the use, and monitor and assess the performance of scoring models and decision strategies to align 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. Material policy exceptions are tracked and reported and larger dollar exposures and material exceptions to policy are escalated to Retail Risk Management.

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

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

As part of the Bank's credit risk strategy, the Bank sets limits on the amount of credit it is prepared to extend to specific industry sectors. The Bank monitors its concentration to any given industry to provide for a diversified loan portfolio and to reduce the risk of undue concentration. The Bank manages this risk using limits based on an internal risk rating score that combines TD's industry risk rating model and industry analysis, and regularly reviews industry risk ratings to assess whether internal ratings properly reflect the risk of the industry. The Bank assigns a maximum exposure limit or a concentration limit to each major industry segment which is a percentage of its total wholesale and commercial private sector exposure.

The Bank may also set limits on the amount of credit it is prepared to extend to a particular entity or group of entities, also referred to as "entity risk". All entity risk is approved by the appropriate decision-making authority using limits based on the entity's BRR and, for certain portfolios, the risk rating of the industry in which the entity operates. This exposure is monitored on a regular basis.

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.

The Basel Framework

The objective of the Basel Framework is to improve the consistency of capital requirements internationally and make required regulatory capital more risk-sensitive. The Basel Framework sets out several options which represent increasingly more risk-sensitive approaches for calculating credit, market, and operational RWA.

Credit Risk and the Basel Framework

The Bank received approval from OSFI to use the Basel AIRB Approach for credit risk, effective November 1, 2007, with certain exemptions. Effective the third quarter of 2020, OSFI approved the use of the AIRB approach for the non-retail portfolio in the U.S. Retail segment. With this approval, the Bank now uses the AIRB approach for all material portfolios.

To continue to qualify using the AIRB Approach for credit risk, the Bank must meet the ongoing conditions and requirements established by OSFI and the Basel Framework. The Bank regularly assesses its compliance with these requirements.

Credit Risk Exposures Subject to the AIRB Approach

Banks that adopt the AIRB Approach to credit risk must report credit risk exposures by counterparty type, each having different underlying risk characteristics. These counterparty types may differ from the presentation in the Bank's 2021 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:

- Probability of default (PD) – the likelihood that the borrower will not be able to meet its scheduled repayments within a one-year time horizon.
- Loss given default (LGD) – the amount of loss the Bank would likely incur when a borrower defaults on a loan, which is expressed as a percentage of exposure at default (EAD).
- EAD – the total amount the Bank is exposed to at the time of default.

By applying these risk parameters, the Bank can measure and monitor its credit risk to verify that it remains within pre-determined thresholds.

Retail Exposures

In the retail portfolio, including individuals and small businesses, the Bank manages exposures on a pooled basis, using predictive credit scoring techniques. There are three sub-types of retail exposures: residential secured (for example, individual mortgages and home equity lines of credit), qualifying revolving retail (for example, individual credit cards, unsecured lines of credit, and overdraft protection products), and other retail (for example, personal loans, including secured automobile loans, student lines of credit, and small business banking credit products).

The Bank calculates RWA for its retail exposures using the AIRB Approach. All retail PD, LGD, and EAD parameter models are based exclusively on the internal default and loss performance history for each of the three retail exposure sub-types.

Account-level PD, LGD, and EAD models are built for each product portfolio and calibrated based on the observed account-level default and loss performance for the portfolio.

Consistent with the AIRB Approach, the Bank defines default for exposures as delinquency of 90 days or more for the majority of retail credit portfolios. LGD estimates used in the RWA calculations reflect economic losses, such as, direct and indirect costs as well as any appropriate discount to account for time between default and ultimate recovery. EAD estimates reflect the historically observed utilization of credit limits at default. PD, LGD, and EAD models are calibrated using established statistical methods, such as 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 book; a customer's credit bureau attributes; and a customer's other holdings with the Bank, and macroeconomic inputs, such as unemployment rate. 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 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 as outlined in the "Model Risk Management" section of this disclosure.

Long-run PD estimates are generated by including key economic indicators, such as interest rates and unemployment rates, and using their long-run average over the credit cycle to estimate PD.

LGD estimates are required to reflect a downturn scenario. Downturn LGD estimates are generated by using macroeconomic inputs, such as changes in housing prices and unemployment rates expected in an appropriately severe downturn scenario.

For unsecured products, downturn LGD estimates reflect the observed lower recoveries for exposures defaulted during the 2008 to 2009 recession. For products secured by residential real estate, such as mortgages and home equity lines of credit, downturn LGD reflects the potential impact of a severe housing downturn. EAD estimates similarly reflect a downturn scenario.

The following table maps PD ranges to risk levels:

Risk Assessment	PD Segment	PD Range
Low Risk	1	0.00 to 0.15%
Normal Risk	2	0.16 to 0.41
	3	0.42 to 1.10
Medium Risk	4	1.11 to 2.93
	5	2.94 to 4.74
High Risk	6	4.75 to 7.59
	7	7.60 to 18.24
	8	18.25 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 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. In Canada, for both the wholesale and commercial lending portfolios, credit risk models are calibrated based on internal data beginning in 1994. In the U.S., credit risk models are calibrated based on internal data beginning in 2007. 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 allowance for credit losses.

Borrower Risk Rating and PD
Each borrower is assigned a BRR that reflects the PD of the borrower using proprietary models and expert judgment. In assessing borrower risk, the Bank reviews the borrower's competitive position, financial performance, economic, and industry trends, management quality, and access to funds. Under the AIRB Approach, borrowers are grouped into BRR grades that have similar PD. Use of projections for model implied risk ratings is not permitted and BRRs may not incorporate a projected reversal, stabilization of negative trends, or the acceleration of existing positive trends. Historic financial results can however be sensitized to account for events that have occurred, or are about to occur, such as additional debt incurred by a borrower since the date of the last set of financial statements. In conducting an assessment of the BRR, all relevant and material information must be taken into account and the information being used must be current. Quantitative rating models are used to rank the expected through-the-cycle PD, and these models are segmented into categories based on industry and borrower size. The quantitative model output can be modified in some cases by expert judgment, as prescribed within the Bank's credit policies.

To calibrate PDs for each BRR band, the Bank computes yearly transition matrices based on annual cohorts and then estimates the average annual PD for each BRR. The PD is set at the average estimation level plus an appropriate adjustment to cover statistical and model uncertainty. The calibration process for PD is a through-the-cycle approach. TD's 21-point BRR scale broadly aligns to external ratings as follows:

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

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

Different FRR models are used based on industry and obligor size. Data considered in the calibration of the LGD model includes variables such as collateral coverage, debt structure, and borrower enterprise value. Average LGD and the statistical uncertainty of LGD are estimated for each FRR grade. In some FRR models, lack of historical data requires the model to output a rank-ordering which is then mapped through expert judgment to the quantitative LGD scale.

The AIRB Approach stipulates the use of downturn LGD, where the downturn period, as determined by internal and/or external experience, suggests higher than average loss rates or lower than average recovery. To reflect this, 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%.

BRR and drawn ratio up to one-year prior to default are predictors for UGD. Consequently, the UGD estimates are calibrated by BRR and drawn ratio, the latter representing the ratio of the drawn to authorized amounts.

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 from average UGD, therefore the UGDs are set at the average calibrated level, by drawn ratio and/or BRR, plus an appropriate adjustment for statistical and model uncertainty.

Credit Risk Exposures Subject to the Standardized Approach (SA)
Currently SA to credit risk is used on exempted portfolios which are either immaterial or expected to wind down. Under SA, the assets are multiplied by risk weights prescribed by OSFI to determine RWA. These risk weights are assigned according to certain factors including counterparty type, product type, and the nature/extent of credit risk mitigation. The Bank uses external credit ratings, including Moody's and S&P to determine the appropriate risk weight for its exposures to sovereigns (governments, central banks, and certain public sector entities) and banks (regulated deposit-taking institutions, securities firms, and certain public sector entities).

The Bank applies the following risk weights to on-balance sheet exposures under SA:

Sovereign	0%[1]
Bank	20%[1]
Corporate	100%

1 The risk weight may vary according to the external risk rating.

Lower risk weights apply where approved credit risk mitigants exist. Non-retail loans that are more than 90 days past due receive a risk weight of 150%. 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 the Bank. Derivative-related credit risks are subject to the same credit approval standards that the Bank uses for assessing loans. 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.

The Bank uses various qualitative and quantitative methods to measure and manage counterparty credit risk. These include statistical methods to measure the current and future potential risk, as well as ongoing stress testing to identify and quantify exposure under a range of adverse scenarios. The Bank establishes various limits to manage business volumes and concentrations. Risk Management independently measures and monitors counterparty credit risk relative to established credit policies and limits. As part of the credit risk monitoring process, management periodically reviews all exposures, including exposures resulting from derivative financial instruments to higher risk counterparties, and to assess the valuation of underlying financial instruments and the impact evolving market conditions may have on the Bank.

To reduce credit risk exposure, the Bank employs mitigation strategies that include master netting agreements, collateral pledging, central clearing houses and other credit risk mitigation techniques. Master netting agreements allow the Bank to offset and arrive at a net obligation amount, whereas collateral agreements allow the Bank to secure the Bank's exposure. By taking the opposite position to each trade, central clearing houses also reduce bilateral credit risk.

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.

The Bank uses the standardized approach for counterparty credit risk to calculate the EAD amount, which is defined by OSFI as a multiple of the summation of replacement cost and potential future exposure, to estimate the risk and determine regulatory capital requirements for derivative exposures.

Validation of the Credit Risk Rating System
Credit risk rating systems and methodologies are independently validated on a regular basis to verify that they remain accurate predictors of risk. The validation process includes the following considerations:

- Risk parameter estimates – PDs, LGDs, and EADs are reviewed and updated against actual loss experience to verify that 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 verifies 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.

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 are 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, master netting agreements and central clearing houses to mitigate derivative counterparty exposure. Security for derivative exposures is primarily financial and includes cash and negotiable securities issued by highly rated governments and investment grade issuers. This approach includes pre-defined discounts and procedures for the receipt, safekeeping, and release of pledged securities.

In all but exceptional situations, the Bank secures collateral by taking possession and controlling it in a jurisdiction where it can legally enforce its collateral rights. In exceptional situations and when demanded by the Bank's counterparty, the Bank holds or pledges collateral with an acceptable third-party custodian. The Bank documents all such third-party arrangements with industry standard agreements.

Occasionally, the Bank may take guarantees to reduce the risk in credit exposures. For credit risk exposures subject to the AIRB approach, the Bank only recognizes irrevocable guarantees for Commercial Banking and Wholesale Banking credit exposures that are provided by entities with a better risk rating than that of the borrower or counterparty to the transaction.

The Bank makes use of credit derivatives to mitigate credit risk. The credit, legal, and other risks associated with these transactions are controlled through well-established procedures. The Bank's policy is to enter into these transactions with investment grade financial institutions and transact on a collateralized basis. Credit risk to these counterparties is managed through the same approval, limit, and monitoring processes the Bank uses for all counterparties for which it has credit exposure.

The Bank uses appraisals and automated valuation models (AVMs) to support property values when adjudicating loans collateralized by residential real property. AVMs are computer-based tools used to estimate or validate the market value of residential real property using market comparables and price trends for local market areas. The primary risk associated with the use of these tools is that the value of an individual property may vary significantly from the average for the market area. The Bank has specific risk management guidelines addressing the circumstances when they may be used, and processes to periodically validate AVMs including obtaining third-party appraisals.

Gross Credit Risk Exposure

Gross credit risk exposure, also referred to as EAD, is the total amount the Bank is exposed to at the time of default of a loan and is measured before counterparty-specific provisions or write-offs. Gross credit risk exposure does not reflect the effects of credit risk mitigation and includes both on-balance sheet and off-balance sheet exposures. On-balance sheet exposures consist primarily of outstanding loans, acceptances, non-trading securities, derivatives, and certain other repo-style transactions. Off-balance sheet exposures consist primarily of undrawn commitments, guarantees, and certain other repo-style transactions.

Gross credit risk exposures for the two approaches the Bank uses to measure credit risk are included in the following table.

TABLE 42: GROSS CREDIT RISK EXPOSURES – Standardized and Advanced Internal Ratings-Based Approaches[1]

(millions of Canadian dollars)						*As at*
			October 31, 2021			October 31, 2020
	Standardized	**AIRB**	**Total**	Standardized	AIRB	Total
Retail						
Residential secured	**$ 4,323**	**$ 433,144**	**$ 437,467**	$ 3,594	$ 409,564	$ 413,158
Qualifying revolving retail	**–**	**151,006**	**151,006**	–	153,820	153,820
Other retail	**3,368**	**88,894**	**92,262**	3,135	88,185	91,320
Total retail	**7,691**	**673,044**	**680,735**	6,729	651,569	658,298
Non-retail						
Corporate	**6,066**	**625,640**	**631,706**	11,774	588,331	600,105
Sovereign	**1**	**470,671**	**470,672**	1	528,598	528,599
Bank	**519**	**136,004**	**136,523**	446	149,117	149,563
Total non-retail	**6,586**	**1,232,315**	**1,238,901**	12,221	1,266,046	1,278,267
Gross credit risk exposures	**$ 14,277**	**$ 1,905,359**	**$ 1,919,636**	$ 18,950	$ 1,917,615	$ 1,936,565

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

Other Credit Risk Exposures

Non-trading Equity Exposures

The Bank applies the simple risk weight method under the market-based approach to calculate RWA on the non-trading equity exposures. Under the simple risk weight method, a 300% risk weight is applied to equity holdings that are publicly traded and a 400% risk weight is applied to all other equity holdings. Equity exposures to sovereigns and holdings made under legislated programs continue to follow the appropriate OSFI prescribed risk weights of 0%, 20% or 100%.

Securitization Exposures

Effective November 1, 2018, the Bank applies risk weights to all securitization exposures under the revised securitization framework published by OSFI. The revised securitization framework includes a hierarchy of approaches to determine capital treatment, and transactions that meet the simple, transparent, and comparable requirements that are eligible for preferential capital treatment.

Effective the second quarter of 2021, the Bank began using the SEC-IRBA for qualified exposures. Under SEC-IRBA, risk weights are determined using a loss coverage model that quantifies and monitors the level of risk. The SEC-IRBA also considers credit enhancements available for loss protection.

For externally rated exposures that do not qualify for SEC-IRBA, the Bank uses an External Ratings-Based Approach (SEC-ERBA). Risk weights are assigned to exposures using external ratings by external rating agencies, including Moody's and S&P. The SEC-ERBA also takes into account additional factors, including the type of the rating (long-term or short-term), maturity, and the seniority of the position.

For exposures that do not qualify for SEC-IRBA or SEC-ERBA, and are held by an ABCP issuing conduit, the Bank uses the Internal Assessment Approach (IAA).

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. Under the IAA, exposures are multiplied by OSFI prescribed risk weights to calculate RWA for capital purposes.

For exposures that do not qualify for SEC-IRBA, SEC-ERBA or the IAA , the Bank uses the Standardized Approach (SEC-SA). Under SEC-SA, the primary factors that determine the risk weights include the asset class of the underlying loans, the seniority of the position, the level of credit enhancements, and historical delinquency rates.

Irrespective of the approach being used to determine the risk weights, all exposures are assigned an internal risk rating based on the Bank's assessment, which must be reviewed at least annually. The ratings scale TD uses corresponds to the long-term ratings scales used by the rating agencies.

The Bank's internal rating 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 internal rating in all aspects of its credit risk management, including performance tracking, control mechanisms, and management reporting.

Market Risk

Trading Market Risk is the risk of loss in financial instruments held in trading positions due to adverse movements in market factors. These market factors include interest rates, foreign exchange rates, equity prices, commodity prices, credit spreads, and their respective volatilities.

Non-Trading Market Risk is the risk of loss on the balance sheet or volatility in earnings from non-trading activities such as asset-liability management or investments, due to adverse movements in market factors. These market factors are predominantly interest rates, credit spreads, foreign exchange rates and equity prices.

The Bank is exposed to market risk in its trading and investment portfolios, as well as through its non-trading activities. The Bank is an active participant in the market through its trading and investment portfolios, 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, 2021, using the Internal Models Approach.

MARKET RISK LINKAGE TO THE BALANCE SHEET

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

TABLE 43: MARKET RISK LINKAGE TO THE BALANCE SHEET[1]

(millions of Canadian dollars)									*As at*
	October 31, 2021				October 31, 2020				
	Balance sheet	**Trading market risk**	**Non-trading market risk**	**Other**	Balance sheet	Trading market risk	Non-trading market risk	Other	Non-trading market risk – primary risk sensitivity
Assets subject to market risk									
Interest-bearing deposits with banks	**$ 159,962**	**$ 423**	**$ 159,539**	**$ –**	$ 164,149	$ 435	$ 163,714	$ –	Interest rate
Trading loans, securities, and other	**147,590**	**138,701**	**8,889**	**–**	148,318	143,381	4,937	–	Interest rate
Non-trading financial assets at fair value through profit or loss	**9,390**	**–**	**9,390**	**–**	8,548	–	8,548	–	Equity, foreign exchange, interest rate
Derivatives	**54,427**	**52,352**	**2,075**	**–**	54,242	51,722	2,520	–	Equity, foreign exchange, interest rate
Financial assets designated at fair value through profit or loss	**4,564**	**–**	**4,564**	**–**	4,739	–	4,739	–	Interest rate
Financial assets at fair value through other comprehensive income	**79,066**	**–**	**79,066**	**–**	103,285	–	103,285	–	Equity, foreign exchange, interest rate
Debt securities at amortized cost, net of allowance for credit losses	**268,939**	**–**	**268,939**	**–**	227,679	–	227,679	–	Foreign exchange, interest rate
Securities purchased under reverse repurchase agreements	**167,284**	**7,992**	**159,292**	**–**	169,162	7,395	161,767	–	Interest rate
Loans, net of allowance for loan losses	**722,622**	**–**	**722,622**	**–**	717,523	–	717,523	–	Interest rate
Customers' liability under acceptances	**18,448**	**–**	**18,448**	**–**	14,941	–	14,941	–	Interest rate
Investment in Schwab	**11,112**	**–**	**11,112**	**–**	12,174	–	12,174	–	Equity
Other assets[2]	**2,677**	**–**	**2,677**	**–**	2,277	–	2,277	–	Interest rate
Assets not exposed to market risk	**82,591**	**–**	**–**	**82,591**	88,828	–	–	88,828	
Total Assets	**$ 1,728,672**	**$ 199,468**	**$ 1,446,613**	**$ 82,591**	$ 1,715,865	$ 202,933	$ 1,424,104	$ 88,828	
Liabilities subject to market risk									
Trading deposits	**$ 22,891**	**$ 22,731**	**$ 160**	**$ –**	$ 19,177	$ 18,089	$ 1,088	$ –	Equity, interest rate
Derivatives	**57,122**	**51,817**	**5,305**	**–**	53,203	50,237	2,966	–	Equity, foreign exchange, interest rate
Securitization liabilities at fair value	**13,505**	**13,505**	**–**	**–**	13,718	13,718	–	–	Interest rate
Financial liabilities designated at fair value through profit or loss	**113,988**	**7**	**113,981**	**–**	59,665	15	59,650	–	Interest rate
Deposits	**1,125,125**	**–**	**1,125,125**	**–**	1,135,333	–	1,135,333	–	Interest rate, foreign exchange
Acceptances	**18,448**	**–**	**18,448**	**–**	14,941	–	14,941	–	Interest rate
Obligations related to securities sold short	**42,384**	**41,242**	**1,142**	**–**	34,999	34,307	692	–	Interest rate
Obligations related to securities sold under repurchase agreements	**144,097**	**5,126**	**138,971**	**–**	188,876	3,675	185,201	–	Interest rate
Securitization liabilities at amortized cost	**15,262**	**–**	**15,262**	**–**	15,768	–	15,768	–	Interest rate
Subordinated notes and debentures	**11,230**	**–**	**11,230**	**–**	11,477	–	11,477	–	Interest rate
Other liabilities[2]	**16,144**	**–**	**16,144**	**–**	18,431	–	18,431	–	Equity, interest rate
Liabilities and Equity not exposed to market risk	**148,476**	**–**	**–**	**148,476**	150,277	–	–	150,277	
Total Liabilities and Equity	**$ 1,728,672**	**$ 134,428**	**$ 1,445,768**	**$ 148,476**	$ 1,715,865	$ 120,041	$ 1,445,547	$ 150,277	

[1] Certain comparative amounts have been reclassified to conform with the presentation adopted in in the current period.
[2] Relates to retirement benefits, insurance, and structured entity liabilities.

MARKET RISK IN TRADING ACTIVITIES
The overall objective of the Bank's trading businesses is to provide wholesale banking services, including facilitation and liquidity, to clients of the Bank. The Bank must take on risk in order to provide effective service in markets where its clients trade. In particular, the Bank needs to hold inventory, act as principal to facilitate client transactions, and underwrite new issues. The Bank also trades in order to have in-depth knowledge of market conditions to provide the most efficient and effective pricing and service to clients, while balancing the risks inherent in its dealing activities.

WHO MANAGES MARKET RISK IN TRADING ACTIVITIES
Primary responsibility for managing market risk in trading activities lies with Wholesale Banking, with oversight from Market Risk Control within Risk Management. The Market Risk Control Committee meets regularly to conduct a review of the market risk profile, trading results of the Bank's trading businesses as well as changes to market risk policies. The committee is chaired by the Senior Vice President, Market Risk and Model Development, and includes Wholesale Banking senior management.

There were no significant reclassifications between trading and non-trading books during the year ended October 31, 2021.

HOW TD MANAGES MARKET RISK IN TRADING ACTIVITIES
Market risk plays a key part in the assessment of any trading business strategy. The Bank launches new trading initiatives or expands existing ones only if the risk has been thoroughly assessed, and is judged to be within the Bank's risk appetite and business expertise, and if the appropriate infrastructure is in place to monitor, control, and manage the risk. The Trading Market Risk Framework outlines the management of trading market risk and incorporates risk appetite, risk governance structure, risk identification, measurement, and control. The Trading Market Risk Framework is maintained by Risk Management and supports alignment with the Bank's Risk Appetite for trading market risk.

Trading Limits
The Bank sets trading limits that are consistent with the approved business strategy for each business and its tolerance for the associated market risk, aligned to its market risk appetite. In setting limits, the Bank takes into account market volatility, market liquidity, organizational experience, and business strategy. Limits are prescribed at the Wholesale Banking level in aggregate, as well as at more granular levels.

The core market risk limits are based on the key risk drivers in the business and includes notional, credit spread, yield curve shift, price, and volatility limits.

Another primary measure of trading limits is VaR, which the Bank uses to monitor and control overall risk levels and to calculate the regulatory capital required for market risk in trading activities. VaR measures the adverse impact that potential changes in market rates and prices could have on the value of a portfolio over a specified period of time.

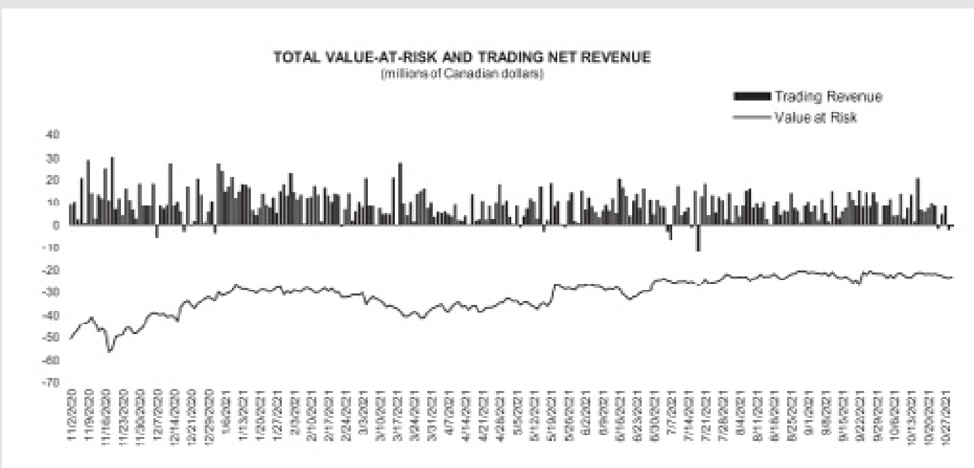
At the end of each day, risk positions are compared with risk limits, and any excesses are reported in accordance with established market risk policies and procedures.

Calculating VaR
The Bank computes total VaR on a daily basis by combining the General Market Risk (GMR) and Idiosyncratic Debt Specific Risk (IDSR) associated with 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 net revenue, reported on a taxable equivalent basis, within Wholesale Banking. Trading net revenue includes trading income and net interest income related to positions within the Bank's market risk capital trading books. For the year ending October 31, 2021, there were 16 days of trading losses and trading net revenue was positive for 94% 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. In 2021, the Bank implemented infrastructure enhancements to its interest rate VaR modelling.

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

Calculating Stressed VaR (SVaR)

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 2021, Stressed VaR was calculated using the one-year period that includes the 2008 financial crisis. The appropriate historical one-year period to use for Stressed VaR is determined on a quarterly basis. Stressed VaR is a part of regulatory capital requirements.

Calculating the Incremental Risk Charge

The IRC is applied to all instruments in the trading book subject to migration and default risk. Migration risk represents the risk of changes in the credit ratings of the Bank's exposures. The Bank applies a Monte Carlo simulation with a one-year horizon and a 99.9% confidence level to determine IRC, which is consistent with regulatory requirements. IRC is based on a "constant level of risk" assumption, which requires banks to assign a liquidity horizon to positions that are subject to IRC. IRC is a part of regulatory capital requirements.

The following table presents the end of year, average, high, and low usage of TD's portfolio metrics.

TABLE 44: PORTFOLIO MARKET RISK MEASURES

(millions of Canadian dollars)				2021				2020
	As at	**Average**	**High**	**Low**	As at	Average	High	Low
Interest rate risk	**$ 11.9**	**$ 15.7**	**$ 33.5**	**$ 6.8**	$ 20.6	$ 19.1	$ 36.8	$ 7.6
Credit spread risk	**9.0**	**14.7**	**37.2**	**5.4**	37.3	35.1	109.3	6.9
Equity risk	**9.2**	**9.5**	**14.1**	**6.0**	12.0	12.7	42.8	3.5
Foreign exchange risk	**1.8**	**1.9**	**5.3**	**0.4**	4.0	3.9	10.4	0.9
Commodity risk	**4.7**	**4.7**	**9.4**	**1.9**	3.8	3.7	7.9	1.2
Idiosyncratic debt specific risk	**19.4**	**26.2**	**41.9**	**16.5**	48.9	37.0	69.5	10.9
Diversification effect[1]	**(32.9)**	**(42.8)**	**n/m[2]**	**n/m**	(75.2)	(64.9)	n/m	n/m
Total Value-at-Risk (one-day)	**23.1**	**29.9**	**44.7**	**20.6**	51.4	46.6	118.8	15.1
Stressed Value-at-Risk (one-day)	**63.9**	**39.5**	**63.9**	**28.5**	49.5	57.4	126.9	31.3
Incremental Risk Capital Charge (one-year)	**338.3**	**349.5**	**424.3**	**265.1**	301.6	325.2	482.9	164.8

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.

Global roll-out of COVID-19 vaccines, gradual relaxation of lockdowns and continued support from regulators resulted in the stabilization of global markets in 2021 and decreased market risk due to decreases in price volatility experienced across all asset classes. Key factors impacting VaR models during the period were credit spread narrowing and new scenario shocks rolling out of the most recent 259-day trading window. As a result of these factors, VaR gradually decreased and stabilized after the second quarter of 2021.

The Bank has effectively managed market risk by maintaining stable risk exposures, with daily VaR remaining well within approved limits during the year.

Average VaR decreased year over year due to markets stabilizing and COVID-19 related VaR scenarios dropping out of the one-year range of the historical VaR period. Average Stressed VaR decreased year over year driven by credit spread tightening and lower volatility in equity markets, as well as changes in risk exposures.

Average IRC increased year over year driven by widening credit spreads impacting Government and Corporate bond positions.

Validation of VaR Model

The Bank uses a back-testing process to compare the actual and theoretical profit and losses to VaR to verify that they are consistent with the statistical results of the VaR model. The theoretical profit or loss is generated using the daily price movements on the assumption that there is no change in the composition of the portfolio. Validation of the IRC model must follow a different approach since the one-year horizon and 99.9% confidence level preclude standard back-testing techniques. Instead, key parameters of the IRC model such as transition and correlation matrices are subject to independent validation by benchmarking against external study results or through analysis using internal or external data.

Stress Testing

The Bank's trading business is subject to an overall global stress test limit. In addition, global businesses have stress test limits, and each broad risk class has an overall stress test threshold. Stress scenarios are designed to model extreme economic events, replicate worst-case historical experiences, or introduce severe, but plausible, hypothetical changes in key market risk factors. The stress testing program includes scenarios developed using actual historical market data during periods of market disruption, in addition to hypothetical scenarios developed by Risk Management. The events the Bank has modelled include the 1987 equity market crash, the 1998 Russian debt default crisis, the aftermath of September 11, 2001, the 2007 ABCP crisis, the credit crisis of Fall 2008, the Brexit referendum of June 2016, and the COVID-19 pandemic of 2020.

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 its investment portfolio and other non-trading portfolios. Risk Management reviews and approves policies and procedures, which are established to monitor, measure, and mitigate these risks.

Structural (Non-Trading) Market Risk

Structural (Non-Trading) Market Risk deals with managing the market risks of TD's traditional banking activities. This generally reflects the market risks arising from personal and commercial banking products (loans and deposits) as well as related funding, investments and high-quality liquid assets (HQLA). It does not include exposures from TD's Wholesale Banking or Insurance businesses. Structural market risks primarily include interest rate risk and foreign exchange risk.

WHO MANAGES STRUCTURAL (NON-TRADING) MARKET RISK

The TBSM group measures and manages the market risks of the Bank's non-trading banking activities outside of Wholesale Banking, with oversight from the ALCO. The Market Risk Control function provides independent oversight, governance, and control over these market risks. The Risk Committee periodically reviews and approves key non-trading market risk policies and receives reports on compliance with approved risk limits.

HOW TD MANAGES STRUCTURAL (NON-TRADING) MARKET RISK

Non-trading interest rate risk is viewed as a non-productive risk as it has the potential to increase earnings volatility and generate losses 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 to be consistent with the Bank's risk appetite.

Managing Structural Interest Rate Risk

Interest rate risk is the impact that changes in interest rates could have on the Bank's margins, earnings, and economic value. Interest rate risk management is designed to generate stable and predictable earnings over time. The Bank has adopted a disciplined hedging approach to manage the net interest income from its asset and liability positions. 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;
- Modelling the expected impact of customer behaviour on TD's products (e.g., how actively customers exercise embedded options, such as prepaying a loan or redeeming a deposit before its maturity date);
- Assigning target-modelled maturity profiles for non-maturity assets, liabilities, and equity;
- Measuring the margins of TD's banking products on a fully-hedged basis, including the impact of financial options that are granted to customers; and
- Developing and implementing strategies to stabilize net interest income from all retail and commercial banking products.

The Bank is exposed to interest rate risk from "mismatched positions" when asset and liability principal and interest cash flows have different interest payment, repricing or maturity dates. The Bank measures this risk based on an assessment of: contractual cash flows, product embedded optionality, customer behaviour expectations and the modelled maturity profiles for non-maturity products. To manage this risk, the Bank primarily uses financial derivatives, wholesale investments, funding instruments, and other capital market alternatives.

The Bank also measures its exposure to non-maturity liabilities, such as core deposits, by assessing interest rate elasticity and balance permanence using historical data and business judgment. Fluctuations of non-maturity deposits can occur because of factors such as interest rate movements, equity market movements, and changes to customer liquidity preferences.

Banking product optionality, whether from freestanding options such as mortgage rate commitments or options embedded within loans and deposits, expose the Bank to a significant financial risk. To manage these exposures, the Bank purchases options or uses a dynamic hedging process designed to replicate the payoff of a purchased option.

- **Rate Commitments**: The Bank measures its exposure from freestanding mortgage rate commitment options using an expected funding profile based on historical experience. Customers' propensity to fund, and their preference for fixed or floating rate mortgage products, is influenced by factors such as market mortgage rates, house prices, and seasonality.
- **Asset Prepayment and other Embedded Options**: The Bank models its exposure to written options embedded in other products, such as the right to prepay residential mortgage loans, based on analysis of customer behaviour. Econometric models are used to model prepayments and the effects of prepayment behaviour to the Bank. In general mortgage prepayments are also affected by factors, such as mortgage age, house prices, and GDP growth. The combined impacts from these parameters are also assessed to determine a core liquidation speed which is independent of market incentives. A similar analysis is undertaken for other products with embedded optionality.

Structural Interest Rate Risk Measures

The primary measures for this risk are Economic Value of Shareholders' Equity (EVE) Sensitivity and Net Interest Income Sensitivity (NIIS).

The EVE Sensitivity measures the impact of a specified interest rate shock to the net present value of the Bank's banking book assets, liabilities, and certain off-balance sheet items. It reflects a measurement of the potential present value impact on shareholders' equity without an assumed term profile for the management of the Bank's own equity and excludes product margins.

The NIIS measures the NII change over a twelve-month horizon for a specified change in interest rates for banking book assets, liabilities, and certain off-balance sheet items assuming a constant balance sheet over the period.

The Bank's Market Risk policy sets overall limits on the structural interest rate risk measures. These limits are periodically reviewed and approved by the Risk Committee. In addition to the Board policy limits, book-level risk limits for the Bank's management of non-trading interest rate risk are set by Risk Management. Exposures against these limits are routinely monitored and reported, and breaches of the Board limits, if any, are escalated to both the ALCO and the Risk Committee.

The following table shows the potential before-tax impact of an immediate and sustained 100 bps increase or decrease in interest rates on the Bank's EVE and NII. Interest rate floors are applied by currency to the decrease in rates such that they do not exceed expected lower bounds, with the most material currencies set to a floor of -25 bps.

TABLE 45: STRUCTURAL INTEREST RATE SENSITIVITY MEASURES

(millions of Canadian dollars)								*As at*
						October 31, 2021		October 31, 2020
			EVE Sensitivity			**NII[1] Sensitivity**	EVE Sensitivity	NII Sensitivity
	Canada	**U.S.**	**Total**	**Canada**	**U.S.**	**Total**	Total	Total
Before-tax impact of								
100 bps increase in rates	**$ 75**	**$ (1,443)**	**$ (1,368)**	**$ 872**	**$ 985**	**$ 1,857**	$ (1,876)	$ 1,926
100 bps decrease in rates	**(189)**	**527**	**338**	**(663)**	**(438)**	**(1,101)**	277	(872)

1 Represents the twelve-month NII exposure to an immediate and sustained shock in rates.

As at October 31, 2021, an immediate and sustained 100 bps increase in interest rates would have had a negative impact to the Bank's EVE of $1,368 million, a decrease of $508 million from last year, and a positive impact to the Bank's NII of $1,857 million, a decrease of $69 million from last year. An immediate and sustained 100 bps decrease in interest rates would have had a positive impact to the Bank's EVE of $338 million, an increase of $61 million from last year, and a negative impact to the Bank's NII of $1,101 million, an increase of $229 million from last year. The year-over-year decrease in up shock EVE Sensitivity is primarily due to decreased sensitivity from loan optionality in the U.S. region and a positive impact from foreign currency translation. The year-over-year increase in down shock NIIS is primarily due to an increase in the effective shock given the increased level of interest rates and the measurement using a -25 bps floor. This change was also partially offset by deposit hedging activities. As at October 31, 2021, reported EVE and NII Sensitivities remain within the Bank's risk appetite and established Board limits.

Managing Non-trading Foreign Exchange Risk

Foreign exchange risk refers to losses that could result from changes in foreign-currency exchange rates. Assets and liabilities that are denominated in foreign currencies create foreign exchange risk.

The Bank is exposed to non-trading foreign exchange risk primarily from its investments in foreign operations. When the Bank's foreign currency assets are greater or less than its liabilities in that currency, they create a foreign currency open position. An adverse change in foreign exchange rates can impact the Bank's reported net income and shareholders' equity, and also its capital ratios.

In order to minimize the impact of an adverse foreign exchange rate change on certain capital ratios, the Bank's net investments in foreign operations are hedged so certain capital ratios change by no more than an acceptable amount for a given change in foreign exchange rates. The Bank does not generally hedge the earnings of foreign subsidiaries which results in changes to the Bank's consolidated earnings when relevant foreign exchange rates change.

Other Non-Trading Market Risks

Other structural market risks monitored on a regular basis include:
- **Basis Risk** – The Bank is exposed to risks related to the difference in various market indices.
- **Equity Risk** – The Bank is exposed to equity risk through its equity-linked guaranteed investment certificate product offering. The exposure is managed by purchasing options to replicate the equity payoff. The Bank is also exposed to non-trading equity price risk primarily from its share-based compensation plans where certain employees are awarded share units equivalent to the Bank's common shares as compensation for services provided to the Bank. These share units are recorded as a liability over the vesting period and revalued at each reporting period until settled in cash. Changes in the Bank's share price can impact non-interest expenses. The Bank uses derivative instruments to manage its non-trading equity price risk. In addition, the Bank is exposed to equity risk from investment securities designated at FVOCI.

Managing Investment Portfolios

The Bank manages a securities portfolio that is integrated into the overall asset and liability management process. The securities portfolio is comprised of high-quality, low-risk securities and managed in a manner appropriate to the attainment of the following goals: (1) to generate a targeted credit of funds to deposits balances that are in excess of loan balances; (2) to provide a sufficient pool of liquid assets to meet deposit and loan fluctuations and overall liquidity management objectives; (3) to provide eligible securities to meet collateral and cash management requirements; and (4) to manage the target interest rate risk profile of the balance sheet. The Risk Committee reviews and approves the Enterprise Investment Policy that sets out limits for the Bank's investment portfolio. In addition, the Wholesale Banking and Insurance businesses also hold investments that are managed separately.

WHY NET INTEREST MARGIN FLUCTUATES OVER TIME

As previously noted, the Bank's approach to structural (non-trading) market risk is designed to generate stable and predictable earnings over time, regardless of cash flow mismatches and the exercise of options granted to customers. This approach also creates margin certainty on loan and deposit profitability as they are booked. Despite this approach however, the Bank's NIM is subject to change over time for the following reasons (among others):
- Differences in margins earned on new and renewing products relative to the margin previously earned on matured products;
- The weighted-average margin will shift as the mix of business changes;
- Changes in the basis between various benchmark rates (e.g. Prime, CDOR, or LIBOR);
- The lag in changing product prices in response to changes in wholesale interest rates;
- Changes from the repricing of hedging strategies to manage the investment profile of the Bank's non-rate sensitive deposits; and
- Margin changes from the portion of the Bank's deposits that are non-rate sensitive but not expected to be longer term in nature, resulting in a shorter term investment profile and higher sensitivity to short term rates.

The general level of interest rates will affect the return the Bank generates on its modelled maturity profile for core non-rate sensitive 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 modelled option exposures, and will affect the cost of hedging such exposures. The Bank's approach to managing these factors tends to moderate their impact over time, resulting in a more stable and predictable earnings stream.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes or technology or from human activities or from external events. This definition includes legal risk but excludes strategic and reputational risk.

Operational risk is inherent in all of the Bank's business activities, including the practices and controls used to manage other risks such as credit, market, and liquidity risk. Failure to manage operational risk can result in financial loss (direct or indirect), reputational harm, or regulatory censure and penalties.

The Bank seeks to actively mitigate and manage operational risk in order to create and sustain shareholder value, successfully execute the Bank's business strategies, operate efficiently, and provide reliable, secure, and convenient access to financial services. The Bank maintains a formal enterprise-wide operational risk management framework that emphasizes a strong risk management and internal control culture throughout TD.

In fiscal 2021, operational risk losses remained within the Bank's risk appetite. Refer to Note 27 of the 2021 Consolidated Financial Statements for further information on material legal or regulatory actions.

WHO MANAGES OPERATIONAL RISK

Operational Risk Management is an independent function that owns and maintains the Bank's Operational Risk Management Framework. This framework sets out the enterprise-wide governance processes, policies, and practices to identify and assess, measure, control, monitor, escalate, report, and communicate on operational risk. Operational Risk Management is designed to provide appropriate monitoring and reporting of the Bank's operational risk profile and exposures to senior management through the OROC, the ERMC, and the Risk Committee.

In addition to the framework, Operational Risk Management owns and maintains, or has oversight of the Bank's operational risk policies including those that govern business continuity and crisis management, third-party management, data management, financial crime and fraud management, project management, and technology and cyber security management.

The senior management of individual business units and corporate areas is responsible for the day-to-day management of operational risk following the Bank's established operational risk management framework and policies and the three lines of defence model. An independent risk management oversight function supports each business segment and corporate area, and monitors and challenges the implementation and use of the operational risk management framework programs according to the nature and scope of the operational risks inherent in the area. The senior executives in each business unit and corporate area participate in a Risk Management Committee that oversees operational risk management issues and initiatives.

Ultimately, every employee has a role to play in managing operational risk. In addition to policies and procedures guiding employee activities, training is available to all staff regarding specific types of operational risks and their role in helping to protect the interests and assets of the Bank.

HOW TD MANAGES OPERATIONAL RISK

The Operational Risk Management Framework outlines the internal risk and control structure to manage operational risk and includes the operational risk appetite, governance processes, and policies. The Operational Risk Management Framework supports alignment with the Bank's ERF and risk appetite. The framework incorporates sound industry practices and meets regulatory requirements. Key components of the framework include:

Governance and Policy

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

Risk and Control Self-Assessment

Internal controls are one of the primary methods of safeguarding the Bank's employees, customers, assets, and information, and in preventing and detecting errors and fraud. Management undertakes comprehensive assessments of key risk exposures and the internal controls in place to reduce or offset these risks. Senior management reviews the results of these evaluations to determine that risk management and internal controls are effective, appropriate, and compliant with the Bank's policies.

Operational Risk Event Monitoring

In order to reduce the Bank's exposure to future loss, it is critical that the Bank remains aware of and responds to its own and industry operational risks. The Bank's policies and processes require that operational risk events be identified, tracked, and reported to the appropriate level of management to facilitate the Bank's analysis and management of its risks and inform the assessment of suitable corrective and preventative action. The Bank also reviews, analyzes, and benchmarks itself against operational risk losses that have occurred at other financial institutions using information acquired through recognized industry data providers.

Scenario Analysis

Scenario Analysis is a systematic and repeatable process of obtaining expert business and risk opinion to derive assessments of the likelihood and potential loss estimates of high impact operational events that are unexpected and outside the normal course of business. The Bank applies this practice to meet risk measurement and risk management objectives. The process includes the use of relevant external operational loss event data that is assessed considering the Bank's operational risk profile and control structure. The program raises awareness and educates business owners regarding existing and emerging risks, which may result in the identification and implementation of new scenarios and risk mitigation action plans to minimize tail risk.

Risk Reporting

Risk Management, in partnership with senior management, regularly monitors risk-related measures and the risk profile throughout the Bank to report to senior business management and the Risk Committee. Operational risk measures are systematically tracked, assessed, and reported to promote management accountability and direct the appropriate level of attention to current and emerging issues.

Insurance

TD's Corporate Insurance team, with oversight from TD Risk Management, utilizes insurance and other risk transfer arrangements to mitigate and reduce potential future losses related to operational risk. Risk Management includes oversight of the effective use of insurance aligned with the Bank's risk management strategy and risk appetite. Insurance terms and provisions, including types and amounts of coverage, are regularly assessed so that the Bank's tolerance for risk and, where applicable, statutory requirements are satisfied. The management process includes conducting regular in-depth risk and financial analysis and identifying opportunities to transfer elements of the Bank's risk to third parties where appropriate. The Bank transacts with external insurers that satisfy its minimum financial rating requirements.

Technology and Cyber Security
Virtually all aspects of the Bank's business and operations use technology and information to create and support new markets, competitive products, delivery channels, as well as other business operations and opportunities.

The Bank manages these risks to support adequate and proper day-to-day operations; and protect against unauthorized access of the Bank's technology, infrastructure, systems, information, or data. To enable this, the Bank actively monitors, manages, and continues to enhance its ability to mitigate these technology and cyber security risks through enterprise-wide programs and industry-accepted cyber threat management practices to enable rapid detection and response.

The Bank's Cybersecurity Subcommittee provides dedicated senior executive oversight, direction and guidance regarding management of risks relating to cybersecurity, including cyber terrorism and activism, cyber fraud, cyber espionage, ransomware extortion, identity theft and data theft. The Cybersecurity Subcommittee endorses actions and makes recommendations to the CEO and the ERMC as appropriate, including in some instances, supporting onward recommendations to the Risk Committee. Together with the Bank's operational risk management framework, technology and cyber security programs also include enhanced resiliency planning and testing, as well as disciplined change management practices.

Data Management
The Bank's data assets are governed and managed to preserve value and support business objectives. Inconsistent or inadequate data governance and management practices may compromise the Bank's data and information assets which could result in financial and reputational impacts. The Bank's Enterprise Data Governance Office, Corporate and Technology partners develop and implement enterprise-wide standards and practices that describe how data and information assets are created, used, or maintained on behalf of the Bank.

Business Continuity and Crisis Management
The Bank maintains an enterprise-wide Business Continuity and Crisis Management Program that supports management's ability to operate the Bank's businesses and operations (including providing customers access to products and services) in the event of a business disruption incident. All areas of the Bank are required to maintain and regularly test business continuity plans to maintain resilience and facilitate the continuity and recovery of business operations. The Bank's Program is supported by formal crisis management measures so that the appropriate level of leadership, oversight and management is applied to incidents affecting the Bank.

Third-Party Management
A third-party supplier/vendor is an entity that supplies products, services or other business activities, functions or processes to or on behalf of the Bank. While these relationships bring benefits to the Bank's businesses and customers, the Bank also needs to manage and minimize any risks related to the activity. The Bank does this through an enterprise third-party risk management program that is designed to manage third-party activities throughout the life cycle of an arrangement and provide a level of risk management and senior management oversight which is appropriate to the size, risk, and criticality of the third-party arrangement.

Change Delivery/Project Management
The Bank has established a disciplined approach to delivering change across the enterprise coordinated by the Enterprise Project Delivery Excellence group. This approach involves senior management governance and oversight of the Bank's change portfolio and leverages leading industry practices to guide the Bank's use of a standardized delivery methodology, defined accountabilities and capabilities, and portfolio reporting and management tools to support successful delivery.

Fraud Management
The Bank develops and implements enterprise-wide fraud management strategies, policies, and practices that are designed to minimize the number, size and scope of fraudulent activities perpetrated against it. The Bank employs prevention, detection and monitoring capabilities across the enterprise that are designed to help protect customers, shareholders, and employees from increasingly sophisticated fraud risk. Fraud risk is managed by establishing and communicating appropriate policies, procedures, employee education in fraud risks, and monitoring activity to help maintain adherence to the Fraud Risk Management Framework. The Fraud Risk Framework describes the governance, policies, and processes that TD's businesses employ to proactively manage and govern fraud risk within TD's risk appetite which is embedded in the Bank's day to day operations and culture.

Operational Risk Capital Measurement
The Bank's operational risk capital is determined using the Basel II Standardized Approach (TSA). Under this approach, the Bank applies prescribed factors to a three-year average of annual gross income for each of eight different business lines representing the different activities of the institution such as Retail Banking, Commercial Banking, and Asset Management.

Model Risk

Model risk is the potential for adverse consequences arising from decisions based on incorrect or misused models and other estimation approaches and their outputs. It can lead to financial loss, reputational risk, or incorrect business and strategic decisions.

WHO MANAGES MODEL RISK
Primary accountability for the management of model risk resides with the senior management of individual businesses with respect to the models they use. The Model Risk Governance Committee provides oversight of governance, risk, and control matters, by providing a platform to guide, challenge, and advise decision makers and model owners in model risk related matters. Model Risk Management monitors and reports on existing and emerging model risks, and provides periodic assessments to senior management, Risk Management, the Risk Committee, and regulators on the state of model risk at TD and alignment with the Bank's Model Risk Appetite. The Risk Committee approves the Bank's Model Risk Management Framework and Model Risk Policy.

HOW TD MANAGES MODEL RISK
The Bank manages model risk in accordance with management approved model risk policies and supervisory guidance which encompass the life cycle of a model, including proof of concept, development, validation, implementation, usage, and ongoing model monitoring. The Bank's Model Risk Management Framework also captures key processes that may be partially or wholly qualitative, or based on expert judgment.

Business segments identify the need for a new model or process and are responsible for model development and documentation according to the Bank's policies and standards. During model development, controls with respect to code generation, acceptance testing, and usage are established and documented to a level of detail and comprehensiveness matching the materiality and complexity of the model. Once models are implemented, business owners are responsible for ongoing monitoring and usage in accordance with the Bank's Model Risk Policy. In cases where a model is deemed obsolete or unsuitable for its originally intended purposes, it is decommissioned in accordance with the Bank's policies.

Model Risk Management and Model Validation provide oversight, maintain a centralized inventory of all models as defined in the Bank's Model Risk Policy, validate and approve new and existing models on a pre-determined schedule depending on model complexity, materiality and criticality, set model monitoring standards, and provide training to all stakeholders. The validation process varies in rigour, depending on the model risk rating, but at a minimum contains a detailed determination of:
- the conceptual soundness of model methodologies and underlying quantitative and qualitative assumptions;
- the risk associated with a model based on complexity, materiality and criticality;
- the sensitivity of a model to model assumptions and changes in data inputs including stress testing; and
- the limitations of a model and the compensating risk mitigation mechanisms in place to address the limitations.

When appropriate, validation includes a benchmarking exercise which may include the building of an independent model based on an alternative modelling approach. The results of the benchmark model are compared to the model being assessed to validate the appropriateness of the model's methodology and its use. As with traditional model approaches, machine-learning models are also subject to the same rigorous standards and risk management practices.

At the conclusion of the validation process, a model will either be approved for use or will be rejected and require redevelopment or other courses of action. Models identified as obsolete or no longer appropriate for use through changes in industry practice, the business environment, or Bank strategies are subject to decommissioning.

The Bank has policies and procedures in place designed to properly discern models from non-models so that the level of independent challenge and oversight corresponds to the materiality and complexity of models.

Insurance Risk

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

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

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

HOW TD MANAGES INSURANCE RISK
The Bank's risk governance practices are designed to support independent oversight and control of risk within the insurance business. The TD Insurance Risk Committee and its subcommittees provide critical oversight of the risk management activities within the insurance business and monitor compliance with insurance risk policies. The Bank's Insurance Risk Management Framework and Insurance Risk Policy collectively outline the internal risk and control structure to manage insurance risk and include risk appetite, policies, processes, as well as limits and governance. These documents are maintained by Risk Management and support alignment with the Bank's risk appetite for insurance risk.

The assessment of policy (premium and claims) liabilities is central to the insurance operation. The Bank establishes reserves to cover estimated future payments (including loss adjustment expenses) on all claims or terminations/surrenders of premium arising from insurance contracts underwritten. The reserves cannot be established with complete certainty, and represent management's best estimate for future payments. As such, the Bank regularly monitors estimates against actual and emerging experience and adjusts reserves as appropriate if experience emerges differently than anticipated. Claim and premium liabilities are governed by the Bank's general insurance and life and health reserving policies.

Sound product design is an essential element of managing risk. The Bank's exposure to insurance risk is mostly short-term in nature as the principal underwriting risk relates to automobile and home insurance for individuals.

Insurance market cycles, as well as changes in insurance legislation, the regulatory environment, judicial environment, trends in court awards, climate patterns, pandemics or other applicable public health emergencies, and the economic environment may impact the performance of the insurance business. Consistent pricing policies and underwriting standards are maintained.

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

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

Liquidity Risk

The risk of having insufficient cash or collateral to meet financial obligations and an inability to, in a timely manner, raise funding or monetize assets at a non-distressed price. Financial obligations can arise from deposit withdrawals, debt maturities, commitments to provide credit or liquidity support or the need to pledge additional collateral.

TD'S LIQUIDITY RISK APPETITE

The Bank maintains a prudent and disciplined approach to managing its potential exposure to liquidity risk. The Bank targets a 90-day survival horizon under a combined bank-specific and market-wide stress scenario, and a minimum buffer over regulatory requirements prescribed by the OSFI LAR guidelines. Under the LAR guidelines, Canadian banks are required to maintain a Liquidity Coverage Ratio (LCR) at the minimum of 100% other than during periods of financial stress and to maintain a Net Stable Funding Ratio (NSFR) at the minimum of 100%. The Bank's funding program emphasizes maximizing deposits as a core source of funding, and having ready access to wholesale funding markets across diversified terms, funding types, and currencies that is designed to ensure low exposure to a sudden contraction of wholesale funding capacity and to minimize structural liquidity gaps. The Bank also maintains a contingency funding plan to enhance preparedness for recovery from potential liquidity stress events. The Bank's strategies and actions comprise an integrated liquidity risk management program that is designed to ensure low exposure to 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 practices in place to properly measure and manage liquidity risk. The GLF, a subcommittee of the ALCO comprised of senior management from TBSM, Risk Management and Wholesale Banking, identifies and monitors the Bank's liquidity risks. The management of liquidity risk is the responsibility of the SET member responsible for TBSM, while oversight and challenge is provided by the ALCO and independently by Risk Management. The Risk Committee regularly reviews the Bank's liquidity position and approves the Bank's Liquidity Risk Management Framework bi-annually and the related policies annually.

The Bank has established TDGUS as TD's U.S. Intermediate Holding Company (IHC), as well as a Combined U.S. Operations (CUSO) reporting unit that consists of the IHC and TD's U.S. branch and agency network. Both TDGUS and CUSO are managed to the U.S. Enhanced Prudential Standards liquidity requirements in addition to the Bank's liquidity management framework.

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

- Risk Management is responsible for maintaining the liquidity risk management policy and asset pledging policy, along with associated limits, standards, and processes which are established to ensure that consistent and efficient liquidity management approaches are applied across all of the Bank's operations. Risk Management jointly owns the liquidity risk management framework along with the SET member responsible for TBSM. Enterprise Market Risk Control provides oversight of liquidity risk across the enterprise and provides independent risk assessment and effective challenge of liquidity risk management. Capital Markets Risk Management is responsible for independent liquidity risk metric reporting;
- TBSM Liquidity Management manages the liquidity position of the Canadian Retail (including wealth businesses), Corporate, Wholesale Banking, and U.S. Retail segments, as well as the liquidity position of CUSO; and
- Other regional operations, including those within TD's insurance business, foreign branches, and/or subsidiaries are responsible for managing their liquidity risk in compliance with their own policies, and local regulatory requirements, while maintaining alignment with the enterprise framework.

HOW TD MANAGES LIQUIDITY RISK

The Bank manages the liquidity profile of its businesses to be within the defined liquidity risk appetite, and maintains target requirements for liquidity survivability using a combination of internal and regulatory measures. The Bank's overall liquidity requirement is defined as the amount of liquid assets the Bank needs to hold to be able to cover expected future cash flow requirements, plus a prudent reserve against potential cash outflows in the event of a capital markets disruption or other events that could affect the Bank's access to funding or destabilize its deposit base.

The Bank maintains an internal view for measuring and managing liquidity that uses an assumed Severe Combined Stress Scenario (SCSS). The SCSS considers potential liquidity requirements during a crisis resulting from a loss of confidence in the Bank's ability to meet obligations as they come due. In addition to this bank-specific event, the SCSS also incorporates the impact of a stressed market-wide liquidity event that results in a significant reduction in the availability of funding for all institutions and a decrease in the marketability of assets. The Bank's liquidity policy stipulates that the Bank must maintain a sufficient level of liquid assets to support business growth, and to cover identified stressed liquidity requirements under the SCSS, for a period of up to 90 days. The Bank calculates stressed liquidity requirements for the SCSS related to the following conditions:

- wholesale funding maturing in the next 90 days (assumes maturing debt will be repaid instead of rolled over);
- accelerated attrition or "run-off" of deposit balances;
- increased utilization of available credit and liquidity facilities; and
- increased collateral requirements associated with downgrades in the Bank's credit ratings and adverse movement in reference rates for derivative and securities financing transactions.

The Bank also manages its liquidity to comply with the regulatory liquidity requirements in the OSFI LAR (the LCR, the NSFR, 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, the NSFR requires that banks maintain available stable funding in excess of required stable funding for periods up to one year (a minimum NSFR of 100%), and the NCCF monitors the Bank's detailed cash flow gaps for various time bands. As a result, the Bank's liquidity is managed to the higher of its internal liquidity requirements and target buffers over the regulatory minimums.

The Bank considers potential regulatory restrictions on liquidity transferability in the calculation of enterprise liquidity positions. Accordingly, surplus liquidity domiciled in regulated subsidiaries may be excluded from consolidated liquidity positions as appropriate.

The Bank's Funds Transfer Pricing process considers liquidity risk as a key determinant of the cost or credit of funds to the retail and wholesale banking businesses. Liquidity costs applied to loans and trading assets are determined based on the cash flow or stressed liquidity profile, while deposits are assessed based on the required liquidity reserves and balance stability. Liquidity costs are also applied to other contingent obligations like undrawn lines of credit provided to customers.

LIQUID ASSETS

The unencumbered liquid assets the Bank holds to meet its liquidity requirements must be high-quality securities that the Bank believes can be monetized quickly in stress conditions with minimum loss in market value. The liquidity value of unencumbered liquid assets considers estimated market or trading depths, settlement timing, and/or other identified impediments to potential sale or pledging. Overall, the Bank expects any reduction in market value of its liquid asset portfolio to be modest given the underlying high credit quality and demonstrated liquidity.

Assets held by the Bank to meet liquidity requirements are summarized in the following tables. The tables do not include assets held within the Bank's insurance businesses as these are used to support insurance-specific liabilities and capital requirements.

TABLE 46: SUMMARY OF LIQUID ASSETS BY TYPE AND CURRENCY[1,2,3]

(millions of Canadian dollars, except as noted) *As at*

	Bank-owned liquid assets	Securities received as collateral from securities financing and derivative transactions	Total liquid assets	% of total	Encumbered liquid assets	Unencumbered liquid assets
						October 31, 2021
Cash and central bank reserves	**$ 70,271**	**$ –**	**$ 70,271**	**8 %**	**$ 798**	**$ 69,473**
Canadian government obligations	**26,176**	**92,825**	**119,001**	**14**	**83,456**	**35,545**
National Housing Act Mortgage-Backed Securities (NHA MBS)	**23,615**	**2**	**23,617**	**3**	**1,104**	**22,513**
Obligations of provincial governments, public sector entities and multilateral development banks[4]	**30,213**	**24,808**	**55,021**	**6**	**37,142**	**17,879**
Corporate issuer obligations	**9,062**	**3,775**	**12,837**	**1**	**2,542**	**10,295**
Equities	**14,558**	**3,589**	**18,147**	**2**	**9,110**	**9,037**
Total Canadian dollar-denominated	**173,895**	**124,999**	**298,894**	**34**	**134,152**	**164,742**
Cash and central bank reserves	**84,956**	**–**	**84,956**	**10**	**120**	**84,836**
U.S. government obligations	**83,386**	**44,924**	**128,310**	**15**	**34,903**	**93,407**
U.S. federal agency obligations, including U.S. federal agency mortgage-backed obligations	**74,898**	**5,082**	**79,980**	**9**	**18,949**	**61,031**
Obligations of other sovereigns, public sector entities and multilateral development banks[4]	**63,400**	**60,623**	**124,023**	**14**	**57,530**	**66,493**
Corporate issuer obligations	**79,108**	**3,143**	**82,251**	**9**	**10,268**	**71,983**
Equities	**41,961**	**33,280**	**75,241**	**9**	**38,077**	**37,164**
Total non-Canadian dollar-denominated	**427,709**	**$ 147,052**	**$ 574,761**	**66 %**	**$ 159,847**	**$ 414,914**
Total	**$ 601,604**	**$ 272,051**	**$ 873,655**	**100 %**	**$ 293,999**	**$ 579,656**
						October 31, 2020
Cash and central bank reserves	$ 94,640	$ –	$ 94,640	11 %	$ 1,689	$ 92,951
Canadian government obligations	39,008	83,258	122,266	14	80,934	41,332
NHA MBS	30,763	23	30,786	3	2,294	28,492
Obligations of provincial governments, public sector entities and multilateral development banks[4]	22,999	24,441	47,440	6	34,990	12,450
Corporate issuer obligations	11,310	2,841	14,151	1	2,331	11,820
Equities	13,146	2,618	15,764	2	8,248	7,516
Total Canadian dollar-denominated	211,866	113,181	325,047	37	130,486	194,561
Cash and central bank reserves	69,183	–	69,183	8	51	69,132
U.S. government obligations	82,701	53,755	136,456	15	53,585	82,871
U.S. federal agency obligations, including U.S. federal agency mortgage-backed obligations	74,131	9,566	83,697	9	21,495	62,202
Obligations of other sovereigns, public sector entities and multilateral development banks[4]	61,171	55,449	116,620	14	49,771	66,849
Corporate issuer obligations	78,238	2,108	80,346	9	8,297	72,049
Equities	31,258	38,684	69,942	8	36,716	33,226
Total non-Canadian dollar-denominated	396,682	159,562	556,244	63	169,915	386,329
Total	$ 608,548	$ 272,743	$ 881,291	100 %	$ 300,401	$ 580,890

1 Certain comparative amounts have been reclassified to conform with the presentation adopted in the current period.
2 Positions stated include gross asset values pertaining to securities financing transactions.
3 Liquid assets include collateral received that can be re-hypothecated or otherwise redeployed.
4 Includes debt obligations issued or guaranteed by these entities.

Total unencumbered liquid assets declined $1.2 billion from October 31, 2020, without any material shifts in the liquid assets portfolio year-over-year. Unencumbered liquid assets are held in The Toronto-Dominion Bank and multiple domestic and foreign subsidiaries and branches and are summarized in the following table.

TABLE 47: SUMMARY OF UNENCUMBERED LIQUID ASSETS BY BANK, SUBSIDIARIES, AND BRANCHES

(millions of Canadian dollars)		*As at*
	October 31 2021	October 31 2020
The Toronto-Dominion Bank (Parent)	**$ 204,543**	$ 230,369
Bank subsidiaries	**360,569**	334,308
Foreign branches	**14,544**	16,213
Total	**$ 579,656**	$ 580,890

The Bank's monthly average liquid assets (excluding those held in insurance subsidiaries) for the years ended October 31, 2021, and October 31, 2020, are summarized in the following table.

TABLE 48: SUMMARY OF AVERAGE LIQUID ASSETS BY TYPE AND CURRENCY[1,2,3]

(millions of Canadian dollars, except as noted)						*Average for the years ended*
	Bank-owned liquid assets	**Securities received as collateral from securities financing and derivative transactions**	**Total liquid assets**	**% of Total**	**Encumbered liquid assets**	**Unencumbered liquid assets**
						October 31, 2021
Cash and central bank reserves	**$ 82,308**	**$ –**	**$ 82,308**	**10 %**	**$ 1,204**	**$ 81,104**
Canadian government obligations	**30,023**	**83,729**	**113,752**	**13**	**76,942**	**36,810**
NHA MBS	**26,657**	**8**	**26,665**	**3**	**2,048**	**24,617**
Obligations of provincial governments, public sector entities and multilateral development banks[4]	**26,500**	**24,188**	**50,688**	**6**	**34,820**	**15,868**
Corporate issuer obligations	**8,392**	**3,373**	**11,765**	**1**	**2,658**	**9,107**
Equities	**14,575**	**3,795**	**18,370**	**2**	**10,449**	**7,921**
Total Canadian dollar-denominated	**188,455**	**115,093**	**303,548**	**35**	**128,121**	**175,427**
Cash and central bank reserves	**103,436**	**–**	**103,436**	**12**	**30**	**103,406**
U.S. government obligations	**67,427**	**49,317**	**116,744**	**13**	**45,680**	**71,064**
U.S. federal agency obligations, including U.S. federal agency mortgage-backed obligations	**71,426**	**5,304**	**76,730**	**9**	**17,032**	**59,698**
Obligations of other sovereigns, public sector entities and multilateral development banks[4]	**63,312**	**58,483**	**121,795**	**14**	**54,825**	**66,970**
Corporate issuer obligations	**74,911**	**2,755**	**77,666**	**9**	**9,325**	**68,341**
Equities	**42,260**	**34,726**	**76,986**	**8**	**36,517**	**40,469**
Total non-Canadian dollar-denominated	**422,772**	**150,585**	**573,357**	**65**	**163,409**	**409,948**
Total	**$ 611,227**	**$ 265,678**	**$ 876,905**	**100 %**	**$ 291,530**	**$ 585,375**
						October 31, 2020
Cash and central bank reserves	$ 51,894	$ –	$ 51,894	7 %	$ 1,755	$ 50,139
Canadian government obligations	27,938	80,484	108,422	14	66,335	42,087
NHA MBS	36,761	15	36,776	4	2,207	34,569
Obligations of provincial governments, public sector entities and multilateral development banks[4]	20,495	25,586	46,081	6	34,365	11,716
Corporate issuer obligations	11,537	3,646	15,183	2	3,249	11,934
Equities	11,566	3,259	14,825	2	10,014	4,811
Total Canadian dollar-denominated	160,191	112,990	273,181	35	117,925	155,256
Cash and central bank reserves	63,235	–	63,235	8	40	63,195
U.S. government obligations	55,676	50,406	106,082	13	49,734	56,348
U.S. federal agency obligations, including U.S. federal agency mortgage-backed obligations	69,063	9,950	79,013	10	21,202	57,811
Obligations of other sovereigns, public sector entities and multilateral development banks[4]	56,316	50,072	106,388	14	43,621	62,767
Corporate issuer obligations	83,132	2,005	85,137	11	7,520	77,617
Equities	35,914	35,264	71,178	9	37,253	33,925
Total non-Canadian dollar-denominated	363,336	147,697	511,033	65	159,370	351,663
Total	$ 523,527	$ 260,687	$ 784,214	100 %	$ 277,295	$ 506,919

1 Certain comparative amounts have been reclassified to conform with the presentation adopted in the current period.
2 Liquid assets include collateral received that can be re-hypothecated or otherwise redeployed.
3 Positions stated include gross asset values pertaining to securities financing transactions.
4 Includes debt obligations issued or guaranteed by these entities.

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

TABLE 49: SUMMARY OF AVERAGE UNENCUMBERED LIQUID ASSETS BY BANK, SUBSIDIARIES, AND BRANCHES

(millions of Canadian dollars)		*Average for the years ended*
	October 31, 2021	October 31, 2020
The Toronto-Dominion Bank (Parent)	**$ 213,662**	$ 194,726
Bank subsidiaries	**347,779**	290,573
Foreign branches	**23,934**	21,620
Total	**$ 585,375**	$ 506,919

ASSET ENCUMBRANCE

In the course of the Bank's day-to-day operations, assets are pledged to obtain funding, support trading and brokerage businesses, and participate in clearing and/or settlement systems. A summary of encumbered and unencumbered assets (excluding assets held in insurance subsidiaries) is presented in the following table to identify assets that are used or available for potential funding needs.

TABLE 50: ENCUMBERED AND UNENCUMBERED ASSETS[1]

(millions of Canadian dollars) *As at*

			Total Assets	Encumbered[2]		Unencumbered	
	Bank-owned assets	Securities received as collateral from securities financing and derivative transactions[3]	Total Assets	Pledged as Collateral[4]	Other[5]	Available as Collateral[6]	Other[7]
							October 31, 2021
Cash and due from banks	**$ 5,931**	**$ –**	**$ 5,931**	**$ 223**	**$ –**	**$ –**	**$ 5,708**
Interest-bearing deposits with banks	**159,962**	**–**	**159,962**	**6,478**	**102**	**150,262**	**3,120**
Securities, trading loans, and other[8]	**509,549**	**354,874**	**864,423**	**355,391**	**12,433**	**474,164**	**22,435**
Derivatives	**54,427**	**–**	**54,427**	**–**	**–**	**–**	**54,427**
Securities purchased under reverse repurchase agreements[9]	**167,284**	**(167,284)**	**–**	**–**	**–**	**–**	**–**
Loans, net of allowance for loan losses[10]	**722,622**	**(17,337)**	**705,285**	**37,935**	**47,763**	**56,810**	**562,777**
Customers' liabilities under acceptances	**18,448**	**–**	**18,448**	**–**	**–**	**–**	**18,448**
Other assets[11]	**90,449**	**–**	**90,449**	**475**	**–**	**–**	**89,974**
Total assets	**$ 1,728,672**	**$ 170,253**	**$ 1,898,925**	**$ 400,502**	**$ 60,298**	**$ 681,236**	**$ 756,889**
							October 31, 2020
Total assets	$ 1,715,865	$ 151,950	$ 1,867,815	$ 393,439	$ 74,188	$ 686,464	$ 713,724

1 Certain comparative amounts have been restated to conform with the presentation adopted in the current period.
2 Asset encumbrance has been analyzed on an individual asset basis. Where a particular asset has been encumbered and TD has holdings of the asset both on-balance sheet and off-balance sheet, for the purpose of this disclosure, the on- and off-balance sheet holdings are encumbered in alignment with the business practice.
3 Assets received as collateral through off-balance transactions such as reverse repurchase agreements, securities borrowing, margin loans, and other client activity.
4 Represents assets that have been posted externally to support the Bank's day-to-day operations, including securities financing transactions, clearing and payments, and derivative transactions. Also includes assets that have been pledged supporting Federal Home Loan Bank (FHLB) activity.
5 Assets supporting TD's long-term funding activities, assets pledged against securitization liabilities, and assets held by consolidated securitization vehicles or in pools for covered bond issuance.
6 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 DSAC that are available for collateral purposes however not regularly utilized in practice.
7 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 or for pledging to central banks (for example, CMHC insured mortgages that can be securitized into NHA MBS).
8 Securities include trading loans, securities, non-trading financial assets at FVTPL and other financial assets designated at FVTPL, securities at FVOCI, and DSAC.
9 Assets reported in the "Bank-owned assets" column represent the value of the loans extended and not the value of the collateral received. The loan value from the reverse repurchase transactions is deducted from the "Securities received as collateral from securities financing and derivative transactions" column to avoid double-counting with the on-balance sheet assets.
10 The loan value from the margin loans/client activity is deducted from the "Securities received as collateral from securities financing and derivative transactions" column to avoid double-counting with the on-balance sheet assets.
11 Other assets include investment in Schwab, goodwill, other intangibles, land, buildings, equipment, and other depreciable assets, deferred tax assets, amounts receivable from brokers, dealers, and clients, and other assets on the balance sheet not reported in the above categories.

LIQUIDITY STRESS TESTING AND CONTINGENCY FUNDING PLANS

In addition to the SCSS, the Bank performs liquidity stress testing on multiple alternate scenarios. These scenarios are a mix of TD-specific events and market-wide stress events designed to test the impact from risk factors material to the Bank's risk profile. Liquidity assessments are also part of the Bank's EWST program.

The Bank has liquidity contingency funding plans (CFP) in place at the overall Bank level and for subsidiaries operating in foreign jurisdictions ("Regional CFPs"). The Bank's CFP provides a documented framework for managing unexpected liquidity situations and thus is an integral component of the Bank's overall liquidity risk management program. It outlines different contingency levels based on the severity and duration of the liquidity situation, and identifies recovery actions appropriate for each level. For each recovery action, it provides key operational steps required to execute the action. Regional CFPs identify recovery actions to address region-specific stress events. The actions and governance structure outlined in the Bank's CFP are aligned with the Bank's Crisis Management Recovery Plan.

CREDIT RATINGS

Credit ratings impact the Bank's borrowing costs and ability to raise funds. Rating downgrades could potentially result in higher financing costs, increased requirements to pledge collateral, reduced access to capital markets, and could also affect the Bank's ability to enter into derivative transactions.

Credit ratings and outlooks provided by rating agencies reflect their views and are subject to change 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 51: CREDIT RATINGS[1]

			As at
			October 31, 2021
	Moody's	**S&P**	**DBRS**
Deposits/Counterparty[2]	**Aa1**	**AA-**	**AA (high)**
Legacy Senior Debt[3]	**Aa2**	**AA-**	**AA (high)**
Senior Debt[4]	**A1**	**A**	**AA**
Covered Bonds	**Aaa**	**–**	**AAA**
Subordinated Debt	**A2**	**A**	**AA (low)**
Subordinated Debt – NVCC	**A2 (hyb)**	**A-**	**A**
Preferred Shares – NVCC	**Baa1 (hyb)**	**BBB**	**Pfd-2 (high)**
Limited Recourse Capital Notes – NVCC	**Baa1 (hyb)**	**BBB**	**A (low)**
Short-Term Debt (Deposits)	**P-1**	**A-1+**	**R-1 (high)**
Outlook	**Stable**	**Stable**	**Stable**

1 The above ratings are for The Toronto-Dominion Bank legal entity. Subsidiaries' ratings are 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 in as much as they do not comment on market price or suitability for a particular investor. Ratings are subject to revision or withdrawal at any time by the rating organization.
2 Represents Moody's Long-Term Deposits Ratings and Counterparty Risk Rating, S&P's Issuer Credit Rating, and DBRS' Long-Term Issuer Rating.
3 Includes (a) Senior debt issued prior to September 23, 2018; and (b) Senior debt issued on or after September 23, 2018 which is excluded from the bank recapitalization "bail-in" regime, including debt with an original term-to-maturity of less than 400 days and most structured notes.
4 Subject to conversion under the bank recapitalization "bail-in" regime.

The Bank regularly reviews the level of increased collateral its trading counterparties would require in the event of a downgrade of TD's credit rating. The Bank holds liquid assets to ensure it is able to provide additional collateral required by trading counterparties in the event of a three-notch downgrade in the Bank's legacy senior debt ratings. The following table presents the additional collateral that could have been contractually required to be posted to OTC derivative counterparties as of the reporting date in the event of one, two, and three-notch downgrades of the Bank's credit ratings.

TABLE 52: ADDITIONAL COLLATERAL REQUIREMENTS FOR RATING DOWNGRADES[1]

(millions of Canadian dollars)	*Average for the years ended*	
	October 31, 2021	October 31, 2020
One-notch downgrade	**$ 206**	$ 212
Two-notch downgrade	**264**	275
Three-notch downgrade	**1,037**	1,013

1 The above collateral requirements are based on each OTC trading counterparty's Credit Support Annex and the Bank's credit rating across applicable rating agencies.

LIQUIDITY COVERAGE RATIO

The LCR is a Basel III metric calculated as the ratio of the stock of unencumbered HQLA over the net cash outflow requirements in the next 30 days under a hypothetical liquidity stress event.

Other than during periods of financial stress, the Bank must maintain the LCR above 100% in accordance with the OSFI LAR requirement. The Bank's LCR is calculated according to the scenario parameters in the LAR guideline, including prescribed HQLA eligibility criteria and haircuts, deposit run-off rates, and other outflow and inflow rates. HQLA held by the Bank that are eligible for the LCR calculation under the LAR are primarily central bank reserves, sovereign-issued or sovereign-guaranteed securities, and high-quality securities issued by non-financial entities.

The following table summarizes the Bank's average daily LCR as of the relevant dates.

TABLE 53: AVERAGE BASEL III LIQUIDITY COVERAGE RATIO[1]

(millions of Canadian dollars, except as noted)

	Average for the three months ended	
		October 31, 2021
	Total unweighted value (average)[2]	**Total weighted value (average)[3]**
High-quality liquid assets		
Total high-quality liquid assets	$ n/a[4]	$ **334,370**
Cash outflows		
Retail deposits and deposits from small business customers, of which:	$ **665,403**	$ **78,420**
Stable deposits[5]	**251,668**	**7,550**
Less stable deposits	**413,735**	**70,870**
Unsecured wholesale funding, of which:	**346,992**	**157,528**
Operational deposits (all counterparties) and deposits in networks of cooperative banks[6]	**165,202**	**39,819**
Non-operational deposits (all counterparties)	**142,198**	**78,117**
Unsecured debt	**39,592**	**39,592**
Secured wholesale funding	**n/a**	**19,373**
Additional requirements, of which:	**259,446**	**70,541**
Outflows related to derivative exposures and other collateral requirements	**32,035**	**21,647**
Outflows related to loss of funding on debt products	**7,332**	**7,332**
Credit and liquidity facilities	**220,079**	**41,562**
Other contractual funding obligations	**16,459**	**10,406**
Other contingent funding obligations[7]	**592,439**	**10,223**
Total cash outflows	$ **n/a**	$ **346,491**
Cash inflows		
Secured lending	$ **204,784**	$ **21,477**
Inflows from fully performing exposures	**14,308**	**6,654**
Other cash inflows	**52,402**	**52,402**
Total cash inflows	$ **271,494**	$ **80,533**

	Average for the three months ended	
	October 31, 2021	July 31, 2021
	Total adjusted value	Total adjusted value
Total high-quality liquid assets[8]	$ **334,370**	$ 329,875
Total net cash outflows[9]	**265,958**	265,517
Liquidity coverage ratio	**126 %**	124 %

1 The LCR for the quarter ended October 31, 2021, is calculated as an average of the 61 daily data points in the quarter.
2 Unweighted inflow and outflow values are outstanding balances maturing or callable within 30 days.
3 Weighted values are calculated after the application of respective HQLA haircuts or inflow and outflow rates, as prescribed by the OSFI LAR guideline.
4 Not applicable as per the LCR common disclosure template.
5 As defined by the OSFI LAR guideline, stable deposits from retail and small and 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 makes deposit withdrawal highly unlikely.
6 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.
7 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. With respect to outstanding debt securities with remaining maturity greater than 30 days, 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.
8 Adjusted Total HQLA includes both asset haircuts and applicable caps, as prescribed by the OSFI LAR guideline (HQLA assets after haircuts are capped at 40% for Level 2 and 15% for Level 2B).
9 Adjusted Total Net Cash Outflows include both inflow and outflow rates and applicable caps, as prescribed by the OSFI LAR guideline (inflows are capped at 75% of outflows).

The Bank's average LCR of 126% for the quarter ended October 31, 2021 continues to meet the regulatory requirements.

The Bank holds a variety of liquid assets commensurate with the liquidity needs of the organization. Many of these assets qualify as HQLA under the OSFI LAR guideline. The average HQLA of the Bank for the quarter ended October 31, 2021 was $334 billion (July 31, 2021 – $330 billion), with Level 1 assets representing 86% (July 31, 2021 – 86%). The Bank's reported HQLA excludes excess HQLA from the U.S. Retail operations, as required by the OSFI LAR guideline, to reflect liquidity transfer considerations between U.S. Retail and its affiliates as a result of the 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.

NET STABLE FUNDING RATIO

The NSFR is a Basel III metric calculated as the ratio of total available stable funding (ASF) over total required stable funding (RSF) in accordance with OSFI's LAR guideline. The Bank must maintain an NSFR ratio equal to or above 100% in accordance with the LAR guideline. The Bank's ASF comprises the Bank's liability and capital instruments (including but not limited to deposits and wholesale funding). The Bank's RSF comprises the Bank's assets and off-balance sheet activities and is a function of the liquidity characteristics and maturity profile of these assets.

TABLE 54: NET STABLE FUNDING RATIO

(millions of Canadian dollars, except as noted)

					As at
					October 31, 2021
	Unweighted value by residential maturity				
	No maturity[1]	**Less than 6 months**	**6 months to less than 1 year**	**More than 1 year**	**Weighted value**[2]
Available Stable Funding Item					
Capital	$ **96,948**	$ **n/a**	$ **n/a**	$ **10,894**	$ **107,841**
Regulatory capital	**96,948**	**n/a**	**n/a**	**10,894**	**107,841**
Other capital instruments	**n/a**	**n/a**	**n/a**	**–**	**–**
Retail deposits and deposits from small business customers:	**655,111**	**29,603**	**9,935**	**15,185**	**583,070**
Stable deposits[3]	**257,963**	**9,989**	**4,919**	**8,079**	**267,305**
Less stable deposits	**397,148**	**19,614**	**5,016**	**7,106**	**315,765**
Wholesale funding:	**263,853**	**253,362**	**54,612**	**85,529**	**264,750**
Operational deposits[4]	**139,051**	**2,304**	**–**	**–**	**70,677**
Other wholesale funding	**124,802**	**251,058**	**54,612**	**85,529**	**194,073**
Liabilities with matching interdependent assets[5]	**–**	**2,105**	**1,634**	**20,696**	**–**
Other liabilities:	**55,515**			**67,117**	**2,565**
NSFR derivative liabilities	**n/a**			**3,453**	**n/a**
All other liabilities and equity not included in the above categories	**55,515**	**60,052**	**2,093**	**1,519**	**2,565**
Total Available Stable Funding					$ **958,226**
Required Stable Funding Item					
Total NSFR high-quality liquid assets	$ **n/a**	$ **n/a**	$ **n/a**	$ **n/a**	$ **53,325**
Deposits held at other financial institutions for operational purposes	**–**	**34**	**–**	**–**	**17**
Performing loans and securities	**84,982**	**175,344**	**102,164**	**562,673**	**606,455**
Performing loans to financial institutions secured by Level 1 HQLA	**–**	**57,545**	**19,736**	**–**	**18,565**
Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	**–**	**41,428**	**2,961**	**3,055**	**8,944**
Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	**30,659**	**40,475**	**32,548**	**231,451**	**262,935**
With a risk weight of less than or equal to 35% under the Basel II standardized approach for credit risk	**n/a**	**24,685**	**17,577**	**167**	**21,560**
Performing residential mortgages, of which:	**30,826**	**26,083**	**38,271**	**260,451**	**228,378**
With a risk weight of less than or equal to 35% under the Basel II standardized approach for credit risk[6]	**30,826**	**26,083**	**38,271**	**260,451**	**228,378**
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	**23,497**	**9,813**	**8,648**	**67,716**	**87,633**
Assets with matching interdependent liabilities[5]	**–**	**1,840**	**2,199**	**20,397**	**–**
Other assets:	**62,252**			**96,243**	**81,845**
Physical traded commodities, including gold	**15,045**	**n/a**	**n/a**	**n/a**	**13,078**
Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	**n/a**			**10,568**	**8,982**
NSFR derivative assets	**n/a**			**6,773**	**3,320**
NSFR derivative liabilities before deduction of variation margin posted	**n/a**			**16,417**	**821**
All other assets not included in the above categories	**47,207**	**56,234**	**1,457**	**4,794**	**55,644**
Off-balance sheet items	**n/a**			**634,590**	**22,158**
Total Required Stable Funding					$ **763,800**
Net Stable Funding Ratio					**125 %**

	As at
	July 31, 2021
Total Available Stable Funding	$ 947,741
Total Required Stable Funding	$ 752,494
Net Stable Funding Ratio	126 %

1 Items in the "no maturity" time bucket do not have a stated maturity. These may include, but are not limited to, items such as capital with perpetual maturity, non-maturity deposits, short positions, open maturity positions, non-HQLA equities, and physical traded commodities.

2 Weighted values are calculated after the application of respective NSFR weights, as prescribed by the OSFI LAR guideline.

3 As defined by the OSFI LAR guideline, stable deposits from retail and 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 makes deposit withdrawals highly unlikely.

4 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.

5 Interdependent asset and liability items are deemed by OSFI to be interdependent and have RSF and ASF risk factors adjusted to zero. Interdependent liabilities cannot fall due while the asset is still on balance sheet, cannot be used to fund any other assets and principal payments from the asset cannot be used for anything other than repaying the liability. As such, the only interdependent assets and liabilities that qualify for this treatment at the Bank are the liabilities arising from the Canada Mortgage Bonds (CMB) Program and their corresponding encumbered assets.

6 Includes Residential Mortgages and HELOCs.

The Bank's NSFR for the quarter ended October 31, 2021 is at 125% (July 31, 2021 – 126%) and has met the regulatory requirements. The NSFR changes quarter-to-quarter based on a number of factors including deposit and loan growth, changes in capital levels, wholesale funding issuance and maturities, and changes in the maturity profile of wholesale funding.

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 assets be funded to the appropriate term and to a prudent diversification profile.

The Bank's primary approach to managing funding activities is to maximize the use of deposits raised through personal and commercial banking channels. The following table illustrates the Bank's large base of personal and commercial, wealth, and Schwab sweep deposits (collectively, "P&C deposits") that make up over 75% of the Bank's total funding.

TABLE 55: SUMMARY OF DEPOSIT FUNDING

(millions of Canadian dollars)		*As at*
	October 31, 2021	October 31, 2020
P&C deposits – Canadian Retail	**$ 519,466**	$ 471,543
P&C deposits – U.S. Retail[1]	**472,742**	477,738
Total	**$ 992,208**	$ 949,281

P&C deposits in U.S. Retail are presented on a CAD equivalent basis and therefore period-over-period movements reflect both underlying growth and changes in the foreign exchange rate.

WHOLESALE FUNDING
The Bank actively maintains various registered external wholesale term (greater than 1 year) funding programs to provide access to diversified funding sources, including asset securitization, covered bonds, and unsecured wholesale debt. The Bank raises term funding through Senior Notes, NHA MBS, CMBs, and notes backed by credit card receivables (Evergreen Credit Card Trust) and home equity lines of credit (Genesis Trust II). The Bank's wholesale funding is diversified by geography, by currency, and by funding types. The Bank raises short-term (1 year and less) funding using certificates of deposit, commercial paper and bankers' acceptances.

The following table summarizes the registered term funding and capital programs by geography, with the related program size.

Canada	**United States**	**Europe**
Capital Securities Program ($15 billion) Canadian Senior Medium-Term Linked Notes Program ($4 billion) HELOC ABS Program (Genesis Trust II) ($7 billion)	U.S. SEC (F-3) Registered Capital and Debt Program (US$45 billion)	United Kingdom Listing Authority (UKLA) Registered Legislative Covered Bond Program ($80 billion) UKLA Registered European Medium-Term Note Program (US$20 billion)

The following table presents a breakdown of the Bank's term debt by currency and funding type. Term funding as at October 31, 2021, was $100.7 billion (October 31, 2020 – $121.1 billion).

Note that Table 56: Long-Term Funding and Table 57: Wholesale Funding do not include any funding accessed via repurchase transactions or securities financing.

TABLE 56: LONG-TERM FUNDING

		As at
Long-term funding by currency	**October 31, 2021**	October 31, 2020
Canadian dollar	**37 %**	32 %
U.S. dollar	**38**	40
Euro	**18**	20
British pound	**4**	4
Other	**3**	4
Total	**100 %**	100 %
Long-term funding by type		
Senior unsecured medium-term notes	**59 %**	50 %
Covered bonds	**24**	33
Mortgage securitization[1]	**15**	13
Term asset backed securities	**2**	4
Total	**100 %**	100 %

1 Mortgage securitization excludes the residential mortgage trading business.

The Bank maintains depositor concentration limits in respect of short-term wholesale deposits so that it is not overly reliant on individual depositors for funding. The Bank further limits short-term wholesale funding maturity concentration in an effort to mitigate refinancing risk during a stress event.

The following table represents the remaining maturity of various sources of funding outstanding as at October 31, 2021, and October 31, 2020.

TABLE 57: WHOLESALE FUNDING[1]

(millions of Canadian dollars)

									As at
								October 31 2021	October 31 2020
	Less than 1 month	**1 to 3 months**	**3 to 6 months**	**6 months to 1 year**	**Up to 1 year**	**Over 1 to 2 years**	**Over 2 years**	**Total**	Total
Deposits from banks[2]	**$ 11,428**	**$ 2,794**	**$ 2,947**	**$ 1,321**	**$ 18,490**	**$ –**	**$ 13**	**$ 18,503**	$ 18,013
Bearer deposit notes	**139**	**234**	**218**	**9**	**600**	**–**	**–**	**600**	1,595
Certificates of deposit	**6,860**	**8,757**	**12,193**	**24,142**	**51,952**	**1,127**	**–**	**53,079**	41,923
Commercial paper	**12,754**	**5,958**	**20,091**	**18,671**	**57,474**	**–**	**–**	**57,474**	48,367
Covered bonds	**–**	**2,586**	**1,788**	**3,851**	**8,225**	**7,938**	**8,923**	**25,086**	40,537
Mortgage securitization[3]	**–**	**882**	**1,428**	**1,693**	**4,003**	**6,262**	**18,502**	**28,767**	29,486
Legacy senior unsecured medium-term notes[4]	**–**	**2,252**	**3,729**	**–**	**5,981**	**8,784**	**2,194**	**16,959**	35,925
Senior unsecured medium-term notes[5]	**–**	**–**	**–**	**–**	**–**	**11,679**	**30,030**	**41,709**	25,006
Subordinated notes and debentures[6]	**–**	**–**	**–**	**–**	**–**	**–**	**11,230**	**11,230**	11,477
Term asset backed securitization	**–**	**–**	**–**	**530**	**530**	**618**	**661**	**1,809**	4,171
Other[7]	**8,235**	**419**	**2,839**	**1,061**	**12,554**	**192**	**1,832**	**14,578**	13,912
Total	**$ 39,416**	**$ 23,882**	**$ 45,233**	**$ 51,278**	**$ 159,809**	**$ 36,600**	**$ 73,385**	**$ 269,794**	$ 270,412
Of which:									
Secured	**$ –**	**$ 3,468**	**$ 3,216**	**$ 6,074**	**$ 12,758**	**$ 14,820**	**$ 28,092**	**$ 55,670**	$ 74,203
Unsecured	**39,416**	**20,414**	**42,017**	**45,204**	**147,051**	**21,780**	**45,293**	**214,124**	196,209
Total	**$ 39,416**	**$ 23,882**	**$ 45,233**	**$ 51,278**	**$ 159,809**	**$ 36,600**	**$ 73,385**	**$ 269,794**	$ 270,412

1 Excludes Bankers' acceptances, which are disclosed in the Remaining Contractual Maturity table within the "Managing Risk" section of this document.
2 Includes fixed-term deposits with banks.
3 Includes mortgaged backed securities issued to external investors and Wholesale Banking residential mortgage trading business.
4 Includes a) senior debt issued prior to September 23, 2018; and b) senior debt issued on or after September 23, 2018 which is excluded from the bank recapitalization "bail-in" regime, including debt with an original term-to-maturity of less than 400 days.
5 Comprised of senior debt subject to conversion under the bank recapitalization "bail-in" regime. Excludes $1.4 billion of structured notes subject to conversion under the "bail-in" regime (October 31, 2020 – $2.6 billion).
6 Subordinated notes and debentures are not considered wholesale funding as they may be raised primarily for capital management purposes.
7 Includes fixed-term deposits from non-bank institutions (unsecured) of $14.6 billion (October 31, 2020 – $13.9 billion).

Excluding the Wholesale Banking residential mortgage trading business, the Bank's total 2021 mortgage-backed securities issued to external investors was $1.8 billion (2020 – $4.0 billion), and other asset-backed securities issued was $0.7 billion (2020 – nil). The Bank also issued $20.5 billion of unsecured medium-term notes (2020 – $11.1 billion) and nil covered bonds (2020 – $4.4 billion), in various currencies and markets during the year ended October 31, 2021.

REGULATORY DEVELOPMENTS CONCERNING LIQUIDITY AND FUNDING

In March 2021, OSFI launched a public consultation on the domestic implementation of Basel III requirements. As part of this work, OSFI has also proposed changes to the LAR. The primary changes proposed to the LAR involve enhancements to the Net Cumulative Cash Flow supervisory tool to improve the risk sensitivity of the metric. In November 2021, OSFI provided updated guidance to the calibration of the proposal, pursuant to the feedback received as part of the consultation process. Significant proposed changes include the addition of contingencies for undrawn loan commitments, the removal of certain loan cash inflows, and the adjustment of deposit runoff factors. OSFI expects to publish a finalized rule in January 2022, and the effective date of the changes will be April 2023.

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 certain lease-related commitments, certain purchase obligations, and other liabilities. The values of credit instruments reported in the following table represent the maximum amount of additional credit that the Bank could be obligated to extend should such instruments be fully drawn or utilized. Since a significant portion of guarantees and commitments are expected to expire without being drawn upon, the total of the contractual amounts is not representative of expected future liquidity requirements. These contractual obligations have an impact on the Bank's short-term and long-term liquidity and capital resource needs.

The maturity analysis presented does not depict the degree of the Bank's maturity transformation or the Bank's exposure to interest rate and liquidity risk. The Bank ensures that assets are appropriately funded to protect against borrowing cost volatility and potential reductions to funding market availability. The Bank utilizes stable non-maturity deposits (chequing and savings accounts) and term deposits as the primary source of long-term funding for the Bank's non-trading assets including personal and business term loans and the stable balance of revolving lines of credit. The Bank issues long-term funding based primarily on the projected net growth of non-trading assets and raises short term funding primarily to finance trading assets. The liquidity of trading assets under stressed market conditions is considered when determining the appropriate term of the funding.

TABLE 58: REMAINING CONTRACTUAL MATURITY

(millions of Canadian dollars)

As at

October 31, 2021

	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	$ 5,931	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 5,931
Interest-bearing deposits with banks	158,039	373	185	–	–	–	–	–	1,365	159,962
Trading loans, securities, and other[1]	2,020	4,382	5,059	2,275	2,874	12,293	21,299	23,119	74,269	147,590
Non-trading financial assets at fair value through profit or loss	58	3	543	1,250	53	745	3,803	1,931	1,004	9,390
Derivatives	6,146	9,393	5,289	2,885	1,818	7,172	10,895	10,829	–	54,427
Financial assets designated at fair value through profit or loss	441	311	187	167	363	851	624	1,620	–	4,564
Financial assets at fair value through other comprehensive income	1,030	6,532	11,881	3,381	2,914	4,089	21,983	22,658	4,598	79,066
Debt securities at amortized cost, net of allowance for credit losses	1,235	6,567	8,180	4,889	4,030	27,819	79,375	136,846	(2)	268,939
Securities purchased under reverse repurchase agreements[2]	92,356	30,580	22,332	14,191	7,441	140	244	–	–	167,284
Loans										
Residential mortgages	930	2,389	5,050	10,061	10,077	34,004	166,855	38,974	–	268,340
Consumer instalment and other personal	641	987	2,029	4,049	3,254	14,333	81,413	27,126	56,032	189,864
Credit card	–	–	–	–	–	–	–	–	30,738	30,738
Business and government	27,691	5,390	6,707	10,533	8,503	23,332	71,025	61,647	25,242	240,070
Total loans	29,262	8,766	13,786	24,643	21,834	71,669	319,293	127,747	112,012	729,012
Allowance for loan losses	–	–	–	–	–	–	–	–	(6,390)	(6,390)
Loans, net of allowance for loan losses	29,262	8,766	13,786	24,643	21,834	71,669	319,293	127,747	105,622	722,622
Customers' liability under acceptances	16,039	2,327	76	2	4	–	–	–	–	18,448
Investment in Schwab	–	–	–	–	–	–	–	–	11,112	11,112
Goodwill[3]	–	–	–	–	–	–	–	–	16,232	16,232
Other intangibles[3]	–	–	–	–	–	–	–	–	2,123	2,123
Land, buildings, equipment, and other depreciable assets[3]	–	3	10	4	4	19	466	3,664	5,011	9,181
Deferred tax assets	–	–	–	–	–	–	–	–	2,265	2,265
Amounts receivable from brokers, dealers, and clients	32,357	–	–	–	–	–	–	–	–	32,357
Other assets	3,100	1,049	2,204	159	150	74	112	73	10,258	17,179
Total assets	$ 348,014	$ 70,286	$ 69,732	$ 53,846	$ 41,485	$ 124,871	$ 458,094	$ 328,487	$ 233,857	$ 1,728,672
Liabilities										
Trading deposits	$ 1,697	$ 5,373	$ 4,867	$ 2,953	$ 1,196	$ 2,135	$ 3,516	$ 1,154	$ –	$ 22,891
Derivatives	7,387	9,392	4,581	2,969	2,244	7,403	10,792	12,354	–	57,122
Securitization liabilities at fair value	–	538	1,013	514	301	2,814	5,737	2,588	–	13,505
Financial liabilities designated at fair value through profit or loss	23,923	12,526	33,712	28,017	14,678	1,127	1	4	–	113,988
Deposits[4,5]										
Personal	5,799	9,750	8,491	5,999	6,148	7,611	7,254	29	582,417	633,498
Banks	8,903	338	135	25	–	2	2	4	11,508	20,917
Business and government	15,795	12,080	8,268	5,433	1,311	28,880	37,255	6,079	355,609	470,710
Total deposits	30,497	22,168	16,894	11,457	7,459	36,493	44,511	6,112	949,534	1,125,125
Acceptances	16,039	2,327	76	2	4	–	–	–	–	18,448
Obligations related to securities sold short[1]	1,096	729	1,753	1,648	432	4,574	12,640	17,505	2,007	42,384
Obligations related to securities sold under repurchase agreements[2]	120,938	13,904	7,255	1,700	272	28	–	–	–	144,097
Securitization liabilities at amortized cost	–	344	414	475	403	3,448	7,043	3,135	–	15,262
Amounts payable to brokers, dealers, and clients	28,993	–	–	–	–	–	–	–	–	28,993
Insurance-related liabilities	158	273	405	405	425	982	1,673	872	2,483	7,676
Other liabilities	9,008	3,106	925	228	767	1,522	1,796	4,815	5,966	28,133
Subordinated notes and debentures	–	–	–	–	–	–	200	11,030	–	11,230
Equity	–	–	–	–	–	–	–	–	99,818	99,818
Total liabilities and equity	$ 239,736	$ 70,680	$ 71,895	$ 50,368	$ 28,181	$ 60,526	$ 87,909	$ 59,569	$ 1,059,808	$ 1,728,672
Off-balance sheet commitments										
Credit and liquidity commitments[6,7]	$ 14,788	$ 24,189	$ 23,482	$ 19,887	$ 15,616	$ 38,639	$ 115,624	$ 3,789	$ 1,327	$ 257,341
Other commitments[8]	59	170	185	244	170	591	1,303	541	–	3,263
Unconsolidated structured entity commitments	–	859	20	557	–	127	510	–	–	2,073
Total off-balance sheet commitments	$ 14,847	$ 25,218	$ 23,687	$ 20,688	$ 15,786	$ 39,357	$ 117,437	$ 4,330	$ 1,327	$ 262,677

1 Amount has been recorded according to the remaining contractual maturity of the underlying security.
2 Certain contracts considered short-term are presented in 'less than 1 month' category.
3 Certain 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 $25 billion of covered bonds with remaining contractual maturities of $2 billion in 'over 1 months to 3 months', $2 billion in 'over 3 months to 6 months', $4 billion in 'over 6 months to 9 months', $8 billion in 'over 1 to 2 years', $7 billion in 'over 2 to 5 years', and $2 billion in 'over 5 years'.
6 Includes $326 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.
8 Includes various purchase commitments as well as commitments for leases not yet commenced, and lease-related payments.

TABLE 58: REMAINING CONTRACTUAL MATURITY (continued)

(millions of Canadian dollars)

										As at
										October 31, 2020
	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	$ 6,437	$ 8	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 6,445
Interest-bearing deposits with banks	161,326	656	–	–	–	–	–	–	2,167	164,149
Trading loans, securities, and other[1]	4,363	6,920	7,866	6,913	3,867	9,732	23,624	27,554	57,479	148,318
Non-trading financial assets at fair value through profit or loss	80	–	600	2,271	69	1,430	1,425	1,879	794	8,548
Derivatives	5,299	7,167	4,554	2,810	2,525	6,314	10,004	15,569	–	54,242
Financial assets designated at fair value through profit or loss	820	183	631	234	107	930	1,253	581	–	4,739
Financial assets at fair value through other comprehensive income	2,501	2,799	8,490	6,101	4,886	25,305	23,667	26,957	2,579	103,285
Debt securities at amortized cost, net of allowance for credit losses	6,444	23,449	16,052	5,855	5,498	12,386	62,145	95,852	(2)	227,679
Securities purchased under reverse repurchase agreements[2]	98,721	30,246	23,879	11,776	4,204	29	307	–	–	169,162
Loans										
Residential mortgages	472	2,845	7,286	9,994	10,481	38,182	138,912	44,047	–	252,219
Consumer instalment and other personal	706	1,423	3,437	3,941	3,893	14,594	68,961	28,038	60,467	185,460
Credit card	–	–	–	–	–	–	–	–	32,334	32,334
Business and government	27,193	4,938	8,973	11,653	8,672	35,439	70,478	65,144	23,309	255,799
Total loans	28,371	9,206	19,696	25,588	23,046	88,215	278,351	137,229	116,110	725,812
Allowance for loan losses	–	–	–	–	–	–	–	–	(8,289)	(8,289)
Loans, net of allowance for loan losses	28,371	9,206	19,696	25,588	23,046	88,215	278,351	137,229	107,821	717,523
Customers' liability under acceptances	12,699	2,036	204	2	–	–	–	–	–	14,941
Investment in Schwab	–	–	–	–	–	–	–	–	12,174	12,174
Goodwill[3]	–	–	–	–	–	–	–	–	17,148	17,148
Other intangibles[3]	–	–	–	–	–	–	–	–	2,125	2,125
Land, buildings, equipment, and other depreciable assets[3,4]	–	1	6	91	9	29	299	4,384	5,317	10,136
Deferred tax assets	–	–	–	–	–	–	–	–	2,444	2,444
Amounts receivable from brokers, dealers, and clients	33,951	–	–	–	–	–	–	–	–	33,951
Other assets	3,521	1,060	643	2,783	470	150	125	171	9,933	18,856
Total assets	$ 364,533	$ 83,731	$ 82,621	$ 64,424	$ 44,681	$ 144,520	$ 401,200	$ 310,176	$ 219,979	$ 1,715,865
Liabilities										
Trading deposits	$ 1,802	$ 2,429	$ 2,065	$ 3,057	$ 1,639	$ 3,510	$ 3,455	$ 1,220	$ –	$ 19,177
Derivatives	4,718	6,783	3,997	1,917	2,012	5,438	11,084	17,254	–	53,203
Securitization liabilities at fair value	–	608	243	652	345	2,495	6,706	2,669	–	13,718
Financial liabilities designated at fair value through profit or loss	18,654	7,290	12,563	15,892	5,251	–	4	11	–	59,665
Deposits[5,6]										
Personal	6,240	8,996	9,139	9,550	7,288	10,095	7,923	37	565,932	625,200
Banks	12,870	1,592	313	56	28	–	4	5	14,101	28,969
Business and government	25,387	24,703	24,841	15,274	7,214	14,378	52,852	3,386	313,129	481,164
Total deposits	44,497	35,291	34,293	24,880	14,530	24,473	60,779	3,428	893,162	1,135,333
Acceptances	12,699	2,036	204	2	–	–	–	–	–	14,941
Obligations related to securities sold short[1]	698	1,095	993	823	707	4,888	9,789	14,986	1,020	34,999
Obligations related to securities sold under repurchase agreements[2]	122,433	23,944	30,879	1,791	4,952	4,873	4	–	–	188,876
Securitization liabilities at amortized cost	–	1,055	221	422	404	1,642	8,799	3,225	–	15,768
Amounts payable to brokers, dealers, and clients	35,143	–	–	–	–	–	–	–	–	35,143
Insurance-related liabilities	306	350	382	316	305	963	1,676	1,033	2,259	7,590
Other liabilities[4]	7,672	3,630	1,744	701	1,048	1,304	1,402	5,633	7,342	30,476
Subordinated notes and debentures	–	–	–	–	–	–	200	11,277	–	11,477
Equity	–	–	–	–	–	–	–	–	95,499	95,499
Total liabilities and equity	$ 248,622	$ 84,511	$ 87,584	$ 50,453	$ 31,193	$ 49,586	$ 103,898	$ 60,736	$ 999,282	$ 1,715,865
Off-balance sheet commitments										
Credit and liquidity commitments[7,8]	$ 19,568	$ 23,526	$ 25,918	$ 20,089	$ 14,289	$ 43,760	$ 107,951	$ 4,343	$ 1,309	$ 260,753
Other commitments[9]	77	169	183	188	165	657	875	553	–	2,867
Unconsolidated structured entity commitments	903	342	1,367	227	408	–	–	–	–	3,247
Total off-balance sheet commitments	$ 20,548	$ 24,037	$ 27,468	$ 20,504	$ 14,862	$ 44,417	$ 108,826	$ 4,896	$ 1,309	$ 266,867

1 Amount has been recorded according to the remaining contractual maturity of the underlying security.
2 Certain contracts considered short-term are presented in 'less than 1 month' category.
3 Certain non-financial assets have been recorded as having 'no specific maturity'.
4 Upon adoption of IFRS 16, ROU assets recognized are included in 'Land, buildings, equipment, and other depreciable assets' and lease liabilities recognized are included in 'Other liabilities'.
5 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'.
6 Includes $41 billion of covered bonds with remaining contractual maturities of $2 billion in 'over 1 months to 3 months', $3 billion in 'over 3 months to 6 months', $5 billion in 'over 6 months to 9 months', $4 billion in 'over 9 months to 1 year', $9 billion in 'over 1 to 2 years', $16 billion in 'over 2 to 5 years', and $2 billion in 'over 5 years'.
7 Includes $290 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.
9 Includes various purchase commitments as well as commitments for leases not yet commenced, and lease-related payments.

Capital Adequacy Risk

Capital adequacy risk is the risk of insufficient level and composition of 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 under normal and stress conditions.

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 requires that the Bank holds sufficient capital, in normal and stress environments, to avoid the risk of breaching minimum capital levels prescribed by regulators and internal Board limits.

WHO MANAGES CAPITAL ADEQUACY RISK

The Board oversees the Bank's capital adequacy and capital management by reviewing adherence to capital targets and approving the annual capital plan and the Global Capital Management Policy. The Risk Committee reviews and approves the Capital Adequacy Risk Management Framework. The CRO and the SET member responsible for TBSM oversee that 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 in support of the effective and prudent management of the Bank's capital position and maintenance of adequate capital. It oversees the allocation of capital limits for business segments and reviews adherence to capital targets.

TBSM is responsible for forecasting and monitoring compliance with capital targets, on a consolidated basis, with oversight provided by ALCO. TBSM updates the capital forecast, including appropriate changes to capital issuance, repurchase and redemption. The capital forecast is reviewed by ALCO. TBSM also leads the ICAAP and EWST processes. The Bank's business segments are responsible for managing to the allocated capital limits.

Additionally, regulated subsidiaries of the Bank, including certain insurance subsidiaries and subsidiaries in the U.S. and other jurisdictions, manage their capital adequacy risk in accordance with applicable regulatory requirements. Capital management policies and procedures of subsidiaries are also required to conform with those of the Bank. U.S. regulated subsidiaries of the Bank are required to follow several regulatory guidelines, rules and expectations related to capital planning and stress testing including the U.S. Federal Reserve Board's Regulation YY establishing Enhanced Prudential Standards for Foreign Banking Organizations, applicable to U.S. Bank Holding Companies. Refer to the sections on "Future Regulatory Capital Developments", "Enterprise-Wide Stress Testing", and "Risk Factors That May Affect Future Results" for further details.

HOW TD MANAGES CAPITAL ADEQUACY RISK

Capital resources are managed in a manner designed so that 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, so 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 so that the Bank meets minimum capital requirements under stress conditions. The purpose of these capital targets is to reduce the risk of a breach of minimum capital requirements, due to an unexpected stress event, allowing management the opportunity to react to declining capital levels before minimum capital requirements are breached. Capital targets are defined in the Global Capital Management Policy.

A periodic monitoring process is undertaken to plan and forecast capital requirements. As part of the annual planning process, business segments are allocated individual RWA and Leverage exposure limits. Capital generation and usage are monitored and reported to the ALCO.

The Bank assesses the sensitivity of its forecast capital requirements and new capital formations to various economic conditions through its EWST process. The results of the EWST are considered in the determination of capital targets and capital risk appetite limits.

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 severe unexpected losses over a one-year period.

In addition, the Bank has a Capital Contingency Plan that is designed to prepare management to maintain capital adequacy through periods of bank-specific or systemic market stress. The Capital Contingency Plan outlines the governance and procedures to be followed if the Bank's consolidated capital levels are forecast to fall below capital targets or when there are capital concerns from disruptive events or trends. It also outlines potential management actions that may be taken to prevent such a breach from occurring.

Legal, Regulatory Compliance and Conduct Risk

Legal, Regulatory Compliance and Conduct (LRCC) risk is the risk associated with the Bank's failure to comply with applicable laws, rules, regulations, regulatory guidance, contractual obligations, TD's Code of Conduct and Ethics, or standards of fair business conduct or market conduct, which can lead to financial loss, fines, sanctions, liabilities, or reputational harm that could be material to the Bank.

The Bank is exposed to LRCC risk in virtually all of its activities. Failure to mitigate LRCC risk and meet regulatory and legal requirements can impact the Bank's ability to meet strategic objectives, poses a risk of censure or penalty, may lead to litigation, and puts the Bank's reputation at risk. Financial penalties, reputational damage, and other costs associated with legal proceedings, and unfavourable judicial or regulatory determinations may also adversely affect the Bank's business, results of operations and financial condition. LRCC risk differs from other banking risks, such as credit risk or market risk, in that it is typically not a risk actively or deliberately assumed by management in expectation of a return and also because LRCC risk generally cannot be effectively mitigated by trying to limit its impact to any one business or jurisdiction, as realized LRCC risk may adversely impact unrelated business or jurisdictions. LRCC risk is inherent in the normal course of operating the Bank's businesses.

WHO MANAGES LEGAL, REGULATORY COMPLIANCE, AND CONDUCT RISK

The proactive and effective management of LRCC risk is complex given the breadth and pervasiveness of exposure. The LRCC Risk Management Framework applies enterprise-wide to the Bank and to all its corporate functions, business segments, its governance, risk, and oversight functions, and to its subsidiaries. All the Bank's businesses are responsible for operating their business in compliance with LRCC Requirements applicable to their jurisdiction and specific business requirements, and for adhering to LRCC requirements in their business operations, including setting the appropriate tone for LRCC risk management. This accountability involves assessing the risk, designing and implementing controls, and monitoring and reporting on their ongoing effectiveness to safeguard the businesses from operating outside of the Bank's risk appetite. The Compliance, GAML and Regulatory Risk Departments provide objective guidance, and oversight with respect to managing LRCC risk. The Legal and Regulatory Relationships and Government Affairs groups provide advice with respect to managing LRCC risk. Representatives of these groups interact regularly with senior executives of the Bank's businesses. Also, the senior management of the Legal, Compliance, and GAML Departments have established regular meetings with and reporting to the Audit Committee, which oversees the establishment and maintenance of policies and programs reasonably designed to achieve and maintain the Bank's compliance with the applicable laws and regulations. Senior management of the Compliance Department also reports regularly to the Corporate Governance Committee, which oversees conduct risk management in the Bank. In addition, senior management of the Regulatory Risk group has established periodic reporting to the Board and its committees.

HOW TD MANAGES LEGAL, REGULATORY COMPLIANCE AND CONDUCT RISK

Effective management of LRCC risk is a result of enterprise-wide collaboration and requires (a) independent and objective identification and assessment of LRCC risk, (b) objective guidance and advisory services and/or independent challenge and oversight to identify, assess, control, and monitor LRCC risk, and (c) an approved set of frameworks, policies, procedures, guidelines, and practices. While each business line is accountable for operating in compliance with applicable laws and regulations and for effectively managing LRCC risk, each of the Legal, Compliance, GAML, and Regulatory Risk Departments plays a critical role in the management of LRCC risk at the Bank. Depending on the circumstances, they play different roles at different times: 'trusted advisor', provider of objective guidance, independent challenge, and oversight and control (including 'gatekeeper' or approver).

In particular, the Compliance Department performs the following functions: it acts as an independent Regulatory Compliance and Conduct Risk management oversight function; it fosters a culture of integrity, ethics and compliance across the organization to manage and mitigate Regulatory Compliance and Conduct Risks; it assesses the adequacy of, adherence to, and effectiveness of the Bank's day-to-day Regulatory Compliance Management (RCM) controls; it is accountable for leading the enterprise Conduct Risk governance and oversight; and it supports the Global Chief Compliance Officer in providing an opinion to the Audit Committee as to whether the RCM controls are sufficiently robust in achieving compliance with applicable regulatory requirements. The Compliance Department works in partnership with Human Resources and Operational Risk Management to provide oversight and challenge to the businesses in their management of conduct risk.

The GAML Department acts as an independent regulatory compliance and risk management oversight function and is responsible for regulatory compliance and the broader prudential risk management components of the AML, Anti-Terrorist Financing, Sanctions, and Anti-Bribery/Anti-Corruption programs (collectively, the "GAML Programs"), including their design, content, and enterprise-wide implementation; develops standards, monitors, evaluates, and reports on GAML program controls, design, and execution; and reports on the overall adequacy and effectiveness of the GAML Programs, including program design and operation. In addition, the Compliance and GAML Departments have developed methodologies and processes to measure and aggregate regulatory compliance risks and conduct risks on an ongoing basis as a baseline to assess whether the Bank's internal controls are effective in adequately mitigating such risks and determine whether individual or aggregate business activities are conducted within the Bank's risk appetite.

The Legal Department acts as an independent provider of legal services and advice and protects the Bank from unacceptable legal risk. The Legal Department has also developed methodologies for measuring litigation risk for adherence to the Bank's risk appetite.

Processes employed by the Legal, Compliance, and GAML Departments (including policies and frameworks, training and education, and the Code of Conduct and Ethics) support the responsibility of each business to adhere to LRCC Requirements.

Finally, the Bank's Regulatory Risk and Government Affairs groups also create and facilitate communication with elected officials and regulators, monitor legislation and regulations, support business relationships with governments, coordinate regulatory examinations and regulatory findings remediation, support regulatory discussions on new or proposed products or business initiatives, and advance the public policy objectives of the Bank.

Reputational Risk

Reputational risk is the potential that stakeholder perceptions, whether true or not, regarding the Bank's business practices, actions or inactions, will or may cause a significant decline in the Bank's value, brand, liquidity or customer base, or require costly measures to address.

A company's reputation is a valuable business asset that is essential to optimizing shareholder value and therefore, is constantly at risk. Reputational risk can arise as a consequence of negative perceptions about the Bank's business practices involving any aspect of the Bank's operations and usually involves concerns about business ethics and integrity, competence, or the quality or suitability of products and services. Since all risk categories can have an impact on a company's reputation, reputational risk is not managed in isolation from the Bank's other major risk categories and can ultimately impact its brand, earnings, and capital.

WHO MANAGES REPUTATIONAL RISK

Responsibility for managing risks to the Bank's reputation ultimately lies with the SET and the executive committees that examine reputational risk as part of their regular mandate. The ERRC is the most senior executive committee for the review of reputational risk matters at TD. The mandate of the ERRC is to oversee the management of reputational risk within the Bank's risk appetite. Its main accountability is to review and assess business and corporate initiatives and activities where significant reputational risk profiles have been identified and escalated. The ERRC also provides a forum for discussion, review, and escalation for non-traditional risks.

At the same time, every employee and representative of the Bank has a responsibility to contribute in a positive way to the Bank's reputation and the management of reputational risk. This means that every Bank employee is responsible for following ethical practices at all times, complying with applicable policies, legislation, and regulations and are also 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 the Bank's reputation.

HOW TD MANAGES REPUTATIONAL RISK

The Bank's approach to the management of reputational risk combines the experience and knowledge of individual business segments, corporate shared service areas and governance, risk and oversight functions. It is based on enabling the Bank's businesses to understand their risks and developing the policies, processes, and controls required to manage these risks appropriately and in line with the Bank's strategy and reputational risk appetite. The Bank's Reputational Risk Management Framework provides a comprehensive overview of its approach to the management of this risk. Amongst other significant policies, the Bank's Enterprise Reputational Risk Management Policy is approved by the Group Head and CRO and sets out the requirements under which business segments and corporate shared services are required to manage reputational risk. These requirements include implementing procedures and designating a business-level committee (where required by the Policy) to review and assess reputational risks and escalation to the ERRC as appropriate.

The Bank also has an enterprise-wide New Business and Product Approval (NBPA) Policy that is approved by the CRO and establishes standard practices to support consistent processes for approving new businesses, products, and services across the Bank. The policy is supported by business segment specific processes, which involve independent review from oversight functions, and consideration of all aspects of a new product, including reputational risk.

Environmental and Social Risk

Environmental and social risk is the risk of financial loss or reputational damage resulting from the Bank's inability to adapt to changing environmental or social issues, including climate change, that impact or are associated with the Bank's operations, business activities, products, clients or the communities the Bank operates in.

Management of environmental and social (E&S) risk is an enterprise-wide priority. Key E&S risks include: (1) direct risks associated with the ownership and operation of the Bank's businesses, which include management and operation of company-owned or managed real estate, business operations, and associated services; (2) indirect risks associated with environmental and social issues or events (including climate change) that may impact the Bank's customers and clients, or the communities in which the Bank operates; (3) identification and management of new or emerging environmental and social regulatory issues; and (4) failure to understand and appropriately leverage environmental or social-related trends to meet customer and consumer demands for products and services.

WHO MANAGES ENVIRONMENTAL AND SOCIAL RISK

The Bank integrates environmental and social risk management capabilities into each business to reinforce ownership and support of the business in assessing, reporting and escalating these risks. The ESG strategy and E&S risks are managed within a governance structure that balances broad engagement across the organization while also providing line-of-sight accountability. The Senior Vice President, Sustainability and Corporate Citizenship and the Senior Vice President, Enterprise and Operational Risk Management hold senior executive accountability for environmental and social strategy and risk management, respectively. In addition, the Global Head, Diversity and Inclusion is consulted on emerging social risks related to diversity and inclusion. The Sustainability and Corporate Citizenship team supports the development of the Bank's environmental, social and related governance strategy, performance standards and targets, and reports on performance. The Bank's Environmental and Social Risk Management group, operating under Operational Risk Management, has environmental and social risk oversight accountabilities, including establishing risk frameworks, policies, processes and governance to identify, assess, control, monitor and report on environmental and social risks, including climate-related risks, to the Bank. The ESG Credit Risk team under Credit Risk Management is focused on applying enterprise-level environmental and social risk frameworks and associated monitoring and control activities to the Bank's lending portfolio. The Bank's various business-specific and enterprise risk committees are also involved in monitoring material risks and acting as governance bodies for escalation and oversight of emerging environmental and social risk issues.

HOW TD MANAGES ENVIRONMENTAL AND SOCIAL RISK

The Bank manages E&S risks through an enterprise-wide Environmental and Social Risk Framework which is supported by business segment level policies and procedures across the Bank, and is aligned with the Bank's risk appetite for environmental and social risk.

The Bank's environmental and social metrics, targets, and performance are publicly reported within its annual ESG Report. Key performance measures are reported according to the Global Reporting Initiative (GRI), with select metrics that are independently assured.

TD's Environmental and Social Credit Risk Process for Non-Retail Credit Business Lines contains a set of due diligence tools that are applied to all material non-retail lending activities, which include general-corporate-purpose, project and fixed asset financing. This process includes assessment of the Bank's clients' policies, procedures, and performance on significant environmental and social issues, such as air, land and water risk, biodiversity, stakeholder engagement, and the free, prior and informed consent (FPIC) of Indigenous Peoples. The Bank also assesses borrower activities against a list of prohibited business activities and transactions based on environmental and social risks. In addition, within Wholesale and Commercial Banking, sector-specific guidelines are in place to assess clients within environmentally sensitive sectors. In the area of project finance, the Bank has been a signatory to the Equator Principles since 2007 and reports on Equator Principles projects within its annual ESG Report. The Equator Principles help financial institutions determine, assess, manage and report environmental and social risk in respect of projects that are in scope of the Equator Principles. The Bank uses a comprehensive set of tools and guidance documents to identify and categorize Equator Principle deals appropriately.

Climate Risk

Climate risk is the risk of financial loss or reputational damage from materialized credit, market, operational or other risks resulting from the physical and transition risks of climate change to the Bank, its clients or the communities in which the Bank operates. In its 2020 Managing Climate-Related Risks and Opportunities: Update on TCFD report, the Bank disclosed its alignment with the Financial Stability Board's TCFD recommendations which seek to provide a more consistent approach for assessing and reporting climate-related risks, including physical and transition risks and opportunities. TD is developing methodologies and approaches, including building related tools and capabilities for quantitative measurement for climate scenario analysis, through participation in industry-wide working groups. The Bank is a member of the United Nations Environment Programme Finance Initiative (UNEP FI) and is participating in TCFD pilot studies led by UNEP FI that seek to develop harmonized industry-wide approaches for climate scenario analysis in bank lending, investments, and insurance portfolios.

TD Asset Management (TDAM) is a signatory to the United Nations Principles for Responsible Investment (UN PRI). Under the UN PRI, investors commit to incorporate ESG issues into investment analysis and decision-making. TDAM has adopted its Sustainable Investing Policy across its operations since 2009. The Policy provides a high-level overview of how TDAM fulfils its commitment to the six guiding principles set out by the UN PRI. In 2015, TD Insurance became a signatory to the UNEP FI Principles for Sustainable Insurance, which provides a global framework for managing ESG risks within the insurance industry.

Codes of Conduct and Human Rights

The Bank has several policies, including the Bank's Code of Conduct and Ethics that reflect the Bank's commitment to manage its business responsibly and in compliance with applicable laws. For additional information on the Code of Conduct and Ethics, refer to the "Legal, Regulatory Compliance and Conduct Risk" section above. The Bank has a Statement on Human Rights that reflects TD's commitment to manage its business responsibly and in accordance with its corporate responsibility to respect human rights as set out in the United Nations Guiding Principles on Business and Human Rights.

In addition, when registering suppliers, the Bank requests that suppliers confirm that they operate in accordance with the expectations described in TD's Supplier Code of Conduct, which includes the protection of human rights. The Bank may apply enhanced due diligence to sourcing products and services when social, ethical, environmental and geographical factors suggest higher risk. The Bank's North American Supplier Diversity Program seeks to promote a level playing field and encourage the inclusion of women, Black, Indigenous and other minorities, the LGBTQ2+ community, people with disabilities, veterans and other diverse groups in its procurement process. To reflect this goal, in 2021, TD's Chief Procurement Officer released a Statement on Supplier Diversity recognizing diversity and inclusion as both a core value and a business imperative.

The Bank also has policies and practices in place to address the risk of slavery and human trafficking in our business activities. TD publicly reports under section 54(1) of the *United Kingdom Modern Slavery Act 2015* through the Bank's annual Slavery and Human Trafficking Statement, and the Bank's Supplier Code of Conduct reflects our commitment to respect human rights.

The Bank proactively monitors and assesses industry, regulatory and legislative developments and assesses the potential impacts of climate change and related risks on its operations, lending portfolios, investments, and businesses. TD also maintains an 'open door' approach with environmental and community organizations, industry associations, and responsible investment organizations.

Additional information on TD's environmental and social risk management and performance is included in the Bank's ESG Report, which is available on the Bank's website.

ACCOUNTING STANDARDS AND POLICIES

Critical Accounting Policies and Estimates

ACCOUNTING POLICIES AND ESTIMATES

The Bank's accounting policies and estimates are essential to understanding its results of operations and financial condition. A summary of the Bank's significant accounting policies and estimates are presented in the Notes of the 2021 Consolidated Financial Statements. 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 the classification and measurement of financial assets, accounting for impairments of financial assets, accounting for leases, 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, the consolidation of structured entities, and accounting for revenue from contract with customers.

The Bank's 2021 Consolidated Financial Statements have been prepared in accordance with IFRS. For details of the Bank's accounting policies under IFRS, refer to Note 2 of the Bank's 2021 Consolidated Financial Statements.

ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

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

CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS

Business Model Assessment

The Bank determines its business models based on the objective under which its portfolios of financial assets are managed. Refer to Note 2 of the Bank's 2021 Consolidated Financial Statements for details on the Bank's business models. In determining its business models, the Bank considers the following:

- Management's intent and strategic objectives and the operation of the stated policies in practice;
- The primary risks that affect the performance of the business model and how these risks are managed;
- How the performance of the portfolio is evaluated and reported to management; and
- The frequency and significance of financial asset sales in prior periods, the reasons for such sales and the expected future sales activities.

Sales in themselves do not determine the business model and are not considered in isolation. Instead, sales provide evidence about how cash flows are realized. A held-to-collect business model will be reassessed by the Bank to determine whether any sales are consistent with an objective of collecting contractual cash flows if the sales are more than insignificant in value or more than infrequent.

Solely Payments of Principal and Interest Test

In assessing whether contractual cash flows represent solely payments of principal and interest (SPPI), the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that they would not be consistent with a basic lending arrangement. In making the assessment, the Bank considers the primary terms as follows and assesses if the contractual cash flows of the instruments continue to meet the SPPI test:

- Performance-linked features;
- Terms that limit the Bank's claim to cash flows from specified assets (non-recourse terms);
- Prepayment and extension terms;
- Leverage features; and
- Features that modify elements of the time value of money.

IMPAIRMENT OF FINANCIAL ASSETS

Significant Increase in Credit Risk

For retail exposures, criteria for assessing significant increase in credit risk are defined at the appropriate product or portfolio level and vary based on the exposure's credit risk at origination. The criteria include relative changes in PD, absolute PD backstop, and delinquency backstop when contractual payments are more than 30 days past due. Significant increase in credit risk since initial recognition has occurred when one of the criteria is met.

For non-retail exposures, BRR is determined on an individual borrower basis using industry and sector specific credit risk models that are based on historical data. Current and forward-looking information that is specific to the borrower, industry, and sector is considered based on expert credit judgment. Criteria for assessing significant increase in credit risk are defined at the appropriate segmentation level and vary based on the BRR of the exposure at origination. Criteria include relative changes in BRR, absolute BRR backstop, and delinquency backstop when contractual payments are more than 30 days past due. Significant increase in credit risk since initial recognition has occurred when one of the criteria is met. Refer to the "Impact of COVID-19" section of this document for considerations as a result of COVID-19.

Measurement of Expected Credit Loss
For retail exposures, ECLs are calculated as the product of PD, LGD, and EAD at each time step over the remaining expected life of the financial asset and discounted to the reporting date based on the EIR. PD estimates represent the forward-looking PD, updated quarterly based on the Bank's historical experience, current conditions, and relevant forward-looking expectations over the expected life of the exposure to determine the lifetime PD curve. LGD estimates are determined based on historical charge-off events and recovery payments, current information about attributes specific to the borrower, and direct costs. Expected cash flows from collateral, guarantees, and other credit enhancements are incorporated in LGD if integral to the contractual terms. Relevant macroeconomic variables are incorporated in determining expected LGD. EAD represents the expected balance at default across the remaining expected life of the exposure. EAD incorporates forward-looking expectations about repayments of drawn balances and expectations about future draws where applicable.

For non-retail exposures, ECLs are calculated based on the present value of cash shortfalls determined as the difference between contractual cash flows and expected cash flows over the remaining expected life of the financial instrument. Lifetime PD is determined by mapping the exposure's BRR to forward-looking PD over the expected life. LGD estimates are determined by mapping the exposure's FRR to expected LGD which takes into account facility-specific characteristics such as collateral, seniority ranking of debt, and loan structure. Relevant macroeconomic variables are incorporated in determining expected PD and LGD. Expected cash flows are determined by applying the expected LGD to the contractual cash flows to calculate cash shortfalls over the expected life of the exposure.

Forward-Looking Information
In calculating ECLs, the Bank employs internally developed models that utilize parameters for PD, LGD, and EAD. Forward-looking macroeconomic factors including at the regional level are incorporated in the risk parameters as relevant. Additional risk factors that are industry or segment specific are also incorporated, where relevant. Forward-looking macroeconomic forecasts are generated by TD Economics as part of the ECL process: A base economic forecast is accompanied with upside and downside estimates of possible economic conditions by considering the sources of uncertainty around the base forecast. All macroeconomic forecasts are updated quarterly for each variable on a regional basis where applicable and incorporated as relevant into the quarterly modelling of base, upside and downside risk parameters used in the calculation of ECL scenarios and probability weighted ECLs. TD Economics will apply judgment to recommend probability weights to each forecast on a quarterly basis. The proposed macroeconomic forecasts and probability weightings are subject to robust management review and challenge process by a cross-functional committee that includes representation from TD Economics, Risk, Finance, and Business. ECLs calculated under each of the three forecasts are applied against the respective probability-weightings to determine the probability-weighted ECLs. Refer to the "Impact of COVID-19" section of this document for considerations as a result of COVID-19 and Note 8 of the Consolidated Financial Statements for further details on the macroeconomic variables and ECL sensitivity.

Expert Credit Judgment
ECLs are recognized on the initial recognition of financial assets. Allowance for credit losses represents management's best estimate of the risk of default and ECLs on the financial assets, including any off-balance sheet exposures, at the balance sheet date. Management exercises expert credit judgment in assessing if an exposure has experienced significant increase in credit risk since initial recognition and in determining the amount of ECLs at each reporting date by considering reasonable and supportable information that is not already included in the quantitative models. Refer to the "Impact of COVID-19" section of this document for considerations as a result of COVID-19.

Management's judgment is used to determine the point within the range that is the best estimate for the qualitative component contributing to ECLs, based on an assessment of business and economic conditions, historical loss experience, loan portfolio composition, and other relevant indicators and forward-looking information that are not fully incorporated into the model calculation. Changes in these assumptions would have a direct impact on the provision for credit losses and may result in a change in the allowance for credit losses.

Impact of COVID-19
The Bank introduced relief programs in 2020 that allowed borrowers to temporarily defer payments of principal and/or interest on their loans and supported various government-assistance programs which reduced the Bank's exposure to expected losses. Under these relief programs and notwithstanding any other changes in credit risk, opting into a payment deferral program did not in and of itself trigger a significant increase in credit risk since initial recognition (which would result in stage migration) and did not result in additional days past due. The majority of these relief programs have now ended.

As a result of COVID-19, there is a higher degree of uncertainty in determining reasonable and supportable forward-looking information. Management exercises expert credit judgment in assessing if an exposure has experienced significant increase in credit risk since initial recognition and in determining the amount of ECLs at each reporting date, by considering reasonable and supportable information that is not already included in the quantitative models. The current environment is subject to rapid change and to the extent that certain effects of COVID-19 are not fully incorporated into the model calculations, increased temporary quantitative and qualitative adjustments have been applied. This includes borrower credit scores, industry and geography specific COVID-19 impacts, payment support initiatives introduced by the Bank and governments, and the persistence of the economic shutdown, the effects of which are not yet fully reflected in the quantitative models. The Bank has performed certain additional qualitative portfolio and loan level assessments of significant increase in credit risk.

LEASES
The Bank applies judgment in determining the appropriate lease term on a lease-by-lease basis. All facts and circumstances that create an economic incentive to exercise a renewal option or not to exercise a termination option including investments in major leaseholds, branch performance and past business practice are considered. The periods covered by renewal or termination options are only included in the lease term if it is reasonably certain that the Bank will exercise the options; management considers "reasonably certain" to be a high threshold. Changes in the economic environment or changes in the industry may impact the Bank's assessment of lease term, and any changes in the Bank's estimate of lease terms may have a material impact on the Bank's Consolidated Balance Sheet and Consolidated Statement of Income.

In determining the carrying amount of ROU assets and lease liabilities, the Bank is required to estimate the incremental borrowing rate specific to each leased asset or portfolio of leased assets if the interest rate implicit in the lease is not readily determinable. The Bank determines the incremental borrowing rate of each leased asset or portfolio of leased assets by incorporating the Bank's creditworthiness, the security, term, and value of the ROU asset, and the economic environment in which the leased asset operates. The incremental borrowing rates are subject to change mainly due to changes in the macroeconomic environment.

FAIR VALUE MEASUREMENTS

The fair value of financial instruments traded in active markets at the balance sheet date is based on their quoted market prices. For all other financial instruments not traded in an active market, fair value may be based on other observable current market transactions involving the same or similar instruments, without modification or repackaging, or is based on a valuation technique which maximizes the use of observable market inputs. Observable market inputs may include interest rate yield curves, foreign exchange rates, and option volatilities. Valuation techniques include comparisons with similar instruments where observable market prices exist, discounted cash flow analysis, option pricing models, and other valuation techniques commonly used by market participants.

For certain complex or illiquid financial instruments, fair value is determined using valuation techniques in which current market transactions or observable market inputs are not available. Determining which valuation technique to apply requires judgment. The valuation techniques themselves also involve some level of estimation and judgment. The judgments include liquidity considerations and model inputs such as volatilities, correlations, spreads, discount rates, pre-payment rates, and prices of underlying instruments. Any imprecision in these estimates can affect the resulting fair value.

Judgment is used in recording valuation adjustments to model fair values to account for system limitations or measurement uncertainty, such as when valuing complex and less actively traded financial instruments. Valuation adjustments reflect the Bank's assessment of factors that market participants would use in pricing the asset or liability. The Bank recognizes various types of valuation adjustments including, but not limited to, adjustments for bid-offer spreads, adjustments for the unobservability of inputs used in pricing models, and adjustments for assumptions about risk, such as the creditworthiness of either counterparty and market implied unsecured funding costs and benefits for OTC derivatives. If the market for a complex financial instrument develops, the pricing for this instrument may become more transparent, resulting in refinement of valuation models. For example, IBOR reform may also have an impact on the fair value of products that reference or use valuation models with IBOR inputs.

The Bank recognized valuation adjustments of $226 million as at October 31, 2021 (October 31, 2020 – $543 million) against the fair value of financial instruments, related mainly to credit risk, funding risk, and bid-offer spreads on derivatives.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 5 of the Bank's 2021 Consolidated Financial Statements.

DERECOGNITION OF FINANCIAL INSTRUMENTS

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 assets 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 AOCI. 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, ECLs, the cost of servicing the assets, and the rate at which to discount these expected future cash flows. Actual cash flows may differ significantly from those estimated by the Bank. Retained interests are classified as trading securities and are initially recognized at relative fair value on the Bank's Consolidated Balance Sheet. Subsequently, the fair value of retained interests recognized by the Bank is determined by estimating the present value of future expected cash flows. Differences between the actual cash flows and the Bank's estimate of future cash flows are recognized in trading income. These assumptions are subject to periodic review and may change due to significant changes in the economic environment.

GOODWILL AND OTHER INTANGIBLES

The recoverable amount of the Bank's CGUs is determined from internally developed valuation models that consider various factors and assumptions such as forecasted earnings, growth rates, discount rates, and terminal growth rates. Management is required to use judgment in estimating the recoverable amount of CGUs, and the use of different assumptions and estimates in the calculations could influence the determination of the existence of impairment and the valuation of goodwill. Management believes that the assumptions and estimates used are reasonable and supportable. Where possible, assumptions generated internally are compared to relevant market information. The carrying amounts of the Bank's CGUs are determined by management using risk-based capital models to adjust net assets and liabilities by CGU. These models consider various factors including market risk, credit risk, and operational risk, including investment capital (comprised of goodwill and other intangibles). Any capital not directly attributable to the CGUs is held within the Corporate segment. The Bank's capital oversight committees provide oversight to the Bank's capital allocation methodologies.

EMPLOYEE BENEFITS

The projected benefit obligation and expense related to the Bank's pension and post-retirement defined benefit plans are determined using multiple assumptions that may significantly influence the value of these amounts. Actuarial assumptions including discount rates, compensation increases, health care cost trend rates, and mortality rates are management's best estimates and are reviewed annually with the Bank's actuaries. The Bank develops each assumption using relevant historical experience of the Bank in conjunction with market-related data and considers if the market-related data indicates there is any prolonged or significant impact on the assumptions. The discount rate used to value the projected benefit obligation is determined by reference to market yields on high-quality corporate bonds with terms matching the plans' specific cash flows. The other assumptions are also long-term estimates. All assumptions are subject to a degree of uncertainty. Differences between actual experiences and the assumptions, as well as changes in the assumptions resulting from changes in future expectations, result in actuarial gains and losses which are recognized in other comprehensive income during the year and also impact expenses in future periods.

INCOME TAXES

The Bank is subject to taxation in numerous jurisdictions. There are many transactions and calculations in the ordinary course of business for which the ultimate tax determination is uncertain. The Bank maintains provisions for uncertain tax positions that it believes appropriately reflect the risk of tax positions under discussion, audit, dispute, or appeal with tax authorities, or which are otherwise considered to involve uncertainty. These provisions are made using the Bank's best estimate of the amount expected to be paid based on an assessment of all relevant factors, which are reviewed at the end of each reporting period. However, it is possible that at some future date, an additional liability could result from audits by the relevant taxing authorities.

Deferred tax assets are recognized only when it is probable that sufficient taxable profit will be available in future periods against which deductible temporary differences may be utilized. The amount of the deferred tax asset recognized and considered realizable could, however, be reduced if projected income is not achieved due to various factors, such as unfavourable business conditions. If projected income is not expected to be achieved, the Bank would decrease its deferred tax assets to the amount that it believes can be realized. The magnitude of the decrease is significantly influenced by the Bank's forecast of future profit generation, which determines the extent to which it will be able to utilize the deferred tax assets.

PROVISIONS

Provisions arise when there is some uncertainty in the timing or amount of a loss in the future. Provisions are based on the Bank's best estimate of all expenditures required to settle its present obligations, considering all relevant risks and uncertainties, as well as, when material, the effect of the time value of money.

Many of the Bank's provisions relate to various legal actions that the Bank is involved in during the ordinary course of business. Legal provisions require the involvement of both the Bank's management and legal counsel when assessing the probability of a loss and estimating any monetary impact. Throughout the life of a provision, the Bank's management or legal counsel may learn of additional information that may impact its assessments about the probability of loss or about the estimates of amounts involved. Changes in these assessments may lead to changes in the amount recorded for provisions. In addition, the actual costs of resolving these claims may be substantially higher or lower than the amounts recognized. The Bank reviews its legal provisions on a case-by-case basis after considering, among other factors, the progress of each case, the Bank's experience, the experience of others in similar cases, and the opinions and views of legal counsel.

Certain of the Bank's provisions relate to restructuring initiatives initiated by the Bank. Restructuring provisions require management's best estimate, including forecasts of economic conditions. Throughout the life of a provision, the Bank may become aware of additional information that may impact the assessment of amounts to be incurred. Changes in these assessments may lead to changes in the amount recorded for provisions.

INSURANCE

The assumptions used in establishing the Bank's insurance claims and policy benefit liabilities are based on best estimates of possible outcomes.

For property and casualty insurance, the ultimate cost of claims liabilities is estimated using a range of standard actuarial claims projection techniques in accordance with Canadian accepted actuarial practices. Additional qualitative judgment is used to assess the extent to which past trends may or may not apply in the future, in order to arrive at the estimated ultimate claims cost that present the most likely outcome taking into account all the uncertainties involved.

For life and health insurance, actuarial liabilities consider all future policy cash flows, including premiums, claims, and expenses required to administer the policies. Critical assumptions used in the measurement of life and health insurance contract liabilities are determined by the appointed actuary.

Further information on insurance risk assumptions is provided in Note 22 of the 2021 Consolidated Financial Statements.

CONSOLIDATION OF STRUCTURED ENTITIES

Management judgment is required when assessing whether the Bank should consolidate an entity. For instance, it may not be feasible to determine if the Bank controls an entity solely through an assessment of voting rights for certain structured entities. In this case, judgment is required to establish whether the Bank has decision-making power over the key relevant activities of the entity and whether the Bank has the ability to use that power to absorb significant variable returns from the entity. If it is determined that the Bank has both decision-making power and significant variable returns from the entity, judgment is also used to determine whether any such power is exercised by the Bank as principal, on its own behalf, or as agent, on behalf of another counterparty.

Assessing whether the Bank has decision-making power includes understanding the purpose and design of the entity in order to determine its key economic activities. In this context, an entity's key economic activities are those which predominantly impact the economic performance of the entity. When the Bank has the current ability to direct the entity's key economic activities, it is considered to have decision-making power over the entity.

The Bank also evaluates its exposure to the variable returns of a structured entity in order to determine if it absorbs a significant proportion of the variable returns the entity is designed to create. As part of this evaluation, the Bank considers the purpose and design of the entity in order to determine whether it absorbs variable returns from the structured entity through its contractual holdings, which may take the form of securities issued by the entity, derivatives with the entity, or other arrangements such as guarantees, liquidity facilities, or lending commitments.

If the Bank has decision-making power over the entity and absorbs significant variable returns from the entity, it then determines if it is acting as principal or agent when exercising its decision-making power. Key factors considered include the scope of its decision-making powers; the rights of other parties involved with the entity, including any rights to remove the Bank as decision-maker or rights to participate in key decisions; whether the rights of other parties are exercisable in practice; and the variable returns absorbed by the Bank and by other parties involved with the entity. When assessing consolidation, a presumption exists that the Bank exercises decision-making power as principal if it is also exposed to significant variable returns, unless an analysis of the factors above indicates otherwise.

The decisions above are made with reference to the specific facts and circumstances relevant for the structured entity and related transaction(s) under consideration.

REVENUE FROM CONTRACTS WITH CUSTOMERS

The Bank applies judgment to determine the timing of satisfaction of performance obligations which affects the timing of revenue recognition, by evaluating the pattern in which the Bank transfers control of services promised to the customer. A performance obligation is satisfied over time when the customer simultaneously receives and consumes the benefits as the Bank performs the service. For performance obligations satisfied over time, revenue is generally recognized using the time-elapsed method which is based on time elapsed in proportion to the period over which the service is provided, for example, personal deposit account bundle fees. The time-elapsed method is a faithful depiction of the transfer of control for these services as control is transferred evenly to the customer when the Bank provides a stand-ready service or effort is expended evenly by the Bank to provide a service over the contract period. In contracts where the Bank has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Bank's performance completed to date, the Bank recognizes revenue in the amount to which it has a right to invoice.

The Bank satisfies a performance obligation at a point in time if the customer obtains control of the promised services at that date. Determining when control is transferred requires the use of judgment. For transaction-based services, the Bank determines that control is transferred to the customer at a point in time when the customer obtains substantially all of the benefits from the service rendered and the Bank has a present right to payment, which generally coincides with the moment the transaction is executed.

The Bank exercises judgment in determining whether costs incurred in connection with acquiring new revenue contracts would meet the requirement to be capitalized as incremental costs to obtain or fulfil a contract with customers.

Current and Future Changes in Accounting Policies

CURRENT CHANGES IN ACCOUNTING POLICY

The following new standards and changes in accounting policies have been adopted by the Bank on November 1, 2020.

Interest Rate Benchmark Reform Phase 2

On August 27, 2020, the IASB issued *Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16* (Interest Rate Benchmark Reform Phase 2). The amendments are effective for annual periods beginning on or after January 1, 2021, with early adoption permitted. The Bank early adopted these amendments on November 1, 2020 and no transition adjustment was required.

Interest Rate Benchmark Reform Phase 2 addresses issues affecting financial reporting when changes are made to contractual cash flows of financial instruments or hedging relationships as a result of IBOR reform. The amendments permit modification to financial assets, financial liabilities and lessee lease liabilities required as a direct consequence of IBOR reform and made on an economically equivalent basis to be accounted for by updating the EIR prospectively. If the modification does not meet the practical expedient requirements, existing IFRS requirements are applied. Reliefs are also provided for an entity's hedge accounting relationships in circumstances where changes to hedged items and hedging instruments arise as a result of IBOR reform. The amendments enable entities to amend the formal designation and documentation of a hedging relationship to reflect these changes without discontinuing the hedging relationship or designating a new hedging relationship. Permitted changes include redefining the hedged risk to reference an ARR (contractually or non-contractually specified), amending the description of the hedged item and hedging instrument to reflect the ARR, and amending the description of how the entity will assess hedge effectiveness. Hedging relationships within the scope of Interest Rate Benchmark Reform Phase 2 are the same as those within the scope of Interest Rate Benchmark Reform Phase 1. Interest Rate Benchmark Reform Phase 2 also amended IFRS 7, introducing expanded qualitative and quantitative disclosures about the risks arising from IBOR reform, how an entity is managing those risks, its progress in completing the transition to ARRs, and how it is managing the transition.

The global benchmark rate reform initiative to transition from IBORs to ARRs may result in market dislocation and have other adverse consequences to the Bank, its customers, market participants, and the financial services industry. Market risks arise because the new reference rates are likely to differ from the existing benchmark rates which could result in different financial performance for previously booked transactions, require alternative hedging strategies, or affect the Bank's capital and liquidity planning and management. In order to manage these risks, the Bank has established an enterprise-wide, cross functional initiative with senior management and Board oversight to evaluate and monitor the impact of the market, financial, operational, legal, technology and other risks on its products, services, systems, models, documents, processes, and risk management frameworks with the intention of managing the impact through appropriate mitigating actions.

The Bank is progressing on its transition plan and continues to monitor industry and regulatory developments while incorporating global working group and regulator best practice guidance on transition activities. Details related to certain market developments are noted below:

- To help support the transition of legacy derivative contracts, the Bank's registered swap dealer and four additional Bank affiliates have adhered to the International Swaps and Derivatives Association IBOR Fallbacks Protocol (ISDA Protocol). The ISDA Protocol, which took effect on January 25, 2021, provides an efficient transition mechanism for mutually adhering counterparties to incorporate prescribed fallback rates into legacy derivative contracts.
- London Clearing House and the Chicago Mercantile Exchange (CME) Group have established a process with market participants to convert outstanding London Inter-Bank Offered Rate (LIBOR) swaps into corresponding market standard ARR-based contracts.
- In July 2021, the Alternative Reference Rates Committee formally recommended CME Group's forward-looking Secured Overnight Financing Rate (SOFR) term rates, following completion of a key change in interdealer trading conventions on July 26, 2021 under the SOFR First initiative.

In March 2021, the ICE Benchmark Administration (IBA) announced that the publication of LIBOR settings will cease immediately after December 31, 2021 for all sterling, Japanese yen, Swiss franc, and euro settings as well as the 1-week and 2-month US LIBOR settings. The remaining US LIBOR settings will cease to be published immediately after June 30, 2023. In September 2021, the U.K. Financial Conduct Authority (FCA) confirmed that they will require the IBA to publish certain settings of sterling and Japanese yen LIBOR on a non-representative synthetic basis after December 31, 2021 to support an orderly wind down of legacy exposures in the marketplace. To support the global regulatory objective to transition away from LIBOR benchmarks, global regulators have issued guidance and policy statements to supervised institutions restricting the use of US LIBOR as a reference rate in new contracts written after December 31, 2021, subject to limited exceptions.

Hedging Relationships

On November 1, 2020, the Bank changed its accounting policy on a retrospective basis for the presentation of fair value changes on hedging instruments designated in certain fair value hedge accounting relationships, reclassifying the component excluded from the assessment of hedge effectiveness from non-interest income to net interest income. With the reclassification, changes in the fair value of the hedged item and related hedging instrument (excluding hedge ineffectiveness) are presented in the same lines on the Consolidated Statement of Income. For the comparative years ended October 31, 2020 and October 31, 2019, the Bank reclassified losses of $1,114 million and $110 million, respectively, from Non-interest income to Net interest income on the Consolidated Statement of Income to conform with the presentation adopted in the current year.

Business Combinations

In October 2018, the IASB issued narrow-scope amendments to IFRS 3, *Business Combinations*. The amendments provide additional guidance on the definition of a business which determines whether an acquisition is of a business or a group of assets. An acquirer recognizes goodwill only when acquiring a business, not when acquiring a group of assets. The Bank adopted these amendments on November 1, 2020 prospectively and they did not have a significant impact on the Bank.

Revised Conceptual Framework for Financial Reporting

In March 2018, the IASB issued the revised Conceptual Framework for Financial Reporting (Revised Conceptual Framework), which provides a set of concepts to assist the IASB in developing standards and to help preparers consistently apply accounting policies where specific accounting standards do not exist. The framework is not an accounting standard and does not override the requirements that exist in other IFRS standards. The Revised Conceptual Framework describes that financial information must be relevant and faithfully represented to be useful, provides revised definitions and recognition criteria for assets and liabilities, and confirms that different measurement bases are useful and permitted. The Bank adopted the Revised Conceptual Framework prospectively on November 1, 2020 and it did not have a significant impact on the Bank.

FUTURE CHANGES IN ACCOUNTING POLICIES

The following standard has been issued, but is not yet effective on the date of issuance of the Bank's Consolidated Financial Statements. The Bank is currently assessing the impact of applying the standard on the Consolidated Financial Statements and will adopt the standard when it becomes effective.

Insurance Contracts

The IASB issued IFRS 17, *Insurance Contracts* (IFRS 17) which replaces the guidance in IFRS 4, *Insurance Contracts,* and establishes principles for recognition, measurement, presentation, and disclosure of insurance contracts. Insurance contracts are aggregated into groups which are measured at the risk adjusted present value of cash flows in fulfilling the contracts. Revenue is recognized as insurance contract services are provided over the coverage period. Losses are recognized immediately if the contract group is expected to be onerous.

The standard is effective for annual reporting periods beginning on or after January 1, 2023, which will be November 1, 2023 for the Bank. OSFI's related Advisory precludes early adoption. The standard will be applied retrospectively with restatement of comparatives unless impracticable.

The adoption of IFRS 17 is a significant initiative for the Bank and is supported by a robust governance structure. The Executive Steering Committee includes representation from the Insurance business, Finance, Actuaries, Risk, Technology, and project management teams. Updates are also provided to the TD insurance subsidiary boards, Risk Committee and Audit Committee of the Bank.

The Bank is proceeding with implementation of the software solution, including data preparation, system testing and configuration. In addition, the Bank is participating in industry consultations, including OSFI's draft regulatory capital requirements.

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, 2021. 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, 2021.

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, 2021, 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, 2021. 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, 2021.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

During the year and quarter ended October 31, 2021, 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 59: 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 2021**	October 31 2020	Total October 31 2019
Securities at fair value through other comprehensive income									
Government and government-related securities									
Canadian government debt									
Federal									
Fair value	**$ 2,596**	**$ 2,005**	**$ 4,811**	**$ 2,684**	**$ 423**	**$ –**	**$ 12,519**	$ 14,126	$ 9,663
Amortized cost	**2,592**	**1,990**	**4,763**	**2,663**	**420**	**–**	**12,428**	13,967	9,603
Yield	**1.88 %**	**1.09 %**	**1.06 %**	**1.45 %**	**2.72 %**	**– %**	**1.37 %**	1.79 %	2.15 %
Provinces									
Fair value	**1,120**	**2,596**	**3,635**	**9,940**	**852**	**–**	**18,143**	16,502	12,927
Amortized cost	**1,118**	**2,570**	**3,559**	**9,839**	**849**	**–**	**17,935**	16,342	12,890
Yield	**2.18 %**	**2.02 %**	**1.90 %**	**2.11 %**	**1.95 %**	**– %**	**2.05 %**	2.95 %	3.20 %
U.S. federal government debt									
Fair value	**8,344**	**1,313**	**2,206**	**–**	**–**	**–**	**11,863**	22,168	25,176
Amortized cost	**8,340**	**1,299**	**2,196**	**–**	**–**	**–**	**11,835**	22,074	25,166
Yield	**1.83 %**	**2.05 %**	**1.64 %**	**– %**	**– %**	**– %**	**1.82 %**	1.75 %	1.67 %
U.S. states, municipalities, and agencies									
Fair value	**2,151**	**1,383**	**419**	**13**	**3,471**	**–**	**7,437**	10,866	15,561
Amortized cost	**2,150**	**1,382**	**414**	**13**	**3,438**	**–**	**7,397**	10,801	15,537
Yield	**1.38 %**	**2.18 %**	**2.52 %**	**0.89 %**	**1.07 %**	**– %**	**1.45 %**	1.54 %	2.33 %
Other OECD government-guaranteed debt									
Fair value	**5,302**	**286**	**784**	**192**	**–**	**–**	**6,564**	10,756	14,407
Amortized cost	**5,296**	**285**	**780**	**190**	**–**	**–**	**6,551**	10,720	14,394
Yield	**1.60 %**	**1.89 %**	**1.55 %**	**2.13 %**	**– %**	**– %**	**1.62 %**	1.58 %	1.68 %
Canadian mortgage-backed securities									
Fair value	**1,161**	**93**	**–**	**–**	**–**	**–**	**1,254**	3,865	5,437
Amortized cost	**1,159**	**92**	**–**	**–**	**–**	**–**	**1,251**	3,855	5,407
Yield	**1.66 %**	**1.67 %**	**– %**	**– %**	**– %**	**– %**	**1.66 %**	1.57 %	1.63 %
Other debt securities									
Asset-backed securities									
Fair value	**1,682**	**538**	**1,432**	**684**	**2,645**	**–**	**6,981**	10,006	15,888
Amortized cost	**1,683**	**538**	**1,425**	**683**	**2,628**	**–**	**6,957**	10,051	15,890
Yield	**0.34 %**	**1.92 %**	**2.31 %**	**1.87 %**	**0.83 %**	**– %**	**1.20 %**	1.57 %	2.27 %
Non-agency CMO[4]									
Fair value	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–	247
Amortized cost	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–	247
Yield	**– %**	**– %**	**– %**	**– %**	**– %**	**– %**	**– %**	– %	2.52 %
Corporate and other debt									
Fair value	**1,825**	**2,386**	**2,146**	**1,723**	**24**	**–**	**8,104**	9,895	7,834
Amortized cost	**1,820**	**2,358**	**2,135**	**1,711**	**30**	**–**	**8,054**	9,853	7,832
Yield	**2.42 %**	**1.90 %**	**1.70 %**	**1.94 %**	**0.60 %**	**– %**	**1.97 %**	2.58 %	2.56 %
Equity securities									
Common shares									
Fair value	**–**	**–**	**–**	**–**	**–**	**4,117**	**4,117**	2,387	1,598
Amortized cost	**–**	**–**	**–**	**–**	**–**	**3,887**	**3,887**	2,641	1,594
Yield	**– %**	**– %**	**– %**	**– %**	**– %**	**3.34 %**	**3.34 %**	2.03 %	3.07 %
Preferred shares									
Fair value	**–**	**–**	**–**	**–**	**–**	**482**	**482**	212	242
Amortized cost	**–**	**–**	**–**	**–**	**–**	**470**	**470**	303	302
Yield	**– %**	**– %**	**– %**	**– %**	**– %**	**5.04 %**	**5.04 %**	3.38 %	4.07 %
Total securities at fair value through other comprehensive income									
Fair value	**$ 24,181**	**$ 10,600**	**$ 15,433**	**$ 15,236**	**$ 7,415**	**$ 4,599**	**$ 77,464**	$ 100,783	$ 108,980
Amortized cost	**24,158**	**10,514**	**15,272**	**15,099**	**7,365**	**4,357**	**76,765**	100,607	108,862
Yield	**1.69 %**	**1.83 %**	**1.61 %**	**1.96 %**	**1.18 %**	**3.52 %**	**1.80 %**	1.98 %	2.17 %

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 There were no securities from a single issuer where the book value was greater than 10% as at October 31, 2021 and October 31, 2020.
3 Represents contractual maturities. Actual maturities may differ due to prepayment privileges in the applicable contract.
4 Collateralized mortgage obligation (CMO).

TABLE 59: 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 2021	October 31 2020	October 31 2019
Debt securities at amortized cost									
Government and government-related securities									
Canadian government debt									
Federal									
Fair value	**$ 13,070**	**$ 1,082**	**$ 5,435**	**$ 1,278**	**$ 1,787**	**$ –**	**$ 22,652**	$ 17,989	$ 4,759
Amortized cost	**13,060**	**1,079**	**5,392**	**1,288**	**1,774**	**–**	**22,593**	17,981	4,771
Yield	**0.24 %**	**2.11 %**	**1.21 %**	**1.55 %**	**2.94 %**	**– %**	**0.85 %**	0.48 %	2.19 %
Provinces									
Fair value	**65**	**925**	**2,502**	**7,435**	**22**	**–**	**10,949**	5,666	2,268
Amortized cost	**65**	**923**	**2,492**	**7,428**	**22**	**–**	**10,930**	5,627	2,271
Yield	**1.84 %**	**2.21 %**	**1.27 %**	**1.69 %**	**2.19 %**	**– %**	**1.64 %**	3.05 %	3.92 %
U.S. federal government and agencies debt									
Fair value	**1,007**	**25,131**	**7,287**	**24,450**	**14,862**	**–**	**72,737**	53,574	2,809
Amortized cost	**1,007**	**24,680**	**7,462**	**24,708**	**14,993**	**–**	**72,850**	53,420	2,806
Yield	**0.12 %**	**0.39 %**	**0.67 %**	**1.04 %**	**2.07 %**	**– %**	**0.98 %**	0.30 %	1.67 %
U.S. states, municipalities, and agencies									
Fair value	**583**	**6,245**	**11,034**	**22,318**	**22,381**	**–**	**62,561**	60,755	40,349
Amortized cost	**579**	**6,127**	**10,990**	**22,458**	**22,299**	**–**	**62,453**	60,425	40,408
Yield	**2.28 %**	**2.27 %**	**2.64 %**	**1.39 %**	**0.51 %**	**– %**	**1.39 %**	1.37 %	2.42 %
Other OECD government-guaranteed debt									
Fair value	**7,489**	**14,757**	**13,467**	**3,315**	**–**	**–**	**39,028**	37,518	28,190
Amortized cost	**7,483**	**15,754**	**13,123**	**3,373**	**–**	**–**	**39,733**	37,140	28,019
Yield	**0.12 %**	**0.45 %**	**0.41 %**	**0.66 %**	**– %**	**– %**	**0.39 %**	0.47 %	0.63 %
Other debt securities									
Asset-backed securities									
Fair value	**654**	**4,994**	**8,200**	**6,504**	**12,854**	**–**	**33,206**	27,126	28,698
Amortized cost	**654**	**4,989**	**8,204**	**6,512**	**12,813**	**–**	**33,172**	27,197	28,763
Yield	**0.10 %**	**1.15 %**	**1.39 %**	**1.46 %**	**0.93 %**	**– %**	**1.17 %**	1.86 %	2.69 %
Non-agency CMO									
Fair value	**–**	**–**	**–**	**–**	**16,376**	**–**	**16,376**	17,310	16,384
Amortized cost	**–**	**–**	**–**	**–**	**16,214**	**–**	**16,214**	16,992	16,236
Yield	**– %**	**– %**	**– %**	**– %**	**2.77 %**	**– %**	**2.77 %**	2.85 %	2.83 %
Canadian issuers									
Fair value	**–**	**89**	**1,101**	**934**	**4**	**–**	**2,128**	889	99
Amortized cost	**–**	**88**	**1,110**	**931**	**4**	**–**	**2,133**	887	99
Yield	**– %**	**0.83 %**	**1.25 %**	**1.58 %**	**– %**	**– %**	**1.37 %**	2.79 %	2.56 %
Other issuers									
Fair value	**1,941**	**2,997**	**1,841**	**2,036**	**–**	**–**	**8,815**	8,046	7,189
Amortized cost	**1,938**	**2,993**	**1,867**	**2,063**	**–**	**–**	**8,861**	8,010	7,124
Yield	**0.61 %**	**0.76 %**	**0.32 %**	**1.21 %**	**– %**	**– %**	**0.74 %**	0.69 %	1.07 %
Total debt securities at amortized cost									
Fair value	**$ 24,809**	**$ 56,220**	**$ 50,867**	**$ 68,270**	**$ 68,286**	**$ –**	**$ 268,452**	$ 228,873	$ 130,745
Amortized cost	**24,786**	**56,633**	**50,640**	**68,761**	**68,119**	**–**	**268,939**	227,679	130,497
Yield	**0.28 %**	**0.76 %**	**1.23 %**	**1.27 %**	**1.54 %**	**– %**	**1.13 %**	1.10 %	2.07 %

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 There were no securities from a single issuer where the book value was greater than 10% as at October 31, 2021 and October 31, 2020.
3 Represents contractual maturities. Actual maturities may differ due to prepayment privileges in the applicable contract.

TABLE 60: 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 October 31 2021**	October 31 2020	October 31 2019	October 31 2018	Total October 31 2017
Canada								
Residential mortgages	**$ 27,056**	**$ 200,688**	**$ 3,931**	**$ 231,675**	$ 213,239	$ 200,952	$ 193,829	$ 190,325
Consumer instalment and other personal								
HELOC	**40,139**	**61,757**	**37**	**101,933**	94,838	91,053	86,159	74,937
Indirect Auto	**846**	**13,492**	**13,242**	**27,580**	27,350	25,697	24,216	22,282
Other	**17,753**	**889**	**615**	**19,257**	18,277	18,453	18,570	17,347
Credit card	**15,149**	**–**	**–**	**15,149**	15,552	18,428	18,046	18,028
Total personal	**100,943**	**276,826**	**17,825**	**395,594**	369,256	354,583	340,820	322,919
Real estate								
Residential	**9,211**	**9,314**	**6,191**	**24,716**	22,698	19,801	18,336	17,951
Non-residential	**9,360**	**5,949**	**3,532**	**18,841**	17,514	15,827	13,540	12,721
Total real estate	**18,571**	**15,263**	**9,723**	**43,557**	40,212	35,628	31,876	30,672
Total business and government (including real estate)	**70,572**	**36,725**	**14,805**	**122,102**	115,472	112,600	104,501	90,793
Total loans – Canada	**171,515**	**313,551**	**32,630**	**517,696**	484,728	467,183	445,321	413,712
United States								
Residential mortgages	**1,350**	**293**	**34,930**	**36,573**	38,832	34,501	31,128	31,460
Consumer instalment and other personal								
HELOC	**7,714**	**49**	**963**	**8,726**	10,937	11,526	12,334	12,434
Indirect Auto	**338**	**18,933**	**12,279**	**31,550**	33,087	32,454	29,870	29,182
Other	**180**	**585**	**4**	**769**	943	1,115	878	854
Credit card	**15,584**	**–**	**–**	**15,584**	16,777	18,129	16,964	14,972
Total personal	**25,166**	**19,860**	**48,176**	**93,202**	100,576	97,725	91,174	88,902
Real estate								
Residential	**1,712**	**3,129**	**4,401**	**9,242**	10,200	8,880	8,078	7,346
Non-residential	**3,599**	**10,823**	**7,100**	**21,522**	25,229	24,255	22,521	22,274
Total real estate	**5,311**	**13,952**	**11,501**	**30,764**	35,429	33,135	30,599	29,620
Total business and government (including real estate)	**29,383**	**54,854**	**43,514**	**127,751**	148,501	133,659	127,523	122,691
Total loans – United States	**54,549**	**74,714**	**91,690**	**220,953**	249,077	231,384	218,697	211,593
Other International								
Personal	**34**	**–**	**–**	**34**	12	12	14	14
Business and government	**8,573**	**1,654**	**–**	**10,227**	9,206	5,781	5,469	4,478
Total loans – Other international	**8,607**	**1,654**	**–**	**10,261**	9,218	5,793	5,483	4,492
Other loans								
Debt securities classified as loans	**n/a**	**n/a**	**n/a**	**n/a**	n/a	n/a	n/a	3,209
Acquired credit-impaired loans	**6**	**19**	**127**	**152**	232	313	453	665
Total other loans	**6**	**19**	**127**	**152**	232	313	453	3,874
Total loans	**$ 234,677**	**$ 389,938**	**$ 124,447**	**$ 749,062**	$ 743,255	$ 704,673	$ 669,954	$ 633,671

TABLE 61: LOAN PORTFOLIO – Rate Sensitivity

(millions of Canadian dollars) *As at*

	October 31, 2021		October 31, 2020		October 31, 2019		October 31, 2018		October 31, 2017	
	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	**$ 277,593**	**$ 94,752**	$ 269,533	$ 97,698	$ 228,904	$ 91,698	$ 218,098	$ 84,450	$ 197,483	$ 84,080
Variable rate	**112,345**	**29,695**	97,391	35,943	99,430	34,991	95,861	34,018	79,447	36,093
Total	**$ 389,938**	**$ 124,447**	$ 366,924	$ 133,641	$ 328,334	$ 126,689	$ 313,959	$ 118,468	$ 276,930	$ 120,173

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

TABLE 62: ALLOWANCE FOR LOAN LOSSES[1]

(millions of Canadian dollars, except as noted)	2021	2020	2019	2018	2017
Allowance for loan losses – Balance at beginning of year	**$ 8,290**	$ 4,447	$ 3,549	$ 3,475	$ 3,873
Provision for credit losses	**(225)**	7,239	3,030	2,472	2,216
Write-offs					
Canada					
Residential mortgages	**13**	13	17	15	22
Consumer instalment and other personal					
HELOC	**8**	9	11	8	11
Indirect Auto	**207**	303	284	251	337
Other	**186**	267	256	216	216
Credit card	**402**	620	585	557	595
Total personal	**816**	1,212	1,153	1,047	1,181
Real estate					
Residential	**–**	2	2	2	1
Non-residential	**1**	1	1	1	2
Total real estate	**1**	3	3	3	3
Total business and government (including real estate)	**144**	127	96	75	75
Total Canada	**960**	1,339	1,249	1,122	1,256
United States					
Residential mortgages	**3**	13	14	16	19
Consumer instalment and other personal					
HELOC	**1**	9	15	22	39
Indirect Auto	**285**	476	450	387	315
Other	**161**	197	204	192	152
Credit card	**609**	1,100	1,114	958	777
Total personal	**1,059**	1,795	1,797	1,575	1,302
Real estate					
Residential	**5**	5	2	1	3
Non-residential	**3**	11	7	10	6
Total real estate	**8**	16	9	11	9
Total business and government (including real estate)	**154**	302	129	79	91
Total United States	**1,213**	2,097	1,926	1,654	1,393
Other International					
Personal	**–**	–	–	–	–
Business and government	**–**	–	–	–	–
Total other international	**–**	–	–	–	–
Other loans					
Debt securities classified as loans	**n/a**	n/a	n/a	n/a	9
Acquired credit-impaired loans[2,3]	**–**	1	3	2	1
Total other loans	**–**	1	3	2	10
Total write-offs against portfolio	**2,173**	3,437	3,178	2,778	2,659
Recoveries					
Canada					
Residential mortgages	**1**	1	–	1	2
Consumer instalment and other personal					
HELOC	**1**	–	–	1	1
Indirect Auto	**55**	68	54	58	90
Other	**49**	39	36	37	41
Credit card	**97**	91	87	87	98
Total personal	**203**	199	177	184	232
Real estate					
Residential	**–**	–	–	–	1
Non-residential	**–**	1	–	–	–
Total real estate	**–**	1	–	–	1
Total business and government (including real estate)	**18**	15	20	17	20
Total Canada	**221**	214	197	201	252
United States					
Residential mortgages	**5**	2	1	2	4
Consumer instalment and other personal					
HELOC	**7**	5	4	4	11
Indirect Auto	**182**	141	132	116	100
Other	**23**	25	26	35	24
Credit card	**206**	216	210	173	154
Total personal	**423**	389	373	330	293
Real estate					
Residential	**1**	2	2	2	2
Non-residential	**4**	2	2	7	8
Total real estate	**5**	4	4	9	10
Total business and government (including real estate)	**26**	28	23	42	58
Total United States	**449**	417	396	372	351
Other International					
Personal	**–**	–	–	–	–
Business and government	**–**	–	–	–	–
Total other international	**–**	–	–	–	–
Other loans					
Debt securities classified as loans	**n/a**	n/a	n/a	n/a	–
Acquired credit-impaired loans[2,3]	**5**	9	16	16	22
Total other loans	**5**	9	16	16	22
Total recoveries on portfolio	**675**	640	609	589	625
Net write-offs	**(1,498)**	(2,797)	(2,569)	(2,189)	(2,034)
Disposals	**(4)**	(22)	(3)	(46)	(83)
Foreign exchange and other adjustments	**(404)**	(75)	(4)	49	(122)
Total allowance for loan losses, including off-balance sheet positions	**6,159**	8,792	4,003	3,761	3,850
Less: Change in allowance for off-balance sheet positions[4,5]	**(231)**	502	(444)	212	67
Total allowance for loan losses, at end of period[5]	**$ 6,390**	$ 8,290	$ 4,447	$ 3,549	$ 3,783
Ratio of net write-offs in the period to average loans outstanding	**0.20 %**	0.41 %	0.38 %	0.34 %	0.33 %

[1] Opening balance of allowance for loan losses effective November 1, 2017 was booked in accordance with IFRS 9. Allowance for loan losses prior to November 1, 2017 was booked in accordance with IAS 39.

2 Includes all FDIC covered loans and other ACI loans.
3 Other adjustments are required as a result of the accounting for FDIC covered loans.
4 The allowance for loan losses for off-balance sheet positions is recorded in Other liabilities on the Consolidated Balance Sheet.
5 In the fourth quarter of 2019, the Bank revised its allocation methodology for the reporting of Allowance for Credit Losses for off-balance sheet instruments for certain retail portfolios.

TABLE 63: AVERAGE DEPOSITS[1]

(millions of Canadian dollars, except as noted) *For the years ended*

	October 31, 2021			October 31, 2020			October 31, 2019		
	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[2]									
Non-interest-bearing demand deposits	**$ 21,994**	**$ –**	**– %**	$ 17,331	$ –	– %	$ 14,058	$ –	– %
Interest-bearing demand deposits	**115,541**	**820**	**0.71**	95,184	1,057	1.11	75,709	1,579	2.09
Notice deposits	**307,910**	**175**	**0.06**	256,708	384	0.15	222,249	786	0.35
Term deposits	**232,258**	**2,152**	**0.93**	251,314	4,189	1.67	246,078	5,598	2.27
Total deposits booked in Canada	**677,703**	**3,147**	**0.46**	620,537	5,630	0.91	558,094	7,963	1.43
Deposits booked in the United States									
Non-interest-bearing demand deposits	**12,276**	**–**	**–**	10,899	–	–	9,745	1	0.01
Interest-bearing demand deposits	**21,524**	**42**	**0.20**	10,075	50	0.50	5,147	43	0.84
Notice deposits	**444,995**	**330**	**0.07**	405,965	1,678	0.41	330,301	3,862	1.17
Term deposits	**48,200**	**162**	**0.34**	64,182	837	1.30	59,534	1,435	2.41
Total deposits booked in the United States	**526,995**	**534**	**0.10**	491,121	2,565	0.52	404,727	5,341	1.32
Deposits booked in the other international									
Non-interest-bearing demand deposits	**25**	**–**	**–**	14	–	–	162	–	–
Interest-bearing demand deposits	**38**	**–**	**–**	2,415	4	0.17	627	1	0.16
Notice deposits	**–**	**–**	**–**	–	–	–	–	–	–
Term deposits	**28,474**	**61**	**0.21**	25,280	248	0.98	26,449	427	1.61
Total deposits booked in other international	**28,537**	**61**	**0.21**	27,709	252	0.91	27,238	428	1.57
Total average deposits	**$ 1,233,235**	**$ 3,742**	**0.30 %**	$ 1,139,367	$ 8,447	0.74 %	$ 990,059	$ 13,732	1.39 %

1 Certain comparative amounts have been reclassified to conform with the presentation adopted in the current period.
2 As at October 31, 2021, deposits by foreign depositors in TD's Canadian bank offices amounted to $147 billion (October 31, 2020 – $154 billion, October 31, 2019 – $152 billion).

TABLE 64: 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, 2021
Canada	**$ 62,340**	**$ 32,675**	**$ 30,006**	**$ 81,021**	**$ 206,042**
United States	**12,023**	**9,857**	**18,219**	**2,895**	**42,994**
Other international	**15,177**	**8,300**	**10,908**	**–**	**34,385**
Total	**$ 89,540**	**$ 50,832**	**$ 59,133**	**$ 83,916**	**$ 283,421**
					October 31, 2020
Canada	$ 72,278	$ 30,196	$ 36,774	$ 79,758	$ 219,006
United States	19,326	9,577	17,495	3,288	49,686
Other international	11,261	4,135	3,039	–	18,435
Total	$ 102,865	$ 43,908	$ 57,308	$ 83,046	$ 287,127
					October 31, 2019
Canada	$ 64,039	$ 17,069	$ 43,559	$ 97,659	$ 222,326
United States	19,616	12,220	28,143	2,755	62,734
Other international	17,234	2,880	3,601	–	23,715
Total	$ 100,889	$ 32,169	$ 75,303	$ 100,414	$ 308,775

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

TABLE 65: SHORT-TERM BORROWINGS

(millions of Canadian dollars, except as noted) *As at*

	October 31 2021	October 31 2020	October 31 2019
Obligations related to securities sold under repurchase agreements			
Balance at year-end	**$ 144,097**	$ 188,876	$ 125,856
Average balance during the year	**181,950**	165,653	119,782
Maximum month-end balance	**182,144**	198,705	126,115
Weighted-average rate at October 31	**0.23 %**	0.27 %	1.54 %
Weighted-average rate during the year	**0.18**	0.72	1.98

TABLE 66: NET INTEREST INCOME ON AVERAGE INTEREST-EARNING BALANCES[1,2,3]

(millions of Canadian dollars, except as noted)			2021			2020			2019
	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	**$ 86,745**	**$ 191**	**0.22%**	$ 50,740	$ 142	0.28 %	$ 6,846	$ 128	1.87 %
U.S.	**90,459**	**108**	**0.12**	55,810	194	0.35	24,078	532	2.21
Securities									
Trading									
Canada	**82,474**	**1,734**	**2.10**	70,972	1,985	2.80	62,433	1,973	3.16
U.S.	**16,135**	**232**	**1.44**	22,997	386	1.68	20,254	506	2.50
Non-trading									
Canada	**76,788**	**840**	**1.09**	64,357	1,257	1.95	46,854	1,387	2.96
U.S.	**227,702**	**1,877**	**0.82**	199,395	2,948	1.48	169,275	4,641	2.74
Securities purchased under reverse repurchase agreements									
Canada	**76,690**	**214**	**0.28**	76,533	752	0.98	66,015	1,250	1.89
U.S.	**40,788**	**124**	**0.30**	47,797	592	1.24	45,423	1,381	3.04
Loans									
Residential mortgages[5]									
Canada	**234,147**	**5,022**	**2.14**	217,734	5,622	2.58	207,289	6,089	2.94
U.S.	**36,641**	**1,200**	**3.28**	37,871	1,374	3.63	32,821	1,253	3.82
Consumer instalment and other personal									
Canada	**142,990**	**5,319**	**3.72**	135,265	5,450	4.03	130,719	5,762	4.41
U.S.	**40,819**	**1,498**	**3.67**	44,886	1,934	4.31	43,372	2,004	4.62
Credit card									
Canada	**15,338**	**1,926**	**12.56**	17,512	2,245	12.82	19,197	2,422	12.62
U.S.	**14,559**	**2,234**	**15.34**	16,976	2,764	16.28	17,679	2,913	16.48
Business and government[5]									
Canada	**112,195**	**2,461**	**2.19**	116,263	2,975	2.56	100,408	3,506	3.49
U.S.	**129,583**	**3,882**	**3.00**	141,387	4,352	3.08	125,914	4,800	3.81
International[6]	**126,147**	**719**	**0.57**	106,613	861	0.81	105,401	1,397	1.33
Total interest-earning assets[7]	**1,550,200**	**29,581**	**1.91**	1,423,108	35,833	2.52	1,223,978	41,944	3.43
Interest-bearing liabilities									
Deposits									
Personal[8]									
Canada	**283,118**	**564**	**0.20**	252,704	1,167	0.46	224,374	1,624	0.72
U.S.	**314,428**	**129**	**0.04**	297,021	1,318	0.44	246,986	3,246	1.31
Banks[9,10]									
Canada	**16,526**	**19**	**0.11**	14,376	77	0.54	11,414	169	1.48
U.S.	**544**	**1**	**0.18**	1,424	3	0.21	2,346	44	1.88
Business and government[9,10]									
Canada	**313,980**	**2,564**	**0.82**	303,449	4,386	1.45	279,571	6,170	2.21
U.S.	**134,326**	**404**	**0.30**	127,150	1,244	0.98	101,874	2,051	2.01
Subordinated notes and debentures	**11,372**	**374**	**3.29**	11,922	426	3.57	9,589	395	4.12
Obligations related to securities sold short and under repurchase agreements									
Canada	**105,769**	**592**	**0.56**	95,110	1,044	1.10	60,173	1,281	2.13
U.S.	**56,450**	**168**	**0.30**	61,484	583	0.95	57,028	1,602	2.81
Securitization liabilities[11]	**29,105**	**343**	**1.18**	28,220	379	1.34	27,023	522	1.93
Other liabilities									
Canada	**4,920**	**97**	**1.97**	7,267	173	2.38	5,669	154	2.72
U.S.	**5,706**	**92**	**1.61**	3,047	99	3.25	35	4	11.43
International[9,10]	**86,877**	**103**	**0.12**	70,007	437	0.62	67,833	861	1.27
Total interest-bearing liabilities[7]	**1,363,121**	**5,450**	**0.40**	1,273,181	11,336	0.89	1,093,915	18,123	1.66
Total interest-earning assets, net interest income, and net interest margin	**$ 1,550,200**	**$ 24,131**	**1.56 %**	$ 1,423,108	$ 24,497	1.72 %	$ 1,223,978	$ 23,821	1.95 %
Add: non-interest earning assets	**180,360**	**–**	**–**	181,000	–	–	165,884	–	–
Total assets, net interest income and margin	**$ 1,730,560**	**$ 24,131**	**1.39 %**	$ 1,604,108	$ 24,497	1.53 %	$ 1,389,862	$ 23,821	1.71 %

1 Certain comparative amounts have been reclassified 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 (EIRM).
5 Includes average trading loans of $13 billion (2020 – $13 billion, 2019 – $12 billion).
6 Comprised of interest-bearing deposits with Banks, securities, securities purchased under reverse repurchase agreements, and business and government loans.
7 Average interest-earning assets and average interest-bearing liabilities are non-GAAP financial measures that depict the Bank's financial position, and are calculated using daily balances. For additional information about the Bank's use of non-GAAP financial measures, refer to "Non-GAAP and Other Financial Measures" in the "Financial Results Overview" section of this document.
8 Includes charges incurred on the Schwab IDA Agreement of $1.6 billion (2020 – charge on the TD Ameritrade IDA agreement – $1.9 billion and Schwab IDA Agreement – $136 million, 2019 – charges on TD Ameritrade IDA Agreement – $2.2 billion).
9 Includes average trading deposits with a fair value of $34 billion (2020 – $24 billion, 2019 – $61 billion).
10 Includes average deposit designated at FVTPL of $76 billion (2020 – $95 billion, 2019 – $59 billion).
11 Includes average securitization liabilities at fair value of $14 billion (2020 – $13 billion, 2019 – $13 billion) and average securitization liabilities at amortized cost of $15 billion (2020 – $15 billion, 2019 – $14 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 67: ANALYSIS OF CHANGE IN NET INTEREST INCOME[1,2,3]

(millions of Canadian dollars)	2021 vs. 2020			2020 vs. 2019		
		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	$ 102	$ (53)	$ 49	$ 823	$ (809)	$ 14
U.S.	121	(207)	(86)	702	(1,040)	(338)
Securities						
Trading						
Canada	321	(572)	(251)	270	(258)	12
U.S.	(115)	(39)	(154)	69	(189)	(120)
Non-trading						
Canada	243	(660)	(417)	518	(648)	(130)
U.S.	418	(1,489)	(1,071)	826	(2,519)	(1,693)
Securities purchased under reverse repurchase agreements						
Canada	2	(540)	(538)	199	(697)	(498)
U.S.	(87)	(381)	(468)	72	(861)	(789)
Loans						
Residential mortgages						
Canada	424	(1,024)	(600)	307	(774)	(467)
U.S.	(45)	(129)	(174)	193	(72)	121
Consumer instalment and other personal						
Canada	311	(442)	(131)	200	(512)	(312)
U.S.	(175)	(261)	(436)	70	(140)	(70)
Credit card						
Canada	(279)	(40)	(319)	(212)	35	(177)
U.S.	(394)	(136)	(530)	(116)	(33)	(149)
Business and government						
Canada	(104)	(410)	(514)	554	(1,085)	(531)
U.S.	(364)	(106)	(470)	590	(1,038)	(448)
International	104	(246)	(142)	(41)	(495)	(536)
Total interest income	483	(6,735)	(6,252)	5,024	(11,135)	(6,111)
Interest-bearing liabilities						
Deposits						
Personal						
Canada	140	(743)	(603)	205	(662)	(457)
U.S.	77	(1,266)	(1,189)	658	(2,586)	(1,928)
Banks						
Canada	11	(69)	(58)	44	(136)	(92)
U.S.	(2)	–	(2)	(17)	(24)	(41)
Business and government						
Canada	152	(1,974)	(1,822)	527	(2,311)	(1,784)
U.S.	70	(910)	(840)	509	(1,316)	(807)
Subordinated notes and debentures	(20)	(32)	(52)	97	(66)	31
Obligations related to securities sold short and under repurchase agreements						
Canada	117	(569)	(452)	744	(981)	(237)
U.S.	(48)	(367)	(415)	125	(1,144)	(1,019)
Securitization liabilities	12	(48)	(36)	23	(166)	(143)
Other liabilities						
Canada	(56)	(20)	(76)	43	(24)	19
U.S.	87	(94)	(7)	366	(271)	95
International	79	(413)	(334)	20	(444)	(424)
Total interest expense	619	(6,505)	(5,886)	3,344	(10,131)	(6,787)
Net interest income	$ (136)	$ (230)	$ (366)	$ 1,680	$ (1,004)	$ 676

1 Certain comparative amounts have been reclassified 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 EIRM.

GLOSSARY

Financial and Banking Terms

Adjusted Results: Non-GAAP financial measures used to assess each of the Bank's businesses and to measure the Bank's overall performance. To arrive at adjusted results, the Bank adjusts for "items of note", from reported results. The items of note relate to items which management does not believe are indicative of underlying business performance.

Allowance for Credit Losses: Represent expected credit losses (ECLs) on financial assets, including any off-balance sheet exposures, at the balance sheet date. Allowance for credit losses consists of Stage 3 allowance for impaired financial assets and Stage 2 and Stage 1 allowance for performing financial assets and off-balance sheet instruments. The allowance is increased by the provision for credit losses, decreased by write-offs net of recoveries and disposals, and impacted by foreign exchange.

Amortized Cost: The amount at which a financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization, using EIRM, of any differences between the initial amount and the maturity amount, and minus any reduction for impairment.

Assets under Administration (AUA): Assets that are beneficially owned by customers where the Bank provides services of an administrative nature, such as the collection of investment income and the placing of trades on behalf of the clients (where the client has made his or her own investment selection). The majority of these assets are not reported on the Bank's Consolidated Balance Sheet.

Assets under Management (AUM): Assets that are beneficially owned by customers, managed by the Bank, where the Bank has discretion to make investment selections on behalf of the client (in accordance with an investment policy). In addition to the TD family of mutual funds, the Bank manages assets on behalf of individuals, pension funds, corporations, institutions, endowments and foundations. These assets are not reported on the Bank's Consolidated Balance Sheet. Some assets under management that are also administered by the Bank are included in assets under administration.

Asset-Backed Commercial Paper (ABCP): A form of commercial paper that is collateralized by other financial assets. Institutional investors usually purchase such instruments in order to diversify their assets and generate short-term gains.

Asset-Backed Securities (ABS): A security whose value and income payments are derived from and collateralized (or "backed") by a specified pool of underlying assets.

Average Common Equity: Average common equity for the business segments reflects the average allocated capital. The Bank's methodology for allocating capital to its business segments is largely aligned with the common equity capital requirements under Basel III.

Average Interest-Earning Assets: A non-GAAP financial measure that depicts the Bank's financial position, and is calculated as the average carrying value of deposits with banks, loans and securities based on daily balances for the period ending October 31 in each fiscal year.

Basic Earnings per Share (EPS): A performance measure calculated by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding for the period. Adjusted basic EPS is calculated in the same manner using adjusted net income.

Basis Points (bps): A unit equal to 1/100 of 1%. Thus, a 1% change is equal to 100 basis points.

Book Value per Share: A measure calculated by dividing common shareholders' equity by number of common shares at the end of the period.

Carrying Value: The value at which an asset or liability is carried at on the Consolidated Balance Sheet.

Collateralized Mortgage Obligation (CMO): They are collateralized debt obligations consisting of mortgage-backed securities that are separated and issued as different classes of mortgage pass-through securities with different terms, interest rates, and risks. CMOs by private issuers are collectively referred to as non-agency CMOs.

Common Equity Tier 1 (CET1) Capital: This is a primary Basel III capital measure comprised mainly of common equity, retained earnings and qualifying non-controlling interest in subsidiaries. Regulatory deductions made to arrive at the CET1 Capital include goodwill and intangibles, unconsolidated investments in banking, financial, and insurance entities, deferred tax assets, defined benefit pension fund assets, and shortfalls in allowances.

Common Equity Tier 1 (CET1) Capital Ratio: CET1 Capital ratio represents the predominant measure of capital adequacy under Basel III and equals CET1 Capital divided by RWA.

Compound Annual Growth Rate (CAGR): A measure of growth over multiple time periods from the initial investment value to the ending investment value assuming that the investment has been compounding over the time period.

Credit Valuation Adjustment (CVA): CVA represents a capital charge that measures credit risk due to default of derivative counterparties. This charge requires banks to capitalize for the potential changes in counterparty credit spread for the derivative portfolios.

Diluted EPS: A performance measure calculated by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding adjusting for the effect of all potentially dilutive common shares. Adjusted diluted EPS is calculated in the same manner using adjusted net income.

Dividend Payout Ratio: A ratio represents the percentage of Bank's earnings being paid to common shareholders in the form of dividends and is calculated by dividing common dividends by net income available to common shareholders. Adjusted dividend payout ratio is calculated in the same manner using adjusted net income.

Dividend Yield: A ratio calculated as the dividend per common share for the year divided by the daily average closing stock price during the year.

Effective Income Tax Rate: A rate and performance indicator calculated by dividing the provision for income taxes as a percentage of net income before taxes. Adjusted effective income tax rate is calculated in the same manner using adjusted results.

Effective Interest Rate (EIR): 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.

Effective Interest Rate Method (EIRM): A technique for calculating the actual interest rate in a period based on the amount of a financial instrument's book value at the beginning of the accounting period. Under EIRM, the effective interest rate, which is a key component of the calculation, discounts the expected future cash inflows and outflows expected over the life of a financial instrument.

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. Adjusted efficiency ratio is calculated in the same manner using adjusted non-interest expenses and total revenue.

Enhanced Disclosure Task Force (EDTF): Established by the Financial Stability Board in May 2012, comprised of banks, analysts, investors, and auditors, with the goal of enhancing the risk disclosures of banks and other financial institutions.

Expected Credit Losses (ECLs): ECLs are the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument and considers reasonable and supportable information about past events, current conditions, and forecasts of future events and economic conditions that impact the Bank's credit risk assessment.

Fair Value: The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, under current market conditions.

Fair value through other comprehensive income (FVOCI): Under IFRS 9, if the asset passes the contractual cash flows test (named SPPI), the business model assessment determines how the instrument is classified. If the instrument is being held to collect contractual cash flows, that is, if it is not expected to be sold, it is measured as amortized cost. If the business model for the instrument is to both collect contractual cash flows and potentially sell the asset, it is measured at FVOCI.

Fair value through profit or loss (FVTPL): Under IFRS 9, the classification is dependent on two tests, a contractual cash flow test (named SPPI) and a business model assessment. Unless the asset meets the requirements of both tests, it is measured at fair value with all changes in fair value reported in profit or loss.

Federal Deposit Insurance Corporation (FDIC): A U.S. government corporation which provides deposit insurance guaranteeing the safety of a depositor's accounts in member banks. The FDIC also examines and supervises certain financial institutions for safety and soundness, performs certain consumer-protection functions, and manages banks in receiverships (failed banks).

Forward Contracts: Over-the-counter contracts between two parties that oblige one party to the contract to buy and the other party to sell an asset for a fixed price at a future date.

Futures: Exchange-traded contracts to buy or sell a security at a predetermined price on a specified future date.

Hedging: A risk management technique intended to mitigate the Bank's exposure to fluctuations in interest rates, foreign currency exchange rates, or other market factors. The elimination or reduction of such exposure is accomplished by engaging in capital markets activities to establish offsetting positions.

Impaired Loans: Loans where, in management's opinion, 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.

Loss Given Default (LGD): It is the amount of the loss the Bank would likely incur when a borrower defaults on a loan, which is expressed as a percentage of exposure at default.

Mark-to-Market (MTM): A valuation that reflects current market rates as at the balance sheet date for financial instruments that are carried at fair value.

Master Netting Agreements: Legal agreements between two parties that have multiple derivative contracts with each other that provide for the net settlement of all contracts through a single payment, in a single currency, in the event of default or termination of any one contract.

Net Corporate Expenses: Non-interest expenses related to corporate service and control groups which are not allocated to a business segment.

Net Interest Margin: A non-GAAP ratio calculated as net interest income as a percentage of average interest-earning assets to measure performance. This metric is an indicator of the profitability of the Bank's earning assets less the cost of funding.

Non-Viability Contingent Capital (NVCC): Instruments (preferred shares and subordinated debt) that contain a feature or a provision that allows the financial institution to either permanently convert these instruments into common shares or fully write-down the instrument, in the event that the institution is no longer viable.

Notional: A reference amount on which payments for derivative financial instruments are based.

Office of the Superintendent of Financial Institutions Canada (OSFI): The regulator of Canadian federally chartered financial institutions and federally administered pension plans.

Options: Contracts in which the writer of the option grants the buyer the future right, but not the obligation, to buy or to sell a security, exchange rate, interest rate, or other financial instrument or commodity at a predetermined price at or by a specified future date.

Price-Earnings Ratio: A ratio calculated by dividing the closing share price by EPS based on a trailing four quarters to indicate market performance. Adjusted price-earnings ratio is calculated in the same manner using adjusted EPS.

Probability of Default (PD): It is the likelihood that a borrower will not be able to meet its scheduled repayments.

Provision for Credit Losses (PCL): Amount added to the allowance for credit losses to bring it to a level that management considers adequate to reflect expected credit-related losses on its portfolio.

Return on Common Equity (ROE): The consolidated Bank ROE is calculated as net income available to common shareholders as a percentage of average common shareholders' equity, utilized in assessing the Bank's use of equity. ROE for the business segments is calculated as the segment net income attributable to common shareholders as a percentage of average allocated capital. Adjusted ROE is calculated in the same manner using adjusted net income.

Return on Risk-weighted Assets: Net income available to common shareholders as a percentage of average risk-weighted assets.

Return on Tangible Common Equity (ROTCE): A non-GAAP financial measure calculated as reported net income available to common shareholders after adjusting for the after-tax amortization of acquired intangibles, which are treated as an item of note, as a percentage of average Tangible common equity. Adjusted ROTCE is calculated in the same manner using adjusted net income. Both measures can be utilized in assessing the Bank's use of equity.

Risk-Weighted Assets (RWA): Assets calculated by applying a regulatory risk-weight factor to on and off-balance sheet exposures. The risk-weight factors are established by the OSFI to convert on and off-balance sheet exposures to a comparable risk level.

Securitization: The process by which financial assets, mainly loans, are transferred to structures, which normally issue a series of asset-backed securities to investors to fund the purchase of loans.

Solely Payments of Principal and Interest (SPPI): IFRS 9 requires that the following criteria be met in order for a financial instrument to be classified at amortized cost:

- The entity's business model relates to managing financial assets (such as bank trading activity), and, as such, an asset is held with the intention of collecting its contractual cash flows; and
- An asset's contractual cash flows represent SPPI.

Swaps: Contracts that involve the exchange of fixed and floating interest rate payment obligations and currencies on a notional principal for a specified period of time.

Tangible common equity (TCE): A non-GAAP financial measure calculated as common shareholders' equity less goodwill, imputed goodwill, and intangibles on an investment in Schwab and TD Ameritrade and other acquired intangible assets, net of related deferred tax liabilities. It can be utilized in assessing the Bank's use of equity.

Taxable Equivalent Basis (TEB): A calculation method (not defined in GAAP) that increases revenues and the provision for income taxes on certain tax-exempt securities to an equivalent before-tax basis to facilitate comparison of net interest income from both taxable and tax-exempt sources.

Tier 1 Capital Ratio: Tier 1 Capital represents the more permanent forms of capital, consisting primarily of common shareholders' equity, retained earnings, preferred shares and innovative instruments. Tier 1 Capital ratio is calculated as Tier 1 Capital divided by RWA.

Total Capital Ratio: Total Capital is defined as the total of net Tier 1 and Tier 2 Capital. Total Capital ratio is calculated as Total Capital divided by RWA.

Total Shareholder Return (TSR): The change in market price plus dividends paid during the year as a percentage of the prior year's closing market price per common share.

Trading-Related Revenue: A non-GAAP financial measure that is the total of trading income (loss), net interest income on trading positions, and income from financial instruments designated at FVTPL that are managed within a trading portfolio. Trading-related revenue (TEB) in the Wholesale Banking segment, which is part of the total Bank's trading-related revenue, is also a non-GAAP financial measure and is calculated in the same manner, including TEB adjustments. Both are used for measuring trading performance.

Value-at-Risk (VaR): A metric used 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.

Exhibit 99.3

CONSOLIDATED FINANCIAL STATEMENTS

Notes to Consolidated Financial Statements

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, 2021, 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, 2021, 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, 2021, 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 therefrom, such as, comments they may have on the fairness of financial reporting and the adequacy of internal controls.

Bharat B. Masrani	**Kelvin Tran**
Group President and	Senior Executive Vice President and
Chief Executive Officer	Chief Financial Officer

Toronto, Canada
December 1, 2021

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of The Toronto-Dominion Bank

Opinion on the Consolidated Financial Statements

We have audited the accompanying Consolidated Balance Sheet of The Toronto-Dominion Bank (TD) as of October 31, 2021 and 2020, the related Consolidated Statement of Income, Comprehensive Income, Changes in Equity, and Cash Flows for each of the years in the three-year period ended October 31, 2021, and the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of TD as at October 31, 2021 and 2020, and the results of its operations and its consolidated cash flows for each of the years in the three-year period ended October 31, 2021, in conformity with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), TD's internal control over financial reporting as of October 31, 2021, 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 1, 2021, expressed an unqualified opinion thereon.

Basis for Opinion

These consolidated financial statements are the responsibility of TD's management. Our responsibility is to express an opinion on TD's consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to TD in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements, and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Allowance for credit losses

Description of the Matter

TD describes its significant accounting judgments, estimates, and assumptions in relation to the allowance for credit losses in Note 3 of the consolidated financial statements. As disclosed in Note 7 and Note 8 to the consolidated financial statements, TD recognized $7,255 million in allowances for credit losses on its consolidated balance sheet using an expected credit loss model (ECL). The ECL is an unbiased and probability-weighted estimate of credit losses expected to occur in the future, which is based on the probability of default (PD), loss given default (LGD) and exposure at default (EAD) or the expected cash shortfall relating to the underlying financial asset. The ECL is determined by evaluating a range of possible outcomes incorporating the time value of money and reasonable and supportable information about past events, current conditions, and future economic forecasts. ECL allowances are measured at amounts equal to either (i) 12-month ECL; or (ii) lifetime ECL for those financial instruments that have experienced a significant increase in credit risk (SICR) since initial recognition or when there is objective evidence of impairment.

Auditing the allowance for credit losses was complex and required the application of significant judgment and involvement of specialists because of the sophistication of the models, the forward-looking nature of the key assumptions, and the inherent interrelationship of the critical variables used in measuring the ECL. Key areas of judgment include evaluating: (i) the models and methodologies used for measuring both the 12-month and lifetime expected credit losses; (ii) the assumptions used in the ECL scenarios including forward-looking information (FLI) and assigning probability weighting; (iii) the determination of SICR; and (iv) the assessment of the qualitative component applied to the modelled ECL based on management's expert credit judgment. Management has applied a significant level of judgment in the areas noted above in determining the impact of COVID-19 on the allowance for credit losses. Specifically, management has applied judgement in assessing the impact of COVID-19 on expected credit losses by considering migration in borrower credit scores, industry and geographic specific COVID-19 impacts, payment support initiatives introduced by TD and governments, and the persistence of the economic shutdown.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design, and tested the operating effectiveness of management's controls over the allowance for credit losses. The controls we tested included, amongst others, the development and validation of models and selection of appropriate inputs including economic forecasting, determination of non-retail borrower risk ratings, the integrity of the data used including the associated controls over relevant information technology (IT) systems, and the governance and oversight over the modelled results and the use of expert credit judgment.

To test the allowance for credit losses, our audit procedures included, amongst others, involving our credit risk specialists to assess whether the methodology and assumptions, including management's SICR triggers, used in significant models that estimate the ECL across various portfolios are consistent with the requirements of IFRS and industry standards. This included reperforming the model validation procedures for a sample of models to evaluate whether management's conclusions were appropriate. With the assistance of our economic specialists, we evaluated the models, methodology and process used by management to develop the FLI variable forecasts for each scenario and the scenario probability weights. For a sample of FLI variables, we compared management's FLI to independently derived forecasts and publicly available information. On a sample basis, we recalculated the ECL to test the mathematical accuracy of management's models. We tested the completeness and accuracy of data used in measuring the ECL by agreeing to source documents and systems and evaluated a sample of management's non-retail borrower risk ratings against TD's risk rating policy. With the assistance of our credit risk specialists, we also evaluated management's methodology and governance over the application of expert credit judgment by evaluating that the amounts recorded were reflective of underlying credit quality and macroeconomic trends, including the impact of COVID-19. We also assessed the adequacy of disclosures related to the allowance for credit losses.

Fair value measurement of derivatives

Description of the Matter

TD describes its significant accounting judgments, estimates, and assumptions in relation to the fair value measurement of derivatives in Note 3 of the consolidated financial statements. As disclosed in Note 5 of the consolidated financial statements, TD has derivative assets of $54,427 million and derivative liabilities of $57,122 million recorded at fair value. Of these derivatives, certain trades are complex and illiquid and require valuation techniques that may include complex models and non-observable inputs, requiring management's estimation and judgment.

Auditing the valuation of certain derivatives required the application of significant auditor judgment and involvement of valuation specialists in assessing the complex models and non-observable inputs used, including any significant valuation adjustments applied. Certain valuation inputs used to determine fair value that may be non-observable include volatilities, correlations, and credit spreads. The valuation of certain derivatives is sensitive to these inputs as they are forward-looking and could be affected by future economic and market conditions.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design, and tested the operating effectiveness of management's controls, including those related to technology, over the valuation of TD's derivative portfolio. The controls we tested included, amongst others, the controls over the suitability and mechanical accuracy of models used in the valuation of derivatives, controls over management's independent assessment of fair values, including the integrity of data used in the valuation such as the significant inputs noted above, controls over relevant IT systems, and controls over the review of significant valuation adjustments applied.

To test the valuation of these derivatives, our audit procedures included, amongst others, an evaluation of the methodologies and significant inputs used by TD. With the assistance of our valuation specialists, we performed an independent valuation for a sample of derivatives to assess the modelling assumptions and significant inputs used to estimate the fair value, which involved obtaining significant inputs from independent external sources. For a sample of valuation adjustments, we utilized the assistance of our valuation specialists to evaluate the methodology applied against industry practice and performed a recalculation of these adjustments. We also assessed the adequacy of the disclosures related to the fair value measurement of derivatives.

Valuation of provision for unpaid claims

Description of the Matter

TD describes its significant accounting judgments, estimates, and assumptions in relation to the valuation of provisions for unpaid claims in Note 3 of the consolidated financial statements. As disclosed in Note 22 to the consolidated financial statements, TD has recognized $7,676 million in insurance-related liabilities on its consolidated balance sheet. The insurance-related liabilities include a provision for unpaid claims, which is determined in accordance with accepted actuarial practices.

Auditing the provision for unpaid claims involved the application of models, methodologies and assumptions that require significant judgment. The main assumption underlying the claims liability estimates is the amount and timing related to incurred insured events including those not yet reported by the claimants. It also considers variables such as discount rate, margin for adverse deviation, past loss experience, current claim trends and the impact changes in the prevailing social, economic and legal environment may have on claims.

How We Addressed the Matter in Our Audit

We evaluated the objectivity, independence and expertise of the actuarial valuator appointed by management. Also, we obtained an understanding, evaluated the design, and tested the operating effectiveness of management's controls over the valuation of the provision for unpaid claims. The controls we tested included, amongst others, the controls related to TD's claims and actuarial processes including over the completeness and accuracy of data flow through the claims administration systems, and the overall review of the provision for unpaid claims by management.

To test the valuation for unpaid claims, our audit procedures included, amongst others, involving our actuarial specialists to independently calculate the provision for unpaid claims on a sample basis. This included assessing the accuracy of TD's data by agreeing to source systems on a sample basis and benchmarking the assumptions against industry trends. We involved our actuarial specialists in assessing TD's actuary's methodologies and significant assumptions, including comparing the rationale for the judgments applied against accepted actuarial practice. We performed data integrity testing of incurred claims, paid claims, and earned premiums used in the estimation of the provision for unpaid claims.

	Measurement of provision for uncertain tax positions
Description of the Matter	TD describes its significant accounting judgments, estimates, and assumptions in relation to income taxes in Note 3 of the consolidated financial statements. As a financial institution operating in multiple jurisdictions, TD is subject to complex and constantly evolving tax legislation. Uncertainty in a tax position may arise as tax laws are subject to interpretation. TD uses significant judgment in i) determining whether it is probable that TD will have to make a payment to tax authorities upon their examination of certain uncertain tax positions and ii) measuring the amount of the liability. Auditing the recognition and measurement of TD's provision for uncertain tax positions involved the application of judgment and is based on interpretation of tax legislation and jurisprudence.
How We Addressed the Matter in Our Audit	We obtained an understanding, evaluated the design, and tested the operating effectiveness of management's controls over the recognition and measurement of TD's provision for uncertain tax positions. This includes controls over the assessment of the technical merits of tax positions and management's process to measure the provision for uncertain tax positions. With the assistance of our tax professionals, we assessed the technical merits and the amount recorded for uncertain tax positions. This included using our knowledge of, and experience with, the application of tax laws by the relevant income tax authorities to evaluate TD's interpretations and assessment of tax laws with respect to uncertain tax positions. We assessed the implications of correspondence received by TD from the relevant tax authorities and evaluated income tax opinions or other third-party advice obtained. We also assessed the adequacy of the disclosures related to uncertain tax positions.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

We have served as TD's sole auditor since 2006. Prior to 2006, we or our predecessor firm have served as joint auditor with various other firms since 1955.

Toronto, Canada
December 1, 2021

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Directors of The Toronto-Dominion Bank

Opinion on Internal Control over Financial Reporting

We have audited The Toronto-Dominion Bank's (TD) internal control over financial reporting as of October 31, 2021, 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). In our opinion, TD maintained, in all material respects, effective internal control over financial reporting as of October 31, 2021, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Consolidated Balance Sheet of TD as at October 31, 2021 and 2020, 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, 2021, and the related notes, and our report dated December 1, 2021, expressed an unqualified opinion thereon.

Basis for Opinion

TD's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting contained in the accompanying Management's Discussion and Analysis. Our responsibility is to express an opinion on TD's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to TD in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Ernst & Young LLP
Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
December 1, 2021

Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET

(As at and in millions of Canadian dollars)	October 31, 2021	October 31, 2020
ASSETS		
Cash and due from banks	**$ 5,931**	$ 6,445
Interest-bearing deposits with banks	**159,962**	164,149
	165,893	170,594
Trading loans, securities, and other **(Note 5)**	**147,590**	148,318
Non-trading financial assets at fair value through profit or loss **(Note 5)**	**9,390**	8,548
Derivatives **(Notes 5, 11)**	**54,427**	54,242
Financial assets designated at fair value through profit or loss **(Notes 5, 7)**	**4,564**	4,739
Financial assets at fair value through other comprehensive income **(Note 5)**	**79,066**	103,285
	295,037	319,132
Debt securities at amortized cost, net of allowance for credit losses (Notes 5, 7)	**268,939**	227,679
Securities purchased under reverse repurchase agreements	**167,284**	169,162
Loans (Notes 5, 8)		
Residential mortgages	**268,340**	252,219
Consumer instalment and other personal	**189,864**	185,460
Credit card	**30,738**	32,334
Business and government	**240,070**	255,799
	729,012	725,812
Allowance for loan losses **(Note 8)**	**(6,390)**	(8,289)
Loans, net of allowance for loan losses	**722,622**	717,523
Other		
Customers' liability under acceptances	**18,448**	14,941
Investment in Schwab **(Note 12)**	**11,112**	12,174
Goodwill **(Note 14)**	**16,232**	17,148
Other intangibles **(Note 14)**	**2,123**	2,125
Land, buildings, equipment, and other depreciable assets **(Note 15)**	**9,181**	10,136
Deferred tax assets **(Note 25)**	**2,265**	2,444
Amounts receivable from brokers, dealers, and clients	**32,357**	33,951
Other assets **(Note 16)**	**17,179**	18,856
	108,897	111,775
Total assets	**$ 1,728,672**	$ 1,715,865
LIABILITIES		
Trading deposits **(Notes 5, 17)**	**$ 22,891**	$ 19,177
Derivatives **(Notes 5, 11)**	**57,122**	53,203
Securitization liabilities at fair value **(Notes 5, 9)**	**13,505**	13,718
Financial liabilities designated at fair value through profit or loss **(Notes 5, 17)**	**113,988**	59,665
	207,506	145,763
Deposits (Notes 5, 17)		
Personal	**633,498**	625,200
Banks	**20,917**	28,969
Business and government	**470,710**	481,164
	1,125,125	1,135,333
Other		
Acceptances	**18,448**	14,941
Obligations related to securities sold short **(Note 5)**	**42,384**	34,999
Obligations related to securities sold under repurchase agreements	**144,097**	188,876
Securitization liabilities at amortized cost **(Notes 5, 9)**	**15,262**	15,768
Amounts payable to brokers, dealers, and clients	**28,993**	35,143
Insurance-related liabilities **(Note 22)**	**7,676**	7,590
Other liabilities **(Note 18)**	**28,133**	30,476
	284,993	327,793
Subordinated notes and debentures (Notes 5, 19)	**11,230**	11,477
Total liabilities	**1,628,854**	1,620,366
EQUITY		
Shareholders' Equity		
Common shares **(Note 21)**	**23,066**	22,487
Preferred shares and other equity instruments **(Note 21)**	**5,700**	5,650
Treasury – common shares **(Note 21)**	**(152)**	(37)
Treasury – preferred shares and other equity instruments **(Note 21)**	**(10)**	(4)
Contributed surplus	**173**	121
Retained earnings	**63,944**	53,845
Accumulated other comprehensive income (loss)	**7,097**	13,437
Total equity	**99,818**	95,499
Total liabilities and equity	**$ 1,728,672**	$ 1,715,865

The accompanying Notes are an integral part of these Consolidated Financial Statements.

Bharat B. Masrani
Group President and Chief Executive Officer

Alan N. MacGibbon
Chair, Audit Committee

CONSOLIDATED STATEMENT OF INCOME

(millions of Canadian dollars, except as noted)	*For the years ended October 31*		
	2021	2020	2019
Interest income[1] (Note 30)			
Loans	**$ 23,959**	$ 28,337	$ 31,870
Securities			
Interest	**3,721**	5,432	7,844
Dividends	**1,594**	1,714	1,547
Deposits with banks	**307**	350	683
	29,581	35,833	41,944
Interest expense (Note 30)			
Deposits	**3,742**	8,447	13,732
Securitization liabilities	**343**	379	522
Subordinated notes and debentures	**374**	426	395
Other	**991**	2,084	3,474
	5,450	11,336	18,123
Net interest income	**24,131**	24,497	23,821
Non-interest income			
Investment and securities services	**6,179**	5,341	4,872
Credit fees	**1,453**	1,400	1,289
Net securities gain (loss) **(Note 7)**	**14**	40	78
Trading income (loss)	**313**	1,404	1,047
Income (loss) from non-trading financial instruments at fair value through profit or loss	**228**	14	121
Income (loss) from financial instruments designated at fair value through profit or loss	**(401)**	55	8
Service charges	**2,655**	2,593	2,885
Card services	**2,435**	2,154	2,465
Insurance revenue **(Note 22)**	**4,877**	4,565	4,282
Other income (loss) **(Note 12)**	**809**	1,583	197
	18,562	19,149	17,244
Total revenue	**42,693**	43,646	41,065
Provision for (recovery of) credit losses (Note 8)	**(224)**	7,242	3,029
Insurance claims and related expenses (Note 22)	**2,707**	2,886	2,787
Non-interest expenses			
Salaries and employee benefits	**12,378**	11,893	11,256
Occupancy, including depreciation	**1,882**	1,990	1,835
Technology and equipment, including depreciation	**1,694**	1,634	1,481
Amortization of other intangibles	**706**	817	800
Communication and marketing	**1,203**	1,187	1,202
Restructuring charges (recovery)	**47**	(16)	175
Brokerage-related and sub-advisory fees	**427**	362	336
Professional, advisory and outside services	**1,620**	1,451	1,666
Other	**3,119**	2,286	3,269
	23,076	21,604	22,020
Income before income taxes and share of net income from investment in Schwab and TD Ameritrade	**17,134**	11,914	13,229
Provision for (recovery of) income taxes (Note 25)	**3,621**	1,152	2,735
Share of net income from investment in Schwab and TD Ameritrade (Note 12)	**785**	1,133	1,192
Net income	**14,298**	11,895	11,686
Preferred dividends and distributions on other equity instruments	**249**	267	252
Net income available to common shareholders and non-controlling interests in subsidiaries	**$ 14,049**	$ 11,628	$ 11,434
Attributable to:			
Common shareholders	**$ 14,049**	$ 11,628	$ 11,416
Non-controlling interests in subsidiaries	**–**	–	18
Earnings per share (Canadian dollars) **(Note 26)**			
Basic	**$ 7.73**	$ 6.43	$ 6.26
Diluted	**7.72**	6.43	6.25
Dividends per common share (Canadian dollars)	**3.16**	3.11	2.89

[1] Includes $26,217 million for the year ended October 31, 2021 (October 31, 2020 – $32,476 million; October 31, 2019 – $34,828 million), which has been calculated based on the effective interest rate method (EIRM).

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 COMPREHENSIVE INCOME[1]

(millions of Canadian dollars)	For the years ended October 31		
	2021	2020	2019
Net income	**$ 14,298**	$ 11,895	$ 11,686
Other comprehensive income (loss), net of income taxes			
Items that will be subsequently reclassified to net income			
Net change in unrealized gains (losses) on financial assets at fair value through other comprehensive income			
Change in unrealized gains (losses)	**25**	257	73
Reclassification to earnings of net losses (gains)	**(59)**	(6)	(31)
Changes in allowance for credit losses recognized in earnings	**1**	2	(1)
	(33)	253	41
Net change in unrealized foreign currency translation gains (losses) on investments in foreign operations, net of hedging activities			
Unrealized gains (losses)	**(6,082)**	855	(165)
Reclassification to earnings of net losses (gains)	**–**	(1,531)	–
Net gains (losses) on hedges	**1,955**	(291)	132
Reclassification to earnings of net losses (gains) on hedges	**–**	1,531	–
	(4,127)	564	(33)
Net change in gains (losses) on derivatives designated as cash flow hedges			
Change in gains (losses)	**(2,411)**	3,565	3,459
Reclassification to earnings of losses (gains)	**515**	(1,236)	517
	(1,896)	2,329	3,976
Share of other comprehensive income (loss) from investment in Schwab and TD Ameritrade	**(768)**	(27)	39
Items that will not be subsequently reclassified to net income			
Actuarial gains (losses) on employee benefit plans	**1,787**	(390)	(921)
Change in net unrealized gains (losses) on equity securities designated at fair value through other comprehensive income	**433**	(212)	(95)
Gains (losses) from changes in fair value due to credit risk on financial liabilities designated at fair value through profit or loss	**51**	(51)	14
	2,271	(653)	(1,002)
Total other comprehensive income (loss), net of income taxes	**(4,553)**	2,466	3,021
Total comprehensive income (loss), net of income taxes	**$ 9,745**	$ 14,361	$ 14,707
Attributable to:			
Common shareholders	**$ 9,496**	$ 14,094	$ 14,437
Preferred shareholders and other equity instrument holders	**249**	267	252
Non-controlling interests in subsidiaries	**–**	–	18

[1] The amounts are net of income tax provisions (recoveries) presented in the following table.

Income Tax Provisions (Recoveries) in the Consolidated Statement of Comprehensive Income

(millions of Canadian dollars)	For the years ended October 31		
	2021	2020	2019
Change in unrealized gains (losses) on financial assets at fair value through other comprehensive income	**$ 2**	$ 78	$ 21
Less: Reclassification to earnings of net losses (gains) in respect of financial assets at fair value through other comprehensive income	**16**	1	(1)
Changes in allowance for credit losses on financial assets at fair value through other comprehensive income recognized in earnings	**–**	1	–
Net gains (losses) on hedges of investments in foreign operations	**693**	(102)	48
Less: Reclassification to earnings of net losses (gains) on hedges of investments in foreign operations	**–**	(545)	–
Change in gains (losses) on derivatives designated as cash flow hedges	**(761)**	947	1,235
Less: Reclassification to earnings of losses (gains) on cash flow hedges	**(92)**	121	(157)
Actuarial gains (losses) on employee benefit plans	**635**	(140)	(324)
Change in net unrealized gains (losses) on equity securities designated at fair value through other comprehensive income	**154**	(78)	(35)
Gains (losses) from changes in fair value due to credit risk on financial liabilities designated at fair value through profit or loss	**18**	(18)	4
Total income taxes	**$ 817**	$ 1,111	$ 1,107

Certain comparative amounts have been restated 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*		
	2021	2020	2019
Common shares (Note 21)			
Balance at beginning of year	**$ 22,487**	$ 21,713	$ 21,221
Proceeds from shares issued on exercise of stock options	**165**	79	124
Shares issued as a result of dividend reinvestment plan	**414**	838	357
Shares issued in connection with acquisitions	**–**	–	366
Purchase of shares for cancellation and other	**–**	(143)	(355)
Balance at end of year	**23,066**	22,487	21,713
Preferred shares and other equity instruments (Note 21)			
Balance at beginning of year	**5,650**	5,800	5,000
Issue of shares and other equity instruments	**1,750**	–	800
Redemption of shares and other equity instruments	**(1,700)**	(150)	–
Balance at end of year	**5,700**	5,650	5,800
Treasury – common shares (Note 21)			
Balance at beginning of year	**(37)**	(41)	(144)
Purchase of shares	**(10,859)**	(8,752)	(9,782)
Sale of shares	**10,744**	8,756	9,885
Balance at end of year	**(152)**	(37)	(41)
Treasury – preferred shares and other equity instruments (Note 21)			
Balance at beginning of year	**(4)**	(6)	(7)
Purchase of shares and other equity instruments	**(205)**	(122)	(151)
Sale of shares and other equity instruments	**199**	124	152
Balance at end of year	**(10)**	(4)	(6)
Contributed surplus			
Balance at beginning of year	**121**	157	193
Net premium (discount) on sale of treasury instruments	**–**	(31)	(22)
Issuance of stock options, net of options exercised	**6**	–	(8)
Other	**46**	(5)	(6)
Balance at end of year	**173**	121	157
Retained earnings			
Balance at beginning of year	**53,845**	49,497	46,145
Impact on adoption of IFRS 16, *Leases*	**n/a**[1]	(553)	n/a
Impact on adoption of IFRS 15, *Revenue from Contracts with Customers*	**n/a**	n/a	(41)
Net income attributable to equity instrument holders	**14,298**	11,895	11,668
Common dividends	**(5,741)**	(5,614)	(5,262)
Preferred dividends and distributions on other equity instruments	**(249)**	(267)	(252)
Net premium on repurchase of common shares and redemption of preferred shares and other equity instruments	**(1)**	(710)	(1,880)
Share and other equity instrument issue expenses	**(5)**	–	(9)
Actuarial gains (losses) on employee benefit plans	**1,787**	(390)	(921)
Realized gains (losses) on equity securities designated at fair value through other comprehensive income	**10**	(13)	49
Balance at end of year	**63,944**	53,845	49,497
Accumulated other comprehensive income (loss)			
Net unrealized gain (loss) on financial assets at fair value through other comprehensive income:			
Balance at beginning of year	**543**	290	249
Other comprehensive income (loss)	**(34)**	251	42
Allowance for credit losses	**1**	2	(1)
Balance at end of year	**510**	543	290
Net unrealized gain (loss) on equity securities designated at fair value through other comprehensive income:			
Balance at beginning of year	**(252)**	(40)	55
Other comprehensive income (loss)	**443**	(225)	(46)
Reclassification of loss (gain) to retained earnings	**(10)**	13	(49)
Balance at end of year	**181**	(252)	(40)
Gain (loss) from changes in fair value due to credit risk on financial liabilities designated at fair value through profit or loss:			
Balance at beginning of year	**(37)**	14	–
Other comprehensive income (loss)	**51**	(51)	14
Balance at end of year	**14**	(37)	14
Net unrealized foreign currency translation gain (loss) on investments in foreign operations, net of hedging activities:			
Balance at beginning of year	**9,357**	8,793	8,826
Other comprehensive income (loss)	**(4,127)**	564	(33)
Balance at end of year	**5,230**	9,357	8,793
Net gain (loss) on derivatives designated as cash flow hedges:			
Balance at beginning of year	**3,826**	1,497	(2,479)
Other comprehensive income (loss)	**(1,896)**	2,329	3,976
Balance at end of year	**1,930**	3,826	1,497
Share of accumulated other comprehensive income (loss) from Investment in Schwab and TD Ameritrade	**(768)**	–	27
Total accumulated other comprehensive income	**7,097**	13,437	10,581
Total shareholders' equity	**99,818**	95,499	87,701
Non-controlling interests in subsidiaries			
Balance at beginning of year	**–**	–	993
Net income attributable to non-controlling interests in subsidiaries	**–**	–	18
Redemption of non-controlling interests in subsidiaries	**–**	–	(1,000)
Other	**–**	–	(11)
Balance at end of year	**–**	–	–
Total equity	**$ 99,818**	$ 95,499	$ 87,701

[1] Not applicable.

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)

	2021	2020	2019
			For the years ended October 31
Cash flows from (used in) operating activities			
Net income	**$ 14,298**	$ 11,895	$ 11,686
Adjustments to determine net cash flows from (used in) operating activities			
Provision for (recovery of) credit losses **(Note 8)**	**(224)**	7,242	3,029
Depreciation **(Note 15)**	**1,360**	1,324	605
Amortization of other intangibles	**706**	817	800
Net securities losses (gains) **(Note 7)**	**(14)**	(40)	(78)
Share of net income from investment in Schwab and TD Ameritrade **(Note 12)**	**(785)**	(1,133)	(1,192)
Net gain on sale of the investment in TD Ameritrade **(Note 12)**	**–**	(1,491)	–
Deferred taxes **(Note 25)**	**258**	(1,065)	(33)
Changes in operating assets and liabilities			
Interest receivable and payable **(Notes 16, 18)**	**(288)**	(108)	(26)
Securities sold under repurchase agreements	**(44,779)**	63,020	32,467
Securities purchased under reverse repurchase agreements	**1,878**	(3,227)	(38,556)
Securities sold short	**7,030**	5,343	(9,822)
Trading loans and securities	**1,177**	(2,318)	(18,103)
Loans net of securitization and sales	**(3,660)**	(39,641)	(41,693)
Deposits	**(6,494)**	240,648	(52,281)
Derivatives	**3,734**	(2,196)	9,883
Non-trading financial assets at fair value through profit or loss	**(842)**	(2,045)	(2,397)
Financial assets and liabilities designated at fair value through profit or loss	**54,498**	(46,165)	104,693
Securitization liabilities	**(719)**	2,342	(157)
Current taxes	**239**	280	(771)
Brokers, dealers, and clients amounts receivable and payable	**(4,592)**	(1,979)	1,726
Other, including unrealized foreign currency translation (gains) losses	**27,348**	(1,896)	1,050
Net cash from (used in) operating activities	**50,129**	229,607	830
Cash flows from (used in) financing activities			
Issuance of subordinated notes and debentures **(Note 19)**	**–**	3,000	1,749
Redemption or repurchase of subordinated notes and debentures	**(7)**	(2,530)	24
Common shares issued, net	**145**	68	105
Preferred shares and other equity instruments issued	**1,745**	–	791
Repurchase of common shares **(Note 21)**	**–**	(847)	(2,235)
Redemption of preferred shares and other equity instruments **(Note 21)**	**(700)**	(156)	–
Sale of treasury shares and other equity instruments	**10,943**	8,849	10,015
Purchase of treasury shares and other equity instruments **(Note 21)**	**(11,064)**	(8,874)	(9,933)
Dividends paid on shares and distributions paid on other equity instruments	**(5,555)**	(3,660)	(5,157)
Redemption of non-controlling interests in subsidiaries	**–**	–	(1,000)
Distributions to non-controlling interests in subsidiaries	**–**	–	(11)
Repayment of lease liabilities[1]	**(543)**	(596)	n/a
Net cash from (used in) financing activities	**(5,036)**	(4,746)	(5,652)
Cash flows from (used in) investing activities			
Interest-bearing deposits with banks	**(729)**	(138,266)	5,169
Activities in financial assets at fair value through other comprehensive income			
Purchases	**(21,056)**	(50,569)	(24,898)
Proceeds from maturities	**33,541**	49,684	37,835
Proceeds from sales	**5,363**	11,005	10,158
Activities in debt securities at amortized cost			
Purchases	**(153,896)**	(146,703)	(51,202)
Proceeds from maturities	**92,131**	51,400	28,392
Proceeds from sales	**2,365**	1,391	1,418
Net purchases of land, buildings, equipment, other depreciable assets, and other intangibles	**(1,129)**	(1,261)	(1,385)
Net cash acquired from (paid for) divestitures and acquisitions **(Note 13)**	**(1,858)**	–	(540)
Net cash from (used in) investing activities	**(45,268)**	(223,319)	4,947
Effect of exchange rate changes on cash and due from banks	**(339)**	40	3
Net increase (decrease) in cash and due from banks	**(514)**	1,582	128
Cash and due from banks at beginning of year	**6,445**	4,863	4,735
Cash and due from banks at end of year	**$ 5,931**	$ 6,445	$ 4,863
Supplementary disclosure of cash flows from operating activities			
Amount of income taxes paid (refunded) during the year	**$ 4,071**	$ 2,285	$ 3,589
Amount of interest paid during the year	**5,878**	11,587	18,013
Amount of interest received during the year	**28,127**	34,262	40,261
Amount of dividends received during the year	**1,614**	1,675	1,583

1 Prior to the adoption of IFRS 16, payments on finance lease liabilities were included in “Net cash from (used in) operating activities”.

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.

Notes to Consolidated Financial Statements

NOTE 1: NATURE OF OPERATIONS

CORPORATE INFORMATION

The Toronto-Dominion Bank is a bank chartered under the *Bank Act*. The shareholders of a bank are not, as shareholders, liable for any liability, act, or default of the bank except as otherwise provided under the *Bank Act*. The Toronto-Dominion Bank and its subsidiaries are collectively known as TD Bank Group ("TD" or the "Bank"). The Bank was formed through the amalgamation on February 1, 1955, of The Bank of Toronto (chartered in 1855) and The Dominion Bank (chartered in 1869). The Bank is incorporated and domiciled in Canada with its registered and principal business offices located at 66 Wellington Street West, Toronto, Ontario. TD serves customers in three business segments operating in a number of locations in key financial centres around the globe: Canadian Retail, U.S. Retail, and Wholesale Banking.

BASIS OF PREPARATION

The accompanying Consolidated Financial Statements and accounting principles followed by the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), including the accounting requirements of the Office of the Superintendent of Financial Institutions Canada (OSFI). The Consolidated Financial Statements are presented in Canadian dollars, unless otherwise indicated.

These Consolidated Financial Statements were prepared using the accounting policies as described in Notes 2 and 4. Certain comparative amounts have been revised to conform with the presentation adopted in the current period.

The preparation of the Consolidated Financial Statements requires that management make judgments, estimates, and assumptions 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 1, 2021.

Certain disclosures are included in the shaded sections of the "Managing Risk" section of the accompanying 2021 Management's Discussion and Analysis (MD&A), as permitted by IFRS, and form an integral part of the Consolidated Financial Statements.

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'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 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. Significant influence is presumed to exist where the Bank holds between 20% and 50% of the voting rights of an entity. Significant influence may also exist where the Bank holds less than 20% of the voting rights and has influence over financial and operating policy-making processes, through board representation and significant commercial arrangements. 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. The carrying amount of the investments also includes the Bank's share of the investee's other comprehensive income or loss, which is reported in the relevant section of the Consolidated Statement of Comprehensive 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 within total equity, separate from the equity of the Bank's shareholders' equity. 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 at an amount that reflects the consideration the Bank expects to be entitled to in exchange for transferring services to a customer, excluding amounts collected on behalf of third parties. The Bank recognizes revenue when it transfers control of a good or a service to a customer at a point in time or over time. The determination of when performance obligations are satisfied requires the use of judgment. Refer to Note 3 for further details.

The Bank identifies contracts with customers subject to IFRS 15, which create enforceable rights and obligations. The Bank determines the performance obligations based on distinct services promised to the customers in the contracts. The Bank's contracts generally have a term of one year or less, consist of a single performance obligation, and the performance obligations generally reflect services.

For each contract, the Bank determines the transaction price, which includes estimating variable consideration and assessing whether the price is constrained. Variable consideration is included in the transaction price to the extent that it is highly probable that a significant reversal of the amount will not occur when the uncertainty associated with the amount of variable consideration is subsequently resolved. As such, the estimate of the variable consideration is constrained until the end of the invoicing period. The uncertainty is generally resolved at the end of the reporting period and as such, no significant judgment is required when recognizing variable consideration in revenues.

The Bank's receipt of payment from customers generally occurs subsequent to the satisfaction of performance obligations or a short time thereafter. As such, the Bank has not recognized any material contract assets (unbilled receivables) or contract liabilities (deferred revenues) and there is no significant financing component associated with the consideration due to the Bank.

When another party is involved in the transfer of services to a customer, an assessment is made to evaluate whether the Bank is the principal such that revenues are reported on a gross basis or the agent such that revenues are reported on a net basis. The Bank is the principal when it controls the services in the contract promised to the customer before they are transferred. Control is demonstrated by the Bank being primarily responsible for fulfilling the transfer of the services to the customer, having discretion in establishing pricing of the services, or both.

Investment and securities services
Investment and securities services income include asset management fees, administration and commission fees, and investment banking fees. The Bank recognizes asset management and administration fees based on time elapsed, which depicts the rendering of investment management and related services over time. The fees are primarily calculated based on average daily or point in time assets under management (AUM) or assets under administration (AUA) depending on the investment mandate.

Commission fees include sales, trailer and brokerage commissions. Sales and brokerage commissions are generally recognized at a point in time when the transaction is executed. Trailer commissions are recognized over time and are generally calculated based on the average daily net asset value of the fund during the period.

Investment banking fees include advisory fees and underwriting fees and are generally recognized at a point in time upon successful completion of the engagement.

Credit fees
Credit fees include liquidity fees, restructuring fees, letter of credit fees, and loan syndication fees. Liquidity, restructuring, and letter of credit fees are recognized in income over the period in which the service is provided. Loan syndication fees are generally recognized at a point in time upon completion of the financing placement.

Service charges
Service charges income is earned on personal and commercial deposit accounts and consists of account fees and transaction-based service charges. Account fees relate to account maintenance activities and are recognized in income over the period in which the service is provided. Transaction-based service charges are recognized as earned at a point in time when the transaction is complete.

Card services
Card services income includes interchange income as well as card fees such as annual and transactional fees. Interchange income is recognized at a point in time when the transaction is authorized and funded. Card fees are recognized as earned at the transaction date with the exception of annual fees, which are recognized over a twelve-month period.

FINANCIAL INSTRUMENTS

Interest Rate Benchmark Reform Phase 1
The Bank adopted *Interest Rate Benchmark Reform, Amendments to IFRS 9, IAS 39 and IFRS 7* (Interest Rate Benchmark Reform Phase 1), including the applicable amendments to IFRS 7 relating to hedge accounting, in the fourth quarter of 2019. Under these amendments, it is assumed that the hedged interest rate benchmark is not altered and thus hedge accounting continues through to the date of replacement of the existing interest rate benchmark with its alternative reference rate (ARR). The Bank is not required to discontinue hedge accounting if the actual results of the hedge do not meet the effectiveness requirements as a result of interbank offered rate (IBOR) reform. Refer to Note 11 for disclosures related to the Bank's hedge accounting relationships impacted by IBOR reform.

Refer to Note 4 for details of *Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16* (Interest Rate Benchmark Reform Phase 2), issued on August 27, 2020 and early adopted by the Bank on November 1, 2020.

Classification and Measurement of Financial Assets
The Bank classifies its financial assets into the following categories:
- Amortized cost;
- Fair value through other comprehensive income (FVOCI);
- Held-for-trading;
- Non-trading fair value through profit or loss (FVTPL); and
- Designated at FVTPL.

The Bank recognizes financial assets on a settlement date basis, except for derivatives and securities, which are recognized on a trade date basis.

Debt Instruments
The classification and measurement for debt instruments is based on the Bank's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). Refer to Note 3 for judgment with respect to the determination of the Bank's business models and whether contractual cashflows represent SPPI.

The Bank has determined its business models as follows:
- Held-to-collect: the objective is to collect contractual cash flows;
- Held-to-collect-and-sell: the objective is both to collect contractual cash flows and sell the financial assets; and
- Held-for-sale and other business models: the objective is neither of the above.

The Bank performs the SPPI test for financial assets held within the held-to-collect and held-to-collect-and-sell business models. If these financial assets have contractual cash flows which are inconsistent with a basic lending arrangement, they are classified as non-trading financial assets measured at FVTPL. In a basic lending arrangement, interest includes only consideration for time value of money, credit risk, other basic lending risks, and a reasonable profit margin.

Debt Securities and Loans Measured at Amortized Cost
Debt securities and loans held within a held-to-collect business model where their contractual cash flows pass the SPPI test are measured at amortized cost. The carrying amount of these financial assets is adjusted by an allowance for credit losses recognized and measured as described in the *Impairment – Expected Credit Loss Model* section of this Note, as well as any write-offs and unearned income which includes prepaid interest, loan origination fees and costs, commitment fees, loan syndication fees, and unamortized discounts or premiums. Interest income is recognized using EIRM. The effective interest rate (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. Loan origination fees and costs are considered to be adjustments to the loan yield and are recognized in interest income over the term of the loan. Commitment fees are recognized in credit fees over the commitment period when it is unlikely that the commitment will be called upon; otherwise, they are recognized in interest income over the term of the resulting loan. Loan syndication fees are recognized in credit fees upon completion of the financing placement unless the yield on any loan retained by the Bank is less than that of other comparable lenders involved in the financing syndicate. In such cases, an appropriate portion of the fee is recognized as a yield adjustment in interest income over the term of the loan.

Debt Securities and Loans Measured at Fair Value through Other Comprehensive Income
Debt securities and loans held within a held-to-collect-and-sell business model where their contractual cash flows pass the SPPI test are measured at FVOCI. Fair value changes are recognized in other comprehensive income, except for impairment gains or losses, interest income and foreign exchange gains and losses on the instrument's amortized cost, which are recognized in the Consolidated Statement of Income. The expected credit loss (ECL) allowance is recognized and measured as described in the *Impairment – Expected Credit Loss Model* section of this Note. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to income and recognized in net securities gain (loss). Interest income from these financial assets is included in interest income using EIRM.

Financial Assets Held-for-Trading
The held-for-sale business model includes financial assets held within a trading portfolio, which have been originated, acquired, or incurred principally for the purpose of selling in the near term, or if they form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking. Financial assets held within this business model consist of trading securities, trading loans, as well as certain securities purchased under reverse repurchase agreements.

Trading portfolio assets are accounted for at fair value, with changes in fair value as well as any gains or losses realized on disposal recognized in trading income (loss). Transaction costs are expensed as incurred. Dividends are recognized on the ex-dividend date and interest is recognized on an accrual basis. Both dividends and interest are included in interest income.

Non-Trading Financial Assets Measured at Fair Value through Profit or Loss
Non-trading financial assets measured at FVTPL include financial assets held within the held-for-sale and other business models, for example debt securities and loans managed on a fair value basis. Financial assets held within the held-to-collect or held-to-collect-and-sell business models that do not pass the SPPI test are also classified as non-trading financial assets measured at FVTPL. Changes in fair value as well as any gains or losses realized on disposal are recognized in income (loss) from non-trading financial instruments at FVTPL. Interest income from debt instruments is included in interest income on an accrual basis.

Financial Assets Designated at Fair Value through Profit or Loss
Debt instruments in a held-to-collect or held-to-collect-and-sell business model can be designated at initial recognition as measured at FVTPL, provided the designation can eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring these financial assets on a different basis. The FVTPL designation is available only for those financial instruments for which a reliable estimate of fair value can be obtained. Once financial assets are designated at FVTPL, the designation is irrevocable. Changes in fair value as well as any gains or losses realized on disposal are recognized in income (loss) from financial instruments designated at FVTPL. Interest income from these financial assets is included in interest income on an accrual basis.

Customers' Liability under Acceptances
Acceptances represent a form of negotiable short-term debt issued by customers, which the Bank guarantees for a fee. Revenue is recognized on an accrual basis. The potential obligation of the Bank is reported as a liability under Acceptances on the Consolidated Balance Sheet. The Bank's recourse against the customer in the event of a call on any of these commitments is reported as an asset of the same amount.

Equity Instruments
Equity investments are required to be measured at FVTPL, except where the Bank has elected at initial recognition to irrevocably designate an equity investment, held for purposes other than trading, at FVOCI. If such an election is made, the fair value changes, including any associated foreign exchange gains or losses, are recognized in other comprehensive income and are not subsequently reclassified to net income, including upon disposal. Realized gains and losses are transferred directly to retained earnings upon disposal. Consequently, there is no review required for impairment. Dividends will normally be recognized in interest income unless the dividends represent a recovery of part of the cost of the investment. Gains and losses on trading and non-trading equity investments measured at FVTPL are included in trading income (loss) and income (loss) from non-trading financial instruments at FVTPL, respectively.

Classification and Measurement for Financial Liabilities
The Bank classifies its financial liabilities into the following categories:
- Held-for-trading;
- Designated at FVTPL; and
- Other liabilities.

Financial Liabilities Held-for-Trading
Financial liabilities are held within a trading portfolio if they have been incurred principally for the purpose of repurchasing in the near term, or form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Financial liabilities held-for-trading are primarily trading deposits, securitization liabilities at fair value, obligations related to securities sold short and certain obligations related to securities sold under repurchase agreements.

Trading portfolio liabilities 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 (loss). Transaction costs are expensed as incurred. Interest is recognized on an accrual basis and included in interest expense.

Financial Liabilities Designated at Fair Value through Profit or Loss
Certain financial liabilities may be designated at FVTPL at initial recognition. To be designated at FVTPL, financial liabilities must meet one of the following criteria: (1) the designation eliminates or significantly reduces a measurement or recognition inconsistency; (2) the financial liabilities or a group of financial assets and financial liabilities are managed, and its performance is evaluated, on a fair value basis in accordance with a documented risk management or investment strategy; or (3) the instrument contains one or more embedded derivatives unless a) the embedded derivative does not significantly modify the cash flows that otherwise would be required by the contract, or b) it is clear with little or no analysis that separation of the embedded derivative from the financial instrument is prohibited. In addition, the FVTPL designation is available only for those financial instruments for which a reliable estimate of fair value can be obtained. Once financial liabilities are designated at FVTPL, the designation is irrevocable.

Financial liabilities designated at FVTPL are carried at fair value on the Consolidated Balance Sheet, with changes in fair value as well as any gains or losses realized on disposal recognized in income (loss) from financial instruments designated at FVTPL, except for the amount of change in fair value attributable to changes in the Bank's own credit risk, which is presented in other comprehensive income. Amounts recognized in other comprehensive income are not subsequently reclassified to net income upon derecognition of the financial liability; instead, they are transferred directly to retained earnings.

Changes in fair value attributable to changes in the Bank's own credit risk are measured as the difference between: (i) the period-over-period change in the present value of the expected cash flows using an all-in discount curve reflecting both the interest rate benchmark curve and the Bank's own credit risk; and (ii) the period-over-period change in the present value of the same expected cash flows using a discount curve based solely on the interest rate benchmark curve.

For loan commitments and financial guarantee contracts that are designated at FVTPL, the full change in fair value of the liability is recognized in income (loss) from financial instruments designated at FVTPL.

Interest is recognized on an accrual basis in interest expense.

Other Financial Liabilities
Deposits
Deposits, other than deposits included in a trading portfolio and deposits designated at FVTPL, are accounted for at amortized cost. Accrued interest on deposits is included in Other liabilities on the Consolidated Balance Sheet. Interest, including capitalized transaction costs, is recognized on an accrual basis using EIRM as Interest expense on the Consolidated Statement of Income.

Subordinated Notes and Debentures
Subordinated notes and debentures are accounted for at amortized cost. Accrued interest on subordinated notes and debentures is included in Other liabilities on the Consolidated Balance Sheet. Interest, including capitalized transaction costs, is recognized on an accrual basis using EIRM as Interest expense on the Consolidated Statement of Income.

Reclassification of Financial Assets and Liabilities
Financial assets and financial liabilities are not reclassified subsequent to their initial recognition, except for financial assets for which the Bank changes its business model for managing financial assets. Such reclassifications of financial assets are expected to be rare in practice.

Impairment – Expected Credit Loss Model
The ECL model applies to financial assets, including loans and debt securities measured at amortized cost, loans and debt securities measured at FVOCI, loan commitments, and financial guarantees that are not measured at FVTPL.

The ECL model consists of three stages: Stage 1 – Twelve-month ECLs for performing financial assets, Stage 2 – Lifetime ECLs for financial assets that have experienced a significant increase in credit risk since initial recognition, and Stage 3 – Lifetime ECLs for financial assets that are credit-impaired. ECLs are the difference between all the contractual cash flows that are due to the Bank in accordance with the contract and all the cash flows the Bank expects to receive, discounted at the original EIR. If a significant increase in credit risk has occurred since initial recognition, impairment is measured as lifetime ECLs. Otherwise, impairment is measured as twelve-month ECLs which represent the portion of lifetime ECLs that are expected to occur based on default events that are possible within twelve months after the reporting date. If credit quality improves in a subsequent period such that the increase in credit risk since initial recognition is no longer considered significant, the loss allowance reverts to being measured based on twelve-month ECLs.

Significant Increase in Credit Risk
For retail exposures, significant increase in credit risk is assessed based on changes in the twelve-month probability of default (PD) since initial recognition, using a combination of individual and collective information that incorporates borrower and account specific attributes and relevant forward-looking macroeconomic variables.

For non-retail exposures, significant increase in credit risk is assessed based on changes in the internal risk rating (borrower risk ratings (BRR)) since initial recognition. Refer to the shaded areas of the “Managing Risk” section of the 2021 MD&A for further details on the Bank’s 21-point BRR scale to risk levels.

For both retail and non-retail exposures, delinquency backstop when contractual payments are more than 30 days past due is also used in assessing significant increase in credit risk.

The Bank defines default as delinquency of 90 days or more for most retail products and BRR 9 for non-retail exposures. Exposures are considered credit-impaired and migrate to Stage 3 when the definition of default is met or when there is objective evidence that there has been a deterioration of credit quality to the extent the Bank no longer has reasonable assurance as to the timely collection of the full amount of principal and interest.

When assessing whether there has been a significant increase in credit risk since initial recognition of a financial asset, the Bank considers all reasonable and supportable information that is available without undue cost or effort about past events, current conditions, and forecast of future economic conditions. Refer to Note 3 for additional details.

Measurement of Expected Credit Losses
ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument and consider reasonable and supportable information about past events, current conditions, and forecasts of future events and economic conditions that impact the Bank’s credit risk assessment. Expected life is the maximum contractual period the Bank is exposed to credit risk, including extension options for which the borrower has unilateral right to exercise. For certain financial instruments that include both a loan and an undrawn commitment, and the Bank’s contractual ability to demand repayment and cancel the undrawn commitment does not limit the Bank’s exposure to credit losses to the contractual notice period, ECLs are measured over the period the Bank is exposed to credit risk. For example, ECLs for credit cards are measured over the borrowers’ expected behavioural life, incorporating survivorship assumptions and borrower-specific attributes.

The Bank leverages its Advanced Internal Ratings-Based (AIRB) models used for regulatory capital purposes and incorporates adjustments where appropriate to calculate ECLs.

Forward-Looking Information and Expert Credit Judgment
Forward-looking information is considered when determining significant increase in credit risk and measuring ECLs. Forward-looking macroeconomic factors are incorporated in the risk parameters as relevant.

Qualitative factors that are not already considered in the quantitative models are incorporated by applying expert credit judgment in determining the final ECLs. Refer to Note 3 for additional details.

Modified Loans
In cases where a borrower experiences financial difficulties, the Bank may grant certain concessionary modifications to the terms and conditions of a loan. Modifications may include payment deferrals, extension of amortization periods, rate reductions, principal forgiveness, debt consolidation, forbearance and other modifications intended to minimize the economic loss and to avoid foreclosure or repossession of collateral. The Bank has policies in place to determine the appropriate remediation strategy based on the individual borrower.

If the Bank determines that a modification results in expiry of cash flows, the original asset is derecognized while a new asset is recognized based on the new contractual terms. Significant increase in credit risk is assessed relative to the risk of default on the date of modification.

If the Bank determines that a modification does not result in derecognition, significant increase in credit risk is assessed based on the risk of default at initial recognition of the original asset. Expected cash flows arising from the modified contractual terms are considered when calculating ECLs for the modified asset. For loans that were modified while having lifetime ECLs, the loans can revert to having twelve-month ECLs after a period of performance and improvement in the borrower’s financial condition.

Allowance for Loan Losses, Excluding Acquired Credit-Impaired Loans
The allowance for loan losses represents management’s calculation of probability-weighted ECLs in the lending portfolios, including any off-balance sheet exposures, at the balance sheet date. The allowance for loan losses for lending portfolios reported on the Consolidated Balance Sheet, which includes credit-related allowances for residential mortgages, consumer instalment and other personal, credit card, business and government loans, and customers’ liability under acceptances, is deducted from Loans on the Consolidated Balance Sheet. The allowance for loan losses for loans measured at FVOCI is presented on the Consolidated Statement of Changes in Equity. The allowance for loan losses for off-balance sheet instruments, which relates to certain guarantees, letters of credit, and undrawn lines of credit, is recognized in Other liabilities on the Consolidated Balance Sheet. Allowances for lending portfolios reported on the balance
sheet and off-balance sheet exposures are calculated using the same methodology. The allowance is increased by the provision for credit losses and decreased by write-offs net of recoveries and disposals. Each quarter, allowances are reassessed and adjusted based on any changes in management’s estimate of ECLs. Loan losses on impaired loans in Stage 3 continue to be recognized by means of an allowance for loan losses until a loan is written off.

A loan is written off against the related allowance for loan losses when there is no realistic prospect of recovery. Non-retail loans are generally written off when all reasonable collection efforts have been exhausted, such as when a loan is sold, when all security has been realized, or when all security has been resolved with the receiver or bankruptcy court. Non-real estate retail loans are generally written off when contractual payments are 180 days past due, or when a loan is sold. Real-estate secured retail loans are generally written off when the security is realized. The time period over which the Bank performs collection activities on the contractual amount outstanding of financial assets that are written off varies from one jurisdiction to another and generally spans between less than one year to five years.

Allowance for Credit Losses on Debt Securities

The allowance for credit losses on debt securities represents management's calculation of probability-weighted ECLs. Debt securities measured at amortized cost are presented net of the allowance for credit losses on the Consolidated Balance Sheet. The allowance for credit losses on debt securities measured at FVOCI are presented on the Consolidated Statement of Changes in Equity. The allowance for credit losses is increased by the provision for credit losses and decreased by write-offs net of recoveries and disposals. Each quarter, allowances are reassessed and adjusted based on any changes in management's estimate of ECLs.

Acquired Performing Loans

Acquired performing loans are initially measured at fair value, which considers incurred and expected future credit losses estimated at the acquisition date and also reflects adjustments based on the acquired loan's interest rate in comparison to current market rates. On acquisition, twelve-month ECLs are recognized on the acquired performing loans, resulting in the carrying amount being lower than fair value. Acquired performing loans are subsequently accounted for at amortized cost based on their contractual cash flows and any acquisition related discount or premium, including credit-related discounts, is considered to be an adjustment to the loan yield and is recognized in interest income using EIRM over the term of the loan, or the expected life of the loan for acquired performing loans with revolving terms.

Acquired Credit-Impaired Loans

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, with no ECLs recognized on acquisition. ACI loans are identified as impaired at acquisition based on specific risk characteristics of the loans, including past due status, performance history, and recent borrower credit scores. ACI loans are accounted for based on the present value of expected cash flows as opposed to their contractual cash flows. The Bank determines the fair value of these loans at the acquisition date by discounting expected cash flows at a discount rate that reflects factors a market participant would use when determining fair value, including management assumptions relating to default rates, loss severities, the amount and timing of prepayments, and other factors that are reflective of current market conditions. With respect to certain individually significant ACI loans, accounting is applied individually at the loan level. The remaining ACI loans are aggregated provided they are acquired in the same fiscal quarter and have common risk characteristics. Aggregated loans are accounted for as a single asset with aggregated cash flows and a single composite interest rate. Subsequent to acquisition, the Bank regularly reassesses and updates its cash flow estimates for changes to assumptions relating to default rates, loss severities, the amount and timing of prepayments, and other factors that are reflective of current market conditions. Probable decreases in expected cash flows trigger the recognition of additional impairment, which is measured based on the present value of the revised expected cash flows discounted at the loan's EIR as compared to the carrying value of the loan. The ECL in excess of the initial credit-related discount is recorded through the provision for credit losses. Interest income on ACI loans is calculated by multiplying the credit-adjusted EIR to the amortized cost of ACI loans.

SHARE CAPITAL AND OTHER EQUITY INSTRUMENTS

The Bank classifies financial instruments that it issues as either financial liabilities, equity instruments, or compound instruments.

Issued instruments that are mandatorily redeemable or convertible into a variable number of the Bank's common shares at the holder's option are classified as liabilities on the Consolidated Balance Sheet. Dividend or interest payments on these instruments are recognized in Interest expense on the Consolidated Statement of Income.

Issued instruments are classified as equity when there is no contractual obligation to transfer cash or other financial assets. Further, issued instruments that are not mandatorily redeemable or that are not convertible into a variable number of the Bank's common shares at the holder's option are classified as equity on the Consolidated Balance Sheet. Incremental costs directly attributable to the issue of equity instruments are included in equity as a deduction from the proceeds, net of tax. Dividends and distributions 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. The liability component is initially measured at fair value with any residual amount assigned to the equity component. Transaction costs are allocated proportionately to the liability and equity components.

Common shares, preferred shares, or other equity instruments issued and held by the Bank are classified as treasury instruments in equity, and the cost of these instruments is recorded as a reduction in equity. Upon the sale of treasury instruments, the difference between the sale proceeds and the cost of the instruments is recorded in or against contributed surplus.

GUARANTEES

The Bank issues guarantee contracts that require payments to be made to guaranteed parties based on: (1) changes in the underlying economic characteristics relating to an asset or liability of the guaranteed party; (2) failure of another party to perform under an obligating agreement; or (3) failure of another third party to pay its indebtedness when due. Guarantees 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 over-the-counter (OTC) credit derivative contracts designed to transfer the credit risk in an underlying financial instrument from one counterparty to another.

DERIVATIVES

Derivatives are instruments that derive their value from changes in underlying interest rates, foreign exchange rates, credit spreads, commodity prices, equities, or other financial or non-financial measures. Such instruments include interest rate, foreign exchange, equity, commodity, and credit derivative contracts. The Bank uses these instruments for trading and non-trading purposes. Derivatives are carried at their fair value on the Consolidated Balance Sheet.

Derivatives Held-for-Trading Purposes

The Bank enters into trading derivative contracts to meet the needs of its customers, to provide liquidity and market-making related activities, and in certain cases, to manage risks related to its trading portfolios. The realized and unrealized gains or losses on trading derivatives are recognized in trading income (loss).

Derivatives Held for Non-trading Purposes
Non-trading derivatives are primarily used to manage interest rate, foreign exchange, and other market risks of the Bank's traditional banking activities. When derivatives are held for non-trading purposes and when the transactions meet the hedge accounting requirements of IAS 39, *Financial Instruments: Recognition and Measurement* (IAS 39), they are presented as non-trading derivatives and receive hedge accounting treatment, as appropriate. Certain derivative instruments that are held for economic hedging purposes, and do not meet the hedge accounting requirements of IAS 39, are also presented as non-trading derivatives with the change in fair value of these derivatives recognized in non-interest income.

Hedging Relationships
Hedge Accounting
The Bank has an accounting policy choice to apply the hedge accounting requirements of IFRS 9 or IAS 39. The Bank has made the decision to continue applying the IAS 39 hedge accounting requirements and complies with the revised annual hedge accounting disclosures as required by the related amendments to IFRS 7, *Financial Instruments: Disclosures* (IFRS 7).

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 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, are recognized in Net interest income or Non-interest income, as applicable, on the Consolidated Statement of Income. On November 1, 2020, the Bank changed its accounting policy on a retrospective basis for the presentation of the excluded component in certain fair value hedge accounting relationships. Refer to Note 4 for further details.

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 forecast transaction (cash flow hedges); or (3) hedges of net investments in a foreign operation (net investment hedges).

Interest Rate Benchmark Reform
A hedging relationship is affected by IBOR reform if the reform gives rise to uncertainties about (a) the interest rate benchmark (contractually or non-contractually specified) designated as a hedged risk; and/or (b) the timing or the amount of interest rate benchmark-based cash flows of the hedged item or of the hedging instrument.

For such hedging relationships, the following temporary exceptions apply during the period of uncertainty:
- when assessing whether a forecast transaction is highly probable or expected to occur, it is assumed that the interest rate benchmark on which the hedged cash flows (contractually or non-contractually specified) are based is not altered as a result of IBOR reform;
- when assessing whether a hedge is expected to be highly effective, it is assumed that the interest rate benchmark on which the hedged cash flows and/or the hedged risk (contractually or non-contractually specified) are based, or the interest rate benchmark on which the cash flows of the hedging instrument are based, is not altered as a result of IBOR reform;
- a hedge is not required to be discontinued if the actual results of the hedge are outside of a range of 80–125 per cent as a result of IBOR reform;
- for a hedge of a non-contractually specified benchmark portion of interest rate risk, the requirement that the risk component is separately identifiable need only be met at the inception of the hedging relationship.

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 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 Net 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 Net interest income on the Consolidated Statement of Income based on a recalculated EIR over the remaining expected life of the hedged item, with amortization beginning no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the hedged risk. Where the hedged item has been derecognized, the basis adjustment is immediately released to Net interest income or Non-interest income, as applicable, on the Consolidated Statement of Income.

Cash Flow Hedges
The Bank is exposed to variability in future cash flows attributable to interest rate, foreign exchange rate, and equity price risks. The amounts and timing of future cash flows are projected for each hedged exposure on the basis of their contractual terms and other relevant factors, including estimates of prepayments and defaults.

The effective portion of the change in the fair value of the derivative that is designated and qualifies as a cash flow hedge is initially recognized in other comprehensive income. The change in fair value of the derivative relating to the ineffective portion is recognized immediately in non-interest income. Amounts in accumulated other comprehensive income (AOCI) are reclassified to Net interest income or Non-interest income, as applicable, on the Consolidated Statement of Income in the same period during which the hedged item affects income.

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 AOCI at that time remains in AOCI until the forecast transaction impacts the Consolidated Statement of Income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in AOCI 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 in non-interest income. Gains and losses in AOCI 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 financial liabilities or other host contracts. 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 measured at fair value with changes in fair value recognized in income, such as held-for-trading or designated at FVTPL. These embedded derivatives, which are bifurcated from the host contract, are recognized as Derivatives on the Consolidated Balance Sheet and measured at fair value with subsequent changes in fair value recognized in Non-interest income on the Consolidated Statement of Income.

TRANSLATION AND PRESENTATION OF FOREIGN CURRENCIES
The Bank's Consolidated Financial Statements are presented in Canadian dollars. Items included in the financial statements of each of the Bank's entities are measured using their functional currency, which is the currency of the primary economic environment in which they operate.

Monetary assets and liabilities denominated in a currency that differs from an entity's functional currency are translated into the functional currency of the entity at exchange rates prevailing at the balance sheet date. Non-monetary assets and liabilities are translated at historical exchange rates. Income and expenses are translated into an entity's functional currency at average exchange rates for the period. Translation gains and losses are included in non-interest income except for equity investments designated at FVOCI where unrealized translation gains and losses are recorded in other comprehensive income.

Foreign operations are those with a functional currency other than Canadian dollars. For the purpose of translation into the Bank's presentation currency, all assets and liabilities are first measured in the functional currency of the foreign operation and subsequently, translated at exchange rates prevailing at the balance sheet date. Income and expenses are translated at average exchange rates for the period. Unrealized translation gains and losses relating to these foreign operations, net of gains or losses arising from net investment hedges and applicable income taxes, are included in other comprehensive income. Translation gains and losses in AOCI are recognized on the Consolidated Statement of Income upon the disposal or partial disposal of the foreign operation. The investment balance of foreign entities accounted for by the equity method, including the Bank's investment in The Charles Schwab Corporation and TD Ameritrade, is translated into Canadian dollars using exchange rates prevailing at the balance sheet date with exchange gains or losses recognized in other comprehensive income.

OFFSETTING OF FINANCIAL INSTRUMENTS
Financial assets and liabilities are offset, with the net amount presented on the Consolidated Balance Sheet, only if the Bank currently has a legally enforceable right to set off the recognized amounts, and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. In all other situations, assets and liabilities are presented on a gross basis.

DETERMINATION OF FAIR VALUE
The fair value of a financial instrument on initial recognition is normally the transaction price, such as the fair value of the consideration given or received. The best evidence of fair value is quoted prices in active markets. When 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.

When financial assets and liabilities have offsetting market risks or credit risks, the Bank applies a measurement exception, as described in Note 5 under Portfolio Exception. The value determined from application of the portfolio exception must be allocated to the individual financial instruments within the group to arrive at the fair value of an individual financial instrument. Balance sheet offsetting presentation requirements, as described above under the *Offsetting of Financial Instruments* section of this Note, are then applied, if applicable.

Valuation adjustments reflect the Bank's assessment of factors that market participants would use in pricing the asset or liability. The Bank recognizes various types of valuation adjustments including, but not limited to, adjustments for bid-offer spreads, adjustments for the unobservability of inputs used in pricing models, and adjustments for assumptions about risk, such as the creditworthiness of either counterparty and market implied unsecured funding costs and benefits for OTC derivatives.

If there is a difference between the initial transaction price and the value based on a valuation technique, the difference is referred to as inception profit or loss. Inception profit or loss is recognized upon initial recognition of the instrument only if the fair value is based on observable inputs. When an instrument is measured using a valuation technique that utilizes significant non-observable inputs, it is initially valued at the transaction price, which is considered the best estimate of fair value. Subsequent to initial recognition, any difference between the transaction price and the value determined by the valuation technique at initial recognition is recognized as non-observable inputs become observable.

If the fair value of a financial asset measured at fair value becomes negative, it is recognized as a financial liability until either its fair value becomes positive, at which time it is recognized as a financial asset, or until it is extinguished.

DERECOGNITION OF FINANCIAL INSTRUMENTS
Financial Assets
The Bank derecognizes a financial asset when the contractual rights to that asset have expired. Derecognition may also be appropriate where the contractual right to receive future cash flows from the asset have been transferred, or where the Bank retains the rights to future cash flows from the asset, but assumes an obligation to pay those cash flows to a third party subject to certain criteria.

When the Bank transfers a financial asset, it is necessary to assess the extent to which the Bank has retained the risks and rewards of ownership of the transferred asset. If substantially all the risks and rewards of ownership of the financial asset have been retained, the Bank continues to recognize the financial asset and also recognizes a financial liability for the consideration received. Certain transaction costs incurred are also capitalized and amortized using EIRM. If substantially all the risks and rewards of ownership of the financial asset have been transferred, the Bank will derecognize the financial asset and recognize separately as assets or liabilities any rights and obligations created or retained in the transfer. The Bank determines whether substantially all the risks and rewards have been transferred by quantitatively comparing the variability in cash flows before and after the transfer. If the variability in cash flows does not change significantly as a result of the transfer, the Bank has retained substantially all of the risks and rewards of ownership.

If the Bank neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the Bank derecognizes the financial asset where it has relinquished control of the financial asset. The Bank is considered to have relinquished control of the financial asset where the transferee has the practical ability to sell the transferred financial asset. Where the Bank has retained control of the financial asset, it continues to recognize the financial asset to the extent of its continuing involvement in the financial asset. Under these circumstances, the Bank usually retains the rights to future cash flows relating to the asset through a residual interest and is exposed to some degree of risk associated with the financial asset.

The derecognition criteria are also applied to the transfer of part of an asset, rather than the asset as a whole, or to a group of similar financial assets in their entirety, when applicable. If transferring a part of an asset, it must be a specifically identified cash flow, a fully proportionate share of the asset, or a fully proportionate share of a specifically identified cash flow.

Securitization
Securitization is the process by which financial assets are transformed into securities. The Bank securitizes financial assets by transferring those financial assets to a third party and as part of the securitization, certain financial assets may be retained and may consist of an interest-only strip and, in some cases, a cash reserve account (collectively referred to as “retained interests”). If the transfer qualifies for derecognition, a gain or loss is recognized immediately in other income after the effects of hedges on the assets sold, if applicable. The amount of the gain or loss is calculated as the difference between the carrying amount of the asset transferred and the sum of any cash proceeds received, the fair value of any financial asset received or financial liability assumed, and any cumulative gain or loss allocated to the transferred asset that had been recognized in AOCI. To determine the value of the retained interest initially recorded, the previous carrying value of the transferred asset is allocated between the amount derecognized from the balance sheet and the retained interest recorded, in proportion to their relative fair values on the date of transfer. Subsequent to initial recognition, as market prices are generally not available for retained interests, fair value is determined by estimating the present value of future expected cash flows using management’s best estimates of key assumptions that market participants would use in determining fair value. Refer to Note 3 for assumptions used by management in determining the fair value of retained interests. Retained interest is classified as trading securities with subsequent changes in fair value recorded in trading income.

Where the Bank retains the servicing rights, the benefits of servicing are assessed against market expectations. When the benefits of servicing are more than adequate, a servicing asset is recognized. Similarly, when the benefits of servicing are less than adequate, a servicing liability is recognized. Servicing assets and servicing liabilities are initially recognized at fair value and subsequently carried at amortized cost.

Financial Liabilities
The Bank derecognizes a financial liability when the obligation under the liability is discharged, cancelled, or expires. If an existing financial liability is replaced by another financial liability from the same lender on substantially different terms or where the terms of the existing liability are substantially modified, the original liability is derecognized and a new liability is recognized with the difference in the respective carrying amounts recognized on the Consolidated Statement of Income.

Securities Purchased Under Reverse Repurchase Agreements, Securities Sold Under Repurchase Agreements, and Securities Borrowing and Lending
Securities purchased under reverse repurchase agreements involve the purchase of securities by the Bank under agreements to resell the securities at a future date. These agreements are treated as collateralized lending transactions whereby the Bank takes possession of the purchased securities, but does not acquire the risks and rewards of ownership. The Bank monitors the market value of the purchased securities relative to the amounts due under the reverse repurchase agreements, and when necessary, requires transfer of additional collateral. In the event of counterparty default, the agreements provide the Bank with the right to liquidate the collateral held and offset the proceeds against the amount owing from the counterparty.

Obligations related to securities sold under repurchase agreements involve the sale of securities by the Bank to counterparties under agreements to repurchase the securities at a future date. These agreements do not result in the risks and rewards of ownership being relinquished and are treated as collateralized borrowing transactions. The Bank monitors the market value of the securities sold relative to the amounts due under the repurchase agreements, and when necessary, transfers additional collateral and may require counterparties to return collateral pledged. Certain transactions that do not meet derecognition criteria are also included in obligations related to securities sold under repurchase agreements. Refer to Note 9 for further details.

Securities purchased under reverse repurchase agreements and obligations related to securities sold under repurchase agreements are initially recorded on the Consolidated Balance Sheet at the respective prices at which the securities were originally acquired or sold, plus accrued interest. Subsequently, the agreements are measured at amortized cost on the Consolidated Balance Sheet, plus accrued interest, except when they are held-for-trading or are designated at FVTPL.
Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements is determined using EIRM and is included in Interest income and Interest expense, respectively, on the Consolidated Statement of Income. Changes in fair value on reverse repurchase agreements and repurchase agreements that are held-for-trading or are designated at FVTPL are included in Trading income (loss) or in Income (loss) from financial instruments designated at FVTPL on the Consolidated Statement of Income.

In securities 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 Obligations related to securities sold under repurchase agreements on the Consolidated Balance Sheet. Where securities are received as collateral, the Bank does not record the collateral on the Consolidated Balance Sheet.

In securities borrowing transactions, the Bank borrows securities from a counterparty and pledges either cash or securities as collateral. If cash is pledged as collateral, the Bank records the transaction as Securities purchased under reverse repurchase agreements on the Consolidated Balance Sheet. Securities pledged as collateral remain on the Bank’s Consolidated Balance Sheet.

Where securities are pledged or received as collateral, security borrowing fees and security lending income are recorded in Non-interest income on the Consolidated Statement of Income over the term of the transaction. Where cash is pledged or received as collateral, interest received or incurred is included in Interest income and Interest expense, respectively, on the Consolidated Statement of Income.

Physical commodities purchased or sold with an agreement to sell or repurchase the physical commodities at a later date at a fixed price, are also included in securities purchased under reverse repurchase agreements and obligations related to securities sold under repurchase agreements, respectively, if the derecognition criteria are not met. These instruments are measured at fair value.

GOODWILL
Goodwill represents the excess purchase price paid over the net fair value of identifiable assets and liabilities acquired in a business combination. Goodwill is carried at its initial cost less accumulated impairment losses.

Goodwill is allocated to a cash-generating unit (CGU) or a group of CGUs that is expected to benefit from the synergies of the business combination, regardless of whether any assets acquired and liabilities assumed are assigned to the CGU or group of CGUs. A CGU is the smallest identifiable group of assets that generates cash flows largely independent of the cash inflows from other assets or groups of assets. Each CGU or group of CGUs, to which goodwill is allocated, represents the lowest level within the Bank at which the goodwill is monitored for internal management purposes and is not larger than an operating segment. If the composition of a CGU or group of CGUs to which goodwill has been allocated changes as a result of the sale of a business, restructuring or other changes, the goodwill is reallocated to the units affected using a relative value approach, unless the Bank can demonstrate that some other method better reflects the goodwill associated with the units affected.

Goodwill is assessed for impairment at least annually and when an event or change in circumstances indicates that the carrying amount may be impaired. When impairment indicators are present, the recoverable amount of the CGU or group of CGUs, which is the higher of its estimated fair value less costs of disposal and its value-in-use, is determined. If the carrying amount of the CGU or group of CGUs is higher than its recoverable amount, an impairment loss exists. The impairment loss is recognized on the Consolidated Statement of Income and cannot be reversed in future periods.

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

The Bank assesses its intangible assets for impairment on a quarterly basis. When impairment indicators are present, the recoverable amount of the asset, which is the higher of its estimated fair value less costs of disposal and its value-in-use, is determined. If the carrying amount of the asset is higher than its recoverable amount, the asset is written down to its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Bank estimates the recoverable amount of the CGU to which the asset belongs. If the CGU is not impaired, the useful life of the intangible asset is assessed with any changes applied on a prospective basis. 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 or losses on disposal are included in Non-interest income on the Consolidated Statement of Income.

The Bank adopted IFRS 16, *Leases* (IFRS 16), on November 1, 2019. Refer to the Leases section of this Note for further details.

The Bank records the obligation associated with the retirement of a long-lived asset at fair value in the period in which it is incurred and can be reasonably estimated, and records a corresponding increase to the carrying amount of the asset. The asset is depreciated on a straight-line basis over its remaining useful life while the liability is accreted to reflect the passage of time until the eventual settlement of the obligation.

Depreciation is recognized on a straight-line basis over the useful lives of the assets estimated by asset category, as follows:

Asset	Useful Life
Buildings	15 to 40 years
Computer equipment	2 to 8 years
Furniture and fixtures	3 to 15 years
Other equipment	5 to 15 years
Leasehold improvements	Lesser of the remaining lease term and the remaining useful life of the asset

The Bank assesses its depreciable assets for changes in useful life or impairment on a quarterly basis. Where an impairment indicator exists and the depreciable asset does not generate separate cash flows on a stand-alone basis, impairment is assessed based on the recoverable amount of the CGU to which the depreciable asset belongs. If the CGU is not impaired, the useful life of the depreciable asset is assessed with any changes applied on a prospective basis. Any 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 or 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 or disposal groups. Non-current assets or 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. Write-downs on premises related non-current assets and write-downs on equipment on initial classification as held-for-sale are included in the line items Occupancy, including depreciation and Equipment, including depreciation, respectively; both of which are included in Non-interest expenses on the Consolidated Statement of Income. Subsequently, a non-current asset or disposal group that is held-for-sale 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 on the Consolidated Balance Sheet. Compensation expense is recognized based on the fair value of the share units at the grant date adjusted for changes in fair value between the grant date and the vesting date, net of hedging activities, over the service period required for employees to become fully entitled to the awards. This period is generally equal to the vesting period, in addition to a period prior to the grant date. For the Bank's share units, this period is generally equal to four years.

EMPLOYEE BENEFITS

Defined Benefit Plans

Actuarial valuations are prepared at least every three years to determine the present value of the projected benefit obligation related to the Bank's defined 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 post-retirement defined benefit plan expenses are determined based upon separate actuarial valuations using the projected benefit method pro-rated on service and management's best estimates of discount rate, compensation increases, health care cost trend rate, and mortality rates, which are reviewed annually with the Bank's actuaries. The discount rate used to value liabilities is determined by reference to market yields on high-quality corporate bonds with terms matching the plans' specific cash flows. The expense recognized includes the cost of benefits for employee service provided in the current year, net interest expense or income on the net defined benefit liability or asset, past service costs related to plan amendments, curtailments or settlements, and administrative costs. Plan amendment costs are recognized in the period of a plan amendment, irrespective of its vested status. Curtailments and settlements are recognized by the Bank when the curtailment or settlement occurs. A curtailment occurs when there is a significant reduction in the number of employees covered by the plan. A settlement occurs when the Bank enters into a transaction that eliminates all further legal or constructive obligation for part or all of the benefits provided under a defined benefit plan.

The fair value of plan assets and the present value of the projected benefit obligation are measured as at October 31. The net defined benefit asset or liability represents the difference between the cumulative actuarial gains and losses, expenses, and recognized contributions and is reported in other assets or other liabilities.

Net defined benefit assets recognized by the Bank are subject to a ceiling which limits the asset recognized on the Consolidated Balance Sheet to the amount that is recoverable through refunds of contributions or future contribution holidays. In addition, where a regulatory funding deficit exists related to a defined benefit plan, the Bank is required to record a liability equal to the present value of all future cash payments required to eliminate that deficit.

Defined Contribution Plans

For defined contribution plans, annual pension expense is equal to the Bank's contributions to those plans.

INSURANCE

Premiums for short-duration insurance contracts are deferred as unearned premiums and reported in Non-interest income on the Consolidated Statement of Income on a straight-line basis over the contractual term of the underlying policies, usually twelve months. Such premiums are recognized net of amounts ceded for reinsurance and apply primarily to property and casualty contracts. Unearned premiums are reported in insurance-related liabilities, gross of premiums ceded to reinsurers which are recognized in other assets. Premiums from life and health insurance policies are recognized as income when earned in insurance revenue.

For property and casualty insurance, insurance claims and policy benefit liabilities represent current claims and estimates for future claims related to insurable events occurring at or before the Consolidated Balance Sheet date. These are determined by the appointed actuary in accordance with accepted actuarial practices and are reported as other liabilities. Expected claims and policy benefit liabilities are determined on a case-by-case basis and consider such variables as past loss experience, current claims trends and changes in the prevailing social, economic, and legal environment. These liabilities are continually reviewed, and as experience develops and new information becomes known, the liabilities are adjusted as necessary. In addition to reported claims information, the liabilities recognized by the Bank include a provision to account for the future development of insurance claims, including insurance claims incurred but not reported by policyholders (IBNR). IBNR liabilities are evaluated based on historical development trends and actuarial methodologies for groups of claims with similar attributes. For life and health insurance, actuarial liabilities represent the present values of future policy cash flows as determined using standard actuarial valuation practices. Actuarial liabilities are reported in insurance-related liabilities with changes reported in insurance claims and related expenses.

PROVISIONS

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of a past event, the amount of which can be reliably estimated, and it is probable that an outflow of resources will be required to settle the obligation.

Provisions are measured based on management's best estimate of the consideration required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. If the effect of the time value of money is material, provisions are measured at the present value of the expenditure expected to be required to settle the obligation, using a discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation.

INCOME TAXES

Income tax is comprised of current and deferred tax. Income tax is recognized in the Provision for (recovery of) income taxes 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 in provision for (recovery of) income taxes in the period in which management determines they are no longer required or as determined by statute.

LEASES

An arrangement contains a lease if there is an identified asset and the Bank has a right to control that asset for a period of time in exchange for consideration. A right-of-use (ROU) asset and lease liability is recognized for all leases except for short term leases and low value leases, as described below. At the lease commencement date, the lease liability is initially recognized at the present value of the future lease payments over the remaining lease term and is discounted using the Bank's incremental borrowing rate. The ROU asset is recognized at cost, comprising an amount equal to the lease liability, subject to certain adjustments. Subsequently, the ROU asset is measured at cost less accumulated depreciation and impairment and adjusted for any remeasurement of lease liabilities, while the lease liability is accreted using the Bank's incremental borrowing rate. The lease liability is remeasured when there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or changes in the Bank's assumptions or strategies relating to the exercise of purchase, extension, or termination options.

The Bank's leases consist primarily of real estate, equipment and other asset leases. ROU assets are recorded in Land, Buildings, Equipment, and Other depreciable assets, and lease liabilities are included in Other liabilities on the Consolidated Balance Sheet. Interest expense on lease liabilities is included in Net interest income and depreciation expense on the ROU assets is recognized in Non-interest expense on the Consolidated Statement of Income.

Short-term leases, which have a lease term of twelve months or less, and leases of low-value assets are exempt, and their payments are recognized in Non-interest expense on a straight-line basis within the Bank's Consolidated Statement of Income.

NOTE 3: SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

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

CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS

Business Model Assessment
The Bank determines its business models based on the objective under which its portfolios of financial assets are managed. Refer to Note 2 for details on the Bank's business models. In determining its business models, the Bank considers the following:
- Management's intent and strategic objectives and the operation of the stated policies in practice;
- The primary risks that affect the performance of the business model and how these risks are managed;
- How the performance of the portfolio is evaluated and reported to management; and
- The frequency and significance of financial asset sales in prior periods, the reasons for such sales and the expected future sales activities.

Sales in themselves do not determine the business model and are not considered in isolation. Instead, sales provide evidence about how cash flows are realized. A held-to-collect business model will be reassessed by the Bank to determine whether any sales are consistent with an objective of collecting contractual cash flows if the sales are more than insignificant in value or more than infrequent.

Solely Payments of Principal and Interest Test
In assessing whether contractual cash flows represent SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that they would not be consistent with a basic lending arrangement. In making the assessment, the Bank considers the primary terms as follows and assesses if the contractual cash flows of the instruments continue to meet the SPPI test:
- Performance-linked features;
- Terms that limit the Bank's claim to cash flows from specified assets (non-recourse terms);
- Prepayment and extension terms;
- Leverage features; and
- Features that modify elements of the time value of money.

IMPAIRMENT OF FINANCIAL ASSETS

Significant Increase in Credit Risk
For retail exposures, criteria for assessing significant increase in credit risk are defined at the appropriate product or portfolio level and vary based on the exposure's credit risk at origination. The criteria include relative changes in PD, absolute PD backstop, and delinquency backstop when contractual payments are more than 30 days past due. Significant increase in credit risk since initial recognition has occurred when one of the criteria is met.

For non-retail exposures, BRR is determined on an individual borrower basis using industry and sector specific credit risk models that are based on historical data. Current and forward-looking information that is specific to the borrower, industry, and sector is considered based on expert credit judgment. Criteria for assessing significant increase in credit risk are defined at the appropriate segmentation level and vary based on the BRR of the exposure at origination. Criteria include relative changes in BRR, absolute BRR backstop, and delinquency backstop when contractual payments are more than 30 days past due. Significant increase in credit risk since initial recognition has occurred when one of the criteria is met. Refer to the *Impact of COVID-19* section of this Note for considerations as a result of COVID-19.

Measurement of Expected Credit Loss
For retail exposures, ECLs are calculated as the product of PD, loss given default (LGD), and exposure at default (EAD) at each time step over the remaining expected life of the financial asset and discounted to the reporting date based on the EIR. PD estimates represent the forward-looking PD, updated quarterly based on the Bank's historical experience, current conditions, and relevant forward-looking expectations over the expected life of the exposure to determine the lifetime PD curve. LGD estimates are determined based on historical charge-off events and recovery payments, current information about attributes specific to the borrower, and direct costs. Expected cash flows from collateral, guarantees, and other credit enhancements are incorporated in LGD if integral to the contractual terms. Relevant macroeconomic variables are incorporated in determining expected LGD. EAD represents the expected balance at default across the remaining expected life of the exposure. EAD incorporates forward-looking expectations about repayments of drawn balances and future draws where applicable.

For non-retail exposures, ECLs are calculated based on the present value of cash shortfalls determined as the difference between contractual cash flows and expected cash flows over the remaining expected life of the financial instrument. Lifetime PD is determined by mapping the exposure's BRR to forward-looking PD over the expected life. LGD estimates are determined by mapping the exposure's facility risk rating (FRR) to expected LGD which takes into account facility-specific characteristics such as collateral, seniority ranking of debt, and loan structure. Relevant macroeconomic variables are incorporated in determining expected PD and LGD. Expected cash flows are determined by applying the expected LGD to the contractual cash flows to calculate cash shortfalls over the expected life of the exposure.

Forward-Looking Information
In calculating ECLs, the Bank employs internally developed models that utilize parameters for PD, LGD, and EAD. Forward-looking macroeconomic factors including at the regional level are incorporated in the risk parameters as relevant. Additional risk factors that are industry or segment specific are also incorporated, where relevant. Forward-looking macroeconomic forecasts are generated by TD Economics as part of the ECL process: A base economic forecast is accompanied with upside and downside estimates of realistically possible economic conditions by considering the sources of uncertainty around the base forecast. All macroeconomic forecasts are updated quarterly for each variable on a regional basis where applicable and incorporated as relevant into the quarterly modelling of base, upside and downside risk parameters used in the calculation of ECL scenarios and probability-weighted ECLs. TD Economics will apply judgment to recommend probability weights to each forecast on a quarterly basis. The proposed macroeconomic forecasts and probability weightings are subject to robust management review and challenge process by a cross-functional committee that includes representation from TD Economics, Risk, Finance, and Business. ECLs calculated under each of the three forecasts are applied against the respective probability weightings to determine the probability-weighted ECLs. Refer to the *Impact of COVID-19* section of this Note for considerations as a result of COVID-19 and Note 8 for further details on the macroeconomic variables and ECL sensitivity.

Expert Credit Judgment
ECLs are recognized on the initial recognition of financial assets. Allowance for credit losses represents management's best estimate of the risk of default and ECLs on the financial assets, including any off-balance sheet exposures, at the balance sheet date. Management exercises expert credit judgment in assessing if an exposure has experienced significant increase in credit risk since initial recognition and in determining the amount of ECLs at each reporting date by considering reasonable and supportable information that is not already included in the quantitative models. Refer to the *Impact of COVID-19* section of this Note for considerations as a result of COVID-19.

Management's judgment is used to determine the point within the range that is the best estimate for the qualitative component contributing to ECLs, based on an assessment of business and economic conditions, historical loss experience, loan portfolio composition, and other relevant indicators and forward-looking information that are not fully incorporated into the model calculation. Changes in these assumptions would have a direct impact on the provision for credit losses and may result in a change in the allowance for credit losses.

Impact of COVID-19
The Bank introduced relief programs in 2020 that allowed borrowers to temporarily defer payments of principal and/or interest on their loans and supported various government assistance programs which reduced the Bank's exposure to expected losses. Under these relief programs and notwithstanding any other changes in credit risk, opting into a payment deferral program did not in and of itself trigger a significant increase in credit risk since initial recognition (which would result in stage migration) and did not result in additional days past due. The majority of these relief programs have now ended.

As a result of COVID-19, there is a higher degree of uncertainty in determining reasonable and supportable forward-looking information. Management exercises expert credit judgment in assessing if an exposure has experienced significant increase in credit risk since initial recognition and in determining the amount of ECLs at each reporting date, by considering reasonable and supportable information that is not already included in the quantitative models. The current environment is subject to rapid change and to the extent that certain effects of COVID-19 are not fully incorporated into the model calculations, increased temporary quantitative and qualitative adjustments have been applied. This includes borrower credit scores, industry and geography specific COVID-19 impacts, payment support initiatives introduced by the Bank and governments, and the persistence of the economic shutdown, the effects of which are not yet fully reflected in the quantitative models. The Bank has performed certain additional qualitative portfolio and loan level assessments of significant increase in credit risk.

LEASES
The Bank applies judgment in determining the appropriate lease term on a lease-by-lease basis. All facts and circumstances that create an economic incentive to exercise a renewal option or not to exercise a termination option including investments in major leaseholds, branch performance and past business practice are considered. The periods covered by renewal or termination options are only included in the lease term if it is reasonably certain that the Bank will exercise the options; management considers "reasonably certain" to be a high threshold. Changes in the economic environment or changes in the industry may impact the Bank's assessment of lease term, and any changes in the Bank's estimate of lease terms may have a material impact on the Bank's Consolidated Balance Sheet and Consolidated Statement of Income.

In determining the carrying amount of ROU assets and lease liabilities, the Bank is required to estimate the incremental borrowing rate specific to each leased asset or portfolio of leased assets if the interest rate implicit in the lease is not readily determinable. The Bank determines the incremental borrowing rate of each leased asset or portfolio of leased assets by incorporating the Bank's creditworthiness, the security, term, and value of the ROU asset, and the economic environment in which the leased asset operates. The incremental borrowing rates are subject to change mainly due to changes in the macroeconomic environment.

FAIR VALUE MEASUREMENTS
The fair value of financial instruments traded in active markets at the balance sheet date is based on their quoted market prices. For all other financial instruments not traded in an active market, fair value may be based on other observable current market transactions involving the same or similar instruments, 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. The judgments include determining which valuation techniques to apply, liquidity considerations, and model inputs such as volatilities, correlations, spreads, discount rates, pre-payment rates, and prices of underlying instruments. Any imprecision in these estimates can affect the resulting fair value.

Judgment is also used in recording valuation adjustments to model fair values to account for system limitations or measurement uncertainty, such as when valuing complex and less actively traded financial instruments. If the market for a complex financial instrument develops, the pricing for this instrument may become more transparent, resulting in refinement of valuation models. For example, IBOR reform may also have an impact on the fair value of products that reference or use valuation models with IBOR inputs.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 5.

DERECOGNITION OF FINANCIAL INSTRUMENTS

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 assets 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 AOCI. 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, ECLs, the cost of servicing the assets, and the rate at which to discount these expected future cash flows. Actual cash flows may differ significantly from those estimated by the Bank. Retained interests are classified as trading securities and are initially recognized at relative fair value on the Bank's Consolidated Balance Sheet. Subsequently, the fair value of retained interests recognized by the Bank is determined by estimating the present value of future expected cash flows. Differences between the actual cash flows and the Bank's estimate of future cash flows are recognized in trading income. These assumptions are subject to periodic review and may change due to significant changes in the economic environment.

GOODWILL AND OTHER INTANGIBLES

The recoverable amount of the Bank's CGUs is determined from internally developed valuation models that consider various factors and assumptions such as forecasted earnings, growth rates, discount rates, and terminal growth rates. Management is required to use judgment in estimating the recoverable amount of CGUs, and the use of different assumptions and estimates in the calculations could influence the determination of the existence of impairment and the valuation of goodwill. Management believes that the assumptions and estimates used are reasonable and supportable. Where possible, assumptions generated internally are compared to relevant market information. The carrying amounts of the Bank's CGUs are determined by management using risk-based capital models to adjust net assets and liabilities by CGU. These models consider various factors including market risk, credit risk, and operational risk, including investment capital (comprised of goodwill and other intangibles). Any capital not directly attributable to the CGUs is held within the Corporate segment. The Bank's capital oversight committees provide oversight to the Bank's capital allocation methodologies.

EMPLOYEE BENEFITS

The projected benefit obligation and expense related to the Bank's pension and post-retirement defined benefit plans are determined using multiple assumptions that may significantly influence the value of these amounts. Actuarial assumptions including discount rates, compensation increases, health care cost trend rates, and mortality rates are management's best estimates and are reviewed annually with the Bank's actuaries. The Bank develops each assumption using relevant historical experience of the Bank in conjunction with market-related data and considers if the market-related data indicates there is any prolonged or significant impact on the assumptions. The discount rate used to value the projected benefit obligation is determined by reference to market yields on high-quality corporate bonds with terms matching the plans' specific cash flows. The other assumptions are also long-term estimates. All assumptions are subject to a degree of uncertainty. Differences between actual experiences and the assumptions, as well as changes in the assumptions resulting from changes in future expectations, result in actuarial gains and losses which are recognized in other comprehensive income during the year and also impact expenses in future periods.

INCOME TAXES

The Bank is subject to taxation in numerous jurisdictions. There are many transactions and calculations in the ordinary course of business for which the ultimate tax determination is uncertain. The Bank maintains provisions for uncertain tax positions that it believes appropriately reflect the risk of tax positions under discussion, audit, dispute, or appeal with tax authorities, or which are otherwise considered to involve uncertainty. These provisions are made using the Bank's best estimate of the amount expected to be paid based on an assessment of all relevant factors, which are reviewed at the end of each reporting period. However, it is possible that at some future date, an additional liability could result from audits by the relevant taxing authorities.

Deferred tax assets are recognized only when it is probable that sufficient taxable profit will be available in future periods against which deductible temporary differences may be utilized. The amount of the deferred tax asset recognized and considered realizable could, however, be reduced if projected income is not achieved due to various factors, such as unfavourable business conditions. If projected income is not expected to be achieved, the Bank would decrease its deferred tax assets to the amount that it believes can be realized. The magnitude of the decrease is significantly influenced by the Bank's forecast of future profit generation, which determines the extent to which it will be able to utilize the deferred tax assets.

PROVISIONS

Provisions arise when there is some uncertainty in the timing or amount of a loss in the future. Provisions are based on the Bank's best estimate of all expenditures required to settle its present obligations, considering all relevant risks and uncertainties, as well as, when material, the effect of the time value of money.

Many of the Bank's provisions relate to various legal actions that the Bank is involved in during the ordinary course of business. Legal provisions require the involvement of both the Bank's management and legal counsel when assessing the probability of a loss and estimating any monetary impact. Throughout the life of a provision, the Bank's management or legal counsel may learn of additional information that may impact its assessments about the probability of loss or about the estimates of amounts involved. Changes in these assessments may lead to changes in the amount recorded for provisions. In addition, the actual costs of resolving these claims may be substantially higher or lower than the amounts recognized. The Bank reviews its legal provisions on a case-by-case basis after considering, among other factors, the progress of each case, the Bank's experience, the experience of others in similar cases, and the opinions and views of legal counsel.

Certain of the Bank's provisions relate to restructuring initiatives initiated by the Bank. Restructuring provisions require management's best estimate, including forecasts of economic conditions. Throughout the life of a provision, the Bank may become aware of additional information that may impact the assessment of amounts to be incurred. Changes in these assessments may lead to changes in the amount recorded for provisions.

INSURANCE

The assumptions used in establishing the Bank's insurance claims and policy benefit liabilities are based on best estimates of possible outcomes.

For property and casualty insurance, the ultimate cost of claims liabilities is estimated using a range of standard actuarial claims projection techniques in accordance with Canadian accepted actuarial practices. Additional qualitative judgment is used to assess the extent to which past trends may or may not apply in the future, in order to arrive at the estimated ultimate claims cost that present the most likely outcome taking into account all the uncertainties involved.

For life and health insurance, actuarial liabilities consider all future policy cash flows, including premiums, claims, and expenses required to administer the policies. Critical assumptions used in the measurement of life and health insurance contract liabilities are determined by the appointed actuary.

Further information on insurance risk assumptions is provided in Note 22.

CONSOLIDATION OF STRUCTURED ENTITIES
Management judgment is required when assessing whether the Bank should consolidate an entity. For instance, it may not be feasible to determine if the Bank controls an entity solely through an assessment of voting rights for certain structured entities. In this case, judgment is required to establish whether the Bank has decision-making power over the key relevant activities of the entity and whether the Bank has the ability to use that power to absorb significant variable returns from the entity. If it is determined that the Bank has both decision-making power and significant variable returns from the entity, judgment is also used to determine whether any such power is exercised by the Bank as principal, on its own behalf, or as agent, on behalf of another counterparty.

Assessing whether the Bank has decision-making power includes understanding the purpose and design of the entity in order to determine its key economic activities. In this context, an entity's key economic activities are those which predominantly impact the economic performance of the entity. When the Bank has the current ability to direct the entity's key economic activities, it is considered to have decision-making power over the entity.

The Bank also evaluates its exposure to the variable returns of a structured entity in order to determine if it absorbs a significant proportion of the variable returns the entity is designed to create. As part of this evaluation, the Bank considers the purpose and design of the entity in order to determine whether it absorbs variable returns from the structured entity through its contractual holdings, which may take the form of securities issued by the entity, derivatives with the entity, or other arrangements such as guarantees, liquidity facilities, or lending commitments.

If the Bank has decision-making power over the entity and absorbs significant variable returns from the entity, it then determines if it is acting as principal or agent when exercising its decision-making power. Key factors considered include the scope of its decision-making powers; the rights of other parties involved with the entity, including any rights to remove the Bank as decision-maker or rights to participate in key decisions; whether the rights of other parties are exercisable in practice; and the variable returns absorbed by the Bank and by other parties involved with the entity. When assessing consolidation, a presumption exists that the Bank exercises decision-making power as principal if it is also exposed to significant variable returns, unless an analysis of the factors above indicates otherwise.

The decisions above are made with reference to the specific facts and circumstances relevant for the structured entity and related transaction(s) under consideration.

REVENUE FROM CONTRACTS WITH CUSTOMERS
The Bank applies judgment to determine the timing of satisfaction of performance obligations which affects the timing of revenue recognition, by evaluating the pattern in which the Bank transfers control of services promised to the customer. A performance obligation is satisfied over time when the customer simultaneously receives and consumes the benefits as the Bank performs the service. For performance obligations satisfied over time, revenue is generally recognized using the time-elapsed method which is based on time elapsed in proportion to the period over which the service is provided, for example, personal deposit account bundle fees. The time-elapsed method is a faithful depiction of the transfer of control for these services as control is transferred evenly to the customer when the Bank provides a stand-ready service or effort is expended evenly by the Bank to provide a service over the contract period. In contracts where the Bank has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Bank's performance completed to date, the Bank recognizes revenue in the amount to which it has a right to invoice.

The Bank satisfies a performance obligation at a point in time if the customer obtains control of the promised services at that date. Determining when control is transferred requires the use of judgment. For transaction-based services, the Bank determines that control is transferred to the customer at a point in time when the customer obtains substantially all of the benefits from the service rendered and the Bank has a present right to payment, which generally coincides with the moment the transaction is executed.

The Bank exercises judgment in determining whether costs incurred in connection with acquiring new revenue contracts would meet the requirement to be capitalized as incremental costs to obtain or fulfil a contract with customers.

NOTE 4: CURRENT AND FUTURE CHANGES IN ACCOUNTING POLICIES

CURRENT CHANGES IN ACCOUNTING POLICY
The following new standards and changes in accounting policies have been adopted by the Bank on November 1, 2020.

Interest Rate Benchmark Reform Phase 2
On August 27, 2020, the IASB issued *Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16* (Interest Rate Benchmark Reform Phase 2). The amendments are effective for annual periods beginning on or after January 1, 2021, with early adoption permitted. The Bank early adopted these amendments on November 1, 2020 and no transition adjustment was required.

Interest Rate Benchmark Reform Phase 2 addresses issues affecting financial reporting when changes are made to contractual cash flows of financial instruments or hedging relationships as a result of IBOR reform. The amendments permit modification to financial assets, financial liabilities and lessee lease liabilities required as a direct consequence of IBOR reform and made on an economically equivalent basis to be accounted for by updating the EIR prospectively. If the modification does not meet the practical expedient requirements, existing IFRS requirements are applied. Reliefs are also provided for an entity's hedge accounting relationships in circumstances where changes to hedged items and hedging instruments arise as a result of IBOR reform. The amendments enable entities to amend the formal designation and documentation of a hedging relationship to reflect these changes without discontinuing the hedging relationship or designating a new hedging relationship. Permitted changes include redefining the hedged risk to reference an ARR (contractually or non-contractually specified), amending the description of the hedged item and hedging instrument to reflect the ARR, and amending the description of how the entity will assess hedge effectiveness. Hedging relationships within the scope of Interest Rate Benchmark Reform Phase 2 are the same as those within the scope of Interest Rate Benchmark Reform Phase 1. Interest Rate Benchmark Reform Phase 2 also amended IFRS 7, introducing expanded qualitative and quantitative disclosures about the risks arising from IBOR reform, how an entity is managing those risks, its progress in completing the transition to ARRs, and how it is managing the transition.

The global benchmark rate reform initiative to transition from IBORs to ARRs may result in market dislocation and have other adverse consequences to the Bank, its customers, market participants, and the financial services industry. Market risks arise because the new reference rates are likely to differ from the existing benchmark rates which could result in different financial performance for previously booked transactions, require alternative hedging strategies, or affect the Bank's capital and liquidity planning and management. In order to manage these risks, the Bank has established an enterprise-wide, cross functional initiative with senior management and Board oversight to evaluate and monitor the impact of the market, financial, operational, legal, technology and other risks on its products, services, systems, models, documents, processes, and risk management frameworks with the intention of managing the impact through appropriate mitigating actions.

The Bank is progressing on its transition plan and continues to monitor industry and regulatory developments while incorporating global working group and regulator best practice guidance on transition activities. Details related to certain market developments are noted below:

- To help support the transition of legacy derivative contracts, the Bank's registered swap dealer and four additional Bank affiliates have adhered to the International Swaps and Derivatives Association IBOR Fallbacks Protocol (ISDA Protocol). The ISDA Protocol, which took effect on January 25, 2021, provides an efficient transition mechanism for mutually adhering counterparties to incorporate prescribed fallback rates into legacy derivative contracts.
- London Clearing House and the Chicago Mercantile Exchange (CME) Group have established a process with market participants to convert outstanding London Inter-Bank Offered Rate (LIBOR) swaps into corresponding market standard ARR-based contracts.
- In July 2021, the Alternative Reference Rates Committee formally recommended CME Group's forward-looking Secured Overnight Financing Rate (SOFR) term rates, following completion of a key change in interdealer trading conventions on July 26, 2021 under the SOFR First initiative.

In March 2021, the ICE Benchmark Administration (IBA) announced that the publication of LIBOR settings will cease immediately after December 31, 2021 for all sterling, Japanese yen, Swiss franc, and euro settings as well as the 1-week and 2-month US LIBOR settings. The remaining US LIBOR settings will cease to be published immediately after June 30, 2023. In September 2021, the U.K. Financial Conduct Authority (FCA) confirmed that they will require the IBA to publish certain settings of sterling and Japanese yen LIBOR on a non-representative synthetic basis after December 31, 2021 to support an orderly wind down of legacy exposures in the marketplace. To support the global regulatory objective to transition away from LIBOR benchmarks, global regulators have issued guidance and policy statements to supervised institutions restricting the use of US LIBOR as a reference rate in new contracts written after December 31, 2021, subject to limited exceptions.

The following table discloses the Bank's exposures to significant interest rate benchmarks subject to IBOR reform that have yet to transition to an ARR and will be maturing after June 30, 2023 for certain US LIBOR settings and after December 31, 2021 for other IBORs subject to transition. This also includes exposures to interest rate benchmarks subject to IBOR reform that are not required to transition to an ARR.

Exposures to Interest Rate Benchmarks Subject to IBOR Reform[1,2,3]

(millions of Canadian dollars)						*As at October 31, 2021*
	Non-derivative financial assets[4]	**Non-derivative financial liabilities**			**Derivatives**	**Off-balance sheet commitments[5]**
	Carrying amount	**Carrying amount**	**Notional**	**Positive fair value**	**Negative fair value**	**Contractual amount**
US LIBOR tenors ceasing 12/31/2021	**$ 1,496**	**$ –**	**$ 172**	**$ 1**	**$ 16**	**$ –**
US LIBOR tenors ceasing 06/30/2023	**102,219**	**519**	**3,242,624**	**1,486**	**2,327**	**89,407**
GBP LIBOR	**748**	**–**	**254,009**	**10**	**2**	**1,870**
Other IBORs[6]	**328**	**–**	**241,485**	**301**	**176**	**–**
	104,791	**519**	**3,738,290**	**1,798**	**2,521**	**91,277**
Cross-currency swaps[7]						
US LIBOR / other rates[8]	**n/a**	**n/a**	**447,821**	**7,148**	**7,488**	**n/a**
US LIBOR / GBP LIBOR	**n/a**	**n/a**	**122,832**	**438**	**408**	**n/a**
US LIBOR / JPY LIBOR	**n/a**	**n/a**	**34,335**	**486**	**525**	**n/a**
Other IBORs[6]	**n/a**	**n/a**	**37,277**	**1,072**	**890**	**n/a**
	n/a	**n/a**	**642,265**	**9,144**	**9,311**	**n/a**
Total	**$ 104,791**	**$ 519**	**$ 4,380,555**	**$ 10,942**	**$ 11,832**	**$ 91,277**

1 ARRs for major interest rate benchmarks include SOFR (Secured Overnight Financing Rate) for US LIBOR, SONIA (Sterling Overnight Index Average) for GBP LIBOR, and TONAR (Tokyo Overnight Average Rate) for JPY LIBOR.

2 EURIBOR (Euro Interbank Offered Rate) is excluded from the table as it underwent a methodology change in 2019 and will continue as an interest rate benchmark. As at October 31, 2021, the notional amount of derivatives indexed to EURIBOR was $1,811 billion, and the carrying amounts of non-derivative financial assets and non-derivative financial liabilities indexed to EURIBOR were $618 million and $19 million, respectively.

3 Certain demand facilities indexed to US LIBOR have no specific maturity and are therefore excluded from the table. As at October 31, 2021, the carrying amounts of demand loans and demand deposits indexed to US LIBOR with no specific maturity were $2 billion and $2 billion, respectively.

4 Loans reported under non-derivative financial assets represent the drawn amounts and exclude allowance for loan losses. As at October 31, 2021, the carrying amount of non-derivative financial assets indexed to US LIBOR tenors ceasing after June 30, 2023 was $102 billion, of which $60 billion relates to Loans, $37 billion relates to Debt securities at amortized cost, and $5 billion relates to Financial assets at FVOCI.

5 Many of the Bank's corporate loan facilities permit the borrower to select the benchmark interest rate upon drawing on the facility. Based on the Bank's historical experience, the benchmark interest rate selected by the borrower is often the same as the facility currency and therefore the Bank has assumed that the benchmark interest rate for its undrawn credit and liquidity commitments is the same as the facility currency for the purpose of this disclosure.

6 "Other IBORs" include the following interest rate benchmarks that are subject to IBOR reform: EUR LIBOR, CHF LIBOR, JPY LIBOR, EUR EONIA (Euro Overnight Index Average), NOK NIBOR (Norwegian Interbank Offered Rate), SGD SOR (Singapore Dollar Swap Offer Rate), HKD HIBOR (Hong Kong Interbank Offered Rate), ZAR JIBAR (Johannesburg Interbank Average Rate), SEK STIBOR (Stockholm Interbank Offered Rate), and MXN TIIE (Interbank Equilibrium Interest Rate).

7 US LIBOR presented in the table under cross-currency swaps refers to the tenors (overnight, 1-month, 3-months, 6-months, and 12-months) that will cease following June 30, 2023. As at October 31, 2021, the Bank did not have any cross-currency swaps indexed to US LIBOR tenors (1-week and 2-months) that will cease following December 31, 2021.

8 "Other rates" refer to rates that are not subject to IBOR reform or have already been reformed.

Hedging Relationships

On November 1, 2020, the Bank changed its accounting policy on a retrospective basis for the presentation of fair value changes on hedging instruments designated in certain fair value hedge accounting relationships, reclassifying the component excluded from the assessment of hedge effectiveness from non-interest income to net interest income. With the reclassification, changes in the fair value of the hedged item and related hedging instrument (excluding hedge ineffectiveness) are presented in the same lines on the Consolidated Statement of Income. For the comparative years ended October 31, 2020 and October 31, 2019, the Bank reclassified losses of $1,114 million and $110 million, respectively, from Non-interest income to Net interest income on the Consolidated Statement of Income to conform with the presentation adopted in the current year.

Business Combinations

In October 2018, the IASB issued narrow-scope amendments to IFRS 3, *Business Combinations*. The amendments provide additional guidance on the definition of a business which determines whether an acquisition is of a business or a group of assets. An acquirer recognizes goodwill only when acquiring a business, not when acquiring a group of assets. The Bank adopted these amendments on November 1, 2020 prospectively and they did not have a significant impact on the Bank.

Revised Conceptual Framework for Financial Reporting
In March 2018, the IASB issued the revised Conceptual Framework for Financial Reporting (Revised Conceptual Framework), which provides a set of concepts to assist the IASB in developing standards and to help preparers consistently apply accounting policies where specific accounting standards do not exist. The framework is not an accounting standard and does not override the requirements that exist in other IFRS standards. The Revised Conceptual Framework describes that financial information must be relevant and faithfully represented to be useful, provides revised definitions and recognition criteria for assets and liabilities, and confirms that different measurement bases are useful and permitted. The Bank adopted the Revised Conceptual Framework prospectively on November 1, 2020 and it did not have a significant impact on the Bank.

FUTURE CHANGES IN ACCOUNTING POLICIES
The following standard has been issued, but is not yet effective on the date of issuance of the Bank's Consolidated Financial Statements. The Bank is currently assessing the impact of applying the standard on the Consolidated Financial Statements and will adopt the standard when it becomes effective.

Insurance Contracts
The IASB issued IFRS 17, *Insurance Contracts* (IFRS 17) which replaces the guidance in IFRS 4, *Insurance Contracts*, and establishes principles for recognition, measurement, presentation, and disclosure of insurance contracts. Insurance contracts are aggregated into groups which are measured at the risk adjusted present value of cash flows in fulfilling the contracts. Revenue is recognized as insurance contract services are provided over the coverage period. Losses are recognized immediately if the contract group is expected to be onerous.

The standard is effective for annual reporting periods beginning on or after January 1, 2023, which will be November 1, 2023 for the Bank. OSFI's related Advisory precludes early adoption. The standard will be applied retrospectively with restatement of comparatives unless impracticable.

The adoption of IFRS 17 is a significant initiative for the Bank and is supported by a robust governance structure. The Executive Steering Committee includes representation from the Insurance business, Finance, Actuaries, Risk, Technology, and project management teams. Updates are also provided to the TD insurance subsidiary boards, Risk Committee and Audit Committee of the Bank.

The Bank is proceeding with implementation of the software solution, including data preparation, system testing and configuration. In addition, the Bank is participating in industry consultations, including OSFI's draft regulatory capital requirements.

NOTE 5: FAIR VALUE MEASUREMENTS

Certain assets and liabilities, primarily financial instruments, are carried on the balance sheet at their fair value on a recurring basis. These financial instruments include trading loans and securities, non-trading financial assets at FVTPL, financial assets and liabilities designated at FVTPL, financial assets at FVOCI, derivatives, certain securities purchased under reverse repurchase agreements, trading deposits, 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.

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

***(b)* 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. government and 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 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 other Organisation for Economic Co-operation and Development (OECD) government guaranteed debt is based on broker quotes and third-party vendor prices, or where these quotes or prices are not readily available, other valuation techniques, such as discounted cash flow models, may be used. Market inputs used in other valuation techniques or broker quotes and third-party vendor prices include government bond yield curves and trade execution data.

The fair value of residential mortgage-backed securities (MBS) is based on broker quotes, third-party vendor prices, or other valuation techniques, such as the use of option-adjusted spread models which include inputs such as prepayment rate assumptions related to the underlying collateral. Observable inputs include, but are not limited to, indexed yield curves and bid-ask spreads. Other inputs may include volatility assumptions derived using Monte Carlo simulations and take into account factors such as counterparty credit quality and liquidity.

Other Debt Securities
The fair value of corporate and other debt securities is based on broker quotes, third-party vendor prices, or other valuation techniques, such as discounted cash flow techniques. Market inputs used in the other valuation techniques or underlying third-party vendor prices or broker quotes include benchmark and government bond yield curves, credit spreads, and trade execution data.

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

Equity Securities
The fair value of equity securities is based on quoted prices in active markets, where available. Where quoted prices in active markets are not readily available, such as for private equity securities, or where there is a wide bid-ask spread, fair value is determined based on quoted market prices for similar securities or through valuation techniques, including discounted cash flow analysis, 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 their relative fair market value. Subsequently, the fair value of retained interests recognized by the Bank is determined by estimating the present value of future expected cash flows. Differences between the actual cash flows and the Bank's estimate of future cash flows are recognized in income. These assumptions are subject to periodic review and may change due to significant changes in the economic environment.

Loans
The estimated fair value of loans carried at amortized cost reflects changes in market price that have occurred since the loans were originated or purchased. For fixed-rate performing loans, estimated fair value is determined by discounting the expected future cash flows related to these loans at current market interest rates for loans with similar credit risks. For floating-rate performing loans, changes in interest rates have minimal impact on fair value since loans reprice to market frequently. On that basis, fair value is assumed to approximate carrying value. The fair value of loans is not adjusted for the value of any credit protection the Bank has purchased to mitigate credit risk.

The fair value of loans carried at FVTPL, which includes trading loans and non-trading loans at FVTPL, 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, or uses valuation techniques to determine fair value.

The fair value of loans carried at FVOCI is assumed to approximate amortized cost as they are generally floating rate performing loans that are short term in nature.

Commodities
The fair value of commodities is based on quoted prices in active markets, where available. The Bank also transacts commodity derivative contracts which can be traded on an exchange or in OTC markets.

Derivative Financial Instruments
The fair value of exchange-traded derivative financial instruments is based on quoted market prices. The fair value of OTC derivative financial instruments is estimated using well established valuation techniques, such as discounted cash flow techniques, the Black-Scholes model, and Monte Carlo simulation. The valuation models incorporate inputs that are observable in the market or can be derived from observable market data.

Prices derived by using models are recognized net of valuation adjustments. The inputs used in the valuation models depend on the type of derivative and the nature of the underlying instrument and are specific to the instrument being valued. Inputs can include, but are not limited to, interest rate yield curves, foreign exchange rates, dividend yield projections, commodity spot and forward prices, recovery rates, volatilities, spot prices, and correlation.

A credit valuation adjustment (CVA) 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 fulfil its obligations under the transaction. In determining CVA, the Bank takes into account master netting agreements and collateral, and considers the creditworthiness of the counterparty and of the Bank itself, using market observed or proxy credit spreads, in assessing potential future amounts owed to, or by the Bank.

The fair value of a derivative is partly a function of collateralization. The Bank uses the relevant overnight index swap curve to discount the cash flows for collateralized derivatives as most collateral is posted in cash and can be funded at the overnight rate.

A funding valuation adjustment (FVA) is recognized against the model value of OTC derivatives to recognize the market implied unsecured funding costs and benefits considered in the pricing and fair value determination. Some of the key drivers of FVA include the market implied funding spread and the expected average exposure by counterparty.

The Bank will continue to monitor industry practice on valuation adjustments and may refine the methodology 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 and deposits designated at FVTPL, which is included in financial liabilities designated at FVTPL, fair value is determined using discounted cash flow valuation techniques which maximize the use of observable market inputs such as benchmark yield curves and foreign exchange rates. The Bank considers the impact of its own creditworthiness in the valuation of these deposits by reference to observable market inputs.

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

Obligations Related to Securities Sold Short
The fair value of these obligations is based on the fair value of the underlying securities, which can include equity or debt securities. As these obligations are fully collateralized, the method used to determine fair value would be the same as that of the relevant underlying equity or debt securities.

Securities Purchased Under Reverse Repurchase Agreements and Obligations Related to Securities Sold under Repurchase Agreements
Commodities and certain bonds and equities purchased or sold with an agreement to sell or repurchase them at a later date at a fixed price are carried at fair value. The fair value of these agreements is based on valuation techniques such as discounted cash flow models which maximize the use of observable market inputs such as interest rate swap curves and commodity forward prices.

Subordinated Notes and Debentures
The fair value of subordinated notes and debentures are based on quoted market prices for similar issues or current rates offered to the Bank for debt of equivalent credit quality and remaining maturity.

Portfolio Exception
IFRS 13, *Fair Value Measurement* provides a measurement exception that allows an entity to determine the fair value of a group of financial assets and liabilities with offsetting risks based on the sale or transfer of its net exposure to a particular risk or risks. The Bank manages certain financial assets and financial liabilities, such as derivative assets and derivative liabilities, on the basis of net exposure to a particular risk, or risks; 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. Refer to Note 2 for further details on the use of the portfolio exception to establish fair value.

(*c*) FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES NOT CARRIED AT FAIR VALUE
The carrying value and fair value of financial assets and liabilities not carried at fair value are disclosed in the table below. For these instruments, fair values are calculated for disclosure purposes only, using the valuation techniques used by the Bank. In addition, the Bank has determined that the carrying value of certain financial assets and liabilities approximates their fair value, which include: cash and due from banks, interest-bearing deposits with banks, customers' liability under acceptances, amounts receivable from brokers, dealers, and clients, other assets, acceptances, amounts payable to brokers, dealers, and clients, and other liabilities. Substantially all securities purchased under reverse repurchase agreements and obligations related to securities sold under repurchase agreements are measured at amortized cost where the carrying value approximates their fair value.

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

(millions of Canadian dollars)				*As at*
	October 31, 2021		October 31, 2020	
	Carrying value	**Fair value**	Carrying value	Fair value
FINANCIAL ASSETS				
Debt securities at amortized cost, net of allowance for credit losses				
Government and government-related securities	**$ 208,559**	**$ 207,927**	$ 174,592	$ 175,500
Other debt securities	**60,380**	**60,525**	53,087	53,373
Total debt securities at amortized cost, net of allowance for credit losses	**268,939**	**268,452**	227,679	228,873
Total loans, net of allowance for loan losses	**722,622**	**725,177**	717,523	727,197
Total financial assets not carried at fair value	**$ 991,561**	**$ 993,629**	$ 945,202	$ 956,070
FINANCIAL LIABILITIES				
Deposits	**$ 1,125,125**	**$ 1,124,762**	$ 1,135,333	$ 1,137,624
Securitization liabilities at amortized cost	**15,262**	**15,202**	15,768	16,143
Subordinated notes and debentures	**11,230**	**11,838**	11,477	12,374
Total financial liabilities not carried at fair value	**$ 1,151,617**	**$ 1,151,802**	$ 1,162,578	$ 1,166,141

1 This table excludes financial assets and liabilities where the carrying value approximates their fair value.

(d) FAIR VALUE HIERARCHY

IFRS requires disclosure of a three-level hierarchy for fair value measurements based upon the observability of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1: Fair value is based on quoted market prices for identical assets or liabilities that are traded in an active exchange market or highly liquid and actively traded in OTC markets.

Level 2: Fair value is based on observable inputs other than Level 1 prices, such as quoted market prices for similar (but not identical) assets or liabilities in active markets, quoted market prices for identical assets or liabilities in markets that are not active, and other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose value is determined using valuation techniques with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

Level 3: Fair value is based on non-observable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Financial instruments classified within Level 3 of the fair value hierarchy are initially recognized 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.

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 financial assets and liabilities not carried at fair value as at October 31, 2021 and October 31, 2020, 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, 2021				October 31, 2020
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
ASSETS								
Debt securities at amortized cost, net of allowance for credit losses								
Government and government-related securities	**$ 20**	**$ 207,897**	**$ 10**	**$ 207,927**	$ 919	$ 174,571	$ 10	$ 175,500
Other debt securities	**–**	**60,524**	**1**	**60,525**	–	53,371	2	53,373
Total debt securities at amortized cost, net of allowance for credit losses	**20**	**268,421**	**11**	**268,452**	919	227,942	12	228,873
Total loans, net of allowance for loan losses	**–**	**251,034**	**474,143**	**725,177**	–	236,287	490,910	727,197
Total assets with fair value disclosures	**$ 20**	**$ 519,455**	**$ 474,154**	**$ 993,629**	$ 919	$ 464,229	$ 490,922	$ 956,070
LIABILITIES								
Deposits	**$ –**	**$ 1,124,762**	**$ –**	**$ 1,124,762**	$ –	$ 1,137,624	$ –	$ 1,137,624
Securitization liabilities at amortized cost	**–**	**15,202**	**–**	**15,202**	–	16,143	–	16,143
Subordinated notes and debentures	**–**	**11,838**	**–**	**11,838**	–	12,374	–	12,374
Total liabilities with fair value disclosures	**$ –**	**$ 1,151,802**	**$ –**	**$ 1,151,802**	$ –	$ 1,166,141	$ –	$ 1,166,141

[1] This table excludes financial assets and liabilities where the carrying amount is a reasonable approximation of fair value.

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, 2021 and October 31, 2020.

Fair Value Hierarchy for Assets and Liabilities Measured at Fair Value on a Recurring Basis

(millions of Canadian dollars)								*As at*
				October 31, 2021				October 31, 2020
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS AND COMMODITIES								
Trading loans, securities, and other[1]								
Government and government-related securities								
Canadian government debt								
Federal	**$ 294**	**$ 10,902**	**$ –**	**$ 11,196**	$ 351	$ 21,141	$ –	$ 21,492
Provinces	**–**	**8,326**	**–**	**8,326**	–	8,468	–	8,468
U.S. federal, state, municipal governments, and agencies debt	**–**	**13,241**	**–**	**13,241**	–	22,809	16	22,825
Other OECD government-guaranteed debt	**–**	**7,785**	**–**	**7,785**	–	4,563	–	4,563
Mortgage-backed securities	**–**	**1,500**	**–**	**1,500**	–	1,690	–	1,690
Other debt securities								
Canadian issuers	**–**	**5,970**	**–**	**5,970**	–	5,613	2	5,615
Other issuers	**–**	**12,389**	**6**	**12,395**	–	13,352	1	13,353
Equity securities	**59,933**	**158**	**33**	**60,124**	43,840	39	–	43,879
Trading loans	**–**	**12,405**	**–**	**12,405**	–	12,959	–	12,959
Commodities	**13,919**	**720**	**–**	**14,639**	12,976	484	–	13,460
Retained interests	**–**	**9**	**–**	**9**	–	14	–	14
	74,146	**73,405**	**39**	**147,590**	57,167	91,132	19	148,318
Non-trading financial assets at fair value through profit or loss								
Securities	**166**	**6,127**	**760**	**7,053**	232	4,027	571	4,830
Loans	**–**	**2,334**	**3**	**2,337**	–	3,715	3	3,718
	166	**8,461**	**763**	**9,390**	232	7,742	574	8,548
Derivatives								
Interest rate contracts	**12**	**10,277**	**1**	**10,290**	22	17,937	–	17,959
Foreign exchange contracts	**26**	**35,786**	**7**	**35,819**	13	29,605	2	29,620
Credit contracts	**–**	**57**	**–**	**57**	–	19	–	19
Equity contracts	**3**	**5,359**	**–**	**5,362**	5	3,855	370	4,230
Commodity contracts	**365**	**2,495**	**39**	**2,899**	383	2,022	9	2,414
	406	**53,974**	**47**	**54,427**	423	53,438	381	54,242
Financial assets designated at fair value through profit or loss								
Securities[1]	**–**	**4,564**	**–**	**4,564**	–	4,739	–	4,739
	–	**4,564**	**–**	**4,564**	–	4,739	–	4,739
Financial assets at fair value through other comprehensive income								
Government and government-related securities								
Canadian government debt								
Federal	**–**	**12,519**	**–**	**12,519**	–	14,126	–	14,126
Provinces	**–**	**18,143**	**–**	**18,143**	–	16,502	–	16,502
U.S. federal, state, municipal governments, and agencies debt	**–**	**19,300**	**–**	**19,300**	–	33,034	–	33,034
Other OECD government-guaranteed debt	**–**	**6,564**	**–**	**6,564**	–	10,756	–	10,756
Mortgage-backed securities	**–**	**1,254**	**–**	**1,254**	–	3,865	–	3,865
Other debt securities								
Asset-backed securities	**–**	**6,981**	**–**	**6,981**	–	10,006	–	10,006
Corporate and other debt	**–**	**8,040**	**64**	**8,104**	–	9,875	20	9,895
Equity securities	**2,989**	**1**	**1,609**	**4,599**	1,005	15	1,579	2,599
Loans	**–**	**1,602**	**–**	**1,602**	–	2,502	–	2,502
	2,989	**74,404**	**1,673**	**79,066**	1,005	100,681	1,599	103,285
Securities purchased under reverse repurchase agreements	**–**	**7,992**	**–**	**7,992**	–	7,395	–	7,395
FINANCIAL LIABILITIES								
Trading deposits	**–**	**22,750**	**141**	**22,891**	–	14,528	4,649	19,177
Derivatives								
Interest rate contracts	**14**	**11,580**	**89**	**11,683**	14	19,022	96	19,132
Foreign exchange contracts	**28**	**35,146**	**–**	**35,174**	14	27,300	–	27,314
Credit contracts	**–**	**347**	**–**	**347**	–	327	–	327
Equity contracts	**–**	**7,932**	**82**	**8,014**	–	3,360	1,077	4,437
Commodity contracts	**300**	**1,596**	**8**	**1,904**	355	1,611	27	1,993
	342	**56,601**	**179**	**57,122**	383	51,620	1,200	53,203
Securitization liabilities at fair value	**–**	**13,505**	**–**	**13,505**	–	13,718	–	13,718
Financial liabilities designated at fair value through profit or loss	**–**	**113,912**	**76**	**113,988**	–	59,641	24	59,665
Obligations related to securities sold short [1]	**2,015**	**40,360**	**9**	**42,384**	1,039	33,960	–	34,999
Obligations related to securities sold under repurchase agreements	**–**	**5,126**	**–**	**5,126**	–	3,675	–	3,675

[1] Balances reflect the reduction of securities owned (long positions) by the amount of identical securities sold but not yet purchased (short positions).

(e) TRANSFERS BETWEEN FAIR VALUE HIERARCHY LEVELS FOR ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS

The Bank's policy is to record transfers of assets and liabilities between the different levels of the fair value hierarchy using the fair values as at the end of each reporting period. Assets are transferred between Level 1 and Level 2 depending on if there is sufficient frequency and volume in an active market. During the year ended October 31, 2021, the Bank transferred $400 million of FVOCI Canadian government debt from Level 2 to Level 1, which subsequently matured (October 31, 2020 – no significant transfers).

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 unobservable 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.

During the year ended October 31, 2021, transfers were made out of Level 3 and into Level 2 for trading deposits and equity contracts due to changes in the degree of observability of certain inputs in the fair value measurement of these instruments (October 31, 2020 – no significant transfers).

(f) RECONCILIATION OF CHANGES IN FAIR VALUE FOR LEVEL 3 ASSETS AND LIABILITIES

The following tables reconcile changes in fair value of all assets and liabilities measured at fair value using significant Level 3 unobservable inputs for the years ended October 31, 2021 and October 31, 2020.

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

(millions of Canadian dollars)

	Fair value as at November 1 2020	Total realized and unrealized gains (losses)		Movements		Transfers		Fair value as at October 31 2021	Change in unrealized gains (losses) on instruments still held[5]
		Included in income[1]	Included in OCI[2,3]	Purchases/ Issuances	Sales/ Settlements[4]	Into Level 3	Out of Level 3		
FINANCIAL ASSETS									
Trading loans, securities, and other									
Government and government-related securities	$ 16	$ 2	$ –	$ –	$ (18)	$ 1	$ (1)	$ –	$ –
Other debt securities	3	–	–	23	(3)	7	(24)	6	–
Equity securities	–	–	–	33	–	–	–	33	–
	19	2	–	56	(21)	8	(25)	39	–
Non-trading financial assets at fair value through profit or loss									
Securities	571	130	–	140	(81)	–	–	760	76
Loans	3	–	–	–	–	–	–	3	–
	574	130	–	140	(81)	–	–	763	76
Financial assets at fair value through other comprehensive income									
Other debt securities	20	–	4	–	–	40	–	64	4
Equity securities	1,579	–	32	161	(163)	–	–	1,609	20
	$ 1,599	$ –	$ 36	$ 161	$ (163)	$ 40	$ –	$ 1,673	$ 24
FINANCIAL LIABILITIES									
Trading deposits[6]	$ (4,649)	$ (999)	$ –	$ (790)	$ 2,636	$ (7)	$ 3,668	$ (141)	$ (5)
Derivatives[7]									
Interest rate contracts	(96)	(9)	–	–	17	–	–	(88)	7
Foreign exchange contracts	2	5	–	–	–	1	(1)	7	6
Equity contracts	(707)	(729)	–	(36)	235	3	1,152	(82)	52
Commodity contracts	(18)	55	–	–	(6)	–	–	31	32
	(819)	(678)	–	(36)	246	4	1,151	(132)	97
Financial liabilities designated at fair value through profit or loss	(24)	(51)	–	(263)	262	–	–	(76)	(44)
Obligations related to securities sold short	–	–	–	(8)	(1)	(1)	1	(9)	–

	Fair value as at November 1 2019	Total realized and unrealized gains (losses)		Movements		Transfers		Fair value as at October 31 2020	Change in unrealized gains (losses) on instruments still held[5]
		Included in income[1]	Included in OCI[2,3]	Purchases/ Issuances	Sales/ Settlements[4]	Into Level 3	Out of Level 3		
FINANCIAL ASSETS									
Trading loans, securities, and other									
Government and government-related securities	$ 8	$ (1)	$ –	$ –	$ (8)	$ 17	$ –	$ 16	$ –
Other debt securities	4	–	–	29	(41)	18	(7)	3	–
	12	(1)	–	29	(49)	35	(7)	19	–
Non-trading financial assets at fair value through profit or loss									
Securities	493	12	–	118	(52)	–	–	571	(2)
Loans	5	–	–	–	(2)	–	–	3	–
	498	12	–	118	(54)	–	–	574	(2)
Financial assets at fair value through other comprehensive income									
Other debt securities	24	–	(4)	–	–	–	–	20	(4)
Equity securities	1,551	–	(23)	50	1	–	–	1,579	(24)
	$ 1,575	$ –	$ (27)	$ 50	$ 1	$ –	$ –	$ 1,599	$ (28)
FINANCIAL LIABILITIES									
Trading deposits[6]	$ (4,092)	$ 214	$ –	$ (3,334)	$ 2,558	$ (3)	$ 8	$ (4,649)	$ 328
Derivatives[7]									
Interest rate contracts	(83)	(43)	–	–	30	–	–	(96)	(17)
Foreign exchange contracts	(1)	2	–	–	–	1	–	2	1
Equity contracts	(925)	172	–	(101)	146	(1)	2	(707)	172
Commodity contracts	(17)	(42)	–	–	41	–	–	(18)	(16)
	(1,026)	89	–	(101)	217	–	2	(819)	140
Financial liabilities designated at fair value through profit or loss	(21)	112	–	(202)	87	–	–	(24)	112
Obligations related to securities sold short	–	–	–	–	–	(6)	6	–	–

1 Gains/losses on financial assets and liabilities are recognized within Non-interest income on the Consolidated Statement of Income.
2 Other comprehensive income.
3 Includes realized gains/losses transferred to retained earnings on disposal of equities designated at FVOCI. Refer to Note 7 for further details.
4 Includes foreign exchange.
5 Changes in unrealized gains/losses on financial assets at FVOCI are recognized in AOCI.
6 Issuances and repurchases of trading deposits are reported on a gross basis.
7 As at October 31, 2021, consists of derivative assets of $47 million (October 31, 2020/November 1, 2020 – $381 million; November 1, 2019 – $604 million) and derivative liabilities of $179 million (October 31, 2020/November 1, 2020 – $1,200 million; November 1, 2019 – $1,630 million), which have been netted in this table for presentation purposes only.

(g) VALUATION OF ASSETS AND LIABILITIES CLASSIFIED AS LEVEL 3

Significant unobservable inputs in Level 3 positions

The following section discusses the significant unobservable inputs for Level 3 positions and assesses the potential effect that a change in each unobservable input may have on the fair value measurement.

Price Equivalent

Certain financial instruments, mainly debt and equity securities, are valued using price equivalents when market prices are not available, with fair value measured by comparison with observable pricing data from instruments with similar characteristics. For debt securities, the price equivalent is expressed in 'points', and represents a percentage of the par amount, and prices at the lower end of the range are generally a result of securities that are written down. For equity securities, the price equivalent is based on a percentage of a proxy price. There may be wide ranges depending on the liquidity of the securities. New issuances of debt and equity securities are priced at 100% of the issue price.

Correlation

The movements of inputs are not necessarily independent from other inputs. Such relationships, where material to the fair value of a given instrument, are captured via correlation inputs into the pricing models. The Bank includes correlation between the asset class, as well as across asset classes. For example, price correlation is the relationship between prices of equity securities in equity basket derivatives, and quanto correlation is the relationship between instruments which settle in one currency and the underlying securities which are denominated in another currency.

Implied Volatility

Implied volatility is the value of the volatility of the underlying instrument which, when input in an option pricing model, such as Black-Scholes, will return a theoretical value equal to the current market price of the option. Implied volatility is a forward-looking and subjective measure, and differs from historical volatility because the latter is calculated from known past returns of a security.

Funding ratio

The funding ratio is a significant unobservable input required to value loan commitments issued by the Bank. The funding ratio represents an estimate of the 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.

Net Asset Value

The fair value of certain private funds is based on the net asset value determined by the fund managers based on valuation methodologies, as there are no observable prices for these instruments.

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

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

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

							As at
			October 31, 2021		October 31, 2020		
	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**	**n/a**	**n/a**	19	116	**points**
Other debt securities	**Market comparable**	**Bond price equivalent**	**–**	**102**	–	111	**points**
Equity securities[1]	**Market comparable**	**New issue price**	**100**	**100**	100	100	**%**
	Discounted cash flow	**Discount rate**	**9**	**9**	9	9	**%**
	Market comparable	**Price equivalent**	**35**	**36**	23	23	**%**
Non-trading financial assets at fair value through profit or loss	**Market comparable**	**New issue price**	**100**	**100**	100	100	**%**
	Discounted cash flow	**Discount rates**	**11**	**13**	20	20	**%**
	EBITDA multiple	**Earnings multiple**	**2.8**	**20.0**	1.5	16.0	**times**
	Price-based	**Net Asset Value**[2]	**n/a**	**n/a**	n/a	n/a	
Derivatives							
Interest rate contracts	**Discounted cash flow**	**Inflation rate swap curve**	**1**	**3**	1	2	**%**
	Option model	**Funding ratio**	**60**	**75**	60	75	**%**
Foreign exchange contracts	**Option model**	**Currency-specific volatility**	**4**	**33**	4	18	**%**
Equity contracts	**Option model**	**Price correlation**	**–**	**93**	(16)	95	**%**
		Quanto correlation	**10**	**15**	10	68	**%**
		Dividend yield	**–**	**7**	–	10	**%**
		Equity volatility	**27**	**240**	8	117	**%**
	Market comparable	**New issue price**	**n/a**	**n/a**	100	100	**%**
Commodity contracts	**Option model**	**Quanto correlation**	**(67)**	**(47)**	(66)	(46)	**%**
		Swaption correlation	**n/a**	**n/a**	73	85	**%**
Trading deposits	**Option model**	**Price correlation**	**–**	**93**	(16)	98	**%**
		Quanto correlation	**n/a**	**n/a**	(35)	68	**%**
		Dividend yield	**–**	**2**	–	11	**%**
		Equity volatility	**22**	**114**	7	284	**%**
	Swaption model	**Currency-specific volatility**	**35**	**484**	21	462	**%**
Financial liabilities designated at fair value through profit or loss	**Option model**	**Funding ratio**	**3**	**89**	1	70	**%**
Obligations related to securities sold short	**Market comparable**	**Bond Price Equivalent**	**100**	**100**	n/a	n/a	**points**
	New issue price	**New issue price**	**100**	**100**	n/a	n/a	**%**

1 As at October 31, 2021, common shares exclude the fair value of Federal Reserve stock and Federal Home Loan Bank (FHLB) stock of $1.5 billion (October 31, 2020 – $1.5 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 Net asset value information for private funds has not been disclosed due to the wide range in prices for these instruments.

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 equity derivatives, the sensitivity was calculated by using reasonably possible alternative assumptions by shocking dividends, correlation, or the price and volatility of the underlying equity instrument. For non-trading securities at FVTPL and equity securities at FVOCI, the sensitivity was calculated based on an upward and downward shock of the fair value reported. For trading deposits, the sensitivity was calculated by varying unobservable inputs which may include volatility, credit spreads, and correlation.

Sensitivity Analysis of Level 3 Financial Assets and Liabilities

(millions of Canadian dollars)				*As at*
	October 31, 2021		October 31, 2020	
	Impact to net assets		Impact to net assets	
	Decrease in fair value	**Increase in fair value**	Decrease in fair value	Increase in fair value
FINANCIAL ASSETS				
Non-trading financial assets at fair value through profit or loss				
Securities	**$ 92**	**$ 38**	$ 57	$ 27
Derivatives				
Equity contracts	**–**	**–**	18	27
Financial assets at fair value through other comprehensive income				
Equity securities	**16**	**7**	13	7
FINANCIAL LIABILITIES				
Trading deposits	**–**	**–**	33	72
Derivatives				
Interest rate contracts	**12**	**10**	12	10
Equity contracts	**2**	**1**	71	52
	14	**11**	83	62
Financial liabilities designated at fair value through profit or loss	**9**	**13**	1	3
Total	**$ 131**	**$ 69**	$ 205	$ 198

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 inputs at initial recognition.

(millions of Canadian dollars)	*For the years ended October 31*	
	2021	2020
Balance as at beginning of year	**$ 36**	$ 15
New transactions	**47**	87
Recognized in the Consolidated Statement of Income during the year	**(51)**	(66)
Balance as at end of year	**$ 32**	$ 36

(h) FINANCIAL INSTRUMENTS DESIGNATED AT FAIR VALUE

Securities Designated at Fair Value through Profit or Loss

Certain securities supporting insurance reserves within the Bank's insurance underwriting subsidiaries have been designated at FVTPL to eliminate or significantly reduce an accounting mismatch. The actuarial valuation of the insurance reserve is measured using a discount factor which is based on the yield of the supporting invested assets, which includes the securities designated at FVTPL, with changes in the discount factor being recognized on the Consolidated Statement of Income. The unrealized gains or losses on securities designated at FVTPL are recognized on the Consolidated Statement of Income in the same period as gains or losses resulting from changes to the discount rate used to value the insurance liabilities.

In addition, certain debt securities have been designated at FVTPL as they are economically hedged with derivatives and the designation eliminates or significantly reduces an accounting mismatch.

Financial Liabilities Designated at Fair Value through Profit or Loss

Certain deposits have been designated at FVTPL to reduce an accounting mismatch from related economic hedges, and are included in Financial liabilities designated at FVTPL on the Consolidated Balance Sheet. In addition, certain obligations related to securities sold under repurchase agreements have been designated at FVTPL as the instruments are part of a portfolio that is managed on a fair value basis and have been included in Obligations related to securities sold under repurchase agreements on the Consolidated Balance Sheet. The fair value of obligations related to securities sold under repurchase agreements designated at FVTPL was $1,491 million as at October 31, 2021 (October 31, 2020 – nil).

For financial liabilities designated at FVTPL, the estimated amount that the Bank would be contractually required to pay at maturity, which is based on notional amounts, was $9 million less than its fair value as at October 31, 2021 (October 31, 2020 – $155 million).

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 transactions, 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 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 Note 16 in accounts receivable and other items, and in Note 18 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 on the Consolidated 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 line on the Consolidated Balance Sheet, after giving effect to transactions with the same counterparties that have been offset on the Consolidated Balance Sheet. Related amounts and collateral received that are not offset on the Consolidated 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

(millions of Canadian dollars)

				Amounts subject to an enforceable master netting arrangement or similar agreement that are not offset in the Consolidated Balance Sheet[1,2]		*As at* **October 31, 2021**
	Gross amounts of recognized financial instruments before balance sheet netting	**Gross amounts of recognized financial instruments offset in the Consolidated Balance Sheet**	**Net amount of financial instruments presented in the Consolidated Balance Sheet**	**Amounts subject to an enforceable master netting agreement**	**Collateral**	**Net Amount**
Financial Assets						
Derivatives	**$ 60,692**	**$ 6,265**	**$ 54,427**	**$ 34,239**	**$ 9,774**	**$ 10,414**
Securities purchased under reverse repurchase agreements	**191,818**	**24,534**	**167,284**	**10,130**	**156,505**	**649**
Total	**252,510**	**30,799**	**221,711**	**44,369**	**166,279**	**11,063**
Financial Liabilities						
Derivatives	**63,387**	**6,265**	**57,122**	**34,239**	**21,660**	**1,223**
Obligations related to securities sold under repurchase agreements	**168,631**	**24,534**	**144,097**	**10,130**	**133,626**	**341**
Total	**$ 232,018**	**$ 30,799**	**$ 201,219**	**$ 44,369**	**$ 155,286**	**$ 1,564**
						October 31, 2020
Financial Assets						
Derivatives	$ 55,732	$ 1,490	$ 54,242	$ 34,970	$ 8,914	$ 10,358
Securities purchased under reverse repurchase agreements	198,273	29,111	169,162	38,335	129,682	1,145
Total	254,005	30,601	223,404	73,305	138,596	11,503
Financial Liabilities						
Derivatives	54,693	1,490	53,203	34,970	16,998	1,235
Obligations related to securities sold under repurchase agreements	217,987	29,111	188,876	38,335	149,882	659
Total	$ 272,680	$ 30,601	$ 242,079	$ 73,305	$ 166,880	$ 1,894

1 Excess collateral as a result of overcollateralization has not been reflected in the table.
2 Includes amounts where the contractual set-off rights are subject to uncertainty under the laws of the relevant jurisdiction.

NOTE 7: SECURITIES

Securities are held by the Bank for both trading and non-trading activities. Trading securities are included in Trading loans, securities, and other on the Consolidated Balance Sheet. Non-trading securities are included in Non-trading financial assets at fair value through profit or loss, Financial assets designated at fair value through profit or loss, Financial assets at fair value through other comprehensive income, or Debt securities at amortized cost, net of allowance for credit losses on the Consolidated Balance Sheet.

(a) 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 2021	October 31 2020
	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	**$ 3,219**	**$ 5,402**	**$ 514**	**$ 1,725**	**$ 336**	**$ –**	**$ 11,196**	$ 21,492
Provinces	**1,542**	**1,710**	**959**	**1,396**	**2,719**	**–**	**8,326**	8,468
U.S. federal, state, municipal governments, and agencies debt	**1,206**	**3,742**	**1,072**	**1,319**	**5,902**	**–**	**13,241**	22,825
Other OECD government-guaranteed debt	**4,200**	**858**	**890**	**1,227**	**610**	**–**	**7,785**	4,563
Mortgage-backed securities								
Residential	**236**	**554**	**556**	**–**	**–**	**–**	**1,346**	1,527
Commercial	**–**	**57**	**36**	**61**	**–**	**–**	**154**	163
	10,403	**12,323**	**4,027**	**5,728**	**9,567**	**–**	**42,048**	59,038
Other debt securities								
Canadian issuers	**698**	**1,597**	**1,312**	**1,510**	**853**	**–**	**5,970**	5,615
Other issuers	**3,724**	**4,039**	**2,554**	**1,762**	**316**	**–**	**12,395**	13,353
	4,422	**5,636**	**3,866**	**3,272**	**1,169**	**–**	**18,365**	18,968
Equity securities								
Common shares	**–**	**–**	**–**	**–**	**–**	**60,074**	**60,074**	43,842
Preferred shares	**–**	**–**	**–**	**–**	**–**	**50**	**50**	37
	–	**–**	**–**	**–**	**–**	**60,124**	**60,124**	43,879
Retained interests	**–**	**4**	**2**	**3**	**–**	**–**	**9**	14
Total trading securities	**$ 14,825**	**$ 17,963**	**$ 7,895**	**$ 9,003**	**$ 10,736**	**$ 60,124**	**$ 120,546**	$ 121,899
Non-trading financial assets at fair value through profit or loss								
Government and government-related securities								
U.S. federal, state, municipal governments, and agencies debt	**$ –**	**$ –**	**$ –**	**$ –**	**$ 155**	**$ –**	**$ 155**	$ 388
	–	**–**	**–**	**–**	**155**	**–**	**155**	388
Other debt securities								
Canadian issuers	**–**	**67**	**211**	**1**	**–**	**359**	**638**	652
Asset-backed securities	**131**	**3,555**	**699**	**1,056**	**174**	**–**	**5,615**	3,292
Other issuers	**–**	**–**	**–**	**–**	**–**	**67**	**67**	170
	131	**3,622**	**910**	**1,057**	**174**	**426**	**6,320**	4,114
Equity securities								
Common shares	**–**	**–**	**–**	**–**	**–**	**561**	**561**	293
Preferred shares	**–**	**–**	**–**	**–**	**–**	**17**	**17**	35
	–	**–**	**–**	**–**	**–**	**578**	**578**	328
Total non-trading financial assets at fair value through profit or loss	**$ 131**	**$ 3,622**	**$ 910**	**$ 1,057**	**$ 329**	**$ 1,004**	**$ 7,053**	$ 4,830
Financial assets designated at fair value through profit or loss								
Government and government-related securities								
Canadian government debt								
Federal	**$ 247**	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**	**$ 247**	$ 1,129
Provinces	**322**	**45**	**8**	**1,049**	**101**	**–**	**1,525**	545
U.S. federal, state, municipal governments, and agencies debt	**–**	**–**	**22**	**–**	**–**	**–**	**22**	11
Other OECD government-guaranteed debt	**338**	**29**	**–**	**–**	**–**	**–**	**367**	384
	907	**74**	**30**	**1,049**	**101**	**–**	**2,161**	2,069
Other debt securities								
Canadian issuers	**262**	**852**	**734**	**460**	**10**	**–**	**2,318**	2,180
Other issuers	**25**	**20**	**16**	**24**	**–**	**–**	**85**	490
	287	**872**	**750**	**484**	**10**	**–**	**2,403**	2,670
Total financial assets designated at fair value through profit or loss	**$ 1,194**	**$ 946**	**$ 780**	**$ 1,533**	**$ 111**	**$ –**	**$ 4,564**	$ 4,739

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

Securities Maturity Schedule (Continued)

(millions of Canadian dollars)

								As at
							October 31 2021	October 31 2020
	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
Securities at fair value through other comprehensive income								
Government and government-related securities								
Canadian government debt								
Federal	**$ 2,596**	**$ 2,005**	**$ 4,811**	**$ 2,684**	**$ 423**	**$ –**	**$ 12,519**	$ 14,126
Provinces	**1,120**	**2,596**	**3,635**	**9,940**	**852**	**–**	**18,143**	16,502
U.S. federal, state, municipal governments, and agencies debt	**10,495**	**2,696**	**2,625**	**13**	**3,471**	**–**	**19,300**	33,034
Other OECD government-guaranteed debt	**5,302**	**286**	**784**	**192**	**–**	**–**	**6,564**	10,756
Mortgage-backed securities	**1,161**	**93**	**–**	**–**	**–**	**–**	**1,254**	3,865
	20,674	**7,676**	**11,855**	**12,829**	**4,746**	**–**	**57,780**	78,283
Other debt securities								
Asset-backed securities	**1,682**	**538**	**1,432**	**684**	**2,645**	**–**	**6,981**	10,006
Corporate and other debt	**1,825**	**2,386**	**2,146**	**1,723**	**24**	**–**	**8,104**	9,895
	3,507	**2,924**	**3,578**	**2,407**	**2,669**	**–**	**15,085**	19,901
Equity securities								
Common shares	**–**	**–**	**–**	**–**	**–**	**4,117**	**4,117**	2,387
Preferred shares	**–**	**–**	**–**	**–**	**–**	**482**	**482**	212
	–	**–**	**–**	**–**	**–**	**4,599**	**4,599**	2,599
Total securities at fair value through other comprehensive income	**$ 24,181**	**$ 10,600**	**$ 15,433**	**$ 15,236**	**$ 7,415**	**$ 4,599**	**$ 77,464**	$ 100,783
Debt securities at amortized cost, net of allowance for credit losses								
Government and government-related securities								
Canadian government debt								
Federal	**$ 13,060**	**$ 1,079**	**$ 5,392**	**$ 1,288**	**$ 1,774**	**$ –**	**$ 22,593**	$ 17,981
Provinces	**65**	**923**	**2,492**	**7,428**	**22**	**–**	**10,930**	5,627
U.S. federal, state, municipal governments, and agencies debt	**1,586**	**30,807**	**18,452**	**47,166**	**37,292**	**–**	**135,303**	113,845
Other OECD government-guaranteed debt	**7,483**	**15,754**	**13,123**	**3,373**	**–**	**–**	**39,733**	37,140
	22,194	**48,563**	**39,459**	**59,255**	**39,088**	**–**	**208,559**	174,593
Other debt securities								
Asset-backed securities	**654**	**4,989**	**8,204**	**6,512**	**12,813**	**–**	**33,172**	27,197
Non-agency collateralized mortgage obligation Portfolio	**–**	**–**	**–**	**–**	**16,214**	**–**	**16,214**	16,992
Canadian issuers	**–**	**88**	**1,110**	**931**	**4**	**–**	**2,133**	887
Other issuers	**1,938**	**2,993**	**1,867**	**2,063**	**–**	**–**	**8,861**	8,010
	2,592	**8,070**	**11,181**	**9,506**	**29,031**	**–**	**60,380**	53,086
Total debt securities at amortized cost, net of allowance for credit losses	**24,786**	**56,633**	**50,640**	**68,761**	**68,119**	**–**	**268,939**	227,679
Total securities	**$ 65,117**	**$ 89,764**	**$ 75,658**	**$ 95,590**	**$ 86,710**	**$ 65,727**	**$ 478,566**	$ 459,930

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

(b) UNREALIZED SECURITIES GAINS (LOSSES)

The following table summarizes the unrealized gains and losses as at October 31, 2021 and October 31, 2020.

Unrealized Securities Gains (Losses) for Securities at Fair Value Through Other Comprehensive Income

(millions of Canadian dollars)								*As at*
	October 31, 2021				October 31, 2020			
	Cost/ amortized cost[1]	**Gross unrealized gains**	**Gross unrealized (losses)**	**Fair value**	Cost/ amortized cost[1]	Gross unrealized gains	Gross unrealized (losses)	Fair value
Government and government-related Securities								
Canadian government debt								
Federal	**$ 12,428**	**$ 98**	**$ (7)**	**$ 12,519**	$ 13,967	$ 160	$ (1)	$ 14,126
Provinces	**17,935**	**218**	**(10)**	**18,143**	16,342	181	(21)	16,502
U.S. federal, state, municipal governments, and agencies debt	**19,232**	**83**	**(15)**	**19,300**	32,875	192	(33)	33,034
Other OECD-government guaranteed debt	**6,551**	**13**	**–**	**6,564**	10,720	39	(3)	10,756
Mortgage-backed securities	**1,251**	**3**	**–**	**1,254**	3,855	11	(1)	3,865
	57,397	**415**	**(32)**	**57,780**	77,759	583	(59)	78,283
Other debt securities								
Asset-backed securities	**6,957**	**30**	**(6)**	**6,981**	10,051	26	(71)	10,006
Corporate and other debt	**8,054**	**68**	**(18)**	**8,104**	9,853	79	(37)	9,895
	15,011	**98**	**(24)**	**15,085**	19,904	105	(108)	19,901
Total debt securities	**72,408**	**513**	**(56)**	**72,865**	97,663	688	(167)	98,184
Equity securities								
Common shares	**3,887**	**310**	**(80)**	**4,117**	2,641	26	(280)	2,387
Preferred shares	**470**	**43**	**(31)**	**482**	303	–	(91)	212
	4,357	**353**	**(111)**	**4,599**	2,944	26	(371)	2,599
Total securities at fair value through other comprehensive income	**$ 76,765**	**$ 866**	**$ (167)**	**$ 77,464**	$ 100,607	$ 714	$ (538)	$ 100,783

[1] Includes the foreign exchange translation of amortized cost balances at the period-end spot rate.

(c) EQUITY SECURITIES DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Bank designated certain equity securities as equity securities at FVOCI. The following table summarizes the fair value and dividend income recognized on equity securities designated at FVOCI as at and for the years ended October 31, 2021 and October 31, 2020.

Equity Securities Designated at Fair Value Through Other Comprehensive Income

(millions of Canadian dollars)		*As at*		*For the years ended*
	October 31, 2021	October 31, 2020	**October 31, 2021**	October 31, 2020
		Fair value		**Dividend income recognized**
Common shares	**$ 4,117**	$ 2,387	**$ 143**	$ 93
Preferred shares	**482**	212	**18**	14
Total	**$ 4,599**	$ 2,599	**$ 161**	$ 107

The Bank disposed of certain equity securities in line with the Bank's investment strategy with a fair value of $146 million during the year ended October 31, 2021 (October 31, 2020 – $40 million). The Bank realized a cumulative gain (loss) of $15 million during the year ended October 31, 2021 (October 31, 2020 – $(18) million) on disposal of these equity securities and recognized dividend income of $2 million during the year ended October 31, 2021 (October 31, 2020 – nil).

(d) DEBT SECURITIES NET REALIZED GAINS (LOSSES)

The Bank disposed of certain debt securities measured at amortized cost and FVOCI during the year. The following table summarizes the net realized gains and losses on securities sold for the years ended October 31, 2021 and October 31, 2020.

Debt Securities Net Realized Gains (Losses)

(millions of Canadian dollars)		*For the years ended*
	October 31 2021	October 31 2020
Debt securities at amortized cost	**$ (61)**	$ 13
Debt securities at fair value through other comprehensive income	**75**	27
Total	**$ 14**	$ 40

***(e)* CREDIT QUALITY OF DEBT SECURITIES**

The Bank evaluates non-retail credit risk on an individual borrower basis, using both a BRR and FRR, as detailed in the shaded area of the "Managing Risk" section of the 2021 MD&A. This system is used to assess all non-retail exposures, including debt securities.

The following table provides the gross carrying amounts of debt securities measured at amortized cost and debt securities at FVOCI by internal risk ratings for credit risk management purposes, presenting separately those debt securities that are subject to Stage 1, Stage 2, and Stage 3 allowances. Refer to the "Allowance for Credit Losses" table in Note 8 for details regarding the allowance and provision for credit losses on debt securities.

Debt Securities by Risk Ratings

(millions of Canadian dollars) *As at*

	October 31, 2021				October 31, 2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Debt securities								
Investment grade	**$ 339,426**	**$ –**	**$ n/a**	**$ 339,426**	$ 322,842	$ –	$ n/a	$ 322,842
Non-Investment grade	**2,235**	**83**	**n/a**	**2,318**	2,762	244	n/a	3,006
Watch and classified	**n/a**	**62**	**n/a**	**62**	n/a	17	n/a	17
Default	**n/a**	**n/a**	**–**	**–**	n/a	n/a	–	–
Total debt securities	**341,661**	**145**	**–**	**341,806**	325,604	261	–	325,865
Allowance for credit losses on debt securities at amortized cost	**2**	**–**	**–**	**2**	2	–	–	2
Total debt securities, net of allowance	**341,659**	**145**	**–**	**341,804**	325,602	261	–	325,863

As at October 31, 2021, total debt securities, net of allowance, in the table above, include debt securities measured at amortized cost, net of allowance, of $268,939 million (October 31, 2020 – $227,679 million), and debt securities measured at FVOCI of $72,865 million (October 31, 2020 – $98,184 million).

The difference between probability-weighted ECLs and base ECLs on debt securities at FVOCI and at amortized cost as at both October 31, 2021 and October 31, 2020, was insignificant. Refer to Note 3 for further details.

NOTE 8: LOANS, IMPAIRED LOANS, AND ALLOWANCE FOR CREDIT LOSSES

(a) The following table provides details regarding the Bank's loans and acceptances as at October 31, 2021 and October 31, 2020.

Loans and Acceptances

(millions of Canadian dollars) *As at October 31*

	2021	2020
Residential mortgages	**$ 268,340**	$ 252,219
Consumer instalment and other personal	**189,864**	185,460
Credit card	**30,738**	32,334
Business and government	**240,070**	255,799
	729,012	725,812
Customers' liability under acceptances	**18,448**	14,941
Loans at FVOCI (Note 5)	**1,602**	2,502
Total loans and acceptances	**749,062**	743,255
Total allowance for loan losses	**6,390**	8,290
Total loans and acceptances, net of allowance	**742,672**	734,965

Business and government loans (including loans at FVOCI) and customers' liability under acceptances are grouped together as reflected below for presentation in the Loans and Acceptances by Risk Rating table.

Loans and Acceptances – Business and Government

(millions of Canadian dollars) *As at October 31*

	2021	2020
Loans at amortized cost	**$ 240,070**	$ 255,799
Customers' liability under acceptances	**18,448**	14,941
Loans at FVOCI (Note 5)	**1,602**	2,502
Loans and acceptances	**260,120**	273,242
Allowance for loan and acceptances losses	**2,751**	3,415
Loans and acceptances, net of allowance	**257,369**	269,827

(b) Credit Quality of Loans

In the retail portfolio, including individuals and small businesses, the Bank manages exposures on a pooled basis, using predictive credit scoring techniques. For non-retail exposures, each borrower is assigned a BRR that reflects the PD of the borrower using proprietary industry and sector specific risk models and expert judgment. Refer to the shaded areas of the "Managing Risk" section of the 2021 MD&A for further details, including the mapping of PD ranges to risk levels for retail exposures as well as the Bank's 21-point BRR scale to risk levels and external ratings for non-retail exposures.

The following tables provide the gross carrying amounts of loans, acceptances, and credit risk exposures on loan commitments and financial guarantee contracts by internal risk ratings for credit risk management purposes, presenting separately those that are subject to Stage 1, Stage 2, and Stage 3 allowances.

Loans and Acceptances by Risk Ratings

(millions of Canadian dollars)								*As at*
	October 31, 2021				October 31, 2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Residential mortgages[1,2,3]								
Low Risk	$ 208,030	$ 4,113	$ n/a	$ 212,143	$ 169,710	$ 3,125	$ n/a	$ 172,835
Normal Risk	38,922	9,768	n/a	48,690	56,663	9,938	n/a	66,601
Medium Risk	–	4,405	n/a	4,405	–	7,690	n/a	7,690
High Risk	–	2,380	266	2,646	–	4,120	443	4,563
Default	n/a	n/a	456	456	n/a	n/a	530	530
Total loans	246,952	20,666	722	268,340	226,373	24,873	973	252,219
Allowance for loan losses	35	175	51	261	32	205	65	302
Loans, net of allowance	246,917	20,491	671	268,079	226,341	24,668	908	251,917
Consumer instalment and other personal[4]								
Low Risk	94,425	1,397	n/a	95,822	77,178	1,199	n/a	78,377
Normal Risk	62,484	1,255	n/a	63,739	59,349	1,360	n/a	60,709
Medium Risk	18,201	3,917	n/a	22,118	28,094	3,631	n/a	31,725
High Risk	1,073	6,346	379	7,798	3,700	9,940	638	14,278
Default	n/a	n/a	387	387	n/a	n/a	371	371
Total loans	176,183	12,915	766	189,864	168,321	16,130	1,009	185,460
Allowance for loan losses	520	914	139	1,573	567	1,265	187	2,019
Loans, net of allowance	175,663	12,001	627	188,291	167,754	14,865	822	183,441
Credit card								
Low Risk	5,467	7	n/a	5,474	3,916	49	n/a	3,965
Normal Risk	10,109	68	n/a	10,177	7,027	129	n/a	7,156
Medium Risk	8,909	1,158	n/a	10,067	10,431	804	n/a	11,235
High Risk	476	4,319	149	4,944	3,493	6,180	206	9,879
Default	n/a	n/a	76	76	n/a	n/a	99	99
Total loans	24,961	5,552	225	30,738	24,867	7,162	305	32,334
Allowance for loan losses	671	996	138	1,805	624	1,726	204	2,554
Loans, net of allowance	24,290	4,556	87	28,933	24,243	5,436	101	29,780
Business and government[1,2,3,5]								
Investment grade or Low/Normal Risk	110,129	699	n/a	110,828	120,106	250	n/a	120,356
Non-Investment grade or Medium Risk	125,638	12,149	n/a	137,787	126,509	11,818	n/a	138,327
Watch and classified or High Risk	108	10,547	70	10,725	890	12,567	120	13,577
Default	n/a	n/a	780	780	n/a	n/a	982	982
Total loans and acceptances	235,875	23,395	850	260,120	247,505	24,635	1,102	273,242
Allowance for loan and acceptances losses	1,037	1,407	307	2,751	1,321	1,706	388	3,415
Loans and acceptances, net of allowance	234,838	21,988	543	257,369	246,184	22,929	714	269,827
Total loans and acceptances[6]	683,971	62,528	2,563	749,062	667,066	72,800	3,389	743,255
Total allowance for loan losses[6,7]	2,263	3,492	635	6,390	2,544	4,902	844	8,290
Total loans and acceptances, net of allowance[6]	$ 681,708	$ 59,036	$ 1,928	$ 742,672	$ 664,522	$ 67,898	$ 2,545	$ 734,965

1 As at October 31, 2021, impaired loans with a balance of $86 million (October 31, 2020 – $111 million) did not have a related allowance for loan losses as the realizable value of the collateral exceeded the loan amount.
2 As at October 31, 2021, excludes trading loans and non-trading loans at FVTPL with a fair value of $12 billion (October 31, 2020 – $13 billion) and $2 billion (October 31, 2020 – $4 billion), respectively.
3 As at October 31, 2021, includes insured mortgages of $82 billion (October 31, 2020 – $86 billion).
4 As at October 31, 2021, includes Canadian government-insured real estate personal loans of $10 billion (October 31, 2020 – $12 billion).
5 As at October 31, 2021, includes loans guaranteed by government agencies of $26 billion (October 31, 2020 – $27 billion), which are primarily classified in Non-Investment grade or a lower risk rating based on the borrowers' credit risk.
6 As at October 31, 2021, Stage 3 includes ACI loans of $152 million (October 31, 2020 – $232 million) and a related allowance for loan losses of $6 million (October 31, 2020 – $10 million), which have been included in the "Default" risk rating category as they were impaired at acquisition.
7 Includes allowance for loan losses related to loans that are measured at FVOCI of nil as at October 31, 2021 (October 31, 2020 – $1 million).

Loans and Acceptances by Risk Ratings (Continued) – Off-Balance Sheet Credit Instruments[1]

(millions of Canadian dollars) *As at*

	October 31, 2021				October 31, 2020			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
Retail Exposures[2]								
Low Risk	**$ 222,348**	**$ 232**	**$ n/a**	**$ 222,580**	$ 200,226	$ 724	$ n/a	$ 200,950
Normal Risk	**80,529**	**501**	**n/a**	**81,030**	78,448	1,124	n/a	79,572
Medium Risk	**13,993**	**551**	**n/a**	**14,544**	35,187	1,444	n/a	36,631
High Risk	**890**	**1,004**	**–**	**1,894**	2,004	3,025	–	5,029
Default	**n/a**	**n/a**	**–**	**–**	n/a	n/a	–	–
Non-Retail Exposures[3]								
Investment grade	**195,293**	**–**	**n/a**	**195,293**	194,182	–	n/a	194,182
Non-Investment grade	**80,076**	**5,329**	**n/a**	**85,405**	76,280	6,553	n/a	82,833
Watch and classified	**38**	**5,097**	**–**	**5,135**	18	4,416	–	4,434
Default	**n/a**	**n/a**	**86**	**86**	n/a	n/a	144	144
Total off-balance sheet credit instruments	**593,167**	**12,714**	**86**	**605,967**	586,345	17,286	144	603,775
Allowance for off-balance sheet credit instruments	**386**	**467**	**3**	**856**	381	672	34	1,087
Total off-balance sheet credit instruments, net of allowance	**$ 592,781**	**$ 12,247**	**$ 83**	**$ 605,111**	$ 585,964	$ 16,614	$ 110	$ 602,688

1 Exclude mortgage commitments.
2 As at October 31, 2021, includes $318 billion (October 31, 2020 – $321 billion) of personal lines of credit and credit card lines, which are unconditionally cancellable at the Bank's discretion at any time.
3 As at October 31, 2021, includes $48 billion (October 31, 2020 – $43 billion) of the undrawn component of uncommitted credit and liquidity facilities.

(c) The following table presents information related to the Bank's impaired loans as at October 31, 2021 and October 31, 2020.

Impaired Loans[1]

(millions of Canadian dollars) *As at*

	October 31, 2021				October 31, 2020			
	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	**$ 681**	**$ 630**	**$ 51**	**$ 717**	$ 885	$ 825	$ 67	$ 781
Consumer instalment and other personal	**799**	**746**	**139**	**850**	1,068	988	186	1,067
Credit card	**224**	**225**	**138**	**258**	305	305	204	446
Business and government	**912**	**810**	**301**	**968**	1,134	1,039	377	1,137
Total	**$ 2,616**	**$ 2,411**	**$ 629**	**$ 2,793**	$ 3,392	$ 3,157	$ 834	$ 3,431

1 Balances exclude ACI loans.
2 Represents contractual amount of principal owed.

(d) The following table provides details on the Bank's allowance for credit losses as at and for the years ended October 31, 2021 and October 31, 2020, including allowance for off-balance sheet instruments in the applicable categories.

Allowance for Credit Losses

(millions of Canadian dollars)	**Balance at beginning of year**	**Provision for credit losses**	**Write-offs, net of recoveries**	**Foreign exchange, disposals, and other adjustments**	**Balance at end of year**	Balance at beginning of year	Provision for credit losses	Write-offs, net of recoveries	Foreign exchange, disposals, and other adjustments	Balance at end of year
										For the years ended October 31
					2021					2020
Residential mortgages	**$ 302**	**$ (26)**	**$ (10)**	**$ (5)**	**$ 261**	$ 110	$ 214	$ (25)	$ 3	$ 302
Consumer instalment and other personal	**2,112**	**135**	**(531)**	**(67)**	**1,649**	1,309	1,798	(983)	(12)	2,112
Credit card	**3,184**	**(14)**	**(708)**	**(148)**	**2,314**	1,929	2,691	(1,414)	(22)	3,184
Business and government	**3,779**	**(320)**	**(249)**	**(188)**	**3,022**	1,684	2,539	(378)	(66)	3,779
Total allowance for loan losses, including off-balance sheet instruments	**9,377**	**(225)**	**(1,498)**	**(408)**	**7,246**	5,032	7,242	(2,800)	(97)	9,377
Debt securities at amortized cost	**2**	**–**	**–**	**–**	**2**	1	–	–	1	2
Debt securities at FVOCI	**5**	**1**	**–**	**1**	**7**	3	–	–	2	5
Total allowance for credit losses on debt securities	**7**	**1**	**–**	**1**	**9**	4	–	–	3	7
Total allowance for credit losses	**$ 9,384**	**$ (224)**	**$ (1,498)**	**$ (407)**	**$ 7,255**	$ 5,036	$ 7,242	$ (2,800)	$ (94)	$ 9,384
Comprising:										
Allowance for credit losses on loans at amortized cost	**$ 8,289**				**$ 6,390**	$ 4,447				$ 8,289
Allowance for credit losses on loans at FVOCI	**1**				**–**	–				1
Allowance for loan losses	**8,290**				**6,390**	4,447				8,290
Allowance for off-balance sheet instruments	**1,087**				**856**	585				1,087
Allowance for credit losses on debt securities	**7**				**9**	4				7

(e) The following table provides details on the Bank's allowance for loan losses by stage as at and for the years ended October 31, 2021 and October 31, 2020.

Allowance for Loan Losses by Stage

(millions of Canadian dollars)								*For the years ended October 31*
				2021				2020
	Stage 1	**Stage 2**	**Stage 3[1]**	**Total**	Stage 1	Stage 2	Stage 3[1]	Total
Residential Mortgages								
Balance at beginning of period	**$ 32**	**$ 205**	**$ 65**	**$ 302**	$ 28	$ 26	$ 56	$ 110
Provision for credit losses								
Transfer to Stage 1[2]	**126**	**(123)**	**(3)**	**–**	66	(65)	(1)	–
Transfer to Stage 2	**(38)**	**56**	**(18)**	**–**	(33)	46	(13)	–
Transfer to Stage 3	**–**	**(14)**	**14**	**–**	–	(14)	14	–
Net remeasurement due to transfers into stage[3]	**(20)**	**12**	**–**	**(8)**	(20)	29	–	9
New originations or purchases[4]	**21**	**n/a**	**n/a**	**21**	15	n/a	n/a	15
Net repayments[5]	**(4)**	**(4)**	**–**	**(8)**	–	(1)	–	(1)
Derecognition of financial assets (excluding disposals and write-offs)[6]	**(6)**	**(35)**	**(55)**	**(96)**	(4)	(11)	(22)	(37)
Changes to risk, parameters, and models[7]	**(74)**	**83**	**56**	**65**	(21)	196	53	228
Disposals	**–**	**–**	**–**	**–**	–	–	–	–
Write-offs	**–**	**–**	**(16)**	**(16)**	–	–	(26)	(26)
Recoveries	**–**	**–**	**6**	**6**	1	(1)	1	1
Foreign exchange and other adjustments	**(2)**	**(5)**	**2**	**(5)**	–	–	3	3
Balance at end of period	**$ 35**	**$ 175**	**$ 51**	**$ 261**	$ 32	$ 205	$ 65	$ 302
Consumer Instalment and Other Personal								
Balance, including off-balance sheet instruments, at beginning of period	**$ 595**	**$ 1,330**	**$ 187**	**$ 2,112**	$ 717	$ 417	$ 175	$ 1,309
Provision for credit losses								
Transfer to Stage 1[2]	**1,154**	**(1,143)**	**(11)**	**–**	490	(473)	(17)	–
Transfer to Stage 2	**(145)**	**201**	**(56)**	**–**	(438)	504	(66)	–
Transfer to Stage 3	**(7)**	**(195)**	**202**	**–**	(11)	(147)	158	–
Net remeasurement due to transfers into stage[3]	**(332)**	**157**	**8**	**(167)**	(216)	473	11	268
New originations or purchases[4]	**221**	**n/a**	**n/a**	**221**	327	n/a	n/a	327
Net repayments[5]	**(96)**	**(96)**	**(14)**	**(206)**	(92)	(62)	(11)	(165)
Derecognition of financial assets (excluding disposals and write-offs)[6]	**(93)**	**(159)**	**(41)**	**(293)**	(95)	(73)	(31)	(199)
Changes to risk, parameters, and models[7]	**(727)**	**901**	**406**	**580**	(83)	698	952	1,567
Disposals	**–**	**–**	**–**	**–**	–	–	–	–
Write-offs	**–**	**–**	**(848)**	**(848)**	–	–	(1,261)	(1,261)
Recoveries	**–**	**–**	**317**	**317**	–	–	278	278
Foreign exchange and other adjustments	**(20)**	**(36)**	**(11)**	**(67)**	(4)	(7)	(1)	(12)
Balance, including off-balance sheet instruments, at end of period	**550**	**960**	**139**	**1,649**	595	1,330	187	2,112
Less: Allowance for off-balance sheet instruments[8]	**30**	**46**	**–**	**76**	28	65	–	93
Balance at end of period	**$ 520**	**$ 914**	**$ 139**	**$ 1,573**	$ 567	$ 1,265	$ 187	$ 2,019
Credit Card[9]								
Balance, including off-balance sheet instruments, at beginning of period	**$ 799**	**$ 2,181**	**$ 204**	**$ 3,184**	$ 934	$ 673	$ 322	$ 1,929
Provision for credit losses								
Transfer to Stage 1[2]	**1,509**	**(1,488)**	**(21)**	**–**	1,000	(970)	(30)	–
Transfer to Stage 2	**(180)**	**232**	**(52)**	**–**	(598)	673	(75)	–
Transfer to Stage 3	**(8)**	**(632)**	**640**	**–**	(19)	(638)	657	–
Net remeasurement due to transfers into stage[3]	**(478)**	**277**	**10**	**(191)**	(356)	830	22	496
New originations or purchases[4]	**122**	**n/a**	**n/a**	**122**	174	n/a	n/a	174
Net repayments[5]	**(98)**	**(20)**	**20**	**(98)**	(35)	(7)	35	(7)
Derecognition of financial assets (excluding disposals and write-offs)[6]	**(50)**	**(131)**	**(219)**	**(400)**	(145)	(174)	(378)	(697)
Changes to risk, parameters, and models[7]	**(696)**	**973**	**276**	**553**	(152)	1,814	1,063	2,725
Disposals	**–**	**–**	**–**	**–**	–	–	–	–
Write-offs	**–**	**–**	**(1,011)**	**(1,011)**	–	–	(1,720)	(1,720)
Recoveries	**–**	**–**	**303**	**303**	–	–	306	306
Foreign exchange and other adjustments	**(42)**	**(94)**	**(12)**	**(148)**	(4)	(20)	2	(22)
Balance, including off-balance sheet instruments, at end of period	**878**	**1,298**	**138**	**2,314**	799	2,181	204	3,184
Less: Allowance for off-balance sheet instruments[8]	**207**	**302**	**–**	**509**	175	455	–	630
Balance at end of period	**$ 671**	**$ 996**	**$ 138**	**$ 1,805**	$ 624	$ 1,726	$ 204	$ 2,554

1 Includes allowance for loan losses related to ACI loans.
2 Transfers represent stage transfer movements prior to ECL remeasurement.
3 Represents the mechanical remeasurement between twelve-month (i.e., Stage 1) and lifetime ECLs (i.e., Stage 2 or 3) due to stage transfers necessitated by credit risk migration, as described in the "Significant Increase in Credit Risk" section of Note 2, *Summary of Significant Accounting Policies* and Note 3*, Significant Accounting Judgments, Estimates and Assumptions*, holding all other factors impacting the change in ECLs constant.
4 Represents the increase in the allowance resulting from loans that were newly originated, purchased, or renewed.
5 Represents the changes in the allowance related to cash flow changes associated with new draws or repayments on loans outstanding.
6 Represents the decrease in the allowance resulting from loans that were fully repaid and excludes the decrease associated with loans that were disposed or fully written off.
7 Represents the changes in the allowance related to current period changes in risk (e.g. PD) caused by changes to macroeconomic factors, level of risk, parameters, and/or models, subsequent to stage migration. Refer to the "Measurement of Expected Credit Losses", "Forward Looking Information" and "Expert Credit Judgment" sections of Note 2, *Summary of Significant Accounting Policies* and Note 3, *Significant Accounting Judgments, Estimates and Assumptions* for further details.
8 The allowance for loan losses for off-balance sheet instruments is recorded in Other liabilities on the Consolidated Balance Sheet.
9 Credit cards are considered impaired and migrate to Stage 3 when they are 90 days past due and written off at 180 days past due. Refer to Note 2 for further details.

Allowance for Loan Losses by Stage (Continued)

(millions of Canadian dollars)								*For the years ended October 31*
				2021				2020
	Stage 1	**Stage 2**	**Stage 3**[1]	**Total**	Stage 1	Stage 2	Stage 3[1]	Total
Business and Government[2]								
Balance, including off-balance sheet instruments, as beginning of period	**$ 1,499**	**$ 1,858**	**$ 422**	**$ 3,779**	$ 736	$ 740	$ 208	$ 1,684
Provision for credit losses								
Transfer to Stage 1[3]	**476**	**(471)**	**(5)**	**–**	255	(248)	(7)	–
Transfer to Stage 2	**(497)**	**508**	**(11)**	**–**	(459)	482	(23)	–
Transfer to Stage 3	**(5)**	**(103)**	**108**	**–**	(14)	(131)	145	–
Net remeasurement due to transfers into stage[3]	**(117)**	**122**	**(2)**	**3**	(94)	256	(4)	158
New originations or purchases[3]	**1,123**	**n/a**	**n/a**	**1,123**	871	n/a	n/a	871
Net repayments[3]	**(24)**	**(122)**	**(92)**	**(238)**	(52)	(68)	(54)	(174)
Derecognition of financial assets (excluding disposals and write-offs)[3]	**(813)**	**(758)**	**(358)**	**(1,929)**	(459)	(503)	(242)	(1,204)
Changes to risk, parameters, and models[3]	**(384)**	**578**	**527**	**721**	727	1,334	827	2,888
Disposals	**–**	**–**	**(4)**	**(4)**	–	–	(22)	(22)
Write-offs	**–**	**–**	**(298)**	**(298)**	–	–	(430)	(430)
Recoveries	**–**	**–**	**49**	**49**	–	–	52	52
Foreign exchange and other adjustments	**(72)**	**(86)**	**(26)**	**(184)**	(12)	(4)	(28)	(44)
Balance, including off-balance sheet instruments, at end of period	**1,186**	**1,526**	**310**	**3,022**	1,499	1,858	422	3,779
Less: Allowance for off-balance sheet instruments[4]	**149**	**119**	**3**	**271**	178	152	34	364
Balance at end of period	**1,037**	**1,407**	**307**	**2,751**	1,321	1,706	388	3,415
Total Allowance, including off-balance sheet instruments, at end of period	**2,649**	**3,959**	**638**	**7,246**	2,925	5,574	878	9,377
Less: Total Allowance for off-balance sheet instruments	**386**	**467**	**3**	**856**	381	672	34	1,087
Total Allowance for Loan Losses at end of period	**$ 2,263**	**$ 3,492**	**$ 635**	**$ 6,390**	$ 2,544	$ 4,902	$ 844	$ 8,290

1 Includes allowance for loan losses related to ACI loans.
2 Includes the allowance for loan losses related to customers' liability under acceptances.
3 For explanations regarding this line item, refer to the "Allowance for Loan Losses" table on the previous page in this Note.
4 The allowance for loan losses for off-balance sheet instruments is recorded in Other liabilities on the Consolidated Balance Sheet.

The allowance for credit losses on all remaining financial assets is not significant.

(f) FORWARD-LOOKING INFORMATION

Relevant macroeconomic factors are incorporated in risk parameters as appropriate. Additional risk factors that are industry or segment specific are also incorporated, where relevant. The key macroeconomic variables used in determining ECLs include regional unemployment rates for all retail exposures and regional housing price indices for residential mortgages and home equity lines of credit. For business and government loans, the key macroeconomic variables include gross domestic product (GDP), unemployment rates, interest rates, and credit spreads. Refer to Note 3 for a discussion of how forward-looking information is generated and considered in determining whether there has been a significant increase in credit risk and in measuring ECLs.

Macroeconomic Variables

Select macroeconomic variables are projected over the forecast period. The following table represents the average values of the macroeconomic variables over the four calendar quarters starting with the current quarter, and the remaining 4-year forecast period for the base forecast and upside and downside scenarios used in determining the Bank's ECLs as at October 31, 2021 and October 31, 2020. As the forecast period increases, information about the future becomes less readily available and projections are anchored on assumptions around structural relationships between economic parameters that are inherently much less certain. Relative to a year ago, the economy has made substantial progress in recovering from the economic shock caused by the COVID-19 pandemic. As the economy moves farther away from the initial economic shocks of the pandemic, uncertainty around the economic forecast continues to decrease.

Macroeconomic Variables

						As at
						October 31, 2021
	Base Forecast		**Upside Scenario**		**Downside Scenario**	
	Average Q4 2021-Q3 2022[1]	**Remaining 4-year period[1]**	**Average Q4 2021-Q3 2022[1]**	**Remaining 4-year period[1]**	**Average Q4 2021-Q3 2022[1]**	**Remaining 4-year period[1]**
Unemployment rate						
Canada	6.3%	5.7%	6.3%	5.4%	8.0%	7.3%
United States	4.3	3.5	4.3	3.2	5.7	4.8
Real GDP						
Canada	4.0	2.1	5.1	2.1	(0.1)	2.5
United States	4.5	2.1	5.6	2.0	1.3	2.4
Home prices						
Canada (average existing price)[2]	4.7	1.0	6.4	2.0	1.0	(0.4)
United States (CoreLogic HPI)[3]	10.6	3.1	13.5	3.2	7.4	1.9
Central bank policy interest rate						
Canada	0.25	1.52	0.44	1.84	0.25	0.86
United States	0.25	1.67	0.44	2.02	0.25	1.02
U.S. 10-year treasury yield	1.93	2.24	2.14	2.33	1.33	2.06
U.S. 10-year BBB spread (%-pts)	1.45	1.79	1.39	1.71	1.73	1.79
Exchange rate (U.S. dollar/Canadian dollar)	$ 0.78	$ 0.79	$ 0.79	$ 0.80	$ 0.76	$ 0.77

						October 31, 2020
	Base Forecast		Upside Scenario		Downside Scenario	
	Average Q4 2020-Q3 2021[1]	Remaining 4-year period[1]	Average Q4 2020-Q3 2021[1]	Remaining 4-year period[1]	Average Q4 2020-Q3 2021[1]	Remaining 4-year period[1]
Unemployment rate						
Canada	8.4%	6.1%	7.8%	5.7%	10.2%	6.2%
United States	7.8	4.8	7.1	4.1	9.4	5.1
Real GDP						
Canada	2.4	2.2	3.2	2.8	(0.7)	2.9
United States	1.8	2.4	2.3	3.0	(1.5)	3.1
Home prices						
Canada (average existing price)[2]	6.0	1.1	7.4	3.1	(3.5)	3.5
United States (CoreLogic HPI)[3]	2.9	2.9	3.4	4.1	(2.4)	4.1
Central bank policy interest rate						
Canada	0.25	0.50	0.25	0.64	0.25	0.39
United States	0.25	0.50	0.25	0.72	0.25	0.39
U.S. 10-year treasury yield	0.96	1.82	1.39	2.78	0.69	1.71
U.S. 10-year BBB spread (%-pts)	1.87	1.80	1.77	1.53	2.14	1.81
Exchange rate (U.S. dollar/Canadian dollar)	$ 0.78	$ 0.77	$ 0.78	$ 0.81	$ 0.76	$ 0.77

1 The numbers represent average values for the quoted periods, and average of year-on-year growth for real GDP and home prices.
2 The average home price is the average transacted sale price of homes sold via the Multiple Listing Service; data is collected by the Canadian Real Estate Association.
3 The CoreLogic home price index (HPI) is a repeat-sales index which tracks increases and decreases in the same home's sales price over time.

(g) SENSITIVITY OF ALLOWANCE FOR CREDIT LOSSES

ECLs are sensitive to the inputs used in internally developed models, the macroeconomic variables in the forward-looking forecasts and respective probability weightings in determining the probability-weighted ECLs, and other factors considered when applying expert credit judgment. Changes in these inputs, assumptions, models, and judgments would affect the assessment of significant increase in credit risk and the measurement of ECLs. Refer to Note 3 for further details and for significant judgments applied as a result of COVID-19.

The following table presents the base ECL scenario compared to the probability-weighted ECLs, with the latter derived from three ECL scenarios for performing loans and off-balance sheet instruments. The difference reflects the impact of deriving multiple scenarios around the base ECLs and resultant change in ECLs due to non-linearity and sensitivity to using macroeconomic forecasts.

Change from Base to Probability-Weighted ECLs

(millions of Canadian dollars, except as noted)		*As at*
	October 31, 2021	October 31, 2020
Probability-weighted ECLs	**$ 6,608**	$ 8,500
Base ECLs	**6,412**	8,157
Difference – in amount	**$ 196**	$ 343
Difference – in percentage	**3.0%**	4.0%

ECLs for performing loans and off-balance sheet instruments consist of an aggregate amount of Stage 1 and Stage 2 probability-weighted ECLs which are twelve-month ECLs and lifetime ECLs, respectively. Transfers from Stage 1 to Stage 2 ECLs result from a significant increase in credit risk since initial recognition of the loan. The following table shows the estimated impact of staging on ECLs by presenting all performing loans and off-balance sheet instruments calculated using twelve-month ECLs compared to the current aggregate probability-weighted ECLs, holding all risk profiles constant.

Incremental Lifetime ECLs Impact

(millions of Canadian dollars)		*As at*
	October 31, 2021	October 31, 2020
Probability-weighted ECLs	**$ 6,608**	$ 8,500
All performing loans and off-balance sheet instruments using 12-month ECLs	**4,903**	6,482
Incremental lifetime ECLs impact	**$ 1,705**	$ 2,018

(h) 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 $53 million as at October 31, 2021 (October 31, 2020 – $77 million), and were recorded in Other assets on the Consolidated Balance Sheet.

(i) 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 past due but not impaired. Loans less than 31 days contractually past due are excluded as they do not generally reflect a borrower's ability to meet their payment obligations.

Loans Past Due but not Impaired[1,2]

(millions of Canadian dollars)						*As at*
		October 31, 2021				October 31, 2020
	31-60 days	**61-89 days**	**Total**	31-60 days	61-89 days	Total
Residential mortgages	**$ 229**	**$ 62**	**$ 291**	$ 221	$ 64	$ 285
Consumer instalment and other personal	**512**	**156**	**668**	590	200	790
Credit card	**186**	**113**	**299**	218	149	367
Business and government	**785**	**139**	**924**	723	329	1,052
Total	**$ 1,712**	**$ 470**	**$ 2,182**	$ 1,752	$ 742	$ 2,494

1 Includes loans that are measured at FVOCI.

2 Loans deferred under a Bank-led COVID-19 relief program were not considered past due. Where such loans were already past due, they were not aged further during the deferral period. Aging for deferred loans commences subsequent to the deferral period.

(j) MODIFIED FINANCIAL ASSETS

To provide financial relief to customers affected by the economic consequences of COVID-19, the Bank offered certain relief programs, including payment deferral options for residential mortgages, home equity loans, personal loans, auto loans, and commercial and small business loans. Including the modifications under the COVID-19 relief programs, the amortized cost of financial assets with lifetime allowance that were modified during the year ended October 31, 2021, was $489 million (October 31, 2020 – $7.7 billion) before modification, with insignificant modification gain or loss. The gross carrying amount of modified financial assets for which the loss allowance changed from lifetime to twelve-month ECLs during the year ended October 31, 2021 was $1.1 billion (October 31, 2020 – $609 million).

(k) COLLATERAL

As at October 31, 2021, the collateral held against total gross impaired loans represents 83% (October 31, 2020 – 86%) of total gross impaired 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.

NOTE 9: TRANSFERS OF FINANCIAL ASSETS

LOAN SECURITIZATIONS

The Bank securitizes loans through structured entity or non-structured entity third parties. Most loan securitizations do not qualify for derecognition since in most circumstances, the Bank continues to be exposed to substantially all of the prepayment, interest rate, and/or credit risk associated with the securitized financial assets and has not transferred substantially all of the risk and rewards of ownership of the securitized assets. Where loans do not qualify for derecognition, they are not derecognized from the balance sheet, retained interests are not recognized, and a securitization liability is recognized for the cash proceeds received. Certain transaction costs incurred are also capitalized and amortized using EIRM.

The Bank securitizes insured residential mortgages under the National Housing Act Mortgage-Backed Securities (NHA MBS) program sponsored by the Canada Mortgage and Housing Corporation (CMHC). The MBS that are created through the NHA MBS program are sold to the Canada Housing Trust (CHT) as part of the CMB program, sold to third-party investors, or are held by the Bank. The CHT issues CMB to third-party investors and uses resulting proceeds to purchase NHA MBS from the Bank and other mortgage issuers in the Canadian market. Assets purchased by the CHT are comingled in a single trust from which CMB are issued. The Bank continues to be exposed to substantially all of the risks of the underlying mortgages, through the retention of a seller swap which transfers principal and interest payment risk on the NHA MBS back to the Bank in return for coupon paid on the CMB issuance and as such, the sales do not qualify for derecognition.

The Bank securitizes U.S. originated residential mortgages with U.S. government agencies which qualify for derecognition from the Bank's Consolidated Balance Sheet. As part of the securitization, the Bank retains the right to service the transferred mortgage loans. The MBS that are created through the securitization are typically sold to third-party investors.

The Bank also securitizes personal loans and business and government loans to entities which may be structured entities. These securitizations may give rise to derecognition of the financial assets depending on the individual arrangement of each transaction.

In addition, the Bank transfers credit card receivables, consumer instalment and other personal loans to structured entities that the Bank consolidates. Refer to Note 10 for further details.

The following table summarizes the securitized asset types that did not qualify for derecognition, along with their associated securitization liabilities as at October 31, 2021 and October 31, 2020.

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

(millions of Canadian dollars)				*As at*
	October 31, 2021		October 31, 2020	
	Fair value	**Carrying amount**	Fair value	Carrying amount
Nature of transaction				
Securitization of residential mortgage loans	**$ 24,428**	**$ 24,367**	$ 25,622	$ 25,271
Other financial assets transferred related to securitization[1]	**4,209**	**4,207**	4,101	4,084
Total	**28,637**	**28,574**	29,723	29,355
Associated liabilities[2]	**$ 28,707**	**$ 28,767**	$ 29,861	$ 29,486

1 Includes asset-backed securities, asset-backed commercial paper (ABCP), cash, repurchase agreements, and Government of Canada securities used to fulfil funding requirements of the Bank's securitization structures after the initial securitization of mortgage loans.

2 Includes securitization liabilities carried at amortized cost of $15 billion as at October 31, 2021 (October 31, 2020 – $16 billion), and securitization liabilities carried at fair value of $14 billion as at October 31, 2021 (October 31, 2020 – $14 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, 2021 and October 31, 2020.

Other Financial Assets Not Qualifying for Derecognition[1]

(millions of Canadian dollars)		*As at*
	October 31 2021	October 31 2020
Carrying amount of assets		
Nature of transaction		
Repurchase agreements[2,3]	**$ 20,849**	$ 28,665
Securities lending agreements	**44,234**	38,934
Total	**65,083**	67,599
Carrying amount of associated liabilities[3]	**$ 20,871**	$ 27,971

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

2 Includes $2.0 billion, as at October 31, 2021 (October 31, 2020 – $2.4 billion) of assets related to repurchase agreements or swaps that are collateralized by physical precious metals.

3 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, 2021, the fair value of retained interests was $9 million (October 31, 2020 – $14 million). 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, 2021, the trading income recognized on the retained interest was nil (October 31, 2020 – nil).

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, 2021, the carrying value of these servicing rights was $87 million (October 31, 2020 – $61 million) and the fair value was $93 million (October 31, 2020 – $56 million). A gain or loss on sale of the loans is recognized immediately in income (loss) from non-trading financial instruments at fair value through profit or loss. The gain (loss) on sale of the loans for the year ended October 31, 2021 was $66 million (October 31, 2020 – $78 million).

Canada Emergency Business Account Program

Under the Canada Emergency Business Account (CEBA) Program, with funding provided by Her Majesty in Right of Canada (the "Government of Canada") and Export Development Canada as the Government of Canada's agent, the Bank provided eligible business banking customers with an interest-free, partially forgivable loan of up to $60,000 until December 31, 2022. If the loan is not repaid by December 31, 2022, it will be extended for an additional 3-year term bearing an interest rate of 5% per annum. The application window for new CEBA loans and expansion requests closed on June 30, 2021. The funding provided to the Bank by the Government of Canada in respect of the CEBA Program represents an obligation to passthrough collections on the CEBA loans and is otherwise non-recourse to the Bank. Accordingly, the Bank is required to remit all collections of principal and interest on the CEBA loans to the Government of Canada but is not required to repay amounts that its customers fail to pay or that have been forgiven. The Bank receives an administration fee to recover the costs to administer the program for the Government of Canada. Loans issued under the program are not recognized on the Bank's Consolidated Balance Sheet, as the Bank transfers substantially all risks and rewards in respect of the loans to the Government of Canada. As of October 31, 2021, the Bank had provided approximately 213,000 customers (October 31, 2020 – 184,000) with CEBA loans and had funded approximately $11.6 billion (October 31, 2020 – $7.3 billion) in loans under the program.

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, asset manager, 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.

(*a*) SPONSORED STRUCTURED ENTITIES

The following section outlines the Bank's involvement with key sponsored structured entities.

Securitizations

The Bank securitizes its own assets and facilitates the securitization of client assets through structured entities, such as conduits, which issue ABCP or other securitization entities which issue longer-dated term securities. Securitizations are an important source of liquidity for the Bank, allowing it to diversify its funding sources and to optimize its balance sheet management approach.

The Bank 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 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 entity. If an entity experiences difficulty issuing ABCP due to illiquidity in the commercial market, the entity may draw on the loan facility, and use the proceeds to pay maturing ABCP. The ABCP issued by each multi-seller conduit is in the conduit's own name with recourse to the financial assets owned by the multi-seller conduit, and is non-recourse to the Bank except through our participation in liquidity facilities. 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 financial assets are purchased from more than one seller and commingled into a single portfolio of assets. Each transaction is structured with transaction-specific first loss protection provided by the third-party seller. This enhancement can take various forms, including but not limited to overcollateralization, excess spread, subordinated classes of financial assets, guarantees or letters of credit. 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. 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. Where the Bank has power over multi-seller conduits, but is not exposed to significant variable returns it does not consolidate such entities. Where the Bank is exposed to variable returns of a multi-seller conduit from provision of liquidity facilities, together with power over the entity as well as the ability to use its power to influence significant variable returns, the Bank consolidates the conduit.

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 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 IV (Trust IV) and (2) TD Covered Bond (Legislative) Guarantor Limited Partnership (the "Covered Bond Entity"). The Bank had previously issued TD Capital Trust III Securities – Series 2008 (TD CaTS III) through TD Capital Trust III (Trust III), which were included in Non-controlling interests in subsidiaries on the Consolidated Balance Sheet. The TD CaTS III were fully redeemed on December 31, 2018 at a price of $1 billion plus the unpaid distribution payable on the redemption date.

Trust IV issued innovative capital securities which 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 bank deposit notes which generate income for distribution to investors. Trust IV holds assets which are only exposed to the Bank's own credit risk. The Bank is considered to have decision-making power over the key economic activities of Trust IV; however, the Bank does not consolidate the trust because it does not absorb significant variable returns of the trust as it is ultimately exposed only to its own credit risk. On June 30, 2019, Trust IV redeemed all of the outstanding $550 million TD Capital Trust IV Notes – Series 1 (TD CaTS IV – 1). On June 30, 2021, Trust IV redeemed all of the outstanding $750 million TD Capital Trust IV Notes – Series 3 (TD CaTS IV – 3). On November 1, 2021, Trust IV redeemed all of the outstanding $450 million TD Capital Trust IV Notes – Series 2 (TD CaTS IV – 2). Refer to Note 20 for further details.

The Bank issues, or has issued, debt under its covered bond program where the principal and interest payments of the notes are guaranteed by the Covered Bond Entity. The Bank sold a portfolio of assets to the Covered Bond Entity and provided a loan to the Covered Bond Entity to facilitate the purchase. The Bank is restricted from accessing the Covered Bond Entity's assets under the relevant agreement. Investors in the Bank's covered bonds may have recourse to the Bank should the assets of the Covered Bond Entity be insufficient to satisfy the covered bond liabilities. The Bank consolidates the Covered Bond Entity as it has power over the key economic activities and retains all the variable returns in this entity.

***(b)* 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.

(c) INVOLVEMENT WITH CONSOLIDATED STRUCTURED ENTITIES

Securitizations

The Bank securitizes credit card receivables, 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.

(d) INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

The following table presents information related to the Bank's unconsolidated structured entities. Unconsolidated structured entities include both TD and third-party sponsored entities. Securitizations include holdings in TD-sponsored multi-seller conduits, as well as third-party sponsored mortgage and asset-backed securitizations, including government-sponsored agency securities such as CMBs, and U.S. government agency issuances. Investment Funds and Trusts include holdings in third-party funds and trusts, as well as holdings in TD-sponsored asset management funds and trusts and commitments to certain U.S. municipal funds. Amounts in Other are predominantly related to investments in community-based U.S. tax-advantage entities described in Note 12. These holdings do not result in the consolidation of these entities as TD does not have power over these entities.

Carrying Amount and Maximum Exposure to Unconsolidated Structured Entities[1]

(millions of Canadian dollars) *As at*

	October 31, 2021				October 31, 2020			
	Securitizations	**Investment funds and trusts**	**Other**	**Total**	Securitizations	Investment funds and trusts	Other	Total
FINANCIAL ASSETS								
Trading loans, securities, and other	**$ 10,060**	**$ 1,083**	**$ –**	**$ 11,143**	$ 7,810	$ 845	$ –	$ 8,655
Non-trading financial assets at fair value through profit or loss	**5,770**	**665**	**64**	**6,499**	3,680	513	68	4,261
Derivatives[2]	**–**	**95**	**–**	**95**	–	368	6	374
Financial assets designated at fair value through profit or loss	**–**	**6**	**–**	**6**	–	23	–	23
Financial assets at fair value through other comprehensive income	**23,446**	**2,247**	**3**	**25,696**	30,278	2,395	7	32,680
Debt securities at amortized cost, net of allowance for credit losses	**117,246**	**424**	**–**	**117,670**	104,914	28	–	104,942
Loans	**2,399**	**4**	**–**	**2,403**	2,134	5	–	2,139
Other	**4**	**–**	**3,021**	**3,025**	8	–	3,098	3,106
Total assets	**158,925**	**4,524**	**3,088**	**166,537**	148,824	4,177	3,179	156,180
FINANCIAL LIABILITIES								
Derivatives[2]	**–**	**513**	**–**	**513**	–	150	–	150
Obligations related to securities sold short	**2,199**	**365**	**–**	**2,564**	3,337	335	–	3,672
Total liabilities	**2,199**	**878**	**–**	**3,077**	3,337	485	–	3,822
Off-balance sheet exposure[3]	**13,372**	**5,962**	**1,299**	**20,633**	16,431	5,105	1,289	22,825
Maximum exposure to loss from involvement with unconsolidated structured entities	**$ 170,098**	**$ 9,608**	**$ 4,387**	**$ 184,093**	$ 161,918	$ 8,797	$ 4,468	$ 175,183
Size of sponsored unconsolidated structured entities[4]	**$ 10,266**	**$ 42,834**	**$ 450**	**$ 53,550**	$ 10,862	$ 37,286	$ 1,200	$ 49,348

1 Certain comparative amounts have been restated to conform with the presentation adopted in the current period.
2 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.
3 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.
4 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 earned non-interest income of $2.3 billion (October 31, 2020 – $2.1 billion) from its involvement with these asset management entities for the year ended October 31, 2021, of which $2.0 billion (October 31, 2020 – $1.8 billion) was received directly from these entities. The total AUM in these entities as at October 31, 2021 was $286.8 billion (October 31, 2020 – $241.4 billion). Any assets transferred by the Bank during the period are co-mingled with assets obtained from third parties in the market. Except as previously disclosed, the Bank has no contractual or non-contractual arrangements to provide financial support to unconsolidated structured entities.

NOTE 11: DERIVATIVES

(a) DERIVATIVE PRODUCT TYPES AND RISK EXPOSURES

The majority of the Bank's derivative contracts are OTC transactions that are bilaterally negotiated between the Bank and the counterparty to the contract. The remainder are exchange-traded contracts transacted through organized and regulated exchanges and consist primarily of certain options and futures.

The Bank's derivative transactions relate to trading and non-trading activities. The purpose of derivatives held for non-trading activities is primarily for managing interest rate, foreign exchange, and equity risk related to the Bank's funding, lending, investment, and other structural market risk management activities. The Bank's risk management strategy for these risks is discussed in shaded sections of the "Managing Risk" section of the MD&A.

Where hedge accounting is applied, only a specific or a combination of risk components are hedged, including benchmark interest rate, foreign exchange rate, and equity price components. All these risk components are observable in the relevant market environment and the change in the fair value or the variability in cash flows attributable to these risk components can be reliably measured for hedged items. The Bank also enters into derivative transactions to economically hedge certain exposures that do not otherwise qualify for hedge accounting, or where hedge accounting is not considered feasible.

Where the derivatives are in hedge relationships, the main sources of ineffectiveness can be attributed to differences between hedging instruments and hedged items:

- Differences in fixed rates, when contractual coupons of the fixed rate hedged items are designated;
- Differences in the discounting factors, when hedging derivatives are collateralized;
- CVA on the hedging derivatives; and
- Mismatch in critical terms such as tenor and timing of cash flows between hedging instruments and hedged items.

To mitigate a portion of the ineffectiveness, the Bank designates the benchmark risk component of contractual cash flows of hedged items and executes hedging derivatives with high-quality counterparties. The majority of the Bank's hedging derivatives are collateralized.

Interest Rate Derivatives

Interest rate swaps are OTC contracts in which two counterparties agree to exchange cash flows over a period of time based on rates applied to a specified notional amount. This includes interest rate swaps that are transacted and settled through a clearing house which acts as a central counterparty. 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.

Forward rate agreements are OTC contracts that effectively fix a future interest rate for a period of time. A typical forward rate agreement provides that at a pre-determined future date, a cash settlement will be made between the counterparties based upon the difference between a contracted rate and a market rate to be determined in the future, calculated on a specified notional amount. No exchange of principal amount takes place.

Interest rate options are contracts in which one party (the purchaser of an option) acquires from another party (the writer of an option), in exchange for a premium, the right, but not the obligation, either to buy or sell, on a specified future date or series of future dates or within a specified time, a specified financial instrument at a contracted price. The underlying financial instrument will have a market price which varies in response to changes in interest rates. In managing the Bank's interest rate exposure, the Bank acts as both a writer and purchaser of these options. Options are transacted both OTC and through exchanges. Interest rate futures are standardized contracts transacted on an exchange. They are based upon an agreement to buy or sell a specified quantity of a financial instrument on a specified future date, at a contracted price. These contracts differ from forward rate agreements in that they are in standard amounts with standard settlement dates and are transacted on an exchange.

The Bank uses interest rate swaps to hedge its exposure to benchmark interest rate risk by modifying the repricing or maturity characteristics of existing and/or forecast assets and liabilities, including funding and investment activities. These swaps are designated in either fair value hedges against fixed rate assets/liabilities or cash flow hedges against floating rate assets/liabilities. For fair value hedges, the Bank assesses and measures the hedge effectiveness based on the change in the fair value or cash flows of the derivative hedging instrument relative to the change in the fair value or cash flows of the hedged item. For cash flow hedges, the Bank uses a hypothetical derivative having terms that identically match the critical terms of the hedged item as the proxy for measuring the change in fair value or cash flows of the hedged item.

Foreign Exchange Derivatives

Foreign exchange forwards are OTC contracts in which one counterparty contracts with another to exchange a specified amount of one currency for a specified amount of a second currency, at a future date or range of dates.

Swap contracts comprise foreign exchange swaps and cross-currency interest rate swaps. Foreign exchange swaps are transactions in which a foreign currency is simultaneously purchased in the spot market and sold in the forward market, or vice-versa. Cross-currency interest rate swaps are transactions in which counterparties exchange principal and interest cash flows in different currencies over a period of time. These contracts are used to manage currency and/or interest rate exposures.

Foreign exchange futures contracts are similar to foreign exchange forward contracts but differ in that they are in standard currency amounts with standard settlement dates and are transacted on an exchange.

The Bank uses non-derivative instruments such as foreign currency deposit liabilities and derivative instruments such as cross-currency swaps and foreign exchange forwards to hedge its foreign currency exposure. These hedging instruments are designated in either net investment hedges or cash flow hedges. For net investment hedges, the Bank assesses and measures the hedge effectiveness based on the change in the fair value of the hedging instrument relative to the translation gains and losses on the net investment in the foreign operation. For cash flow hedges, the Bank assesses and measures the hedge effectiveness based on the change in the fair value of the hedging instrument relative to the change in the cash flows of the foreign currency denominated asset/liability attributable to foreign exchange risk, using the hypothetical derivative method.

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, as well as managing counterparty credit risk on derivatives. 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, which include contracts transacted through clearing houses, and total return swaps. In CDS contracts, the CDS purchaser acquires credit protection on a reference asset or group of assets from a writer of CDS in exchange for a premium. The purchaser may pay the agreed premium at inception or over a period of time. The credit protection compensates the purchaser for deterioration in value of the reference asset or group of assets upon the occurrence of certain credit events such as bankruptcy, or changes in specified credit rating or credit index. Settlement may be cash based or physical, requiring the delivery of the reference asset to the CDS writer. In total return 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 a single stock at a contracted price. Options are transacted both OTC and through exchanges.

Equity index futures are standardized contracts transacted on an exchange. They are based on an agreement to pay or receive a cash amount based on the difference between the contracted price level of an underlying stock index and its corresponding market price level at a specified future date. There is no actual delivery of stocks that comprise the underlying index. These contracts are in standard amounts with standard settlement dates.

Commodity contracts include commodity forwards, futures, swaps, and options, such as precious metals and energy-related products in both OTC and exchange markets.

Where hedge accounting is applied, the Bank uses equity forwards and/or total return swaps to hedge its exposure to equity price risk. These derivatives are designated as cash flow hedges. The Bank assesses and measures the hedge effectiveness based on the change in the fair value of the hedging instrument relative to the change in the cash flows of the hedged item attributable to movement in equity price, using the hypothetical derivative method.

Fair Value of Derivatives

(millions of Canadian dollars)	**October 31, 2021**		October 31, 2020	
	Fair value as at balance sheet date		Fair value as at balance sheet date	
	Positive	**Negative**	Positive	Negative
Derivatives held or issued for trading purposes				
Interest rate contracts				
Forward rate agreements	**$ 37**	**$ 68**	$ 38	$ 71
Swaps	**7,430**	**9,450**	12,290	15,068
Options written	**–**	**698**	–	1,321
Options purchased	**774**	**–**	1,322	–
Total interest rate contracts	**8,241**	**10,216**	13,650	16,460
Foreign exchange contracts				
Forward contracts	**9**	**1,849**	818	1,361
Swaps	**16,638**	**14,947**	10,858	9,649
Cross-currency interest rate swaps	**16,279**	**15,061**	15,106	14,431
Options written	**–**	**238**	–	286
Options purchased	**172**	**–**	256	–
Total foreign exchange contracts	**33,098**	**32,095**	27,038	25,727
Credit derivative contracts				
Credit default swaps – protection purchased	**1**	**207**	3	165
Credit default swaps – protection sold	**67**	**–**	7	9
Total credit derivative contracts	**68**	**207**	10	174
Other contracts				
Equity contracts	**3,752**	**6,223**	3,649	3,328
Commodity contracts	**2,891**	**1,904**	2,414	1,993
Total other contracts	**6,643**	**8,127**	6,063	5,321
Fair value – trading	**48,050**	**50,645**	46,761	47,682
Derivatives held or issued for non-trading purposes				
Interest rate contracts				
Forward rate agreements	**2**	**1**	2	1
Swaps	**2,000**	**1,465**	4,299	2,671
Options written	**1**	**1**	–	2
Options purchased	**38**	**–**	9	–
Total interest rate contracts	**2,041**	**1,467**	4,310	2,674
Foreign exchange contracts				
Forward contracts	**1,475**	**267**	608	187
Swaps	**5**	**1**	8	1
Cross-currency interest rate swaps	**1,238**	**2,812**	1,964	1,399
Total foreign exchange contracts	**2,718**	**3,080**	2,580	1,587
Credit derivative contracts				
Credit default swaps – protection purchased	**2**	**138**	9	153
Total credit derivative contracts	**2**	**138**	9	153
Other contracts				
Equity contracts	**1,616**	**1,792**	582	1,107
Total other contracts	**1,616**	**1,792**	582	1,107
Fair value – non-trading	**6,377**	**6,477**	7,481	5,521
Total fair value	**$ 54,427**	**$ 57,122**	$ 54,242	$ 53,203

The following table distinguishes derivatives held or issued for non-trading purposes between those that have been designated in qualifying hedge accounting relationships and those which have not been designated in qualifying hedge accounting relationships as at October 31, 2021 and October 31, 2020.

Fair Value of Non-Trading Derivatives[1]

(millions of Canadian dollars)										*As at*
										October 31, 2021
	Derivative Assets					**Derivative Liabilities**				
	Derivatives in qualifying hedging relationships			**Derivatives not in qualifying hedging relationships**		**Derivatives in qualifying hedging relationships**			**Derivatives not in qualifying hedging relationships**	
	Fair value	**Cash flow**	**Net investment**		**Total**	**Fair value**	**Cash flow**	**Net investment**		**Total**
Derivatives held or issued for non-trading purposes										
Interest rate contracts	**$ 548**	**$ 148**	**$ –**	**$ 1,345**	**$ 2,041**	**$ 346**	**$ 213**	**$ –**	**$ 908**	**$ 1,467**
Foreign exchange contracts	**–**	**2,631**	**–**	**87**	**2,718**	**–**	**2,887**	**–**	**193**	**3,080**
Credit derivative contracts	**–**	**–**	**–**	**2**	**2**	**–**	**–**	**–**	**138**	**138**
Other contracts	**–**	**927**	**–**	**689**	**1,616**	**–**	**–**	**–**	**1,792**	**1,792**
Fair value – non-trading	**$ 548**	**$ 3,706**	**$ –**	**$ 2,123**	**$ 6,377**	**$ 346**	**$ 3,100**	**$ –**	**$ 3,031**	**$ 6,477**
										October 31, 2020
Derivatives held or issued for non-trading purposes										
Interest rate contracts	$ 1,624	$ 1,061	$ –	$ 1,625	$ 4,310	$ 884	$ 81	$ –	$ 1,709	$ 2,674
Foreign exchange contracts	–	2,503	–	77	2,580	–	1,546	–	41	1,587
Credit derivative contracts	–	–	–	9	9	–	–	–	153	153
Other contracts	–	200	–	382	582	–	142	–	965	1,107
Fair value – non-trading	$ 1,624	$ 3,764	$ –	$ 2,093	$ 7,481	$ 884	$ 1,769	$ –	$ 2,868	$ 5,521

1 Certain derivative assets qualify to be offset with certain derivative liabilities on the Consolidated Balance Sheet. Refer to Note 6 for further details.

Fair Value Hedges

The following table presents the effects of fair value hedges on the Consolidated Balance Sheet and the Consolidated Statement of Income.

Fair Value Hedges

(millions of Canadian dollars)						*For the years ended or as at October 31*
						2021
	Change in value of hedged items for ineffectiveness measurement	**Change in fair value of hedging instruments for ineffectiveness measurement**	**Hedge ineffectiveness**	**Carrying amounts for hedged items**	**Accumulated amount of fair value hedge adjustments on hedged items**[1]	**Accumulated amount of fair value hedge adjustments on de-designated hedged items**
Assets						
Interest rate risk						
Debt securities at amortized cost	**$ (2,039)**	**$ 2,065**	**$ 26**	**$ 86,716**	**$ 466**	**$ 58**
Financial assets at fair value through other comprehensive income	**(1,952)**	**1,981**	**29**	**47,306**	**(277)**	**30**
Loans	**(1,603)**	**1,661**	**58**	**61,346**	**(95)**	**25**
Total assets	**(5,594)**	**5,707**	**113**	**195,368**	**94**	**113**
Liabilities						
Interest rate risk						
Deposits	**2,529**	**(2,569)**	**(40)**	**123,765**	**638**	**20**
Securitization liabilities at amortized cost	**20**	**(20)**	**–**	**1,536**	**147**	**–**
Subordinated notes and debentures	**91**	**(92)**	**(1)**	**1,326**	**(16)**	**11**
Total liabilities	**2,640**	**(2,681)**	**(41)**	**126,627**	**769**	**31**
Total	**$ (2,954)**	**$ 3,026**	**$ 72**			
						2020
Assets						
Interest rate risk						
Debt securities at amortized cost	$ 1,377	$ (1,384)	$ (7)	$ 59,095	$ 2,572	$ 215
Financial assets at fair value through other comprehensive income	1,413	(1,414)	(1)	66,000	1,812	52
Loans	1,834	(1,838)	(4)	36,019	2,059	37
Total assets	4,624	(4,636)	(12)	161,114	6,443	304
Liabilities						
Interest rate risk						
Deposits	(3,962)	3,922	(40)	142,464	4,703	72
Securitization liabilities at amortized cost	(201)	202	1	3,519	230	–
Subordinated notes and debentures	(246)	246	–	2,658	111	(13)
Total liabilities	(4,409)	4,370	(39)	148,641	5,044	59
Total	$ 215	$ (266)	$ (51)			
						2019
Total	$ 1,966	$ (1,992)	$ (26)			

1 The Bank has portfolios of fixed rate financial assets and liabilities whereby the principal amount changes frequently due to originations, issuances, maturities and prepayments. The interest rate risk hedges on these portfolios are rebalanced dynamically.

Cash Flow Hedges and Net Investment Hedges

The following table presents the effects of cash flow hedges and net investment hedges on the Bank's Consolidated Statement of Income and the Consolidated Statement of Comprehensive Income.

Cash Flow and Net Investment Hedges

(millions of Canadian dollars) *For the years ended October 31*

	Change in value of hedged items for ineffectiveness measurement	Change in fair value of hedging instruments for ineffectiveness measurement	Hedge ineffectiveness	Hedging gains (losses) recognized in other comprehensive income[1]	Amount reclassified from accumulated other comprehensive income (loss) to earnings[1]	Net change in other comprehensive income (loss)[1]
						2021
Cash flow hedges[2]						
Interest rate risk[3]	**$ 2,084**	**$ (2,087)**	**$ (3)**	**$ (1,682)**	**$ 1,162**	**$ (2,844)**
Foreign exchange risk[4,5,6]	**1,962**	**(1,962)**	**–**	**(2,441)**	**(2,604)**	**163**
Equity price risk	**(952)**	**952**	**–**	**952**	**836**	**116**
Total cash flow hedges	**$ 3,094**	**$ (3,097)**	**$ (3)**	**$ (3,171)**	**$ (606)**	**$ (2,565)**
Net investment hedges	**$ (2,649)**	**$ 2,649**	**$ –**	**$ 2,649**	**$ –**	**$ 2,649**
						2020
Cash flow hedges[2]						
Interest rate risk[3]	$ (3,884)	$ 3,891	$ 7	$ 4,222	$ 609	$ 3,613
Foreign exchange risk[4,5,6]	(1,129)	1,122	(7)	650	1,043	(393)
Equity price risk	364	(364)	–	(364)	(294)	(70)
Total cash flow hedges	$ (4,649)	$ 4,649	$ –	$ 4,508	$ 1,358	$ 3,150
Net investment hedges	$ 394	$ (394)	$ –	$ (394)	$ (2,077)	$ 1,683
						2019
Total cash flow hedges[2]	$ (4,958)	$ 4,961	$ 3	$ 4,697	$ (673)	$ 5,370
Net investment hedges	$ (180)	$ 180	$ –	$ 180	$ –	$ 180

1 Effects on other comprehensive income are presented on a pre-tax basis.

2 During the years ended October 31, 2021, October 31, 2020, and October 31, 2019, there were no instances where forecast hedged transactions failed to occur.

3 Hedged items include forecast interest cash flows on loans, deposits, and securitization liabilities.

4 For non-derivative instruments designated as hedging foreign exchange risk, fair value change is measured as the gains and losses due to spot foreign exchange movements.

5 Cross-currency swaps may be used to hedge 1) foreign exchange risk, or 2) a combination of interest rate risk and foreign exchange risk in a single hedge relationship. Cross-currency swaps in both types of hedge relationships are disclosed in the above risk category (foreign exchange risk).

6 Hedged items include principal and interest cash flows on foreign denominated securities, loans, deposits, other liabilities, and subordinated notes and debentures.

Reconciliation of Accumulated Other Comprehensive Income (Loss)[1]

(millions of Canadian dollars) *For the years ended October 31*

	Accumulated other comprehensive income (loss) at beginning of year	Net changes in other comprehensive income (loss)	Accumulated other comprehensive income (loss) at end of year	Accumulated other comprehensive income (loss) on designated hedges	Accumulated other comprehensive income (loss) on de-designated hedges
					2021
Cash flow hedges					
Interest rate risk	**$ 5,216**	**$ (2,844)**	**$ 2,372**	**$ (1,063)**	**$ 3,435**
Foreign exchange risk	**(40)**	**163**	**123**	**123**	**–**
Equity price risk	**(45)**	**116**	**71**	**71**	**–**
Total cash flow hedges	**$ 5,131**	**$ (2,565)**	**$ 2,566**	**$ (869)**	**$ 3,435**
Net investment hedges					
Foreign translation risk	**$ (3,826)**	**$ 2,649**	**$ (1,177)**	**$ (1,177)**	**$ –**
					2020
Cash flow hedges					
Interest rate risk	$ 1,603	$ 3,613	$ 5,216	$ 1,881	$ 3,335
Foreign exchange risk	353	(393)	(40)	(40)	–
Equity price risk	25	(70)	(45)	(45)	–
Total cash flow hedges	$ 1,981	$ 3,150	$ 5,131	$ 1,796	$ 3,335
Net investment hedges					
Foreign translation risk	$ (5,509)	$ 1,683	$ (3,826)	$ (3,826)	$ –

1 Presented on a pre-tax basis.

(b) 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 are they indicative of the credit risk associated with derivative financial instruments.

The following table discloses the notional amount of OTC and exchange-traded derivatives.

Over-the-Counter and Exchange-Traded Derivatives[1]

(millions of Canadian dollars)

							As at
						October 31 2021	October 31 2020
			Trading				
	Over-the-Counter[2]						
	Clearing house[3]	**Non clearing house**	**Exchange-traded**	**Total**	**Non-trading**[4]	**Total**	Total
Notional							
Interest rate contracts							
Futures	**$ –**	**$ –**	**$ 896,396**	**$ 896,396**	**$ –**	**$ 896,396**	$ 546,034
Forward rate agreements	**501,519**	**16,976**	**–**	**518,495**	**831**	**519,326**	1,478,749
Swaps	**10,575,475**	**358,754**	**–**	**10,934,229**	**1,586,445**	**12,520,674**	10,366,800
Options written	**–**	**71,408**	**37,057**	**108,465**	**493**	**108,958**	366,308
Options purchased	**–**	**74,010**	**41,807**	**115,817**	**3,133**	**118,950**	453,038
Total interest rate contracts	**11,076,994**	**521,148**	**975,260**	**12,573,402**	**1,590,902**	**14,164,304**	13,210,929
Foreign exchange contracts							
Futures	**–**	**–**	**–**	**–**	**–**	**–**	–
Forward contracts	**–**	**189,096**	**–**	**189,096**	**32,500**	**221,596**	148,254
Swaps	**–**	**2,366,501**	**–**	**2,366,501**	**589**	**2,367,090**	2,036,494
Cross-currency interest rate swaps	**–**	**967,297**	**–**	**967,297**	**72,663**	**1,039,960**	993,460
Options written	**–**	**19,156**	**17**	**19,173**	**–**	**19,173**	17,903
Options purchased	**–**	**16,742**	**16**	**16,758**	**–**	**16,758**	17,920
Total foreign exchange contracts	**–**	**3,558,792**	**33**	**3,558,825**	**105,752**	**3,664,577**	3,214,031
Credit derivative contracts							
Credit default swaps – protection purchased	**8,014**	**87**	**–**	**8,101**	**3,563**	**11,664**	12,742
Credit default swaps – protection sold	**2,805**	**158**	**–**	**2,963**	**–**	**2,963**	1,544
Total credit derivative contracts	**10,819**	**245**	**–**	**11,064**	**3,563**	**14,627**	14,286
Other contracts							
Equity contracts	**–**	**90,810**	**99,190**	**190,000**	**25,716**	**215,716**	176,064
Commodity contracts	**265**	**52,231**	**50,847**	**103,343**	**–**	**103,343**	103,271
Total other contracts	**265**	**143,041**	**150,037**	**293,343**	**25,716**	**319,059**	279,335
Total	**$ 11,088,078**	**$ 4,223,226**	**$ 1,125,330**	**$ 16,436,634**	**$ 1,725,933**	**$ 18,162,567**	$ 16,718,581

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

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 reduce 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 As at October 31, 2021, includes $1,442 billion of OTC derivatives that are transacted with clearing houses (October 31, 2020 – $1,191 billion) and $284 billion of OTC derivatives that are transacted with non-clearing houses (October 31, 2020 – $357 billion). There were no exchange-traded derivatives both as at October 31, 2021 and October 31, 2020.

The following table distinguishes the notional amount of derivatives held or issued for non-trading purposes between those that have been designated in qualifying hedge accounting relationships and those which have not been designated in qualifying hedge accounting relationships.

Notional of Non-Trading Derivatives[1]

(millions of Canadian dollars)

					As at
					October 31, 2021
	Derivatives in qualifying hedging relationships				
Derivatives held or issued for hedging (non-trading) purposes	**Fair value**	**Cash flow**[2]	**Net Investment**[2]	**Derivatives not in qualifying hedging relationships**	**Total**
Interest rate contracts	**$ 343,266**	**$ 196,272**	**$ –**	**$ 1,051,364**	**$ 1,590,902**
Foreign exchange contracts	**–**	**93,518**	**–**	**12,234**	**105,752**
Credit derivative contracts	**–**	**–**	**–**	**3,563**	**3,563**
Other contracts	**–**	**1,655**	**–**	**24,061**	**25,716**
Total notional non-trading	**$ 343,266**	**$ 291,445**	**$ –**	**$ 1,091,222**	**$ 1,725,933**
					October 31, 2020
Interest rate contracts	$ 313,461	$ 193,897	$ –	$ 878,784	$ 1,386,142
Foreign exchange contracts	–	121,263	44	8,855	130,162
Credit derivative contracts	–	–	–	4,197	4,197
Other contracts	–	1,630	–	26,137	27,767
Total notional non-trading	$ 313,461	$ 316,790	$ 44	$ 917,973	$ 1,548,268

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

2 Certain cross-currency swaps are executed using multiple derivatives, including interest rate swaps. These derivatives are used to hedge foreign exchange rate risk in cash flow hedges and net investment hedges.

The following table discloses the notional principal amount of OTC derivatives and exchange-traded derivatives based on their contractual terms to maturity.

Derivatives by Remaining Term-to-Maturity[1]

(millions of Canadian dollars)

					As at
				October 31 2021	October 31 2020
Notional Principal	**Within 1 year**	**Over 1 year to 5 years**	**Over 5 years**	**Total**	Total
Interest rate contracts					
Futures	**$ 753,637**	**$ 142,759**	**$ –**	**$ 896,396**	$ 546,034
Forward rate agreements	**511,577**	**6,975**	**774**	**519,326**	1,478,749
Swaps	**3,709,285**	**5,940,843**	**2,870,546**	**12,520,674**	10,366,800
Options written	**61,295**	**42,264**	**5,399**	**108,958**	366,308
Options purchased	**68,691**	**44,084**	**6,175**	**118,950**	453,038
Total interest rate contracts	**5,104,485**	**6,176,925**	**2,882,894**	**14,164,304**	13,210,929
Foreign exchange contracts					
Futures	**–**	**–**	**–**	**–**	–
Forward contracts	**209,208**	**10,872**	**1,516**	**221,596**	148,254
Swaps	**2,327,855**	**34,976**	**4,259**	**2,367,090**	2,036,494
Cross-currency interest rate swaps	**223,966**	**578,933**	**237,061**	**1,039,960**	993,460
Options written	**17,824**	**1,349**	**–**	**19,173**	17,903
Options purchased	**15,209**	**1,549**	**–**	**16,758**	17,920
Total foreign exchange contracts	**2,794,062**	**627,679**	**242,836**	**3,664,577**	3,214,031
Credit derivative contracts					
Credit default swaps – protection purchased	**1,887**	**3,807**	**5,970**	**11,664**	12,742
Credit default swaps – protection sold	**542**	**1,636**	**785**	**2,963**	1,544
Total credit derivative contracts	**2,429**	**5,443**	**6,755**	**14,627**	14,286
Other contracts					
Equity contracts	**155,105**	**60,539**	**72**	**215,716**	176,064
Commodity contracts	**86,102**	**16,996**	**245**	**103,343**	103,271
Total other contracts	**241,207**	**77,535**	**317**	**319,059**	279,335
Total	**$ 8,142,183**	**$ 6,887,582**	**$ 3,132,802**	**$ 18,162,567**	$ 16,718,581

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

The following table discloses the notional amount and average price of derivative instruments designated in qualifying hedge accounting relationships.

Hedging Instruments by Remaining Term-to-Maturity

(millions of Canadian dollars, except as noted)

					As at
				October 31 2021	October 31 2020
Notional	**Within 1 year**	**Over 1 year to 5 years**	**Over 5 years**	**Total**	Total
Interest rate risk					
Interest rate swaps					
Notional – pay fixed	**$ 39,887**	**$ 78,361**	**$ 86,540**	**$ 204,788**	$ 161,022
Average fixed interest rate %	**1.14**	**1.41**	**1.50**		
Notional – received fixed	**46,931**	**176,544**	**25,166**	**248,641**	228,757
Average fixed interest rate %	**0.64**	**1.27**	**1.24**		
Total notional – interest rate risk	**86,818**	**254,905**	**111,706**	**453,429**	389,779
Foreign exchange risk[1]					
Forward contracts					
Notional – USD/CAD	**680**	**2,124**	**76**	**2,880**	1,655
Average FX forward rate	**1.27**	**1.29**	**1.28**		
Notional – EUR/CAD	**2,625**	**10,834**	**613**	**14,072**	17,027
Average FX forward rate	**1.61**	**1.65**	**1.62**		
Notional – other	**–**	**–**	**–**	**–**	44
Cross-currency swaps[2,3]					
Notional – USD/CAD	**17,567**	**21,476**	**1,287**	**40,330**	54,679
Average FX rate	**1.27**	**1.30**	**1.26**		
Notional – EUR/CAD	**329**	**15,411**	**2,549**	**18,289**	21,916
Average FX rate	**1.43**	**1.51**	**1.50**		
Notional – GBP/CAD	**2,117**	**847**	**334**	**3,298**	5,375
Average FX rate	**1.68**	**1.72**	**1.71**		
Notional – other currency pairs[4]	**6,509**	**7,698**	**457**	**14,664**	20,608
Total notional – foreign exchange risk	**29,827**	**58,390**	**5,316**	**93,533**	121,304
Equity Price Risk					
Notional – equity contracts	**1,655**	**–**	**–**	**1,655**	1,657
Total notional	**$ 118,300**	**$ 313,295**	**$ 117,022**	**$ 548,617**	$ 512,740

1 Foreign currency denominated deposit liabilities are also used to hedge foreign exchange risk. As at October 31, 2021, the carrying value of these non-derivative hedging instruments was $32.4 billion (October 31, 2020 – $27.9 billion) designated under net investment hedges.

2 Cross-currency swaps may be used to hedge 1) foreign exchange risk, or 2) a combination of interest rate risk and foreign exchange risk in a single hedge relationship. Cross-currency swaps in both types of hedge relationships are disclosed in the above risk category (foreign exchange risk).

3 Certain cross-currency swaps are executed using multiple derivatives, including interest rate swaps. The notional amount of these interest rate swaps, excluded from the above, is $86.1 billion as at October 31, 2021 (October 31, 2020 – $117.6 billion).

4 Includes derivatives executed to manage non-trading foreign currency exposures, when more than one currency is involved prior to hedging to the Canadian dollar, or when the currency pair is not a significant exposure for the Bank.

Interest Rate Benchmark Reform

The Bank's hedging relationships have significant exposure to US LIBOR and GBP LIBOR benchmark rates. As a result of IBOR reform, these benchmark rates are subject to discontinuance, changes in methodology, or can become illiquid when the adoption of ARRs as established benchmark rates increase. Judgment may be required in determining whether certain hedging relationships that involve hedging changes in fair value or variability of cash flows attributable to interest rate or foreign exchange risk continue to qualify for hedge accounting.

Impacted hedging relationships will continue to be monitored for each significant benchmark rate subject to ARR transition. As the new ARRs are likely to differ from the prior benchmark rates, new or revised hedging strategies may be required to better align derivative hedging instruments with hedged items. Given ongoing market developments, the assessment of the impact on the Bank's hedging strategies and its mitigation plans is progressing.

The following table discloses the notional amount of derivative instruments designated in qualifying hedge accounting relationships, disaggregated by significant interest rate benchmark, that have yet to transition to an ARR for contracts maturing after December 31, 2021 for GBP LIBOR and after June 30, 2023 for US LIBOR.

Derivative Instruments Designated in Qualifying Hedge Accounting Relationships[1,2]

(millions of Canadian dollars)		*As at*
	October 31, 2021	October 31, 2020
Notional	**Hedging derivatives maturing after December 31, 2021 (for GBP LIBOR) and June 30, 2023 (for US LIBOR)**	
Interest rate risk		
Interest rate swaps		
US LIBOR	**$ 183,399**	$ 158,428
GBP LIBOR	**–**	–
Foreign exchange risk		
Interest rate swaps		
US LIBOR	**13,347**	9,792
GBP LIBOR	**1,694**	1,726
Cross-currency swaps[3]		
US LIBOR	**18,288**	14,301
GBP LIBOR	**1,694**	2,589
Total	**$ 218,422**	$ 186,836

1 US LIBOR transitioning to SOFR. GBP LIBOR transitioning to SONIA.
2 Excludes hedging derivatives which reference rates in multi-rate jurisdictions, including Canadian Dollar Offered Rate.
3 Cross-currency swaps may be used to hedge foreign exchange risk or a combination of interest rate risk and foreign exchange risk in a single hedge relationship. Both these types of hedges are disclosed under the Foreign exchange risk as the risk category.

(c) 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.

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.

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 current replacement cost and credit equivalent amount shown in the following table are based on the standardized approach for counterparty credit risk. According to this approach, the current replacement cost accounts for the fair value of the positions, posted and received collateral, and master netting agreement clauses. The credit equivalent amount is the sum of the current replacement cost and the potential future exposure, which is calculated by applying factors determined by OSFI to the notional principal amount of the derivatives. The risk-weighted amount is determined by applying the adequate risk weights to the credit equivalent amount.

Credit Exposure of Derivatives

(millions of Canadian dollars)

						As at
			October 31, 2021			October 31, 2020
	Current replacement cost	**Credit equivalent amount**	**Risk-weighted amount**	Current replacement cost	Credit equivalent amount	Risk-weighted amount
Interest rate contracts						
Forward rate agreements	**$ 15**	**$ 275**	**$ 164**	$ 20	$ 325	$ 229
Swaps	**2,117**	**7,817**	**1,710**	4,347	10,607	2,641
Options written	**4**	**71**	**18**	33	129	36
Options purchased	**33**	**114**	**31**	5	75	23
Total interest rate contracts	**2,169**	**8,277**	**1,923**	4,405	11,136	2,929
Foreign exchange contracts						
Forward contracts	**558**	**2,799**	**465**	465	2,364	353
Swaps	**2,799**	**18,649**	**1,975**	1,999	15,638	1,370
Cross-currency interest rate swaps	**1,490**	**10,075**	**1,170**	2,087	10,422	1,500
Options written	**7**	**145**	**52**	29	135	44
Options purchased	**22**	**132**	**64**	8	104	28
Total foreign exchange contracts	**4,876**	**31,800**	**3,726**	4,588	28,663	3,295
Other contracts						
Credit derivatives	**3**	**426**	**88**	3	508	123
Equity contracts	**252**	**7,129**	**1,390**	689	8,513	1,376
Commodity contracts	**1,524**	**5,176**	**1,340**	714	3,610	975
Total other contracts	**1,779**	**12,731**	**2,818**	1,406	12,631	2,474
Total derivatives	**8,824**	**52,808**	**8,467**	10,399	52,430	8,698
Qualifying Central Counterparty (QCCP) Contracts	**5,937**	**20,945**	**611**	3,274	14,150	410
Total	**$ 14,761**	**$ 73,753**	**$ 9,078**	$ 13,673	$ 66,580	$ 9,108

Current Replacement Cost of Derivatives

(millions of Canadian dollars, except as noted)

								As at
		Canada[1]		United States[1]		Other international[1]		Total
By sector	**October 31 2021**	October 31 2020	**October 31 2021**	October 31 2020	**October 31 2021**	October 31 2020	**October 31 2021**	October 31 2020
Financial	**$ 2,962**	$ 2,562	**$ 64**	$ 123	**$ 223**	$ 309	**$ 3,249**	$ 2,994
Government	**1,389**	2,156	**13**	26	**180**	116	**1,582**	2,298
Other	**2,202**	2,092	**1,228**	2,397	**563**	618	**3,993**	5,107
Total current replacement cost	**$ 6,553**	$ 6,810	**$ 1,305**	$ 2,546	**$ 966**	$ 1,043	**$ 8,824**	$ 10,399

By location of risk	**October 31 2021**	October 31 2020	**October 31 2021 % mix**	October 31 2020 % mix
Canada	**$ 2,419**	$ 3,752	**27.4%**	36.1%
United States	**3,336**	4,078	**37.8**	39.2
Other international				
United Kingdom	**656**	371	**7.4**	3.6
Europe – other	**1,243**	1,414	**14.1**	13.6
Other	**1,170**	784	**13.3**	7.5
Total Other international	**3,069**	2,569	**34.8**	24.7
Total current replacement cost	**$ 8,824**	$ 10,399	**100.0%**	100.0%

1 Based on geographic location of unit responsible for recording revenue.

Certain of the Bank's derivative contracts are governed by master derivative agreements having provisions that may permit the Bank's counterparties to require, upon the occurrence of a certain contingent event: (1) the posting of collateral or other acceptable remedy such as assignment of the affected contracts to an acceptable counterparty; or (2) settlement of outstanding derivative contracts. Most often, these contingent events are in the form of a downgrade of the senior debt rating of the Bank, either as counterparty or as guarantor of one of the Bank's subsidiaries. At October 31, 2021, the aggregate net liability position of those contracts would require: (1) the posting of collateral or other acceptable remedy totalling $73 million (October 31, 2020 – $120 million) in the event of a one-notch or two-notch downgrade in the Bank's senior debt rating; and (2) funding totalling nil (October 31, 2020 – nil) following the termination and settlement of outstanding derivative contracts in the event of a one-notch or two-notch downgrade in the Bank's senior debt rating.

Certain of the Bank's derivative contracts are governed by master derivative agreements having credit support provisions that permit the Bank's counterparties to call for collateral depending on the net mark-to-market exposure position of all derivative contracts governed by that master derivative agreement. Some of these agreements may permit the Bank's counterparties to require, upon the downgrade of the credit rating of the Bank, to post additional collateral. As at October 31, 2021, the fair value of all derivative instruments with credit risk related contingent features in a net liability position was $12 billion (October 31, 2020 – $11 billion). The Bank has posted $15 billion (October 31, 2020 – $14 billion) of collateral for this exposure in the normal course of business. As at October 31, 2021, the impact of a one-notch downgrade in the Bank's credit rating would require the Bank to post an additional $182 million (October 31, 2020 – $202 million) of collateral to that posted in the normal course of business. A two-notch downgrade in the Bank's credit rating would require the Bank to post an additional $266 million (October 31, 2020 – $249 million) of collateral to that posted in the normal course of business.

NOTE 12: INVESTMENT IN ASSOCIATES AND JOINT VENTURES

INVESTMENT IN THE CHARLES SCHWAB CORPORATION

The Bank has significant influence over The Charles Schwab Corporation ("Schwab") and the ability to participate in the financial and operating policy-making decisions of Schwab through a combination of the Bank's ownership, board representation and the insured deposit account agreement between the Bank and Schwab (the "Schwab IDA Agreement"). As such, the Bank accounts for its investment in Schwab using the equity method. The Bank's share of Schwab's earnings available to common shareholders is reported with a one-month lag. The Bank takes into account changes in the subsequent period that would significantly affect the results.

As at October 31, 2021, the Bank's reported investment in Schwab was 13.41% (October 31, 2020 – 13.51%) of the outstanding voting and non-voting common shares of Schwab with a fair value of $26 billion (US$21 billion) (October 31, 2020 – $14 billion (US$10 billion)) based on the closing price of US$82.03 (October 31, 2020 – US$41.11) on the New York Stock Exchange.

The Bank and Schwab are party to a stockholder agreement (the "Stockholder Agreement") under which the Bank has the right to designate two members of Schwab's Board of Directors and has representation on two Board Committees, subject to the Bank meeting certain conditions. The Bank's designated directors currently are the Bank's Group President and Chief Executive Officer and the Bank's Chair of the Board. Under the Stockholder Agreement, the Bank is not permitted to own more than 9.9% voting common shares of Schwab, and the Bank is subject to customary standstill restrictions and, subject to certain exceptions, transfer restrictions. In addition, the Schwab IDA Agreement has an initial expiration date of July 1, 2031. Refer to Note 28 for further details on the Schwab IDA Agreement.

The condensed financial statements of Schwab, based on its most recent published consolidated financial statements, are included in the following tables. The carrying value of the Bank's investment in Schwab of $11.1 billion as at October 31, 2021 (October 31, 2020 – $12.2 billion) represents the Bank's share of Schwab's stockholders' equity, adjusted for goodwill, other intangibles, and cumulative translation adjustment. The Bank's share of net income from its investment in Schwab of $785 million during the year ended October 31, 2021 (October 31, 2020 – n/a), reflects net income after adjustments for amortization of certain intangibles net of tax.

Condensed Consolidated Balance Sheet

(millions of Canadian dollars)	*As at* September 30 2021
Assets	
Receivables from brokerage clients, net	$ 107,118
Available for sale securities	466,536
Other assets	178,247
Total assets	$ 751,901
Liabilities	
Bank deposits	$ 489,192
Payable to brokerage clients	139,913
Other liabilities	51,706
Total liabilities	680,811
Stockholders' equity	71,090
Total liabilities and stockholders' equity	$ 751,901

Condensed Consolidated Statement of Income

(millions of Canadian dollars, except as noted)	*For the year ended* September 30, 2021
Net Revenues	
Net interest revenue	$ 9,726
Asset management and administration fees	5,246
Trading revenue and other	7,759
Total net revenues	22,731
Expenses Excluding Interest	
Compensation and benefits	6,894
Other	6,788
Total expenses excluding interest	13,682
Income before taxes on income	9,049
Taxes on income	2,216
Net income	6,833
Preferred stock dividends and other	566
Net Income available to common stockholders	6,267
Other comprehensive income (loss)	(5,676)
Total comprehensive income	$ 591
Earnings per common shares outstanding – basic (Canadian dollars)	$ 3.34
Earnings per common shares outstanding – diluted (Canadian dollars)	3.32

INVESTMENT IN TD AMERITRADE HOLDING CORPORATION

On October 6, 2020, Schwab completed its acquisition of TD Ameritrade Holding Corporation ("TD Ameritrade"), of which the Bank was a major shareholder (the "Schwab transaction"). Under the terms of the Schwab transaction, all TD Ameritrade shareholders, including the Bank, exchanged each TD Ameritrade share they owned for 1.0837 common shares of Schwab. Upon closing, the Bank exchanged its approximately 43% ownership in TD Ameritrade for an approximately 13.5% stake in Schwab, consisting of 9.9% voting common shares and the remainder in non-voting common shares, convertible into voting common shares upon transfer to a third party. The Bank recognized a net gain on sale of its investment in TD Ameritrade of $1.4 billion ($2.3 billion after-tax) in the fourth quarter of 2020, which was recorded in Other income (loss) on the Consolidated Statement of Income. The gain was primarily related to the revaluation on sale of the Bank's investment in TD Ameritrade, after elimination of the unrealized portion relating to the Bank's ownership in Schwab, and the release of a deferred tax liability related to the

Bank's investment in TD Ameritrade, and after transaction costs. The Bank also released the cumulative foreign currency translation gains (losses) from AOCI related to the Bank's foreign investment in TD Ameritrade on the sale of its investment, with an offsetting AOCI release of the designated hedging items and related taxes against this foreign investment. The transaction had an approximately neutral impact on Common Equity Tier 1 (CET1) at closing.

Prior to completion of the Schwab transaction, the Bank had significant influence over TD Ameritrade and accounted for its investment in TD Ameritrade using the equity method. The Bank's share of TD Ameritrade's earnings, excluding dividends, was reported with a one-month lag.

Pursuant to the stockholders agreement in relation to the Bank's equity investment in TD Ameritrade, the Bank had the right to designate five of twelve members of TD Ameritrade's Board of Directors. Immediately prior to completion of the Schwab transaction, the Bank's designated directors were the Bank's Group President and Chief Executive Officer and four independent directors of TD or TD's U.S. subsidiaries.

The condensed financial statements of TD Ameritrade, based on its consolidated financial statements, are included in the following tables.

Condensed Consolidated Balance Sheet[1]

(millions of Canadian dollars)		*As at*
		September 30 2020
Assets		
Receivables from brokers, dealers, and clearing organizations	$	2,070
Receivables from clients, net		36,938
Other assets, net		36,223
Total assets	$	75,231
Liabilities		
Payable to brokers, dealers, and clearing organizations	$	4,307
Payable to clients		50,382
Other liabilities		7,174
Total liabilities		61,863
Stockholders' equity		13,368
Total liabilities and stockholders' equity	$	75,231

1 Customers' securities are reported on a settlement date basis whereas the Bank reports customers' securities on a trade date basis.

Condensed Consolidated Statements of Income

(millions of Canadian dollars, except as noted)		*For the years ended September 30*		
		2020		2019
Revenues				
Net interest revenue	$	1,873	$	2,036
Fee-based and other revenue		6,202		5,947
Total revenues		8,075		7,983
Operating expenses				
Employee compensation and benefits		1,905		1,756
Other		2,388		2,245
Total operating expenses		4,293		4,001
Other expense (income)		143		94
Pre-tax income		3,639		3,888
Provision for income taxes		910		957
Net income[1]	$	2,729	$	2,931
Earnings per share – basic (Canadian dollars)	$	5.04	$	5.27
Earnings per share – diluted (Canadian dollars)		5.02		5.26

1 The Bank's share of TD Ameritrade's earnings is based on the published consolidated financial statements of TD Ameritrade after converting into Canadian dollars and is subject to adjustments relating to the amortization of certain intangibles.

INVESTMENT IN OTHER ASSOCIATES OR JOINT VENTURES

Except for Schwab as disclosed above, the Bank did not have investments in associates or joint ventures which were individually material as of October 31, 2021, or October 31, 2020. The carrying amount of the Bank's investment in other associates and joint ventures as at October 31, 2021 was $3.3 billion (October 31, 2020 – $3.4 billion).

Other 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

The Bank completed two acquisitions during fiscal 2021:

Acquisition of Wells Fargo & Company's Canadian Direct Equipment Finance Business
On May 1, 2021, the Bank acquired the Canadian Direct Equipment Finance business of Wells Fargo & Company. The results of the acquired business have been consolidated from the acquisition date and included in the Canadian Retail segment.

Acquisition of Headlands Tech Global Markets, LLC
On July 1, 2021, the Bank acquired Headlands Tech Global Markets, LLC, a Chicago based quantitative fixed income trading company. The results of the acquired business have been consolidated from the acquisition date and included in the Wholesale segment.

These acquisitions were accounted for as business combinations under the purchase method. The excess of accounting consideration over the fair value of tangible net assets acquired is allocated to other intangibles and goodwill.

Agreement for Air Canada Credit Card Loyalty Program

On January 10, 2019, the Bank's long-term loyalty program agreement (the "Loyalty Agreement") with Air Canada became effective in conjunction with Air Canada completing its acquisition of Aimia Canada Inc., which operates the Aeroplan loyalty business (the "Transaction"). Under the terms of the Loyalty Agreement, the Bank became the primary credit card issuer for Air Canada's new loyalty program when it launched in November 2020 through to 2030. TD Aeroplan cardholders became members of Air Canada's new loyalty program and their miles were transitioned when Air Canada's new loyalty program launched in 2020.

In connection with the Transaction, the Bank paid $622 million plus applicable sales tax to Air Canada, of which $547 million ($446 million after sales and income taxes) was recognized in Non-interest expenses – Other on the Consolidated Statement of Income, and $75 million was recognized as an intangible asset which will be amortized over the Loyalty Agreement term. In addition, the Bank prepaid $308 million plus applicable sales tax for the future purchase of loyalty points over a ten-year period.

Acquisition of Greystone Managed Investments Inc.

On November 1, 2018, the Bank acquired 100% of the outstanding equity of Greystone Capital Management Inc., the parent company of Greystone Managed Investments Inc. ("Greystone") for consideration of $821 million, of which $479 million was paid in cash and $342 million was paid in the Bank's common shares. The value of 4.7 million common shares issued as consideration was based on the volume weighted-average market price of the Bank's common shares over the 10 trading day period immediately preceding the fifth business day prior to the acquisition date and was recorded based on market price at close. Common shares of $167 million issued to employee shareholders in respect of the purchase price were held in escrow for two years post-acquisition up to November 1, 2020, subject to their continued employment, and were recorded as a compensation expense over the two-year escrow period.

The acquisition was accounted for as a business combination under the purchase method. As at November 1, 2018, the acquisition contributed $165 million of assets and $46 million of liabilities. The excess of accounting consideration over the fair value of the identifiable net assets was allocated to customer relationship intangibles of $140 million, deferred tax liability of $37 million, and goodwill of $432 million. Goodwill is not deductible for tax purposes. The results of the acquisition have been consolidated from the acquisition date and reported in the Canadian Retail segment.

NOTE 14: GOODWILL AND OTHER INTANGIBLES

The recoverable amount of the Bank's CGUs is determined from internally developed valuation models that consider various factors and assumptions such as forecasted earnings, growth rates, discount rates, and terminal growth rates. Management is required to use judgment in estimating the recoverable amount of CGUs, and the use of different assumptions and estimates in the calculations could influence the determination of the existence of impairment and the valuation of goodwill. Management believes that the assumptions and estimates used are reasonable and supportable. Where possible, assumptions generated internally are compared to relevant market information. The carrying amounts of the Bank's CGUs are determined by management using risk-based capital models to adjust net assets and liabilities by CGU. These models consider various factors including market risk, credit risk, and operational risk, including investment capital (comprised of goodwill and other intangibles). Any capital not directly attributable to the CGUs is held within the Corporate segment. As at the date of the last impairment test, the amount of capital was approximately $25.3 billion and primarily related to treasury assets and excess capital managed within the Corporate segment. The Bank's capital oversight committees provide oversight to the Bank's capital allocation methodologies.

Key Assumptions

The recoverable amount of each CGU or group of CGUs has been determined based on its estimated value-in-use. In assessing value-in-use, estimated future cash flows based on the Bank's internal forecast are discounted using an appropriate pre-tax discount rate.

The following were the key assumptions applied in the goodwill impairment testing:

Discount Rate

The pre-tax discount rates used reflect current market assessments of the risks specific to each group of CGUs and are dependent on the risk profile and capital requirements of each group of CGUs.

Terminal Value

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. Beyond the Bank's internal forecast, cash flows were assumed to grow at a steady terminal growth rate. Terminal growth rates were based on the expected long-term growth of gross domestic product and inflation and ranged from 2.0% to 3.8% (2020 – 2.0% to 4.0%).

In considering the sensitivity of the key assumptions discussed above, management determined that a reasonable change in any of the above would not result in the recoverable amount of any of the groups of CGUs to be less than their carrying amount.

Goodwill by Segment

(millions of Canadian dollars)	Canadian Retail	U.S. Retail[1]	Wholesale Banking	Total
Carrying amount of goodwill as at November 1, 2019	$ 2,836	$ 13,980	$ 160	$ 16,976
Foreign currency translation adjustments and other	10	162	–	172
Carrying amount of goodwill as at October 31, 2020[2]	$ 2,846	$ 14,142	$ 160	$ 17,148
Additions (disposals)	**40**	**–**	**116**	**156**
Foreign currency translation adjustments and other	**(62)**	**(1,008)**	**(2)**	**(1,072)**
Carrying amount of goodwill as at October 31, 2021[2]	**$ 2,824**	**$ 13,134**	**$ 274**	**$ 16,232**
Pre-tax discount rates				
2020	9.7–11.0 %	9.2–11.8 %	12.7 %	
2021	**9.6–11.0**	**9.4–10.0**	**13.3**	

1 Goodwill predominantly relates to U.S. personal and commercial banking.
2 Accumulated impairment as at October 31, 2021 and October 31, 2020 was nil.

OTHER INTANGIBLES

The following table presents details of other intangibles as at October 31, 2021 and October 31, 2020.

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, 2019	$ 2,576	$ 842	$ 2,927	$ 295	$ 743	$ 7,383
Additions	–	–	327	44	41	412
Disposals	–	–	(55)	(25)	–	(80)
Fully amortized intangibles	–	–	(391)	(37)	–	(428)
Foreign currency translation adjustments and other	30	2	26	1	6	65
As at October 31, 2020	$ 2,606	$ 844	$ 2,834	$ 278	$ 790	$ 7,352
Additions	**–**	**–**	**401**	**58**	**310**	**769**
Disposals	**–**	**–**	**(275)**	**(5)**	**–**	**(280)**
Fully amortized intangibles	**–**	**–**	**(251)**	**(75)**	**–**	**(326)**
Foreign currency translation adjustments and other	**(186)**	**(10)**	**(84)**	**(11)**	**(41)**	**(332)**
As at October 31, 2021	**$ 2,420**	**$ 834**	**$ 2,625**	**$ 245**	**$ 1,059**	**$ 7,183**
Amortization and impairment						
As at November 1, 2019	$ 2,481	$ 628	$ 1,167	$ 191	$ 413	$ 4,880
Disposals	–	–	(32)	(25)	–	(57)
Impairment losses (reversals)	–	–	4	–	13	17
Amortization charge for the year	54	60	528	73	66	781
Fully amortized intangibles	–	–	(391)	(37)	–	(428)
Foreign currency translation adjustments and other	28	2	(1)	2	3	34
As at October 31, 2020	$ 2,563	$ 690	$ 1,275	$ 204	$ 495	$ 5,227
Disposals	**–**	**–**	**(272)**	**(5)**	**–**	**(277)**
Impairment losses (reversals)	**–**	**–**	**–**	**–**	**(4)**	**(4)**
Amortization charge for the year	**29**	**61**	**487**	**53**	**76**	**706**
Fully amortized intangibles	**–**	**–**	**(251)**	**(75)**	**–**	**(326)**
Foreign currency translation adjustments and other	**(184)**	**(11)**	**(32)**	**(12)**	**(27)**	**(266)**
As at October 31, 2021	**$ 2,408**	**$ 740**	**$ 1,207**	**$ 165**	**$ 540**	**$ 5,060**
Net Book Value:						
As at October 31, 2020	$ 43	$ 154	$ 1,559	$ 74	$ 295	$ 2,125
As at October 31, 2021	**12**	**94**	**1,418**	**80**	**519**	**2,123**

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, 2021 and October 31, 2020.

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, 2019	$ 987	$ 2,510	$ 732	$ 1,351	$ 3,062	$ 8,642
Additions	1	152	233	149	380	915
Disposals	(1)	(16)	(76)	(74)	(71)	(238)
Fully depreciated assets	–	(44)	(90)	(20)	(69)	(223)
Foreign currency translation adjustments and other	(19)	(107)	4	(10)	8	(124)
As at October 31, 2020	968	2,495	803	1,396	3,310	8,972
Additions	**2**	**144**	**179**	**131**	**235**	**691**
Disposals	**(1)**	**(87)**	**(31)**	**(67)**	**(137)**	**(323)**
Fully depreciated assets	**–**	**(27)**	**(126)**	**(68)**	**(108)**	**(329)**
Foreign currency translation adjustments and other[2]	**(93)**	**(171)**	**(7)**	**(50)**	**(143)**	**(464)**
As at October 31, 2021	**$ 876**	**$ 2,354**	**$ 818**	**$ 1,342**	**$ 3,157**	**$ 8,547**
Accumulated depreciation and impairment losses						
As at November 1, 2019	$ –	$ 939	$ 355	$ 648	$ 1,502	$ 3,444
Depreciation charge for the year	–	179	172	156	170	677
Disposals	–	(28)	(48)	(62)	(42)	(180)
Impairment losses	–	53	3	–	–	56
Fully depreciated assets	–	(44)	(90)	(20)	(69)	(223)
Foreign currency translation adjustments and other	–	(123)	(18)	(3)	25	(119)
As at October 31, 2020	–	976	374	719	1,586	3,655
Depreciation charge for the year	**–**	**103**	**157**	**153**	**256**	**669**
Disposals	**–**	**(84)**	**(28)**	**(66)**	**(135)**	**(313)**
Impairment losses	**–**	**54**	**–**	**–**	**–**	**54**
Fully depreciated assets	**–**	**(27)**	**(126)**	**(68)**	**(108)**	**(329)**
Foreign currency translation adjustments and other[2]	**–**	**(115)**	**(2)**	**(17)**	**(66)**	**(200)**
As at October 31, 2021	**$ –**	**$ 907**	**$ 375**	**$ 721**	**$ 1,533**	**$ 3,536**
Net Book Value Excluding Right-of-Use Assets:						
As at October 31, 2020	$ 968	$ 1,519	$ 429	$ 677	$ 1,724	$ 5,317
As at October 31, 2021	**876**	**1,447**	**443**	**621**	**1,624**	**5,011**

1 Certain comparative amounts have been reclassified to conform with the presentation adopted in the current year.
2 Includes adjustments to reclassify premises related non-current assets held-for-sale to other assets.

The following table presents details of the Bank's ROU assets as recorded in accordance with IFRS 16. Refer to Note 18: Other Liabilities, and Note 27: Provisions, Contingent Liabilities, Commitments, Guarantees, Pledged Assets and Collateral for the related lease liabilities details.

Right-of-Use Assets Net Book Value

(millions of Canadian dollars)	Land	Buildings	Computer equipment	Total
As at November 1, 2019	$ 1,027	$ 3,377	$ 59	$ 4,463
Additions	2	733	–	735
Depreciation	(98)	(476)	(17)	(591)
Reassessments, modifications, and variable lease payment adjustments	14	186	–	200
Terminations and impairment	(2)	(18)	–	(20)
Foreign currency translation adjustments and other	13	19	–	32
As at October 31, 2020	$ 956	$ 3,821	$ 42	$ 4,819
Additions	**–**	**119**	**52**	**171**
Depreciation	**(87)**	**(534)**	**(16)**	**(637)**
Reassessments, modifications, and variable lease payment adjustments	**19**	**84**	**–**	**103**
Terminations and impairment	**(38)**	**(83)**	**(24)**	**(145)**
Foreign currency translation adjustments and other	**(70)**	**(71)**	**–**	**(141)**
As at October 31, 2021	**$ 780**	**$ 3,336**	**$ 54**	**$ 4,170**

Total Land, Buildings, Equipment, and Other Depreciable Assets Net Book Value

(millions of Canadian dollars)	Land	Buildings	Computer equipment	Furniture, fixtures, and other depreciable assets	Leasehold improvements	Total
As at October 31, 2020	$ 1,924	$ 5,340	$ 471	$ 677	$ 1,724	$ 10,136
As at October 31, 2021	**1,656**	**4,783**	**497**	**621**	**1,624**	**9,181**

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

NOTE 16: OTHER ASSETS

Other Assets

(millions of Canadian dollars)		*As at*
	October 31 2021	October 31 2020
Accounts receivable and other items	**$ 9,144**	$ 10,799
Accrued interest	**2,196**	2,336
Current income tax receivable	**1,862**	2,294
Defined benefit asset	**637**	9
Insurance-related assets, excluding investments	**2,040**	2,268
Prepaid expenses	**1,300**	1,150
Total	**$ 17,179**	$ 18,856

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, 2021 was $283 billion (October 31, 2020 – $287 billion).

Deposits

(millions of Canadian dollars)								*As at*
			By Type			By Country	October 31 2021	October 31 2020
	Demand	**Notice**	**Term[1]**	**Canada**	**United States**	**International**	**Total**	Total
Personal	**$ 23,116**	**$ 559,301**	**$ 51,081**	**$ 296,487**	**$ 337,011**	**$ –**	**$ 633,498**	$ 625,200
Banks[2]	**11,312**	**196**	**9,409**	**18,082**	**25**	**2,810**	**20,917**	28,969
Business and government[3]	**135,764**	**219,845**	**115,101**	**316,879**	**151,584**	**2,247**	**470,710**	481,164
	170,192	**779,342**	**175,591**	**631,448**	**488,620**	**5,057**	**1,125,125**	1,135,333
Trading[2]	**–**	**–**	**22,891**	**11,812**	**3,567**	**7,512**	**22,891**	19,177
Designated at fair value through profit or loss[2,4]	**–**	**–**	**113,905**	**56,007**	**36,050**	**21,848**	**113,905**	59,626
Total	**$ 170,192**	**$ 779,342**	**$ 312,387**	**$ 699,267**	**$ 528,237**	**$ 34,417**	**$ 1,261,921**	$ 1,214,136
Non-interest-bearing deposits included above								
In domestic offices							**$ 72,705**	$ 55,920
In foreign offices							**82,756**	76,099
Interest-bearing deposits included above								
In domestic offices							**626,562**	604,625
In foreign offices							**479,890**	472,913
U.S. federal funds deposited[2]							**8**	4,579
Total[3,5]							**$ 1,261,921**	$ 1,214,136

1 Includes $43.1 billion (October 31, 2020 – $27.6 billion) of senior debt which is subject to the bank recapitalization "bail-in" regime. This regime provides certain statutory powers to the Canada Deposit Insurance Corporation, including the ability to convert specified eligible shares and liabilities into common shares in the event that the Bank becomes non-viable.
2 Includes deposits and advances with the FHLB.
3 Includes $25.1 billion relating to covered bondholders (October 31, 2020 – $40.5 billion) and $0.5 billion (October 31, 2020 – $1.2 billion) due to TD Capital Trust IV.
4 Financial liabilities designated at FVTPL on the Consolidated Balance Sheet also includes $83 million (October 31, 2020 – $39 million) of loan commitments and financial guarantees designated at FVTPL.
5 Includes deposits of $719 billion (October 31, 2020 – $708 billion) denominated in U.S. dollars and $44 billion (October 31, 2020 – $44 billion) denominated in other foreign currencies.

Term Deposits by Remaining Term-to-Maturity

(millions of Canadian dollars)								*As at*
							October 31 2021	October 31 2020
	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**	Total
Personal	**$ 36,187**	**$ 7,611**	**$ 4,570**	**$ 1,099**	**$ 1,585**	**$ 29**	**$ 51,081**	$ 59,268
Banks	**9,401**	**2**	**–**	**–**	**2**	**4**	**9,409**	14,869
Business and government	**42,887**	**28,880**	**21,276**	**8,488**	**7,491**	**6,079**	**115,101**	167,883
Trading	**16,086**	**2,135**	**1,598**	**1,087**	**831**	**1,154**	**22,891**	19,177
Designated at fair value through profit or loss	**112,778**	**1,127**	**–**	**–**	**–**	**–**	**113,905**	59,626
Total	**$ 217,339**	**$ 39,755**	**$ 27,444**	**$ 10,674**	**$ 9,909**	**$ 7,266**	**$ 312,387**	$ 320,823

Term Deposits due within a Year

(millions of Canadian dollars)

					As at
				October 31 2021	October 31 2020
	Within 3 months	**Over 3 months to 6 months**	**Over 6 months to 12 months**	**Total**	Total
Personal	**$ 15,549**	**$ 8,491**	**$ 12,147**	**$ 36,187**	$ 41,213
Banks	**9,241**	**135**	**25**	**9,401**	14,859
Business and government	**27,875**	**8,268**	**6,744**	**42,887**	97,278
Trading	**7,070**	**4,867**	**4,149**	**16,086**	10,993
Designated at fair value through profit or loss	**36,375**	**33,708**	**42,695**	**112,778**	59,626
Total	**$ 96,110**	**$ 55,469**	**$ 65,760**	**$ 217,339**	$ 223,969

NOTE 18: OTHER LIABILITIES

Other Liabilities

(millions of Canadian dollars)

		As at
	October 31 2021	October 31 2020
Accounts payable, accrued expenses, and other items[1]	**$ 7,499**	$ 6,571
Accrued interest	**714**	1,142
Accrued salaries and employee benefits	**4,151**	2,900
Cheques and other items in transit	**2,667**	2,440
Current income tax payable	**82**	275
Deferred tax liabilities	**244**	284
Defined benefit liability	**1,592**	3,302
Lease liabilities[2]	**5,473**	6,095
Liabilities related to structured entities	**4,407**	5,898
Provisions	**1,304**	1,569
Total	**$ 28,133**	$ 30,476

1 Includes dividends and distributions payable of $1,404 million as at October 31, 2021 (October 31, 2020 – $1,383 million).

2 Refer to Note 27 for lease liability maturity and lease payment details.

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 2021**	October 31 2020
May 26, 2025	9.150	n/a	–	**$ 200**	$ 200
September 14, 2028[1]	3.589[2]	1.060[2]	September 14, 2023	**1,749**	1,743
July 25, 2029[1]	3.224[2]	1.250[2]	July 25, 2024	**1,550**	1,561
April 22, 2030[1]	3.105[2]	2.160[2]	April 22, 2025	**2,952**	2,974
March 4, 2031[1]	4.859[2]	3.490[2]	March 4, 2026	**1,271**	1,279
September 15, 2031[1]	3.625[3]	2.205[3]	September 15, 2026	**1,765**	1,881
January 26, 2032[1]	3.060[2]	1.330[2]	January 26, 2027	**1,743**	1,839
Total				**$ 11,230**	$ 11,477

1 The subordinated notes and debentures include non-viability contingent capital (NVCC) provisions and qualify as regulatory capital under OSFI's Capital Adequacy Requirements (CAR) guideline. Refer to Note 21 for further details.

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 three-month Bankers' Acceptance rate (as such term is defined in the applicable offering document) plus the reset spread noted.

3 Interest rate is for the period to but excluding the earliest par redemption date, and thereafter, it will be reset at a rate of 5-year Mid-Swap Rate plus the reset spread noted.

The total change in subordinated notes and debentures for the year ended October 31, 2021 primarily relates to foreign exchange translation and the basis adjustment for fair value hedges.

NOTE 20: CAPITAL TRUST SECURITIES

The Bank issued innovative capital securities through Trust IV.

TD CAPITAL TRUST IV NOTES – SERIES 1 TO 3

On January 26, 2009, Trust IV issued TD CaTS IV – 1 due June 30, 2108 and TD CaTS IV – 2 due June 30, 2108 and on September 15, 2009, issued TD CaTS IV – 3 due June 30, 2108 (collectively, TD CaTS IV Notes). The proceeds from the issuances were invested in bank deposit notes. On June 30, 2019, Trust IV redeemed all of the outstanding TD CaTS IV – 1. On June 30, 2021, Trust IV redeemed all of the outstanding TD CaTS IV – 3. On November 1, 2021, Trust IV redeemed all of the outstanding TD CaTS IV – 2. The Bank does not consolidate Trust IV because it does not absorb significant returns of Trust IV as it is ultimately exposed only to its own credit risk. Therefore, TD CaTS IV Notes are not reported on the Bank's Consolidated Balance Sheet, but the deposit notes issued to Trust IV are reported in Deposits on the Consolidated Balance Sheet. Refer to Notes 10 and 17 for further details.

Capital Trust Securities

(millions of Canadian dollars, except as noted) *As at*

	Thousands of units	Distribution/Interest payment dates	Annual yield	Redemption date At the option of the issuer	October 31 2021	October 31 2020
TD CaTS IV Notes issued by Trust IV						
TD Capital Trust IV Notes – Series 2	450	June 30, Dec. 31	10.000%[1]	June 30, 2014	**450**	450
TD Capital Trust IV Notes – Series 3	750	June 30, Dec. 31	6.631%	Dec. 31, 2014	**–**	750
	1,200				**$ 450**	$ 1,200

1 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%.

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 AND OTHER EQUITY INSTRUMENTS

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. All preferred shares 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 upon the occurrence of a Trigger Event. A Trigger Event is defined as an event where 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 of Canada without which the Bank would have been determined by OSFI to be non-viable.

Limited Recourse Capital Notes

On July 29, 2021, the Bank issued $1,750 million of Limited Recourse Capital Notes NVCC, Series 1 (the "LRCNs") with recourse limited to assets held in a trust consolidated by the Bank (the "Limited Recourse Trust"). The Limited Recourse Trust's assets consist of $1,750 million of the Bank's Non-Cumulative 5-Year Fixed Rate Reset Preferred Shares NVCC, Series 26 ("Preferred Shares Series 26") at a price of $1,000 per share, issued concurrently with the LRCNs. The Preferred Shares Series 26 are eliminated on the Bank's consolidated financial statements.

The LRCNs bear interest at a fixed rate of 3.6% per annum, payable semi-annually, until October 31, 2026 and thereafter at a rate per annum, reset every five years, equal to the prevailing 5-year Government of Canada Yield plus 2.747% until maturity on October 31, 2081. The Bank may redeem the LRCNs, in whole or in part, during the period from October 1 to and including October 31, commencing in 2026 and every five years thereafter, with the prior written approval of OSFI. In the event of (i) non-payment of interest following any interest payment date, (ii) non-payment of the redemption price in case of a redemption of the LRCNs, (iii) non-payment of principal plus accrued and unpaid interest at the maturity of the LRCNs, (iv) an event of default on the LRCNs, or (v) a Trigger Event, the recourse of each LRCN holder will be limited to that holder's pro rata share of the Limited Recourse Trust's assets.

The LRCNs, by virtue of the recourse to the Preferred Shares Series 26, include standard NVCC provisions necessary for them to qualify as Additional Tier 1 Capital under OSFI's CAR guideline. NVCC provisions require the conversion of the instrument into a variable number of common shares upon the occurrence of a Trigger Event. In such an event, each Preferred Share Series 26 held in the Limited Recourse Trust will automatically and immediately be converted into a variable number of common shares which will be delivered to LRCN holders in satisfaction of the principal amount of, and accrued and unpaid interest on, the LRCNs. The number of common shares issued will be determined based on the conversion formula set out in the terms of the Preferred Shares Series 26.

The LRCNs are compound instruments with both equity and liability features as payments of interest and principal in cash are made at the Bank's discretion. Non-payment of interest and principal in cash does not constitute an event of default and will trigger the delivery of Preferred Shares Series 26. The liability component has a nominal value and, therefore, the proceeds received upon issuance have been presented as equity, and any interest payments are accounted for as distributions on other equity instruments.

The following table summarizes the changes to the shares and other equity instruments issued and outstanding and treasury instruments held as at and for the years ended October 31, 2021 and October 31, 2020.

Shares and Other Equity Instruments Issued and Outstanding and Treasury Instruments Held

(millions of shares or other equity instruments and millions of Canadian dollars)	**October 31, 2021**		October 31, 2020	
	Number of shares	**Amount**	Number of shares	Amount
Common Shares				
Balance as at beginning of year	**1,816.1**	**$ 22,487**	1,812.5	$ 21,713
Proceeds from shares issued on exercise of stock options	**2.8**	**165**	1.5	79
Shares issued as a result of dividend reinvestment plan	**5.0**	**414**	14.1	838
Purchase of shares for cancellation and other	**–**	**–**	(12.0)	(143)
Balance as at end of year – common shares	**1,823.9**	**$ 23,066**	1,816.1	$ 22,487
Preferred Shares and Other Equity Instruments				
Preferred Shares – Class A				
Series 1	**20.0**	**$ 500**	20.0	$ 500
Series 3	**20.0**	**500**	20.0	500
Series 5	**20.0**	**500**	20.0	500
Series 7	**14.0**	**350**	14.0	350
Series 9	**8.0**	**200**	8.0	200
Series 12[1]	**–**	**–**	28.0	700
Series 14[2]	**–**	**–**	40.0	1,000
Series 16	**14.0**	**350**	14.0	350
Series 18	**14.0**	**350**	14.0	350
Series 20	**16.0**	**400**	16.0	400
Series 22	**14.0**	**350**	14.0	350
Series 24	**18.0**	**450**	18.0	450
	158.0	**$ 3,950**	226.0	$ 5,650
Other Equity Instruments				
Limited Recourse Capital Notes – Series 1[3]	**1.8**	**$ 1,750**	–	$ –
Balance as at end of year – preferred shares and other equity instruments	**159.8**	**$ 5,700**	226.0	$ 5,650
Treasury – common shares[4]				
Balance as at beginning of year	**0.5**	**$ (37)**	0.6	$ (41)
Purchase of shares	**136.8**	**(10,859)**	135.6	(8,752)
Sale of shares	**(135.4)**	**10,744**	(135.7)	8,756
Balance as at end of year – treasury – common shares	**1.9**	**$ (152)**	0.5	$ (37)
Treasury – preferred shares and other equity instruments[4]				
Balance as at beginning of year	**0.1**	**$ (4)**	0.3	$ (6)
Purchase of shares and other equity instruments	**5.3**	**(205)**	6.0	(122)
Sale of shares and other equity instruments	**(5.3)**	**199**	(6.2)	124
Balance as at end of year – treasury – preferred shares and other equity instruments	**0.1**	**$ (10)**	0.1	$ (4)

1 On April 30, 2021, the Bank redeemed all of its 28 million outstanding Non-Cumulative 5-Year Rate Reset Class A First Preferred Shares NVCC, Series 12 ("Series 12 Preferred Shares"), at a redemption price of $25.00 per Series 12 Preferred Share, for a total redemption cost of $700 million.
2 On October 31, 2021, the Bank redeemed all of its 40 million outstanding Non-Cumulative 5-Year Rate Reset Class A First Preferred Shares NVCC, Series 14 ("Series 14 Preferred Shares"), at a redemption price of $25.00 per Series 14 Preferred Share, for a total redemption cost of $1 billion; the redemption proceeds were paid after October 31, 2021.
3 For Limited Recourse Capital Notes, the number of shares represents the number of notes issued. Concurrently with issue of the LRCNs, the Bank issued 1.75 million Preferred Shares Series 26 at a price of $1,000 per share.
4 When the Bank purchases its own equity instruments as part of its trading business, they are classified as treasury instruments and the cost of these instruments is recorded as a reduction in equity.

Preferred Shares Terms and Conditions

	Issue date	**Annual yield (%)[1]**	**Reset spread (%)[1]**	**Next redemption/ conversion date[1]**	**Convertible into[1]**
NVCC Rate Reset Preferred Shares[2]					
Series 1	June 4, 2014	3.662	2.24	October 31, 2024	Series 2
Series 3	July 31, 2014	3.681	2.27	July 31, 2024	Series 4
Series 5	December 16, 2014	3.876	2.25	January 31, 2025	Series 6
Series 7	March 10, 2015	3.201	2.79	July 31, 2025	Series 8
Series 9	April 24, 2015	3.242	2.87	October 31, 2025	Series 10
Series 16	July 14, 2017	4.50	3.01	October 31, 2022	Series 17
Series 18	March 14, 2018	4.70	2.70	April 30, 2023	Series 19
Series 20	September 13, 2018	4.75	2.59	October 31, 2023	Series 21
Series 22	January 28, 2019	5.20	3.27	April 30, 2024	Series 23
Series 24	June 4, 2019	5.10	3.56	July 31, 2024	Series 25

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 5 years thereafter to equal the then 5-year Government of Canada bond yield plus the reset spread noted. Rate Reset Preferred Shares are convertible to the corresponding Series of Floating Rate Preferred Shares, and vice versa. If converted into a Series of Floating Rate Preferred Shares, the dividend rate for the quarterly period will be equal to the then 90-day Government of Canada Treasury bill yield plus the reset spread noted.
2 Subject to regulatory consent, redeemable on the redemption date noted and every 5 years thereafter, at $25 per share. Convertible on the conversion date noted and every 5 years thereafter if not redeemed. If converted, the holders have the option to convert back to the original Series of preferred shares every 5 years.

NVCC PROVISION
All series of preferred shares – Class A include NVCC provisions. If a NVCC trigger event were to occur and excluding the Preferred Shares Series 26 issued with respect to LRCNs, the maximum number of common shares that could be issued, assuming there are no declared and unpaid dividends on the respective series of preferred shares at the time of conversion, would be 790 million in aggregate.

The LRCNs, by virtue of the recourse to the Preferred Shares Series 26, include NVCC provisions. For LRCNs, if a NVCC trigger were to occur, the maximum number of common shares that could be issued, assuming there are no declared and unpaid dividends on the Preferred Shares Series 26, would be 350 million.

For NVCC subordinated notes and debentures, if a NVCC trigger event were to occur, the maximum number of common shares that could be issued, assuming there is no accrued and unpaid interest on the respective subordinated notes and debentures, would be 3.2 billion in aggregate.

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.

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.

On March 13, 2020, OSFI issued a news release announcing a series of measures to support the resilience of financial institutions in response to challenges posed by COVID-19. These measures included the expectation that all federally regulated financial institutions halt dividend increases and share buybacks. On November 4, 2021, OSFI lifted the temporary expectation that financial institutions not increase regular dividends or undertake share repurchases, effective immediately.

DIVIDENDS
On December 1, 2021, the Board approved a dividend in an amount of eighty-nine cents (89 cents) per fully paid common share in the capital stock of the Bank for the quarter ending January 31, 2022, payable on and after January 31, 2022, to shareholders of record at the close of business on January 10, 2022.

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 purchased in the open market at market price.

During the year ended October 31, 2021, all 5.1 million common shares issued from the Bank's treasury, under the dividend reinvestment plan, were issued with no discount. During the year ended October 31, 2020, 4.1 million common shares were issued from the Bank's treasury with no discount and 10.0 million common shares were issued from the Bank's treasury with a 2% discount under the dividend reinvestment plan.

NORMAL COURSE ISSUER BID
On December 1, 2021, the Board approved the initiation of a normal course issuer bid for up to 50 million of the Bank's common shares, subject to the approval of OSFI and the Toronto Stock Exchange. The timing and amount of any purchases under the program are subject to regulatory approvals and management discretion based on factors such as market conditions and capital adequacy.

NOTE 22: INSURANCE

INSURANCE REVENUE AND EXPENSES
Insurance revenue and expenses are presented on the Consolidated Statement of Income under insurance revenue and insurance claims and related expenses, respectively, net of impact of reinsurance. This includes the results of property and casualty insurance, life and health insurance, as well as reinsurance assumed and ceded in Canada and internationally.

Insurance Revenue and Insurance Claims and Related Expenses

(millions of Canadian dollars)	*For the years ended October 31*		
	2021	2020	2019
Insurance Revenue			
Earned Premiums			
Gross	**$ 5,186**	$ 4,845	$ 4,632
Reinsurance ceded	**652**	643	915
Net earned premiums	**4,534**	4,202	3,717
Fee income and other revenue[1]	**343**	363	565
Insurance Revenue	**4,877**	4,565	4,282
Insurance Claims and Related Expenses			
Gross	**2,841**	3,380	2,987
Reinsurance ceded	**134**	494	200
Insurance Claims and Related Expenses	**$ 2,707**	$ 2,886	$ 2,787

[1] Ceding commissions received and paid are included within fee income and other revenue. Ceding commissions paid and netted against fee income in 2021 were $85 million (2020 – $92 million; 2019 – $123 million).

RECONCILIATION OF CHANGES IN INSURANCE LIABILITIES

Insurance-related liabilities are comprised of gross amounts related to provision for unpaid claims (section (a) below), unearned premiums (section (b) below) and other insurance liabilities (section (c) below).

(a) Movement in Provision for Unpaid Claims

The following table presents movements in the property and casualty insurance provision for unpaid claims during the year.

Movement in Provision for Unpaid Claims

(millions of Canadian dollars)		**October 31, 2021**			October 31, 2020	
	Gross	**Reinsurance/ Other recoverable**	**Net**	Gross	Reinsurance/ Other recoverable	Net
Balance as at beginning of year	**$ 5,142**	**$ 246**	**$ 4,896**	$ 4,840	$ 141	$ 4,699
Claims costs for current accident year	**2,629**	**100**	**2,529**	2,948	302	2,646
Prior accident years claims development (favourable) unfavourable	**(354)**	**(13)**	**(341)**	(354)	(5)	(349)
Increase (decrease) due to changes in assumptions:						
Discount rate	**(84)**	**(1)**	**(83)**	123	–	123
Provision for adverse deviation	**(3)**	**(1)**	**(2)**	25	4	21
Claims and related expenses	**2,188**	**85**	**2,103**	2,742	301	2,441
Claims paid during the year for:						
Current accident year	**(1,085)**	**(33)**	**(1,052)**	(1,346)	(179)	(1,167)
Prior accident years	**(1,136)**	**(68)**	**(1,068)**	(1,084)	(7)	(1,077)
	(2,221)	**(101)**	**(2,120)**	(2,430)	(186)	(2,244)
Increase (decrease) in reinsurance/other recoverables	**(13)**	**(13)**	**–**	(10)	(10)	–
Balance as at end of year	**$ 5,096**	**$ 217**	**$ 4,879**	$ 5,142	$ 246	$ 4,896

(b) Movement in Unearned Premiums

The following table presents movements in the property and casualty insurance unearned premiums during the year.

Movement in Provision for Unearned Premiums

(millions of Canadian dollars)		**October 31, 2021**			October 31, 2020	
	Gross	**Reinsurance**	**Net**	Gross	Reinsurance	Net
Balance as at beginning of year	**$ 2,123**	**$ 24**	**$ 2,099**	$ 1,869	$ 17	$ 1,852
Written premiums	**4,044**	**146**	**3,898**	3,879	127	3,752
Earned premiums	**(3,824)**	**(145)**	**(3,679)**	(3,625)	(120)	(3,505)
Balance as at end of year	**$ 2,343**	**$ 25**	**$ 2,318**	$ 2,123	$ 24	$ 2,099

(c) Movements in other insurance liabilities

Other insurance liabilities were $237 million as at October 31, 2021 (October 31, 2020 – $325 million). The decrease of $88 million (2020 – increase of $114 million) is mainly due to model refinements and interest rate movements, partially offset by aging of inforce business and changes in actuarial assumptions impacting actuarial liabilities.

PROPERTY AND CASUALTY CLAIMS DEVELOPMENT

The following table shows the estimates of cumulative claims incurred, including IBNR, with subsequent developments during the periods and together with cumulative payments to date. The original reserve estimates are evaluated monthly for redundancy or deficiency. The evaluation is based on actual payments in full or partial settlement of claims and current estimates of claims liabilities for claims still open or claims still unreported.

Incurred Claims by Accident Year

(millions of Canadian dollars)										Accident Year	
	2012 and prior	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**Total**
Net ultimate claims cost at end of accident year	**$ 4,622**	**$ 2,245**	**$ 2,465**	**$ 2,409**	**$ 2,438**	**$ 2,425**	**$ 2,631**	**$ 2,727**	**$ 2,646**	**$ 2,529**	
Revised estimates											
One year later	**5,033**	**2,227**	**2,334**	**2,367**	**2,421**	**2,307**	**2,615**	**2,684**	**2,499**		
Two years later	**4,957**	**2,191**	**2,280**	**2,310**	**2,334**	**2,258**	**2,573**	**2,654**			
Three years later	**4,952**	**2,158**	**2,225**	**2,234**	**2,264**	**2,201**	**2,522**				
Four years later	**4,832**	**2,097**	**2,147**	**2,162**	**2,200**	**2,151**					
Five years later	**4,704**	**2,047**	**2,084**	**2,115**	**2,159**						
Six years later	**4,658**	**2,004**	**2,044**	**2,100**							
Seven years later	**4,563**	**1,982**	**2,037**								
Eight years later	**4,529**	**1,974**									
Nine years later	**4,537**										
Current estimates of cumulative claims	**4,537**	**1,974**	**2,037**	**2,100**	**2,159**	**2,151**	**2,522**	**2,654**	**2,499**	**2,529**	
Cumulative payments to date	**(4,380)**	**(1,931)**	**(1,946)**	**(1,941)**	**(1,925)**	**(1,808)**	**(1,978)**	**(1,883)**	**(1,588)**	**(1,052)**	
Net undiscounted provision for unpaid claims	**157**	**43**	**91**	**159**	**234**	**343**	**544**	**771**	**911**	**1,477**	**$ 4,730**
Effect of discounting											**(278)**
Provision for adverse deviation											**427**
Net provision for unpaid claims											**$ 4,879**

SENSITIVITY TO INSURANCE RISK

A variety of assumptions are made related to the future level of claims, policyholder behaviour, expenses and sales levels when products are designed and priced, as well as when actuarial liabilities are determined. Such assumptions require a significant amount of professional judgment. The insurance claims provision is sensitive to certain assumptions. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process. Actual experience may differ from the assumptions made by the Bank.

For property and casualty insurance, the main assumption underlying the claims liability estimates is that past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim, and claim numbers based on the observed development of earlier years and expected loss ratios. Claims liabilities estimates are based on various quantitative and qualitative factors including the discount rate, the margin for adverse deviation, reinsurance, trends in claims severity and frequency, and other external drivers.

Qualitative and other unforeseen factors could negatively impact the Bank's ability to accurately assess the risk of the insurance policies that the Bank underwrites. In addition, there may be significant lags between the occurrence of an insured event and the time it is actually reported to the Bank and additional lags between the time of reporting and final settlements of claims.

The following table outlines the sensitivity of the Bank's property and casualty insurance claims liabilities to reasonably possible movements in the discount rate, the margin for adverse deviation, and the frequency and severity of claims, with all other assumptions held constant. Movements in the assumptions may be non-linear.

Sensitivity of Critical Assumptions – Property and Casualty Insurance Contract Liabilities

(millions of Canadian dollars)				*As at*
	October 31, 2021		October 31, 2020	
	Impact on net income (loss) before income taxes	**Impact on equity**	Impact on net income (loss) before income taxes	Impact on equity
Impact of a 1% change in key assumptions				
Discount rate				
Increase in assumption	**$ 126**	**$ 93**	$ 130	$ 96
Decrease in assumption	**(135)**	**(100)**	(140)	(103)
Margin for adverse deviation				
Increase in assumption	**(47)**	**(35)**	(47)	(35)
Decrease in assumption	**47**	**35**	47	35
Impact of a 5% change in key assumptions				
Frequency of claims				
Increase in assumption	**$ (56)**	**$ (42)**	$ (52)	$ (39)
Decrease in assumption	**56**	**42**	52	39
Severity of claims				
Increase in assumption	**(226)**	**(167)**	(225)	(166)
Decrease in assumption	**226**	**167**	225	166

For life and health insurance, the processes used to determine critical assumptions are as follows:
- Mortality, morbidity, and lapse assumptions are based on industry and historical company data.
- Expense assumptions are based on an annually updated expense study that is used to determine expected expenses for future years.
- Asset reinvestment rates are based on projected earned rates, and liabilities are calculated using the Canadian Asset Liability Method (CALM).

A sensitivity analysis for possible movements in the life and health insurance business assumptions was performed and the impact is not significant to the Bank's Consolidated Financial Statements.

CONCENTRATION OF INSURANCE RISK

Concentration risk is the risk resulting from large exposures to similar risks that are positively correlated.

Risk associated with automobile, residential and other products may vary in relation to the geographical area of the risk insured. Exposure to concentrations of insurance risk, by type of risk, is mitigated by ceding these risks through reinsurance contracts, as well as careful selection and implementation of underwriting strategies, which is in turn largely achieved through diversification by line of business and geographical areas. For automobile insurance, legislation is in place at a provincial level and this creates differences in the benefits provided among the provinces.

As at October 31, 2021, for the property and casualty insurance business, 65.8% of net written premiums were derived from automobile policies (October 31, 2020 – 66.3%) followed by residential with 33.8% (October 31, 2020 – 33.3%). The distribution by provinces show that business is mostly concentrated in Ontario with 49.8% of net written premiums (October 31, 2020 – 52.3%). The Western provinces represented 32.5% (October 31, 2020 – 31.7%), followed by the Atlantic provinces with 10.8% (October 31, 2020 – 9.4%), and Québec at 6.9% (October 31, 2020 – 6.6%).

Concentration risk is not a major concern for the life and health insurance business as it does not have a material level of regional specific characteristics like those exhibited in the property and casualty insurance business. Reinsurance is used to limit the liability on a single claim. Concentration risk is further limited by diversification across uncorrelated risks. This limits the impact of a regional pandemic and other concentration risks. To improve understanding of exposure to this risk, a pandemic scenario is tested annually.

NOTE 23: SHARE-BASED COMPENSATION

STOCK OPTION PLAN

The Bank maintains a stock option program for certain key employees. Options on common shares are granted to eligible employees of the Bank under the plan for terms of ten years and vest over a four-year period. These options provide holders with the right to purchase common shares of the Bank at a fixed price equal to the closing market price of the shares on the TSX on the day prior to the date the options were issued. Under this plan, 12 million common shares have been reserved for future issuance (October 31, 2020 – 14 million; October 31, 2019 – 16 million). The outstanding options expire on various dates to December 12, 2030. The following table summarizes the Bank's stock option activity and related information, adjusted to reflect the impact of the 2014 stock dividend on a retrospective basis, for the years ended October 31, 2021, October 31, 2020, and October 31, 2019.

Stock Option Activity

(millions of shares and Canadian dollars)	**2021**		2020		2019	
	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	**13.1**	**$ 61.27**	12.8	$ 57.35	13.1	$ 53.12
Granted	**2.2**	**71.88**	2.1	72.84	2.2	69.39
Exercised	**(2.8)**	**50.67**	(1.5)	43.60	(2.3)	44.07
Forfeited/expired	**(0.3)**	**71.50**	(0.3)	65.99	(0.2)	66.59
Number outstanding, end of year	**12.2**	**$ 65.36**	13.1	$ 61.27	12.8	$ 57.35
Exercisable, end of year	**4.4**	**$ 54.36**	5.4	$ 48.50	4.7	$ 44.77

The weighted-average share price for the options exercised in 2021 was $80.95 (2020 – $70.21; 2019 – $74.15).

The following table summarizes information relating to stock options outstanding and exercisable as at October 31, 2021.

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**
$36.64 – $40.54	**0.5**	**0.9**	**40.26**	**0.5**	**40.26**
$47.59 – $52.46	**1.5**	**2.6**	**50.33**	**1.5**	**50.33**
$53.15 – $65.75	**2.4**	**4.5**	**59.79**	**2.4**	**59.79**
$69.39 – $71.88	**4.1**	**8.0**	**70.67**	**–**	**–**
$72.64 – $72.84	**3.7**	**7.1**	**72.75**	**–**	**–**

For the year ended October 31, 2021, the Bank recognized compensation expense for stock option awards of $25.6 million (October 31, 2020 – $11.2 million; October 31, 2019 – $11.1 million). For the year ended October 31, 2021, 2.2 million (October 31, 2020 – 2.1 million; October 31, 2019 – 2.2 million) options were granted by the Bank at a weighted-average fair value of $8.90 per option (2020 – $5.55 per option; 2019 – $5.64 per option) estimated using a binomial tree-based valuation option pricing model.

The following table summarizes the assumptions used for estimating the fair value of options for the years ended October 31, 2021, October 31, 2020, and October 31, 2019.

Assumptions Used for Estimating the Fair Value of Options[1]

(in Canadian dollars, except as noted)	**2021**	2020	2019
Risk-free interest rate	**0.71 %**	1.59 %	2.03 %
Option contractual life	**10 years**	10 years	10 years
Expected volatility[2]	**18.50 %**	12.90 %	12.64 %
Expected dividend yield	**3.61 %**	3.50 %	3.48 %
Exercise price/share price	**$ 71.88**	$ 72.84	$ 69.39

1 Prior years' disclosures have been updated to align with the current year disclosure.
2 Expected volatility is calculated based on the average daily volatility measured over a historical period.

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 typically 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 Canadian financial institutions. The number of such share units outstanding under these plans as at October 31, 2021 was 22 million (2020 – 22 million).

The Bank also offers deferred share unit plans to eligible employees and non-employee directors. Under these plans, a portion of the participant's annual incentive award may be deferred, or in the case of non-employee directors, a portion of their annual compensation may be delivered as share units equivalent to the Bank's common shares. The deferred share units are not redeemable by the participant until termination of employment or directorship. Once these conditions are met, the deferred share units must be redeemed for cash no later than the end of the next calendar year. Dividend equivalents accrue to the participants in the form of additional units. As at October 31, 2021, 6.5 million deferred share units were outstanding (October 31, 2020 – 6.8 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, 2021, the Bank recognized compensation expense, net of the effects of hedges, for these plans of $511 million (2020 – $500 million; 2019 – $546 million). The compensation expense recognized before the effects of hedges was $1.3 billion (2020 – $206 million; 2019 – $662 million). The carrying amount of the liability relating to these plans, based on the closing share price, was $2.4 billion at October 31, 2021 (October 31, 2020 – $1.5 billion), and is reported in Other liabilities on the Consolidated Balance Sheet.

EMPLOYEE OWNERSHIP PLAN

The Bank also operates a share purchase plan available to Canadian employees. Employees can contribute any amount of their eligible earnings (net of source deductions), subject to an annual cap of 10% of salary to the Employee Ownership Plan. For participating employees below the level of Vice President, the Bank matches 100% of the first $250 of employee contributions each year and the remainder of employee contributions at 50% to an overall maximum of 3.5% of the employee's eligible earnings or $2,250, whichever comes first. The Bank's contributions vest once an employee has completed two years of continuous service with the Bank. For the year ended October 31, 2021, the Bank's contributions totalled $81 million (2020 – $82 million; 2019 – $74 million) and were expensed as salaries and employee benefits. As at October 31, 2021, an aggregate of 22 million (October 31, 2020 – 22 million) common shares were held under the Employee Ownership Plan. The shares in the Employee Ownership Plan are purchased in the open market and are considered outstanding for computing the Bank's basic and diluted earnings per share. Dividends earned on the Bank's common shares held by the Employee Ownership Plan are used to purchase additional common shares for the Employee Ownership Plan in the open market.

NOTE 24: EMPLOYEE BENEFITS

PENSION AND OTHER POST-RETIREMENT BENEFIT PLANS

The Bank sponsors a number of pension and post-retirement benefit plans for current eligible and former employees. Pension arrangements include defined benefit pension plans, defined contribution pension plans and supplementary arrangements that provide pension benefits in excess of statutory limits. The Bank also provides certain post-retirement benefits.

The Bank's principal defined benefit pension plans, consisting of The Pension Fund Society of The Toronto-Dominion Bank (the "Society") and the defined benefit portion of the TD Pension Plan (Canada) (the "TDPP DB"), are for eligible Canadian Bank employees who elected to join the Society or the TDPP DB. The Society was closed to new members on January 30, 2009, and the TDPP DB commenced on March 1, 2009. Effective December 31, 2018, the TDPP DB was closed to new employees hired after that date. All new permanent employees hired in Canada on or after January 1, 2019 are eligible to join the defined contribution portion of the TDPP (the "TDPP DC") after one year of service. Benefits under the principal defined benefit 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. Benefits under the TDPP DC are funded from the balance of the accumulated contributions of the member and the Bank plus the member's investment earnings. Annual expense for the TDPP DC is equal to the Bank's contributions to the plan.

Funding for the Bank's principal defined benefit pension plans is provided by contributions from the Bank and members of the plans through a separate trust. In accordance with legislation, the Bank contributes amounts, as determined on an actuarial basis, to the plans and has the ultimate responsibility for ensuring that the liabilities of the plans are adequately funded over time. Any deficits determined in the funding valuations must generally be funded over a period not exceeding fifteen years. The Bank's funding policy is to make at least the minimum annual contributions required by legislation. Any contributions in excess of the minimum requirements are discretionary. The principal defined benefit pension plans are registered with OSFI and the Canada Revenue Agency and are subject to the acts and regulations that govern federally regulated pension plans. The 2021, 2020, and 2019 contributions were made in accordance with the actuarial valuation reports for funding purposes as at October 31, 2020, October 31, 2019, and October 31, 2018, respectively. Valuations for funding purposes are being prepared as of October 31, 2021.

Post-retirement defined benefit plans are unfunded and, where offered, generally include health care and dental benefits or an annual discount amount to be used to reduce the cost of coverage. Employees must meet certain age and service requirements to be eligible for post-retirement benefits and are generally required to pay a portion of the cost of the benefits. Effective June 1, 2017, the Bank's principal post-retirement defined benefit plan, covering eligible Canadian employees, was closed to new employees hired on or after that date.

(a) INVESTMENT STRATEGY AND ASSET ALLOCATION

The principal defined benefit pension plans are expected to each achieve a rate of return that meets or exceeds the change in value of the plan's respective liabilities over rolling five-year periods. The investments are managed with the primary objective of providing reasonable rates of return, consistent with available market opportunities, economic conditions, consideration of plan liabilities, prudent portfolio management, and the target risk profiles for the plans.

The asset allocations by asset category for the principal defined benefit pension plans are as follows:

Plan Asset Allocation

(millions of Canadian dollars except as noted)	Society[1]				TDPP DB[1]			
	Target range	% of total	Fair value Quoted	Fair value Unquoted	Target range	% of total	Fair value Quoted	Fair value Unquoted
As at October 31, 2021								
Debt	**40-70 %**	**56 %**	**$ –**	**$ 3,877**	**20-50 %**	**34 %**	**$ –**	**$ 1,023**
Equity	**19-45**	**26**	**589**	**1,238**	**30-60**	**51**	**461**	**1,055**
Alternative investments[2]	**1-30**	**18**	**–**	**1,279**	**5-40**	**15**	**–**	**431**
Other[3]	**n/a**	**n/a**	**–**	**(532)**	**n/a**	**n/a**	**–**	**(79)**
Total		**100 %**	**$ 589**	**$ 5,862**		**100 %**	**$ 461**	**$ 2,430**
As at October 31, 2020								
Debt	30-70 %	55 %	$ –	$ 3,670	25-50 %	40 %	$ –	$ 940
Equity	24-55	31	685	1,402	30-70	47	344	756
Alternative investments[2]	6-35	14	–	899	5-35	13	–	301
Other[3]	n/a	n/a	–	(685)	n/a	n/a	–	(72)
Total		100 %	$ 685	$ 5,286		100 %	$ 344	$ 1,925
As at October 31, 2019								
Debt	40-70 %	55 %	$ –	$ 3,374	25-50 %	34 %	$ –	$ 634
Equity	24-42	32	1,002	976	30-70	54	368	639
Alternative investments[2]	6-35	13	–	760	5-35	12	–	229
Other[3]	n/a	n/a	–	(276)	n/a	n/a	–	111
Total		100 %	$ 1,002	$ 4,834		100 %	$ 368	$ 1,613

1 The principal defined benefit pension plans invest in investment vehicles which may hold shares or debt issued by the Bank.
2 The principal defined benefit pension plans' alternative investments are primarily private equity, infrastructure, and real estate funds.
3 Consists mainly of amounts due to and due from brokers for securities traded but not yet settled, bond repurchase agreements, interest and dividends receivable, and Pension Enhancement Account assets, which are invested at the members' discretion in certain mutual and pooled funds.

Public debt instruments of the Bank's principal defined benefit pension plans must meet or exceed a credit rating of BBB- at the time of purchase.

The equity portfolios of the principal defined benefit pension plans are broadly diversified primarily across medium to large capitalization quality companies with no individual holding exceeding 10% of the equity portfolio. Foreign equities are included to further diversify the portfolio.

Derivatives can be utilized by the principal defined benefit pension plans provided they are not used to create financial leverage, unless the financial leverage is for risk management purposes. The principal defined benefit pension plans are permitted to invest in alternative investments, such as private equity, infrastructure equity, and real estate.

(b) RISK MANAGEMENT PRACTICES

The Bank's principal defined benefit pension plans are overseen by a single retirement governance structure established by the Human Resources Committee of the Bank's Board of Directors. The governance structure utilizes retirement governance committees who have responsibility to oversee plan operations and investments, acting in a fiduciary capacity. Strategic, material plan changes require the approval of the Bank's Board of Directors.

The principal defined benefit pension plans' investments include financial instruments which are exposed to various risks. These risks include market risk (including foreign currency, interest rate, inflation, price, and credit spread risks), credit risk, and liquidity risk. Key material risks faced by defined benefit plans are a decline in interest rates or credit spreads, which could increase the present value of the projected benefit obligation by more than the change in the value of plan assets, and from longevity risk (that is, lower mortality rates).

Asset-liability matching strategies are employed to focus on obtaining an appropriate balance between earning an adequate return and having changes in liability values hedged by changes in asset values.

The principal defined benefit pension plans manage these financial risks in accordance with the *Pension Benefits Standards Act, 1985*, applicable regulations, as well as the plans' written investment policies. Specific risk management practices monitored for the principal defined benefit pension plans include performance, credit exposure, and asset mix.

(c) OTHER SIGNIFICANT PENSION AND POST-RETIREMENT BENEFIT PLANS

Canada Trust (CT) Pension Plan

As a result of the acquisition of CT Financial Services Inc., the Bank sponsors a defined benefit pension plan, which is closed to new members, but for which active members continue to accrue benefits. Funding for the plan is provided by contributions from the Bank and members of the plan.

TD Bank, N.A. Retirement Plans

TD Bank, N.A. and its subsidiaries maintain a defined contribution 401(k) plan covering all employees. Annual expense is equal to the Bank's contributions to the plan.

TD Bank, N.A. also has frozen defined benefit pension 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 groups of employees from legacy organizations.

Government Pension Plans

The Bank also makes contributions to government pension plans, including the Canada Pension Plan, Quebec Pension Plan and Social Security under the U.S. *Federal Insurance Contribution Act*.

(d) DEFINED CONTRIBUTION PLAN EXPENSE

The following table summarizes expenses for the Bank's defined contribution plans.

Defined Contribution Plan Expenses

(millions of Canadian dollars)			*For the years ended*
	October 31 2021	October 31 2020	October 31 2019
Defined contribution pension plans[1]	**$ 178**	$ 169	$ 150
Government pension plans[2]	**355**	347	324
Total	**$ 533**	$ 516	$ 474

1 Includes the TDPP DC and the TD Bank, N.A. defined contribution 401(k) plan.

2 Includes Canada Pension Plan, Quebec Pension Plan, and Social Security under the U.S. *Federal Insurance Contributions Act*.

(e) DEFINED BENEFIT PLAN FINANCIAL INFORMATION

The following table presents the financial position of the Bank's principal pension and post-retirement defined benefit plans and the Bank's other material defined benefit pension and post-retirement benefit plans. Other employee defined benefit plans operated by the Bank and certain of its subsidiaries are not considered material for disclosure purposes.

Employee Defined Benefit Plans' Obligations, Assets, Funded Status, and Expense

(millions of Canadian dollars, except as noted)	Principal pension plans			Principal post-retirement benefit plan[1]			Other pension and post-retirement benefit plans[2]		
	2021	2020	2019	**2021**	2020	2019	**2021**	2020	2019
Change in projected benefit obligation									
Projected benefit obligation at beginning of year	**$ 9,668**	$ 8,558	$ 6,539	**$ 506**	$ 620	$ 535	**$ 2,967**	$ 2,948	$ 2,569
Service cost – benefits earned	**522**	467	326	**9**	17	14	**8**	9	9
Interest cost on projected benefit obligation	**210**	236	240	**11**	17	20	**56**	80	106
Remeasurement (gain) loss – financial	**(1,460)**	617	1,565	**(45)**	(101)	92	**(86)**	128	430
Remeasurement (gain) loss – demographic	**–**	–	–	**–**	(44)	(26)	**5**	(80)	2
Remeasurement (gain) loss – experience	**137**	56	83	**(1)**	9	–	**(1)**	9	6
Members' contributions	**107**	107	107	**–**	–	–	**–**	–	–
Benefits paid	**(396)**	(373)	(303)	**(14)**	(12)	(15)	**(139)**	(144)	(143)
Change in foreign currency exchange rate	**–**	–	–	**–**	–	–	**(130)**	20	(1)
Past service cost (credit)[3]	**–**	–	1	**–**	–	–	**11**	(3)	(30)
Projected benefit obligation as at October 31	**8,788**	9,668	8,558	**466**	506	620	**2,691**	2,967	2,948
Wholly or partially funded projected benefit obligation	**8,788**	9,668	8,558	**–**	–	–	**1,879**	2,067	2,073
Unfunded projected benefit obligation	**–**	–	–	**466**	506	620	**812**	900	875
Total projected benefit obligation as at October 31	**8,788**	9,668	8,558	**466**	506	620	**2,691**	2,967	2,948
Change in plan assets									
Plan assets at fair value at beginning of year	**8,240**	7,817	6,643	**–**	–	–	**2,046**	1,959	1,733
Interest income on plan assets	**186**	221	253	**–**	–	–	**37**	52	73
Remeasurement gain (loss) – return on plan assets less interest income	**740**	15	773	**–**	–	–	**106**	96	205
Members' contributions	**107**	107	107	**–**	–	–	**–**	–	–
Employer's contributions	**474**	463	352	**14**	12	15	**38**	72	96
Benefits paid	**(396)**	(373)	(303)	**(14)**	(12)	(15)	**(139)**	(144)	(143)
Change in foreign currency exchange rate	**–**	–	–	**–**	–	–	**(118)**	18	(1)
Defined benefit administrative expenses	**(9)**	(10)	(8)	**–**	–	–	**(3)**	(7)	(4)
Plan assets at fair value as at October 31	**9,342**	8,240	7,817	**–**	–	–	**1,967**	2,046	1,959
Excess (deficit) of plan assets at fair value over projected benefit obligation	**554**	(1,428)	(741)	**(466)**	(506)	(620)	**(724)**	(921)	(989)
Effect of asset limitation and minimum funding requirement	**–**	–	–	**–**	–	–	**(12)**	(14)	(13)
Net defined benefit asset (liability)	**554**	(1,428)	(741)	**(466)**	(506)	(620)	**(736)**	(935)	(1,002)
Recorded in									
Other assets in the Bank's Consolidated Balance Sheet	**554**	–	–	**–**	–	–	**79**	3	6
Other liabilities in the Bank's Consolidated Balance Sheet	**–**	(1,428)	(741)	**(466)**	(506)	(620)	**(815)**	(938)	(1,008)
Net defined benefit asset (liability)	**554**	(1,428)	(741)	**(466)**	(506)	(620)	**(736)**	(935)	(1,002)
Annual expense									
Net employee benefits expense includes the following:									
Service cost – benefits earned	**522**	467	326	**9**	17	14	**8**	9	9
Net interest cost (income) on net defined benefit liability (asset)	**24**	15	(13)	**11**	17	20	**19**	28	33
Past service cost (credit)[3]	**–**	–	1	**–**	–	–	**11**	(3)	(30)
Defined benefit administrative expenses	**11**	10	10	**–**	–	–	**3**	5	6
Total	**$ 557**	$ 492	$ 324	**$ 20**	$ 34	$ 34	**$ 41**	$ 39	$ 18
Actuarial assumptions used to determine the annual expense									
Weighted-average discount rate for projected benefit obligation	**2.85 %**	3.08 %	4.10 %	**2.76 %**	3.07 %	4.10 %	**2.74 %**	3.12 %	4.37 %
Weighted-average rate of compensation increase	**2.53 %**	2.57 %	2.54 %	**3.00 %**	3.00 %	3.00 %	**1.03 %**	1.00 %	1.03 %
Assumed life expectancy at age 65, in years									
Male aged 65	**23.4**	23.4	23.3	**23.4**	23.4	23.3	**21.5**	22.1	22.1
Female aged 65	**24.2**	24.1	24.1	**24.2**	24.1	24.1	**23.1**	23.7	23.7
Male aged 45	**24.4**	24.3	24.3	**24.4**	24.3	24.3	**22.2**	22.7	22.7
Female aged 45	**25.1**	25.1	25.0	**25.1**	25.1	25.0	**23.9**	24.5	24.5
Actuarial assumptions used to determine the projected benefit obligation as at October 31									
Weighted-average discount rate for projected benefit obligation	**3.50 %**	2.85 %	3.08 %	**3.43 %**	2.76 %	3.07 %	**2.99 %**	2.74 %	3.12 %
Weighted-average rate of compensation increase	**2.46 %**	2.53 %	2.57 %	**2.80 %**	3.00 %	3.00 %	**0.98 %**	1.03 %	1.00 %
Assumed life expectancy at age 65, in years									
Male aged 65	**23.5**	23.4	23.4	**23.5**	23.4	23.4	**21.6**	21.5	22.1
Female aged 65	**24.2**	24.2	24.1	**24.2**	24.2	24.1	**23.1**	23.1	23.7
Male aged 45	**24.4**	24.4	24.3	**24.4**	24.4	24.3	**22.3**	22.2	22.7
Female aged 45	**25.1**	25.1	25.1	**25.1**	25.1	25.1	**24.0**	23.9	24.5

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 post-retirement defined benefit plan is 3.13%. The rate is assumed to decrease gradually to 1.08% by the year 2040 and remain at that level thereafter (2020 – 3.26% grading to 1.06% by the year 2040 and remain at that level thereafter).

2 Includes CT defined benefit pension plan, TD Banknorth defined benefit pension plan, TD Auto Finance defined benefit pension and post-retirement benefit plans, and supplemental employee defined benefit pension plans.

3 Includes a gain of $33 million related to the TD Auto Finance post-retirement benefit plan that was amended during fiscal 2019.

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 2021	October 31 2020	October 31 2019
Other assets			
Principal defined benefit pension plans	**$ 554**	$ –	$ –
Other defined benefit pension and post-retirement benefit plans	**79**	3	6
Other employee benefit plans[1]	**4**	6	7
Total	**637**	9	13
Other liabilities			
Principal defined benefit pension plans	**–**	1,428	741
Principal post-retirement defined benefit plan	**466**	506	620
Other defined benefit pension and post-retirement benefit plans	**815**	938	1,008
Other employee benefit plans[1]	**311**	430	412
Total	**1,592**	3,302	2,781
Net amount recognized	**$ (955)**	$ (3,293)	$ (2,768)

1 Consists of other pension and other post-retirement benefit plans operated by the Bank and its subsidiaries that are not considered material for disclosure purposes.

The following table summarizes the remeasurements recognized in OCI for the Bank's principal pension and post-retirement defined benefit plans and the Bank's other pension and post-retirement benefit plans.

Amounts Recognized in Other Comprehensive Income for Remeasurement of Defined Benefit Plans[1,2]

(millions of Canadian dollars)	**Principal pension plans**			**Principal post-retirement benefit plan**			**Other pension and post-retirement benefit plans**		
									For the years ended October 31
	2021	2020	2019	**2021**	2020	2019	**2021**	2020	2019
Remeasurement gains (losses) – financial	**$ 1,460**	$ (617)	$ (1,565)	**$ 45**	$ 101	$ (92)	**$ 86**	$ (128)	$ (430)
Remeasurement gains (losses) – demographic	**–**	–	–	**–**	44	26	**(5)**	80	(2)
Remeasurement gains (losses) – experience	**(137)**	(56)	(83)	**1**	(9)	–	**1**	(9)	(6)
Remeasurement gains (losses) – return on plan assets less interest	**742**	15	775	**–**	–	–	**108**	93	207
Total	**$ 2,065**	$ (658)	$ (873)	**$ 46**	$ 136	$ (66)	**$ 190**	$ 36	$ (231)

1 Amounts are presented on a pre-tax basis.
2 Excludes net remeasurement gains (losses) recognized in OCI in respect of other employee defined benefit plans operated by the Bank and certain of its subsidiaries not considered material for disclosure purposes totaling $121 million (2020 – $(44) million); 2019 – $(75) million).

(f) CASH FLOWS

During the year ended October 31, 2022, the Bank expects to contribute $465 million to its principal defined benefit pension plans, $20 million to its principal post-retirement defined benefit plan, and $40 million to its other defined benefit pension and post-retirement benefit plans. Future contribution amounts may change upon the Bank's review of its contribution levels during the year.

The following table summarizes the expected future benefit payments for the next 10 years.

Expected Future Benefit Payments

(millions of Canadian dollars)	Principal pension plans	Principal post-retirement benefit plan	Other pension and post-retirement benefit plans
Benefit payments expected to be paid in:			
2022	**$ 410**	**$ 20**	**$ 144**
2023	**433**	**21**	**145**
2024	**453**	**22**	**148**
2025	**472**	**23**	**150**
2026	**490**	**24**	**150**
2027-2031	**2,672**	**131**	**750**
Total	**$ 4,930**	**$ 241**	**$ 1,487**

(g) MATURITY PROFILE

The breakdown of the projected benefit obligations between active, deferred, and retired members is as follows:

Disaggregation of Projected Benefit Obligation

(millions of Canadian dollars)	**Principal pension plans**			**Principal post-retirement benefit plan**			**Other pension and post-retirement benefit plans**		
									As at October 31
	2021	2020	2019	**2021**	2020	2019	**2021**	2020	2019
Active members	**$ 6,048**	$ 6,812	$ 5,925	**$ 191**	$ 209	$ 318	**$ 375**	$ 503	$ 494
Deferred members	**596**	650	577	**–**	–	–	**497**	579	588
Retired members	**2,144**	2,206	2,056	**275**	297	302	**1,819**	1,885	1,866
Total	**$ 8,788**	$ 9,668	$ 8,558	**$ 466**	$ 506	$ 620	**$ 2,691**	$ 2,967	$ 2,948

The weighted-average duration of the projected benefit obligations is as follows:

Duration of Projected Benefit Obligation

(number of years)	Principal pension plans			Principal post-retirement benefit plan			Other pension and post-retirement benefit plans		
									As at October 31
	2021	2020	2019	**2021**	2020	2019	**2021**	2020	2019
Weighted-average duration	**15**	16	16	**14**	15	18	**12**	13	13

(h) SENSITIVITY ANALYSIS

The following table provides the sensitivity of the projected benefit obligation for the Bank's principal defined benefit pension plans, the principal post-retirement defined benefit plan, and the Bank's significant other defined benefit pension and post-retirement benefit plans to actuarial assumptions considered significant by the Bank. These include discount rate, rates of compensation increase, life expectancy, and health care cost initial trend rates, as applicable. The sensitivity analysis provided in the table should be used with caution, as it is hypothetical and the impact of changes in each significant assumption may not be linear. For each sensitivity test, the impact of a reasonably possible change in a single factor is shown with other assumptions left unchanged. Actual experience may result in simultaneous changes in a number of key assumptions, which could magnify or diminish certain sensitivities.

Sensitivity of Significant Defined Benefit Plan Actuarial Assumptions

(millions of Canadian dollars, except as noted)			*As at*
			October 31, 2021
	Obligation Increase (Decrease)		
	Principal pension plans	**Principal post-retirement benefit plan**	**Other pension and post-retirement benefit plans**
Impact of an absolute change in significant actuarial assumptions			
Discount rate			
1% decrease in assumption	**$ 1,467**	**$ 69**	**$ 352**
1% increase in assumption	**(1,136)**	**(56)**	**(292)**
Rates of compensation increase			
1% decrease in assumption	**(287)**	**–1**	**–1**
1% increase in assumption	**276**	**–1**	**–1**
Life expectancy			
1 year decrease in assumption	**(176)**	**(14)**	**(89)**
1 year increase in assumption	**173**	**14**	**89**
Health care cost initial trend rate			
1% decrease in assumption	**n/a**	**(11)**	**n/a**
1% increase in assumption	**n/a**	**13**	**n/a**

1 An absolute change in this assumption is immaterial.

NOTE 25: INCOME TAXES

The provision for (recovery of) income taxes is comprised of the following:

Provision for (Recovery of) Income Taxes

(millions of Canadian dollars)	*For the years ended October 31*		
	2021	2020	2019
Provision for (recovery of) income taxes – Consolidated Statement of Income			
Current income taxes			
Provision for (recovery of) income taxes for the current period	**$ 3,370**	$ 2,287	$ 2,675
Adjustments in respect of prior years and other	**(7)**	(70)	93
Total current income taxes	**3,363**	2,217	2,768
Deferred income taxes			
Provision for (recovery of) deferred income taxes related to the origination and reversal of temporary differences	**332**	(1,075)	54
Effect of changes in tax rates	**2**	(1)	10
Adjustments in respect of prior years and other	**(76)**	11	(97)
Total deferred income taxes	**258**	(1,065)	(33)
Total provision for (recovery of) income taxes – Consolidated Statement of Income	**3,621**	1,152	2,735
Provision for (recovery of) income taxes – Statement of Other Comprehensive Income			
Current income taxes	**916**	406	37
Deferred income taxes	**(99)**	705	1,070
Total provision for (recovery of) income taxes – Statement of Other Comprehensive Income	**817**	1,111	1,107
Income taxes – other non-income related items including business combinations and other adjustments			
Current income taxes	**(13)**	(30)	(7)
Deferred income taxes	**(20)**	(194)	(6)
	(33)	(224)	(13)
Total provision for (recovery of) income taxes	**4,405**	2,039	3,829
Current income taxes			
Federal	**2,226**	1,170	1,256
Provincial	**1,548**	818	891
Foreign	**492**	605	651
	4,266	2,593	2,798
Deferred income taxes			
Federal	**232**	(143)	127
Provincial	**160**	(96)	87
Foreign	**(253)**	(315)	817
	139	(554)	1,031
Total provision for (recovery of) income taxes	**$ 4,405**	$ 2,039	$ 3,829

The Bank's statutory and effective tax rate is outlined in the following table.

Reconciliation to Statutory Income Tax Rate

(millions of Canadian dollars, except as noted)	**2021**		2020		2019	
Income taxes at Canadian statutory income tax rate	**$ 4,498**	**26.3 %**	$ 3,141	26.4 %	$ 3,502	26.5 %
Increase (decrease) resulting from:						
Dividends received	**(120)**	**(0.7)**	(120)	(1.0)	(104)	(0.8)
Rate differentials on international operations[1]	**(787)**	**(4.6)**	(1,927)	(16.2)	(728)	(5.5)
Other – net	**30**	**0.1**	58	0.5	65	0.5
Provision for income taxes and effective income tax rate	**$ 3,621**	**21.1 %**	$ 1,152	9.7 %	$ 2,735	20.7 %

1 Reflects the impact of the 2020 sale of the Bank's investment in TD Ameritrade, including the non-taxable revaluation gain, the release of non-taxable cumulative currency translation gains from AOCI, and the release of a deferred tax liability.

The Canada Revenue Agency (CRA), Revenu Québec Agency (RQA) and Alberta Tax and Revenue Administration (ATRA) are denying certain dividend deductions claimed by the Bank. During the year ended October 31, 2021, the RQA reassessed the Bank for $8 million of additional income tax and interest in respect of its 2015 taxation year. As at October 31, 2021, the CRA reassessed the Bank for $1,032 million of income tax and interest for the years 2011 to 2015, the RQA reassessed the Bank for $34 million for the years 2011 to 2015, and the ATRA reassessed the Bank for $33 million for the years 2011 to 2014. On November 30, 2021, the CRA reassessed the Bank for $154 million of additional income tax and interest in respect of its 2016 taxation year. In total, the Bank has been reassessed for $1,253 million of income tax and interest. The Bank expects the CRA, RQA, and ATRA to continue to reassess open years on the same basis. The Bank is of the view that its tax filing positions were appropriate and intends to challenge all reassessments.

Deferred tax assets and liabilities comprise of the following:

Deferred Tax Assets and Liabilities

(millions of Canadian dollars)		*As at*
	October 31 2021	October 31 2020
Deferred tax assets		
Allowance for credit losses	**$ 1,371**	$ 1,705
Trading loans	**35**	43
Employee benefits	**863**	834
Pensions	**–**	516
Losses available for carry forward	**69**	96
Tax credits	**35**	133
Land, buildings, equipment, and other depreciable assets	**146**	111
Intangibles	**182**	87
Other	**230**	236
Total deferred tax assets	**2,931**	3,761
Deferred tax liabilities		
Securities	**657**	1,404
Pensions	**75**	–
Deferred (income) expense	**48**	73
Goodwill	**130**	124
Total deferred tax liabilities	**910**	1,601
Net deferred tax assets	**2,021**	2,160
Reflected on the Consolidated Balance Sheet as follows:		
Deferred tax assets	**2,265**	2,444
Deferred tax liabilities[1]	**244**	284
Net deferred tax assets	**$ 2,021**	$ 2,160

1 Included in Other liabilities on the Consolidated Balance Sheet.

The amount of temporary differences, unused tax losses, and unused tax credits for which no deferred tax asset is recognized on the Consolidated Balance Sheet was $668 million as at October 31, 2021 (October 31, 2020 – $669 million), of which $25 million (October 31, 2020 – $5 million) is scheduled to expire within five years.

Certain taxable temporary differences associated with the Bank's investments in subsidiaries, branches and associates, and interests in joint ventures did not result in the recognition of deferred tax liabilities as at October 31, 2021. The total amount of these temporary differences was $80 billion as at October 31, 2021 (October 31, 2020 – $81 billion).

The movement in the net deferred tax asset for the years ended October 31 was as follows:

Deferred Income Tax Expense (Recovery)

(millions of Canadian dollars)			**2021**					2020
	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	**$ 335**	**$ –**	**$ –**	**$ 335**	$ (740)	$ –	$ –	$ (740)
Trading loans	**9**	**–**	**–**	**9**	7	–	–	7
Employee benefits	**(46)**	**17**	**–**	**(29)**	(23)	33	–	10
Pensions	**(26)**	**617**	**–**	**591**	(1)	(171)	–	(172)
Losses available for carry forward	**27**	**–**	**–**	**27**	(1)	–	–	(1)
Tax credits	**98**	**–**	**–**	**98**	95	–	–	95
Land, buildings, equipment, and other depreciable assets	**(35)**	**–**	**–**	**(35)**	(159)	–	(194)	(353)
Intangibles	**(95)**	**–**	**–**	**(95)**	(127)	–	–	(127)
Other deferred tax assets	**25**	**–**	**(20)**	**5**	(148)	–	–	(148)
Securities	**(14)**	**(733)**	**–**	**(747)**	34	843	–	877
Deferred (income) expense	**(25)**	**–**	**–**	**(25)**	(18)	–	–	(18)
Goodwill	**5**	**–**	**–**	**5**	16	–	–	16
Total deferred income tax expense (recovery)	**$ 258**	**$ (99)**	**$ (20)**	**$ 139**	$ (1,065)	$ 705	$ (194)	$ (554)

NOTE 26: EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period.

Diluted earnings per share is calculated using the same method as basic earnings per share except that certain adjustments are made to net income attributable to common shareholders and the weighted-average number of shares outstanding for the effects of all dilutive potential common shares that are assumed to be issued by the Bank.

The following table presents the Bank's basic and diluted earnings per share for the years ended October 31, 2021, October 31, 2020, and October 31, 2019.

Basic and Diluted Earnings Per Share

(millions of Canadian dollars, except as noted)	*For the years ended October 31* **2021**	2020	2019
Basic earnings per share			
Net income attributable to common shareholders	**$ 14,049**	$ 11,628	$ 11,416
Weighted-average number of common shares outstanding (millions)	**1,817.7**	1,807.3	1,824.2
Basic earnings per share (Canadian dollars)	**$ 7.73**	$ 6.43	$ 6.26
Diluted earnings per share			
Net income attributable to common shareholders	**$ 14,049**	$ 11,628	$ 11,416
Net income available to common shareholders including impact of dilutive securities	**14,049**	11,628	11,416
Weighted-average number of common shares outstanding (millions)	**1,817.7**	1,807.3	1,824.2
Effect of dilutive securities			
Stock options potentially exercisable (millions)[1]	**2.5**	1.5	3.1
Weighted-average number of common shares outstanding – diluted (millions)	**1,820.2**	1,808.8	1,827.3
Diluted earnings per share (Canadian dollars)[1]	**$ 7.72**	$ 6.43	$ 6.25

1 For the years ended October 31, 2021 and October 31, 2019, no outstanding options were excluded from the computation of diluted earnings per share. For the year ended October 31, 2020, the computation of diluted earnings per share excluded average options outstanding of 7.5 million with a weighted-average exercise price of $70.04, as the option price was greater than the average market price of the Bank's common shares.

NOTE 27: PROVISIONS, CONTINGENT LIABILITIES, COMMITMENTS, GUARANTEES, PLEDGED ASSETS, AND COLLATERAL

(a) PROVISIONS

The following table summarizes the Bank's provisions recorded in other liabilities.

Provisions

(millions of Canadian dollars)	Restructuring	Litigation and Other[1]	Total
Balance as at November 1, 2020	**$ 90**	**$ 392**	**$ 482**
Additions	**58**	**203**	**261**
Amounts used	**(72)**	**(187)**	**(259)**
Release of unused amounts	**(11)**	**(8)**	**(19)**
Foreign currency translation adjustments and other	**(8)**	**(9)**	**(17)**
Balance as at October 31, 2021, before allowance for credit losses for off-balance sheet instruments	**$ 57**	**$ 391**	**$ 448**
Add: Allowance for credit losses for off-balance sheet instruments[2]			**856**
Balance as at October 31, 2021			**$ 1,304**

1 Includes onerous contracts for non-lease payments including taxes and estimated operating expenses which are included in Occupancy, including depreciation on the Consolidated Statement of Income.
2 Refer to Note 8 for further details.

(b) LEGAL AND REGULATORY MATTERS

LITIGATION

In the ordinary course of business, the Bank and its subsidiaries are involved in various legal and regulatory actions including but not limited to civil claims and lawsuits, regulatory examinations, investigations, audits and requests for information by various governmental regulatory agencies and law enforcement authorities in various jurisdictions. The Bank establishes provisions when it becomes probable that the Bank will incur a loss and the amount can be reliably estimated. The Bank also estimates the aggregate range of reasonably possible losses (RPL) in its legal and regulatory actions (that is, those which are neither probable nor remote), in excess of provisions. As at October 31, 2021, the Bank's RPL is from zero to approximately $1.45 billion (October 31, 2020 – from zero to approximately $951 million). The Bank's provisions and RPL represent the Bank's best estimates based upon currently available information for actions for which estimates can be made, but there are a number of factors that could cause the Bank's provisions and/or RPL to be significantly different from its actual or RPL. For example, the Bank's estimates involve significant judgment due to the varying stages of the proceedings, the existence of multiple defendants in many proceedings whose share of liability has yet to be determined, the numerous yet-unresolved issues in many of the proceedings, some of which are beyond the Bank's control and/or involve novel legal theories and interpretations, the attendant uncertainty of the various potential outcomes of such proceedings, and the fact that the underlying matters will change from time to time. In addition, some actions seek very large or indeterminate damages.

In management's opinion, based on its current knowledge and after consultation with counsel, the ultimate disposition of these actions, individually or in the aggregate, will not have a material adverse effect on the consolidated financial condition or the consolidated cash flows of the Bank. However, because of the factors listed above, as well as other uncertainties inherent in litigation and regulatory matters, there is a possibility that the ultimate resolution of legal or regulatory actions may be material to the Bank's consolidated results of operations for any particular reporting period.

Stanford Litigation – The Bank was named as a defendant in *Rotstain v. Trustmark National Bank, et al.*, a putative class action lawsuit in the United States District Court for the Northern District of Texas related to a US$7.2 billion Ponzi scheme perpetrated by R. Allen Stanford, the owner of Stanford International Bank, Limited (SIBL), an offshore bank based in Antigua. Plaintiffs purport to represent a class of investors in SIBL issued certificates of deposit. The Bank provided certain correspondent banking services to SIBL. Plaintiffs allege that the Bank and four other banks aided and abetted or conspired with Mr. Stanford to commit fraud and that the bank defendants received fraudulent transfers from SIBL by collecting fees for providing certain services.

The Official Stanford Investors Committee (OSIC), a court-approved committee representing investors, received permission to intervene in the lawsuit and has brought similar claims against all the bank defendants.

The court denied in part and granted in part the Bank's motion to dismiss the lawsuit on April 21, 2015. The court also entered a class certification scheduling order requiring the parties to conduct discovery and submit briefing regarding class certification. The class certification motion was fully submitted on October 26, 2015. The class plaintiffs filed an amended complaint asserting certain additional state law claims against the Bank on June 23, 2015. The Bank's motion to dismiss the newly amended complaint in its entirety was fully submitted on August 18, 2015. On April 22, 2016, the Bank filed a motion to reconsider the court's April 2015 dismissal decision with respect to certain claims by OSIC under the *Texas Uniform Fraudulent Transfer Act* based on an intervening change in the law announced by the Texas Supreme Court on April 1, 2016. On July 28, 2016, the court issued a decision denying defendants' motions to dismiss the class plaintiffs' complaint and to reconsider with respect to OSIC's complaint. The Bank filed its answer to the class plaintiffs' complaint on August 26, 2016. OSIC filed an amended intervenor complaint against the Bank on November 4, 2016 and the Bank filed its answer to this amended complaint on December 19, 2016.

On November 7, 2017, the Court issued a decision denying the class certification motion. The court found that the plaintiffs failed to show that common issues of fact would predominate given the varying sales presentations they allegedly received.

On November 21, 2017, the class plaintiffs filed a Rule 23(f) petition seeking permission to appeal the District Court's denial of class certification to the United States Court of Appeals for the Fifth Circuit. The Bank filed an opposition to the class plaintiffs' petition on December 4, 2017. The Fifth Circuit denied the class plaintiffs' petition on April 20, 2018.

On February 28, 2019, the Bank, along with the other bank defendants, filed a motion for judgment on the pleadings in OSIC's case seeking dismissal of three claims (aiding and abetting fraud, aiding and abetting conversion, and aiding and abetting breach of fiduciary duty). The motion was fully briefed as of April 4, 2019. On September 10, 2019, OSIC filed a motion for leave to amend its intervenor complaints against the Bank and the other bank defendants to insert additional factual allegations. The motion was fully briefed as of October 15, 2019. On June 15, 2020, the Northern District of Texas (N.D. Tex.) court granted OSIC's motion for leave to amend its intervenor complaints against the Bank and the other bank defendants, and OSIC's Second Amended Intervenor Complaint against the Bank and certain other bank defendants was filed on that same date. On July 10, 2020, the N.D. Tex. court so-ordered the parties' agreed motion extending the Bank's time to respond to the Second Amended Intervenor Complaint until July 31, 2020. On July 31, 2020, the Bank filed its answer to the Second Amended Intervenor Complaint. On July 7, 2020, the Bank, along with the other defendants, requested to withdraw the motion for judgment on the pleadings, and the court issued an order finding the motion moot on August 14, 2020.

On May 3, 2019, two groups of plaintiffs comprising more than 950 investors in certificates of deposit issued by SIBL, and those who purchased one or more of such investors' claims, filed motions to intervene in OSIC's case against the Bank and the other bank defendants. On September 18, 2019, the Court denied the motions to intervene. On October 14, 2019, one group of plaintiffs (comprising 147 investors) filed a notice of appeal to the Fifth Circuit, and briefing was complete on the appeal as of April 8, 2020. On October 7, 2020, the Fifth Circuit heard oral argument on the appeal. On February 3, 2021, the Fifth Circuit affirmed the Court's denial of intervention. On February 17, 2021, the Bank and the other bank appellees filed a petition for rehearing of the Fifth Circuit's decision regarding OSIC's standing to pursue the intervenors' claims. On March 12, 2021, the Fifth Circuit denied the petition for rehearing, but clarified its prior holding regarding OSIC's standing to pursue the intervenors' claims.

On November 1, 2019, a second group of plaintiffs (comprising 1,286 investors) filed a petition in Texas state court against the Bank and other bank defendants, captioned *Smith v. Independent Bank, et al.*, alleging claims similar to those alleged in the *Rotstain v. Trustmark National Bank, et al.* action. On November 26, 2019, the U.S. Receiver for the Stanford Receivership Estate filed a motion to enjoin the Texas state court action in the United States District Court for the N.D. Tex. On January 15, 2020, the Court granted the U.S. Receiver's motion to enjoin the Texas state court action. On February 26, 2020, another defendant bank removed the Texas state court action to the United States District Court for the Southern District of Texas (S.D. Tex.). On April 13, 2020, the removing bank defendant and plaintiffs requested that the S.D. Tex. court stay the action for an initial period of 120 days. On April 20, 2020, the S.D. Tex. court stayed all case deadlines until August 14, 2020. On July 14, 2020, the removing bank defendant and plaintiffs requested that the S.D. Tex. court extend the stay of the action for an additional period of 90 days. On July 19, 2020, the S.D. Tex. court extended the stay until November 14, 2020. On October 30, 2020, the removing bank defendant and plaintiffs requested that the S.D. Tex. court extend the stay of the action for an additional period of 60 days. On November 30, 2020, the S.D. Tex. court stayed and administratively closed Smith v. Independent Bank, et al., subject to reinstatement on the parties' motion. On January 29, 2021, the removing bank defendant and plaintiffs requested that the S.D. Tex. Court extend the current stay and administrative closure for an additional period of 60 days. On February 1, 2021, the S.D. Tex. court granted the request. On April 2, 2021, the S.D. Tex. court granted a further stay until July 31, 2021, and the case remains administratively closed.

On February 12, 2021, the Bank and the other bank defendants filed motions for summary judgment in *Rotstain v. Trustmark National Bank, et al.*, and briefing was complete on the motions as of April 9, 2021.

On March 19, 2021, plaintiffs in Rotstain v. Trustmark National Bank, et al. filed a notice abandoning four of the seven claims asserted against the Bank: (i) aiding, abetting, or participation in fraudulent transfers; (ii) aiding, abetting or participation in a fraudulent scheme; (iii) aiding, abetting or participation in conversion; and (iv) civil conspiracy. On March 25, 2021, the N.D. Tex. court struck the May 6, 2021 ready-for-trial date to allow the trial court to set appropriate deadlines after remand.

On August 9, 2021, the Bank filed a motion for leave to file a second motion for summary judgment on the grounds that the remaining claims asserted by OSIC are precluded by the Ontario Superior Court of Justice's June 8, 2021 judgment. The motion was fully briefed as of September 13, 2021.

The Bank was also a defendant in two cases filed in the Ontario Superior Court of Justice: (1) *McDonald 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 asserted that the Bank acted negligently and provided knowing assistance to SIBL's fraud. The trial of both actions took place from January 11, 2021 to April 29, 2021. On June 8, 2021, the Superior Court rendered judgment dismissing both actions. On July 8, 2021, the Joint Liquidators filed an appeal of their action in the Court of Appeal for Ontario. There is no appeal in the Dynasty Furniture action. The Bank expects that the hearing of the appeal in the Joint Liquidators' action will be in 2022.

Credit Card Fees – Between 2011 and 2013, seven proposed class actions were commenced, five of which remain in British Columbia, Alberta, Saskatchewan, Ontario and Québec: *Coburn and Watson's Metropolitan Home v. Bank of America Corporation, et al*.; *Macaronies Hair Club v. BOFA Canada Bank, et al*.; *Hello Baby Equipment Inc. v. BOFA Canada Bank, et al.; Bancroft-Snell, et al. v. Visa Canada Corporation, et al.; and 9085-4886 Québec Inc. v. Visa Canada Corporation, et al*.

The plaintiff class members are Canadian merchants who accept payment for products and services by Visa Canada Corporation (Visa) and/or MasterCard International Incorporated (MasterCard) (collectively, the "Networks"). While there is some variance, in most of the actions it is alleged that, from March 2001 to the present, the Networks conspired with their issuing banks and acquirers to fix excessive fees and that certain rules have the effect of increasing the merchant fees.

The Bank, together with the remaining bank defendants, have collectively entered into a national settlement with the class. They will collectively pay a total of $120 million in exchange for the dismissal of the Credit Card Actions and other related litigation. The settlement must be approved by the five courts in which actions were filed. A joint settlement approval hearing of all five courts is scheduled for December 6, 2021.

Consumer Class Actions – The Bank, along with several other Canadian financial institutions, is a defendant in a number of matters brought by consumers alleging provincial claims in connection with various fees, interest rate calculations, and credit decisions. The cases are in various stages of maturity.

TD Ameritrade Stockholder Litigation – On May 12, 2020, a stockholder of TD Ameritrade Holding Corporation ("Ameritrade") filed a class action complaint captioned *Hawkes v. Bettino, et al.*, CA No. 2020-0360-PAF, in the Delaware Court of Chancery challenging the transaction between Ameritrade and The Charles Schwab Corporation ("Schwab"). Among other claims, the initial complaint alleged that the merger was subject to Delaware's interested stockholder statute but violated that statute because it had not been conditioned on approval of 66 2/3% of Ameritrade's shares, excluding those held by the Bank and Schwab. On June 4, 2020, a sufficient percentage of Ameritrade's shares were voted to approve the transaction and the plaintiff thereafter dismissed that claim. On February 5, 2021, the plaintiff filed an amended complaint naming as defendants the Bank, certain TD Bank-affiliated entities, the five former Ameritrade directors designated by the Bank, certain other former officers and directors of Ameritrade, and Schwab. The amended complaint alleges that the Bank was a controlling stockholder of Ameritrade and breached its fiduciary duties by negotiating an amended Insured Deposit Account Agreement with Schwab that improperly diverted merger consideration from Ameritrade's other stockholders. The amended complaint further asserts breach of fiduciary duty claims against the Bank-designated directors and the other individual defendants based on the same allegations. Finally, the amended complaint alleges that Schwab aided and abetted the breaches by the other defendants. On April 29, 2021, all defendants moved to dismiss the complaint for failure to state a claim. The motion to dismiss hearing occurred on November 18, 2021.

(c) 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. 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.

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 2021	October 31 2020
Financial and performance standby letters of credit	**$ 31,153**	$ 30,849
Documentary and commercial letters of credit	**209**	107
Commitments to extend credit[1]		
Original term-to-maturity of one year or less	**54,563**	66,902
Original term-to-maturity of more than one year	**173,489**	166,142
Total	**$ 259,414**	$ 264,000

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, 2021, the Bank is committed to fund $326 million (October 31, 2020 – $290 million) of private equity investments.

Long-term Commitments or Leases

The Bank has obligations under long-term non-cancellable leases for premises and equipment. The maturity profile for undiscounted lease liabilities is $35 million for 2022, $45 million for 2023, $110 million for 2024, $233 million for 2025, $345 million for 2026, $6,115 million for 2027, and thereafter. Total lease payments, including $14 million (October 31, 2020 – $19 million) paid for short-term and low-value asset leases, for the year ended October 31, 2021 were $746 million (October 31, 2020 – $754 million).

(d) 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.

(e) GUARANTEES

In addition to financial and performance standby letters of credit, the following types of transactions represent the principal guarantees that the Bank has entered into.

Credit Enhancements

The Bank guarantees payments to counterparties in the event that third-party credit enhancements supporting asset pools are insufficient.

Indemnification Agreements
In the normal course of operations, the Bank provides indemnification agreements to various counterparties in transactions such as service agreements, leasing transactions, and agreements relating to acquisitions and dispositions. Under these agreements, the Bank is required to compensate counterparties for costs incurred as a result of various contingencies such as changes in laws and regulations and litigation claims. The nature of certain indemnification agreements prevent the Bank from making a reasonable estimate of the maximum potential amount that the Bank would be required to pay such counterparties.

The Bank also indemnifies directors, officers, and other persons, to the extent permitted by law, against certain claims that may be made against them as a result of their services to the Bank or, at the Bank's request, to another entity.

(f) PLEDGED ASSETS AND COLLATERAL
In the ordinary course of business, securities and other assets are pledged against liabilities or contingent liabilities, including repurchase agreements, securitization liabilities, covered bonds, obligations related to securities sold short, and securities borrowing transactions. Assets are also deposited for the purposes of participation in clearing and payment systems and depositories or to have access to the facilities of central banks in foreign jurisdictions, or as security for contract settlements with derivative exchanges or other derivative counterparties.

Details of assets pledged against liabilities and collateral assets held or repledged are shown in the following table:

Sources and Uses of Pledged Assets and Collateral[1]

(millions of Canadian dollars)	**October 31 2021**	*As at* October 31 2020
Sources of pledged assets and collateral		
Bank assets		
Cash and due from banks	**$ 223**	$ 205
Interest-bearing deposits with banks	**6,580**	5,328
Loans	**85,698**	112,190
Securities	**98,199**	103,334
Other assets	**475**	422
	191,175	221,479
Third-party assets[2]		
Collateral received and available for sale or repledging	**354,873**	336,325
Less: Collateral not repledged	**(85,248)**	(90,177)
	269,625	246,148
	460,800	467,627
Uses of pledged assets and collateral[3]		
Derivatives	**14,864**	12,002
Obligations related to securities sold under repurchase agreements	**170,314**	189,659
Securities borrowing and lending	**119,916**	104,085
Obligations related to securities sold short	**34,424**	32,770
Securitization	**29,030**	32,513
Covered bond	**31,152**	41,434
Clearing systems, payment systems, and depositories	**9,261**	8,976
Foreign governments and central banks	**1,010**	1,148
Other	**50,829**	45,040
Total	**$ 460,800**	$ 467,627

1 Certain comparative amounts have been restated to conform with the presentation adopted in the current year.
2 Includes collateral received from reverse repurchase agreements, securities borrowing, margin loans, and other client activity.
3 Includes $48.7 billion of on-balance sheet assets that the Bank has pledged and that the counterparty can subsequently repledge as at October 31, 2021 (October 31, 2020 – $56.3 billion).

NOTE 28: RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to directly or indirectly control the other party or exercise significant influence over the other party in making financial or operational decisions. The Bank's related parties include key management personnel, their close family members and their related entities, subsidiaries, associates, joint ventures, and post-employment benefit plans for the Bank's employees.

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

As at October 31, 2021, $150 million (October 31, 2020 – $449 million) of related party loans were outstanding from key management personnel, their close family members, and their related entities.

COMPENSATION
The remuneration of key management personnel was as follows:

Compensation

(millions of Canadian dollars)	*For the years ended October 31*		
	2021	2020	2019
Short-term employee benefits	**$ 31**	$ 27	$ 33
Post-employment benefits	**1**	1	2
Share-based payments	**39**	30	35
Total	**$ 71**	$ 58	$ 70

In addition, the Bank offers deferred share and other plans to non-employee directors, executives, and certain other key employees. Refer to Note 23 for further details.

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

TRANSACTIONS WITH SUBSIDIARIES, SCHWAB, 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, Schwab, TD Ameritrade, and Symcor Inc. (Symcor) also qualify as related party transactions. There were no significant transactions between the Bank, Schwab, TD Ameritrade, and Symcor during the year ended October 31, 2021, other than as described in the following sections and in Note 12.

i) TRANSACTIONS WITH SCHWAB AND TD AMERITRADE
A description of significant transactions between the Bank and its affiliates with Schwab and TD Ameritrade is set forth below.

Insured Deposit Account Agreement
The Bank is party to the Schwab IDA Agreement which became effective on the completion of the Schwab transaction on October 6, 2020 and has an initial expiration date of July 1, 2031. Pursuant to the Schwab IDA Agreement, the Bank makes Federal Deposit Insurance Corporation (FDIC)-insured (up to specified limits) deposit accounts available to clients of Schwab. Schwab provides recordkeeping and support services with respect to the Schwab IDA Agreement. The servicing fee under the Schwab IDA Agreement is set at 15 basis points (bps) per annum on the aggregate average daily balance in the sweep accounts. Starting on July 1, 2021, deposits under the Schwab IDA Agreement, which were $176 billion (US$142 billion) as at October 31, 2021, can be reduced at Schwab's option by up to US$10 billion in a year (subject to certain adjustments), with a floor of US$50 billion. The Bank paid fees of $1.6 billion during the year ended October 31, 2021 to Schwab related to sweep deposit accounts (for the period from October 6, 2020 to October 31, 2020 – $136 million). The amount paid by the Bank is based on the average insured deposit balance of $186 billion for the year ended October 31, 2021 (for the period from October 6, 2020 to October 31, 2020 – $194 billion) and yields based on agreed upon market benchmarks, less the actual interest paid to clients of Schwab.

Prior to the Schwab IDA Agreement becoming effective on completion of the Schwab transaction, the Bank was party to an insured deposit account agreement with TD Ameritrade (the "TD Ameritrade IDA Agreement"). Pursuant to the TD Ameritrade IDA Agreement, the Bank made FDIC-insured (up to specified limits) deposit accounts available to clients of TD Ameritrade as either designated sweep vehicles or as non-sweep deposit accounts. TD Ameritrade provided marketing and support services with respect to the TD Ameritrade IDA Agreement. The Bank earned a servicing fee of 25 bps per annum on the aggregate average daily balance in the sweep accounts (subject to adjustment based on a specified formula). The Bank paid fees of $1.9 billion during the year ended October 31, 2020 prior to completion of the Schwab transaction (October 31, 2019 – $2.2 billion) to TD Ameritrade related to sweep deposit accounts. The amount paid by the Bank was based on the average insured deposit balance of $176 billion for the year ended October 31, 2020 prior to completion of the Schwab transaction (October 31, 2019 – $140 billion) and yields based on agreed upon market benchmarks, less the actual interest paid to clients of TD Ameritrade.

As at October 31, 2021, amounts receivable from Schwab were $26 million (October 31, 2020 – $75 million). As at October 31, 2021, amounts payable to Schwab were $195 million (October 31, 2020 – $344 million).

The Bank and other financial institutions provided Schwab and its subsidiaries with unsecured revolving loan facilities. The total commitment provided by the Bank was $95 million, which was undrawn as at October 31, 2021 (October 31, 2020 – $305 million undrawn).

ii) 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, 2021, the Bank paid $76 million (October 31, 2020 – $78 million; October 31, 2019 – $81 million) for these services. As at October 31, 2021, the amount payable to Symcor was $12 million (October 31, 2020 – $12 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, 2021, and October 31, 2020.

NOTE 29: SEGMENTED INFORMATION

For management reporting purposes, the Bank reports its results under three key business segments: Canadian Retail, which includes the results of the Canadian personal and commercial banking businesses, Canadian credit cards, TD Auto Finance Canada, and Canadian wealth and insurance businesses; U.S. Retail, which includes the results of the U.S. personal and business banking operations, U.S. credit cards, TD Auto Finance U.S., U.S. wealth business, and the Bank's investment in Schwab; and Wholesale Banking. The Bank's other activities are grouped into the Corporate segment.

Canadian Retail is comprised of Canadian personal and commercial banking, which provides financial products and services to personal, small business, and commercial customers, TD Auto Finance Canada, the Canadian credit card business, the Canadian wealth business, which provides investment products and services to institutional and retail investors, and the insurance business. U.S. Retail is comprised of the personal and business banking operations in the U.S. operating under the brand TD Bank, America's Most Convenient Bank®, primarily in the Northeast and Mid-Atlantic regions and Florida, and the U.S. wealth business, including Epoch and the Bank's equity investment in Schwab. Wholesale Banking provides a wide range of capital markets, investment banking, and corporate banking products and services, including underwriting and distribution of new debt and equity issues, providing advice on strategic acquisitions and divestitures, and meeting the daily trading, funding, and investment needs of the Bank's clients. The Bank's other activities are grouped into the Corporate segment. The Corporate segment includes the effects of certain asset securitization programs, treasury management, the collectively assessed allowance for incurred but not identified credit losses in Canadian Retail and Wholesale Banking, elimination of taxable equivalent adjustments and other management reclassifications, corporate level tax items, and residual unallocated revenue and expenses.

The results of each business segment reflect revenue, expenses, and assets generated by the businesses in that segment. Due to the complexity of the Bank, its management reporting model uses various estimates, assumptions, allocations, and risk-based methodologies for funds transfer pricing, inter-segment revenue, income tax rates, capital, indirect expenses and cost transfers to measure business segment results. The basis of allocation and methodologies are reviewed periodically to align with management's evaluation of the Bank's business segments. Transfer pricing of funds is generally applied at market rates. Inter-segment revenue is negotiated between each business segment and approximates the fair value of the services provided. Income tax provision or recovery is generally applied to each segment based on a statutory tax rate and may be adjusted for items and activities unique to each segment. Amortization of intangibles acquired as a result of business combinations is included in the Corporate segment. Accordingly, net income for business segments is presented before amortization of these intangibles.

Non-interest income is earned by the Bank primarily through investment and securities services, credit fees, trading income, service charges, card services, and insurance revenues. Revenues from investment and securities services are earned predominantly in the Canadian Retail segment with the remainder earned in Wholesale Banking and U.S. Retail. Revenues from credit fees are primarily earned in the Wholesale Banking and Canadian Retail segments. Trading income is earned within Wholesale Banking. Both service charges and card services revenue are mainly earned in the U.S. Retail and Canadian Retail segments. Insurance revenue is earned in the Canadian Retail segment.

Net interest income within Wholesale Banking is calculated on a taxable equivalent basis (TEB), which means that the value 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 following table summarizes the segment results for the years ended October 31, 2021, October 31, 2020, and October 31, 2019.

Results by Business Segment[1,2]
(millions of Canadian dollars)

					For the years ended October 31
					2021
	Canadian Retail	**U.S. Retail**	**Wholesale Banking[3]**	**Corporate[3]**	**Total**
Net interest income (loss)	**$ 11,957**	**$ 8,074**	**$ 2,630**	**$ 1,470**	**$ 24,131**
Non-interest income (loss)	**13,549**	**2,684**	**2,070**	**259**	**18,562**
Total revenue	**25,506**	**10,758**	**4,700**	**1,729**	**42,693**
Provision for (recovery of) credit losses	**258**	**(250)**	**(118)**	**(114)**	**(224)**
Insurance claims and related expenses	**2,707**	**–**	**–**	**–**	**2,707**
Non-interest expenses	**11,003**	**6,417**	**2,709**	**2,947**	**23,076**
Income (loss) before income taxes and share of net income from investment in Schwab	**11,538**	**4,591**	**2,109**	**(1,104)**	**17,134**
Provision for (recovery of) income taxes	**3,057**	**504**	**539**	**(479)**	**3,621**
Share of net income from investment in Schwab[4,5]	**–**	**898**	**–**	**(113)**	**785**
Net income (loss)	**$ 8,481**	**$ 4,985**	**$ 1,570**	**$ (738)**	**$ 14,298**
Total assets as at October 31, 2021	**$ 509,436**	**$ 559,503**	**$ 514,681**	**$ 145,052**	**$ 1,728,672**
					2020
Net interest income (loss)	$ 12,061	$ 8,834	$ 1,990	$ 1,612	$ 24,497
Non-interest income (loss)	12,272	2,438	2,968	1,471	19,149
Total revenue	24,333	11,272	4,958	3,083	43,646
Provision for (recovery of) credit losses	2,746	2,925	508	1,063	7,242
Insurance claims and related expenses	2,886	–	–	–	2,886
Non-interest expenses	10,441	6,579	2,518	2,066	21,604
Income (loss) before income taxes and share of net income from investment in TD Ameritrade	8,260	1,768	1,932	(46)	11,914
Provision for (recovery of) income taxes	2,234	(167)	514	(1,429)	1,152
Share of net income from investment in TD Ameritrade[5]	–	1,091	–	42	1,133
Net income (loss)	$ 6,026	$ 3,026	$ 1,418	$ 1,425	$ 11,895
Total assets as at October 31, 2020	$ 472,370	$ 566,629	$ 512,886	$ 163,980	$ 1,715,865
					2019
Net interest income (loss)	$ 12,349	$ 8,951	$ 911	$ 1,610	$ 23,821
Non-interest income (loss)	11,877	2,840	2,320	207	17,244
Total revenue	24,226	11,791	3,231	1,817	41,065
Provision for (recovery of) credit losses	1,306	1,082	44	597	3,029
Insurance claims and related expenses	2,787	–	–	–	2,787
Non-interest expenses	10,735	6,411	2,393	2,481	22,020
Income (loss) before income taxes and share of net income from investment in TD Ameritrade	9,398	4,298	794	(1,261)	13,229
Provision for (recovery of) income taxes	2,535	471	186	(457)	2,735
Share of net income from investment in TD Ameritrade[5]	–	1,154	–	38	1,192
Net income (loss)	$ 6,863	$ 4,981	$ 608	$ (766)	$ 11,686
Total assets as at October 31, 2019	$ 452,163	$ 436,086	$ 458,420	$ 68,621	$ 1,415,290

1 Certain comparative amounts have been reclassified to conform with the presentation adopted in the current year.
2 The retailer program partners' share of revenues and credit losses is presented in the Corporate segment, with an offsetting amount (representing the partners' net share) recorded in Non-interest expenses, resulting in no impact to Corporate reported Net income (loss). The Net income (loss) included in the U.S. Retail segment includes only the portion of revenue and credit losses attributable to the Bank under the agreements.
3 Net interest income within Wholesale Banking is calculated on a TEB. The TEB adjustment reflected in Wholesale Banking is reversed in the Corporate segment.
4 The after-tax amounts for amortization of acquired intangibles and the Bank's share of acquisition and integration charges associated with Schwab's acquisition of TD Ameritrade are recorded in the Corporate segment.
5 The Bank's share of Schwab's and TD Ameritrade's earnings is reported with a one-month lag. Refer to Note 12 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.

Results by Geography[1]

(millions of Canadian dollars)	*For the years ended October 31*	*As at October 31*
	2021	**2021**
	Total revenue	**Total assets**
Canada	**$ 26,664**	**$ 935,856**
United States	**14,091**	**652,829**
Other international	**1,938**	**139,987**
Total	**$ 42,693**	**$ 1,728,672**
	2020	2020
Canada	$ 24,141	$ 916,798
United States	15,213	679,369
Other international	4,292	119,698
Total	$ 43,646	$ 1,715,865
	2019	2019
Canada	$ 23,681	$ 769,314
United States	15,396	524,397
Other international	1,988	121,579
Total	$ 41,065	$ 1,415,290

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

NOTE 30: INTEREST INCOME AND EXPENSE

The following table presents interest income and interest expense by basis of accounting measurement.

Interest Income and Expense[1]

(millions of Canadian dollars)				*For the years ended October 31*
		2021		2020
	Interest income	**Interest expense**	Interest income	Interest expense
Measured at amortized cost[2]	**$ 25,641**	**$ 3,394**	$ 30,933	$ 6,547
Measured at FVOCI	**576**	**n/a**	1,543	n/a
	26,217	**3,394**	32,476	6,547
Not measured at amortized cost or FVOCI[3]	**3,364**	**2,056**	3,357	4,789
Total	**$ 29,581**	**$ 5,450**	$ 35,833	$ 11,336

1 Certain comparative amounts have been restated to conform with the presentation adopted in the current year.
2 Includes interest expense on lease liabilities for the year ended October 31, 2021 of $144 million (October 31, 2020 – $153 million).
3 Includes interest income, interest expense, and dividend income for financial instruments that are measured or designated at FVTPL and equities designated at FVOCI.

NOTE 31: CREDIT RISK

Concentration of credit risk exists where a number of borrowers or counterparties are engaged in similar activities, are located in the same geographic area or have comparable economic characteristics. Their ability to meet contractual obligations may be similarly affected by changing economic, political or other conditions. The Bank's portfolio could be sensitive to changing conditions in particular geographic regions.

Concentration of Credit Risk

(millions of Canadian dollars, except as noted)	Loans and customers' liability under acceptances[1,2]		Credit Instruments[3,4]		Derivative financial instruments[5,6] *As at*	
	October 31 2021	October 31 2020	**October 31 2021**	October 31 2020	**October 31 2021**	October 31 2020
Canada	**70 %**	66 %	**36 %**	37 %	**25 %**	24 %
United States	**29**	33	**59**	59	**34**	27
United Kingdom	**–**	–	**1**	1	**13**	22
Europe – other	**–**	–	**3**	2	**18**	18
Other international	**1**	1	**1**	1	**10**	9
Total	**100 %**	100 %	**100 %**	100 %	**100 %**	100 %
	$ 742,672	$ 734,958	**$ 259,414**	$ 264,000	**$ 49,929**	$ 51,225

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, 2021 was real estate 10% (October 31, 2020 – 10%).
2 Includes loans that are measured at FVOCI.
3 As at October 31, 2021, the Bank had commitments and contingent liability contracts in the amount of $259 billion (October 31, 2020 – $264 billion). Included are commitments to extend credit totalling $228 billion (October 31, 2020 – $233 billion), of which the credit risk is dispersed as detailed in the table above.
4 Of the commitments to extend credit, industry segments which equalled or exceeded 5% of the total concentration were as follows as at October 31, 2021: financial institutions 21% (October 31, 2020 – 21%); automotive 9% (October 31, 2020 – 9%); pipelines, oil and gas 8% (October 31, 2020 – 10%); power and utilities 7% (October 31, 2020 – 8%); sundry manufacturing and wholesale 7% (October 31, 2020 – 7%); professional and other services 7% (October 31, 2020 – 6%); telecommunications, cable, and media 6% (October 31, 2020 – 6%).
5 As at October 31, 2021, the current replacement cost of derivative financial instruments, excluding the impact of master netting agreements and collateral, amounted to $50 billion (October 31, 2020 – $51 billion). Based on the location of the ultimate counterparty, the credit risk was allocated as detailed in the table above. The table excludes the fair value of exchange traded derivatives.
6 The largest concentration by counterparty type was with financial institutions (including non-banking financial institutions), which accounted for 70% of the total as at October 31, 2021 (October 31, 2020 – 64%). The second largest concentration was with governments, which accounted for 19% of the total as at October 31, 2021 (October 31, 2020 – 24%). No other industry segment exceeded 5% of the total.

The following table presents the maximum exposure to credit risk of financial instruments, before taking account of any collateral held or other credit enhancements.

Gross Maximum Credit Risk Exposure

(millions of Canadian dollars)		*As at*
	October 31 2021	October 31 2020
Cash and due from banks	**$ 5,931**	$ 6,445
Interest-bearing deposits with banks	**159,962**	164,149
Securities[1]		
Financial assets designated at fair value through profit or loss		
Government and government-insured securities	**2,161**	2,069
Other debt securities	**2,403**	2,668
Trading		
Government and government-insured securities	**42,048**	59,037
Other debt securities	**18,365**	18,968
Retained interest	**9**	14
Non-trading securities at fair value through profit or loss		
Government and government-insured securities	**155**	388
Other debt securities	**6,320**	4,114
Securities at fair value through other comprehensive income		
Government and government-insured securities	**57,780**	78,283
Other debt securities	**15,085**	19,901
Debt securities at amortized cost		
Government and government-insured securities	**208,559**	174,593
Other debt securities	**60,380**	53,086
Securities purchased under reverse purchase agreements	**167,284**	169,162
Derivatives[2]	**54,427**	54,242
Loans		
Residential mortgages	**268,079**	251,915
Consumer instalment and other personal	**188,291**	183,440
Credit card	**28,933**	29,778
Business and government	**237,319**	252,390
Trading loans	**12,405**	12,959
Non-trading loans at fair value through profit or loss	**2,337**	3,718
Loans at fair value through other comprehensive income	**1,602**	2,502
Customers' liability under acceptances	**18,448**	14,941
Amounts receivable from brokers, dealers, and clients	**32,357**	33,951
Other assets	**5,927**	7,326
Total assets	**1,596,567**	1,600,039
Credit instruments[3]	**259,414**	264,000
Unconditionally cancellable commitments to extend credit relating to personal lines of credit and credit card lines	**318,025**	320,823
Total credit exposure	**$ 2,174,006**	$ 2,184,862

1 Excludes equity securities.
2 The carrying amount of the derivative assets represents the maximum credit risk exposure related to derivative contracts.
3 The balance represents the maximum amount of additional funds that the Bank could be obligated to extend should the contracts be fully utilized. The actual maximum exposure may differ from the amount reported above. Refer to Note 27 for further details.

NOTE 32: REGULATORY CAPITAL

The Bank manages its capital under guidelines established by OSFI. The regulatory capital guidelines measure capital in relation to credit, trading 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, including stress test analysis, consistent with the Bank's risk profile and risk tolerance levels.
- To have the most economic weighted-average cost of capital achievable, while 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 loss 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 access to required funding.

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

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

Capital Position and Capital Ratios
The Basel framework allows qualifying banks to determine capital levels consistent with the way they measure, manage, and mitigate risks. It specifies methodologies for the measurement of credit, trading market, and operational risks. The Bank uses the AIRB approach to credit risk for all material portfolios. In the third quarter of 2020, OSFI approved the Bank to calculate the non-retail portfolio credit RWA in U.S. Retail segment using the AIRB approach.

For accounting purposes, IFRS is followed for consolidation of subsidiaries and joint ventures. For regulatory capital purposes, all subsidiaries of the Bank are consolidated except for insurance subsidiaries which are deconsolidated and follow prescribed treatment per OSFI's CAR guidelines. Insurance subsidiaries are subject to their own capital adequacy reporting, such as OSFI's Life Insurance Capital Adequacy Test.

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

During the year ended October 31, 2021, the Bank complied with the OSFI Basel III guidelines related to capital ratios and the leverage ratio. Effective January 1, 2016, OSFI's target CET1, Tier 1, and Total Capital ratios for Canadian banks designated as domestic systemically important banks (D-SIBs) includes a 1% common equity capital surcharge bringing the targets to 8%, 9.5%, and 11.5%, respectively. On June 25, 2018, OSFI provided greater transparency related to previously undisclosed Pillar 2 CET1 capital buffers through the introduction of the public DSB which is held by D-SIBs against Pillar 2 risks. The current buffer is set at 2.5% of total RWA and must be met with CET1 Capital, effectively raising the OSFI CET1 minimum target to 10.5%. In addition, on November 22, 2019, the Bank was designated a global systemically important bank (G-SIB). The OSFI target includes the greater of the D-SIB or G-SIB surcharge, both of which are currently 1%.

The following table summarizes the Bank's regulatory capital position as at October 31, 2021 and October 31, 2020.

Regulatory Capital Position[1]

(millions of Canadian dollars, except as noted)		*As at*
	October 31 2021	October 31 2020
Capital		
Common Equity Tier 1 Capital	**$ 69,937**	$ 62,616
Tier 1 Capital	**75,716**	69,091
Total Capital	**87,987**	80,021
Risk-weighted assets used in the calculation of capital ratios	**460,270**	478,909
Capital and leverage ratios		
Common Equity Tier 1 Capital ratio	**15.2 %**	13.1%
Tier 1 Capital ratio	**16.5**	14.4
Total Capital ratio	**19.1**	16.7
Leverage ratio	**4.8**	4.5

[1] Includes capital adjustments provided by OSFI in response to the COVID-19 pandemic. Refer to "Capital Position" section of the MD&A for additional detail.

NOTE 33: RISK MANAGEMENT

The risk management policies and procedures of the Bank are provided in the MD&A. The shaded sections of the "Managing Risk" section of the MD&A relating to credit, market, liquidity, and insurance risks are an integral part of the 2021 Consolidated Financial Statements.

NOTE 34: INFORMATION ON SUBSIDIARIES

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

SIGNIFICANT SUBSIDIARIES[1]

(millions of Canadian dollars)		October 31, 2021
North America	**Address of Head or Principal Office[2]**	**Carrying value of shares owned by the Bank[3]**
Meloche Monnex Inc.	Montreal, Québec	$ 2,354
Security National Insurance Company	Montreal, Québec	
Primmum Insurance Company	Toronto, Ontario	
TD Direct Insurance Inc.	Toronto, Ontario	
TD General Insurance Company	Toronto, Ontario	
TD Home and Auto Insurance Company	Toronto, Ontario	
TD Wealth Holdings Canada Limited	Toronto, Ontario	5,085
TD Asset Management Inc.	Toronto, Ontario	
GMI Servicing Inc.	Regina, Saskatchewan	
TD Waterhouse Private Investment Counsel Inc.	Toronto, Ontario	
TD Waterhouse Canada Inc.	Toronto, Ontario	
TD Auto Finance (Canada) Inc.	Toronto, Ontario	3,321
TD Group US Holdings LLC	Wilmington, Delaware	68,575
Toronto Dominion Holdings (U.S.A.), Inc.	New York, New York	
TD Prime Services LLC	New York, New York	
TD Securities Automated Trading LLC	Chicago, Illinois	
TD Securities (USA) LLC	New York, New York	
Toronto Dominion (Texas) LLC	New York, New York	
Toronto Dominion (New York) LLC	New York, New York	
Toronto Dominion Capital (U.S.A.), Inc.	New York, New York	
Toronto Dominion Investments, Inc.	New York, New York	
TD Bank US Holding Company	Cherry Hill, New Jersey	
Epoch Investment Partners, Inc.	New York, New York	
TDAM USA Inc.	New York, New York	
TD Bank USA, National Association	Cherry Hill, New Jersey	
TD Bank, National Association	Cherry Hill, New Jersey	
TD Auto Finance LLC	Farmington Hills, Michigan	
TD Equipment Finance, Inc.	Cherry Hill, New Jersey	
TD Private Client Wealth LLC	New York, New York	
TD Wealth Management Services Inc.	Mt. Laurel, New Jersey	
TD Investment Services Inc.	Toronto, Ontario	38
TD Life Insurance Company	Toronto, Ontario	93
TD Mortgage Corporation	Toronto, Ontario	11,041
TD Pacific Mortgage Corporation	Vancouver, British Columbia	
The Canada Trust Company	Toronto, Ontario	
TD Securities Inc.	Toronto, Ontario	2,656
TD Vermillion Holdings Limited	Toronto, Ontario	27,487
TD Financial International Ltd.	Hamilton, Bermuda	
TD Reinsurance (Barbados) Inc.	St. James, Barbados	
International		
TD Ireland Unlimited Company	Dublin, Ireland	1,322
TD Global Finance Unlimited Company	Dublin, Ireland	
TD Securities (Japan) Co. Ltd.	Tokyo, Japan	12
Toronto Dominion Australia Limited	Sydney, Australia	100
Toronto Dominion Investments B.V.	London, England	1,022
TD Bank Europe Limited	London, England	
Toronto Dominion Holdings (U.K.) Limited	London, England	
TD Securities Limited	London, England	
Toronto Dominion (South East Asia) Limited	Singapore, Singapore	1,054

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

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

3 Carrying amounts are prepared for purposes of meeting the disclosure requirements of Section 308 (3)(a)(ii) of the *Bank Act*. Intercompany transactions may be included herein which are eliminated for consolidated financial reporting purposes.

SUBSIDIARIES WITH RESTRICTIONS TO TRANSFER FUNDS

Certain of the Bank's subsidiaries have regulatory requirements to fulfil, in accordance with applicable law, in order to transfer funds, including paying dividends to, repaying loans to, or redeeming subordinated debentures issued to, the Bank. These customary requirements include, but are not limited to:

- Local regulatory capital and/or surplus adequacy requirements;
- Basel requirements under Pillar 1 and Pillar 2;
- Local regulatory approval requirements; and
- Local corporate and/or securities laws.

As at October 31, 2021, the net assets of subsidiaries subject to regulatory or CAR was $90.5 billion (October 31, 2020 – $95.0 billion), before intercompany eliminations.

In addition to regulatory requirements outlined above, the Bank may be subject to significant restrictions on its ability to use the assets or settle the liabilities of members of its group. Key contractual restrictions may arise from the provision of collateral to third parties in the normal course of business, for example through secured financing transactions; assets securitized which are not subsequently available for transfer by the Bank; and assets transferred into other consolidated and unconsolidated structured entities. The impact of these restrictions has been disclosed in Notes 9 and 27.

Exhibit 99.4

RETURN ON ASSETS, DIVIDEND PAYOUTS, AND EQUITY TO ASSETS RATIOS[1,2]

	For the three months ended				*For the year ended*		
	October 31 2021	July 31 2021	April 30 2021	January 31 2021	**October 31 2021**	October 31 2020	October 31 2019
Return on Assets–reported[3]	**0.84 %**	0.81 %	0.86 %	0.73 %	**0.81 %**	0.72 %	0.82 %
Return on Assets–adjusted[4]	**0.86**	0.83	0.88	0.75	**0.83**	0.60	0.88
Dividend Payout Ratio–reported[5]	**38.7**	41.2	39.5	44.6	**40.9**	48.4	46.2
Dividend Payout Ratio–adjusted[6]	**37.8**	40.2	38.7	43.2	**39.9**	57.9	43.1
Equity to Asset Ratio[7]	**5.7**	5.6	5.4	5.4	**5.6**	5.7	6.1

1 Calculated pursuant to the U.S. Securities and Exchange Commission Industry Guide 3.

2 The Bank prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), the current generally accepted accounting principles (GAAP), and refers to results prepared in accordance with IFRS as the “reported” results. The Bank also utilizes non-GAAP financial measures such as “adjusted” results (i.e. reported results excluding “items of note”) and non-GAAP ratios to assess each of its businesses and measure overall Bank performance. The Bank believes that non-GAAP financial measures and non-GAAP ratios provide the reader with a better understanding of how management views the Bank’s performance. Non-GAAP financial measures and ratios used in this presentation are not defined terms under IFRS and, therefore, may not be comparable to similar terms used by other issuers. See “Financial Results Overview” in the Bank’s 2021 MD&A (available at www.td.com/investor and www.sedar.com), which is incorporated by reference, for further explanation, reported basis results, a list of the items of note, and a reconciliation of adjusted to reported results.

3 Calculated as reported net income available to common shareholders and non-controlling interests (NCI) in subsidiaries divided by average total assets.

4 Calculated as adjusted net income available to common shareholders and NCI in subsidiaries divided by average total assets.

5 Calculated as dividends declared per common share divided by reported basic earnings per share.

6 Calculated as dividends declared per common share divided by adjusted basic earnings per share.

7 Calculated as average total equity (including NCI in subsidiaries) divided by average total assets.

Exhibit 99.5

Code of Ethics

The amended *Code of Conduct and Ethics for Employees and Directors* is incorporated by reference to the Form 6-K filed with the SEC on February 3, 2021.

Exhibit 99.6

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 1, 2021, with respect to the consolidated balance sheet of The Toronto-Dominion Bank (the “Bank”) as at October 31, 2021 and 2020, 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, 2021, and the effectiveness of internal control over financial reporting of the Bank as at October 31, 2021.

We also consent to the incorporation by reference of our reports dated December 1, 2021 in the following Registration Statements of the Bank:

1) Registration Statement (Form F-3 No. 333-83232),
2) Registration Statement (Form F-3 No. 333-231751),
3) Registration Statement (Form F-3 No. 333-239012),
4) Registration Statement (Form S-8 No. 333-12948),
5) Registration Statement (Form S-8 No. 333-120815),
6) Registration Statement (Form S-8 No. 333-142253),
7) Registration Statement (Form S-8 No. 333-150000),
8) Registration Statement (Form S-8 No. 333-167234), and
9) Registration Statement (Form S-8 No. 333-169721).

/s/Ernst & Young LLP
Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
December 2, 2021

Exhibit 99.7

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 2, 2021

/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, Kelvin Tran, 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 2, 2021

/s/ Kelvin Tran

Kelvin Tran
Senior Executive Vice President and Chief Financial Officer

Exhibit 99.8

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, 2021 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 2, 2021

/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, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kelvin Tran, Senior Executive Vice President 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 2, 2021

/s/ Kelvin Tran

Kelvin Tran
Senior Executive Vice President and Chief Financial Officer