



TD Bank Group Reports First Quarter 2022 Results

Report to Shareholders • Three months ended January 31, 2022

The financial information in this document is reported in Canadian dollars and is based on the Bank's unaudited Interim Consolidated Financial Statements and related Notes prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), unless otherwise noted.

Reported results conform to generally accepted accounting principles (GAAP), in accordance with IFRS. Adjusted measures 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 "How We Performed" section of this document.

FIRST QUARTER FINANCIAL HIGHLIGHTS, compared with the first quarter last year:

- Reported diluted earnings per share were \$2.02, compared with \$1.77.
- Adjusted diluted earnings per share were \$2.08, compared with \$1.83.
- Reported net income was \$3,733 million, compared with \$3,277 million.
- Adjusted net income was \$3,833 million, compared with \$3,380 million.

FIRST QUARTER ADJUSTMENTS (ITEMS OF NOTE)

The first quarter reported earnings figures included the following items of note:

- Amortization of acquired intangibles of \$67 million (\$59 million after-tax or 3 cents per share), compared with \$74 million (\$65 million after-tax or 4 cents per share) in the first quarter last year.
- Acquisition and integration charges related to the Schwab transaction of \$50 million (\$41 million after-tax or 2 cents per share), compared with \$38 million (\$38 million after-tax or 2 cents per share) in the first quarter last year.

TORONTO, March 3, 2022 – TD Bank Group ("TD" or the "Bank") today announced its financial results for the first quarter ended January 31, 2022. Reported earnings were \$3.7 billion, up 14% compared with the first quarter last year, and adjusted earnings were \$3.8 billion, up 13%.

"TD started the year strong, delivering revenue growth across all our business segments as customer activity gained additional momentum," said Bharat Masrani, Group President and CEO, TD Bank Group. "With a focus on growth, we continue to make investments in technology and new capabilities, positioning us well to meet our customers' and clients' evolving needs."

"I am also pleased to have announced our deal with First Horizon earlier this week. A bold acceleration of our U.S. strategy to acquire a premier regional bank, with a strong presence in highly attractive markets across the U.S. Southeast – a terrific strategic fit for TD," added Masrani.

Canadian Retail saw continued strength in client activity, volumes and revenue

Canadian Retail net income was \$2,254 million, an increase of 11% compared with the first quarter last year. The increase in earnings reflects record revenue and lower provisions for credit losses (PCL), partially offset by higher non-interest expenses. Revenue increased 6%, reflecting strong non-interest income growth across all lines of business and momentum in loan and deposit volumes. Expenses increased 8%, reflecting investments to support business growth, and volume driven expenses including higher variable compensation. PCL decreased by \$109 million from the first quarter last year, reflecting lower impaired PCL and a higher recovery in performing PCL.

Canadian Retail started the year with good momentum, delivering record revenue performance in the Personal and Commercial Bank, supported by increased customer activity. In Wealth, net asset growth and mutual fund sales balanced the impact of trading volume normalization and delivered revenue growth for the business. Forward-focused innovations continued to support customers in building financial confidence, including expanding the New to Canada bundle to include 12 months of free international transfers via the TD Global Transfers platform and the launch of TD Easy Trade™, a new mobile trading app from TD Direct Investing, with no minimum balance or monthly fees and 50 free stock trades per client, per year.

Strong recovery continued across U.S. Retail

U.S. Retail net income was \$1,272 million (US\$1,006 million), an increase of 27% (30% in U.S. dollars) compared with the first quarter last year. The Bank's investment in The Charles Schwab Corporation (Schwab) contributed \$252 million (US\$200 million) in earnings, an increase of 21% (24% in U.S. Dollars) compared with the first quarter last year.

The U.S. Retail Bank, which excludes the Bank's investment in Schwab, reported net income of \$1,020 million (US\$806 million), an increase of 29% (31% in U.S. dollars) from the first quarter last year, primarily reflecting higher revenue and lower PCL. Revenue increased 4% (6% in U.S. dollars), reflecting higher deposit volumes and margins, increased earnings on the investment portfolio and higher fee income, partially offset by lower loan margins. PCL was \$21 million (US\$17 million), lower by \$114 million (US\$86 million) from the same quarter last year, reflecting lower impaired and performing PCL. Expenses decreased 5% (4% in U.S. dollars), reflecting store optimization costs incurred in the prior year, which more than offset investments made in the business in the current quarter. The U.S. Retail Bank continued to provide ongoing support to help small business customers process loan forgiveness through the Paycheck Protection Program (PPP), while assisting mortgage, credit card and middle-market customers with their credit needs.

The U.S. Retail Bank continued to invest in deepening customer experiences, building stronger communities and supporting colleagues. Enhancements to the TD Mobile app now provide debit card customers with the ability to easily request a digitally issued replacement once a card is reported lost, stolen or damaged. The Double UpSM Credit Card, added to the TD credit card suite last spring, became the primary driver of new Bankcard accounts, having added 98,000 accounts by quarter end. The Essential Banking deposit account, designed to provide better banking access to underserved communities, has resulted in 44,000 accounts since its official launch last August, helping to meet the needs of more customers, in more communities. TD Bank, America's Most Convenient Bank[®] opened its New York City flagship store, One Vanderbilt, serving as the largest store in TD's U.S. footprint, providing customers greater convenience and accessibility.

Strong Wholesale Banking performance in Q1

Wholesale Banking reported net income of \$434 million this quarter, a decrease of 1% compared to the first quarter last year, reflecting higher revenue, lower PCL and higher non-interest expenses. PCL for the quarter was a recovery of \$5 million, compared to a \$20 million provision in the first quarter last year, reflecting lower levels of both performing and impaired PCL.

Wholesale Banking delivered a strong performance while investing for future growth. During the first quarter, TD Securities continued to demonstrate its advisory and financing capabilities in sustainable finance by helping to structure and underwrite more than \$12.5 billion of Green, Social and Sustainability-Linked Bonds, \$24 billion of Sustainability-Linked Loans and delivering on notable advisory mandates.

Capital

TD's Common Equity Tier 1 Capital ratio was 15.2%¹.

Conclusion

"Overall, this was a strong quarter for the Bank and as we look ahead, we remain focused on the opportunities to grow our business and deepen relationships with our customers," added Masrani. "I want to thank our 90,000 colleagues around the world who continue to deliver on our purpose to enrich the lives of our customers, colleagues and communities each and every day."

The foregoing contains forward-looking statements. Please refer to the "Caution Regarding Forward-Looking Statements" on page 4.

¹ This measure has been included in this document in accordance with OSFI's Capital Adequacy Requirements guideline.

ENHANCED DISCLOSURE TASK FORCE

The Enhanced Disclosure Task Force (EDTF) was established by the Financial Stability Board in 2012 to identify fundamental disclosure principles, recommendations and leading practices to enhance risk disclosures of banks. The index below includes the recommendations (as published by the EDTF) and lists the location of the related EDTF disclosures presented in the first quarter 2022 Report to Shareholders (RTS), Supplemental Financial Information (SFI), or Supplemental Regulatory Disclosures (SRD). Information on TD's website, SFI, and SRD is not and should not be considered incorporated herein by reference into the first quarter 2022 RTS, Management's Discussion and Analysis, or the Interim Consolidated Financial Statements. Certain disclosure references have been made to the Bank's 2021 Annual Report.

Type of Risk	Topic	EDTF Disclosure	Page			
			RTS First Quarter 2022	SFI First Quarter 2022	SRD First Quarter 2022	Annual Report 2021
General	1	Present all related risk information together in any particular report.	Refer to below for location of disclosures			
	2	The bank's risk terminology and risk measures and present key parameter values used.				80-85, 89, 95-98, 109-110
	3	Describe and discuss top and emerging risks.				73-79
	4	Outline plans to meet each new key regulatory ratio once applicable rules are finalized.	25, 39			69, 106
Risk Governance and Risk Management and Business Model	5	Summarize the bank's risk management organization, processes, and key functions.				81-84
	6	Description of the bank's risk culture and procedures applied to support the culture.				80-81
	7	Description of key risks that arise from the bank's business models and activities.				67, 80, 85-111
	8	Description of stress testing within the bank's risk governance and capital frameworks.	29			66, 84, 92-93, 109
Capital Adequacy and Risk Weighted Assets	9	Pillar 1 capital requirements and the impact for global systemically important banks.	21-25, 72		1-3, 6	62-65, 69, 216
	10	Composition of capital and reconciliation of accounting balance sheet to the regulatory balance sheet.			1-3, 5	62
	11	Flow statement of the movements in regulatory capital.			4	
	12	Discussion of capital planning within a more general discussion of management's strategic planning.				63-66, 109
	13	Analysis of how risk-weighted asset (RWA) relate to business activities and related risks.		8-11		66-67
	14	Analysis of capital requirements for each method used for calculating RWA.			10	86-89, 91-92
	15	Tabulate credit risk in the banking book for Basel asset classes and major portfolios.			23-38, 43-48	
	16	Flow statement reconciling the movements of RWA by risk type.			11-12	
	17	Discussion of Basel III back-testing requirements.			60	88, 92, 96
Liquidity	18	The bank's management of liquidity needs and liquidity reserves.	31-33, 35-36			98-100, 102-103
Funding	19	Encumbered and unencumbered assets in a table by balance sheet category.	34			101, 210-211
	20	Tabulate consolidated total assets, liabilities and off-balance sheet commitments by remaining contractual maturity at the balance sheet date.	39-41			106-108
	21	Discussion of the bank's funding sources and the bank's funding strategy.	34-39			103-106
Market Risk	22	Linkage of market risk measures for trading and non-trading portfolio and balance sheet.	28			90
	23	Breakdown of significant trading and non-trading market risk factors.	28-30			90, 93-94
	24	Significant market risk measurement model limitations and validation procedures.	29			91-94, 96
	25	Primary risk management techniques beyond reported risk measures and parameters.	29			91-94
Credit Risk	26	Provide information that facilitates users' understanding of the bank's credit risk profile, including any significant credit risk concentrations.	18-21, 58-64	19-34	1-5, 10-11, 13-60	48-61, 85-89, 166-173, 183, 186-187, 214-215
	27	Description of the bank's policies for identifying impaired loans.	64			56, 142-143, 149, 173
	28	Reconciliation of the opening and closing balances of impaired loans in the period and the allowance for loan losses.	19, 60-62	23, 27		53, 169-171
	29	Analysis of the bank's counterparty credit risks that arise from derivative transactions.			40-42, 49-53	88, 154, 177-179, 183, 186-187
	30	Discussion of credit risk mitigation, including collateral held for all sources of credit risk.				88, 146, 154
Other Risks	31	Description of 'other risk' types based on management's classifications and discuss how each one is identified, governed, measured, and managed.				95-97, 109-111
	32	Discuss publicly known risk events related to other risks.	70, 72			78-79, 208-210

TABLE 1: FINANCIAL HIGHLIGHTS

(millions of Canadian dollars, except as noted)

	<i>For the three months ended</i>		
	January 31 2022	October 31 2021	January 31 2021
Results of operations			
Total revenue – reported	\$ 11,281	\$ 10,941	\$ 10,812
Total revenue – adjusted ¹	11,281	10,941	10,812
Provision for (recovery of) credit losses	72	(123)	313
Insurance claims and related expenses	756	650	780
Non-interest expenses – reported	5,967	5,947	5,784
Non-interest expenses – adjusted ¹	5,897	5,898	5,744
Net income – reported	3,733	3,781	3,277
Net income – adjusted ¹	3,833	3,866	3,380
Financial position (billions of Canadian dollars)			
Total loans net of allowance for loan losses	\$ 743.6	\$ 722.6	\$ 706.0
Total assets	1,778.6	1,728.7	1,735.6
Total deposits	1,159.5	1,125.1	1,139.2
Total equity	102.0	99.8	95.4
Total risk-weighted assets ²	470.9	460.3	467.2
Financial ratios			
Return on common equity (ROE) – reported ³	15.3 %	15.7 %	14.3 %
Return on common equity – adjusted ¹	15.7	16.1	14.7
Return on tangible common equity (ROTCE) ¹	20.6	21.3	19.9
Return on tangible common equity – adjusted ¹	20.8	21.4	20.1
Efficiency ratio – reported ³	52.9	54.4	53.5
Efficiency ratio – adjusted ^{1,3}	52.3	53.9	53.1
Provision for (recovery of) credit losses as a % of net average loans and acceptances	0.04	(0.07)	0.17
Common share information – reported (Canadian dollars)			
Per share earnings			
Basic	\$ 2.03	\$ 2.04	\$ 1.77
Diluted	2.02	2.04	1.77
Dividends per share	0.89	0.79	0.79
Book value per share ³	53.00	51.66	49.44
Closing share price ⁴	101.81	89.84	72.46
Shares outstanding (millions)			
Average basic	1,820.5	1,820.5	1,814.2
Average diluted	1,824.1	1,823.2	1,815.8
End of period	1,816.5	1,822.0	1,816.0
Market capitalization (billions of Canadian dollars)	\$ 184.9	\$ 163.7	\$ 131.6
Dividend yield ³	3.7 %	3.7 %	4.5 %
Dividend payout ratio ³	44.0	38.7	44.6
Price-earnings ratio ³	12.8	11.6	11.0
Total shareholder return (1 year) ³	45.8	58.9	4.1
Common share information – adjusted (Canadian dollars) ^{1,3}			
Per share earnings			
Basic	\$ 2.08	\$ 2.09	\$ 1.83
Diluted	2.08	2.09	1.83
Dividend payout ratio	42.8 %	37.8 %	43.2 %
Price-earnings ratio	12.5	11.3	13.1
Capital ratios²			
Common Equity Tier 1 Capital ratio	15.2 %	15.2 %	13.6 %
Tier 1 Capital ratio	16.3	16.5	14.8
Total Capital ratio	19.0	19.1	17.4
Leverage ratio	4.4	4.8	4.5
TLAC ratio	28.6	28.3	23.8
TLAC Leverage ratio	7.6	8.2	7.2

¹ The Toronto-Dominion Bank (“TD” or the “Bank”) prepares its Interim Consolidated Financial Statements in accordance with IFRS, the current 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 “How We Performed” 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 (CAR), Leverage Requirements, and Total Loss Absorbing Capacity (TLAC) 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 Toronto Stock Exchange (TSX) closing market price.

PENDING ACQUISITION

Acquisition of First Horizon Corporation

On February 28, 2022, the Bank and First Horizon Corporation (“First Horizon”) announced a definitive agreement for the Bank to acquire First Horizon in an all-cash transaction valued at US\$13.4 billion, or US\$25.00 for each common share of First Horizon. In connection with this transaction, the Bank has invested US\$494 million in non-voting First Horizon preferred stock (convertible in certain circumstances into up to 4.9% of First Horizon’s common stock). The transaction is expected to close in the first quarter of fiscal 2023, and is subject to customary closing conditions, including approvals from First Horizon’s shareholders and U.S. and Canadian regulatory authorities. The results of the acquired business will be consolidated by the Bank from the closing date and reported in the U.S. Retail segment.

If the transaction does not close prior to November 27, 2022, First Horizon shareholders will receive, at closing, an additional US\$0.65 per share on an annualized basis for the period from November 27, 2022 through the day immediately prior to the closing. Either party will have the right to terminate the agreement if the transaction has not closed by February 27, 2023 (the “outside date”), subject to the right of either party (under certain conditions) to extend the outside date to May 27, 2023.

Concurrent with the announcement, the automatic share purchase plan established under the Bank’s NCIB automatically terminated pursuant to its terms. The NCIB remains in effect on the same terms and subject to the same restrictions as previously disclosed.

HOW WE PERFORMED

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 \$1.8 trillion in assets on January 31, 2022. The Toronto-Dominion Bank trades under the symbol "TD" on the Toronto and New York Stock Exchanges.

HOW THE BANK REPORTS

The Bank prepares its Interim Consolidated Financial Statements in accordance with IFRS 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 PCL related to these portfolios in the Bank's Interim 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 ("Schwab transaction"). For further details, refer to Note 7 of the first quarter of 2022 Interim Consolidated Financial Statements. The Bank accounts for its investment in Schwab using the equity method and reports its after-tax share of Schwab's earnings with a one-month lag. 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.

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

TABLE 2: OPERATING RESULTS – Reported

(millions of Canadian dollars)

	For the three months ended		
	January 31 2022	October 31 2021	January 31 2021
Net interest income	\$ 6,302	\$ 6,262	\$ 6,030
Non-interest income	4,979	4,679	4,782
Total revenue	11,281	10,941	10,812
Provision for (recovery of) credit losses	72	(123)	313
Insurance claims and related expenses	756	650	780
Non-interest expenses	5,967	5,947	5,784
Income before income taxes and share of net income from investment in Schwab	4,486	4,467	3,935
Provision for (recovery of) income taxes	984	910	827
Share of net income from investment in Schwab	231	224	169
Net income – reported	3,733	3,781	3,277
Preferred dividends and distributions on other equity instruments	43	63	65
Net income available to common shareholders	\$ 3,690	\$ 3,718	\$ 3,212

The following table provides a reconciliation between the Bank's adjusted and reported results.

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

(millions of Canadian dollars)

	<i>For the three months ended</i>		
	January 31 2022	October 31 2021	January 31 2021
Operating results – adjusted			
Net interest income	\$ 6,302	\$ 6,262	\$ 6,030
Non-interest income	4,979	4,679	4,782
Total revenue	11,281	10,941	10,812
Provision for (recovery of) credit losses	72	(123)	313
Insurance claims and related expenses	756	650	780
Non-interest expenses ¹	5,897	5,898	5,744
Income before income taxes and share of net income from investment in Schwab	4,556	4,516	3,975
Provision for (recovery of) income taxes	1,001	921	836
Share of net income from investment in Schwab ²	278	271	241
Net income – adjusted	3,833	3,866	3,380
Preferred dividends and distributions on other equity instruments	43	63	65
Net income available to common shareholders – adjusted	3,790	3,803	3,315
Pre-tax adjustments for items of note			
Amortization of acquired intangibles ³	(67)	(74)	(74)
Acquisition and integration charges related to the Schwab transaction ⁴	(50)	(22)	(38)
Less: Impact of income taxes			
Amortization of acquired intangibles	(8)	(9)	(9)
Acquisition and integration charges related to the Schwab transaction ⁴	(9)	(2)	–
Total adjustments for items of note	(100)	(85)	(103)
Net income available to common shareholders – reported	\$ 3,690	\$ 3,718	\$ 3,212

¹ Adjusted non-interest expenses exclude the following items of note related to the Bank's own asset acquisitions and business combinations reported in the Corporate segment:

i. Amortization of acquired intangibles – Q1 2022: \$33 million, Q4 2021: \$40 million, Q1 2021: \$39 million.

ii. The Bank's own integration and acquisition costs related to the Schwab transaction – Q1 2022: \$37 million, Q4 2021: \$9 million, Q1 2021: \$1 million.

² Adjusted share of net income from investment in Schwab 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-related acquired intangibles – Q1 2022: \$34 million, Q4 2021: \$34 million; Q1 2021: \$35 million; and

ii. The Bank's share of acquisition and integration charges associated with Schwab's acquisition of TD Ameritrade – Q1 2022: \$13 million, Q4 2021: \$13 million, Q1 2021: \$37 million.

³ 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, reported in the Corporate segment. Refer to footnotes 1 and 2 for amounts.

⁴ Acquisition and integration charges related to the Schwab transaction include the Bank's own integration and acquisition 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 1 and 2 for amounts.

TABLE 4: RECONCILIATION OF REPORTED TO ADJUSTED EARNINGS PER SHARE¹

(Canadian dollars)

	<i>For the three months ended</i>		
	January 31 2022	October 31 2021	January 31 2021
Basic earnings per share – reported	\$ 2.03	\$ 2.04	\$ 1.77
Adjustments for items of note	0.05	0.05	0.06
Basic earnings per share – adjusted	\$ 2.08	\$ 2.09	\$ 1.83
Diluted earnings per share – reported	\$ 2.02	\$ 2.04	\$ 1.77
Adjustments for items of note	0.05	0.05	0.06
Diluted earnings per share – adjusted	\$ 2.08	\$ 2.09	\$ 1.83

¹ EPS is computed by dividing net income available to common shareholders by the weighted-average number of shares outstanding during the period. Numbers may not add due to rounding.

TABLE 5: AMORTIZATION OF INTANGIBLES, NET OF INCOME TAXES

(millions of Canadian dollars)

	<i>For the three months ended</i>		
	January 31 2022	October 31 2021	January 31 2021
TD Bank, National Association (TD Bank, N.A.)	\$ 5	\$ 5	\$ 9
Schwab ¹	34	34	35
MBNA Canada	3	7	7
Aeroplan	4	4	6
Other	13	15	8
Included as items of note	59	65	65
Software	97	110	110
Amortization of intangibles, net of income taxes	\$ 156	\$ 175	\$ 175

¹ Included in Share of net income from investment in Schwab.

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 financial 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 increased to 10.5% Common Equity Tier 1 (CET1) Capital in the first quarter of 2022, compared with 9% in fiscal 2021.

TABLE 6: RETURN ON COMMON EQUITY

(millions of Canadian dollars, except as noted)

	January 31 2022	For the three months ended	
		October 31 2021	January 31 2021
Average common equity	\$ 95,829	\$ 93,936	\$ 89,211
Net income available to common shareholders – reported	3,690	3,718	3,212
Items of note, net of income taxes	100	85	103
Net income available to common shareholders – adjusted	\$ 3,790	\$ 3,803	\$ 3,315
Return on common equity – reported	15.3 %	15.7 %	14.3 %
Return on common equity – adjusted	15.7	16.1	14.7

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 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)

	January 31 2022	For the three months ended	
		October 31 2021	January 31 2021
Average common equity	\$ 95,829	\$ 93,936	\$ 89,211
Average goodwill	16,519	16,408	16,743
Average imputed goodwill and intangibles on investments in Schwab	6,585	6,570	6,903
Average other acquired intangibles ¹	526	565	407
Average related deferred tax liabilities	(172)	(173)	(173)
Average tangible common equity	72,371	70,566	65,331
Net income available to common shareholders – reported	3,690	3,718	3,212
Amortization of acquired intangibles, net of income taxes	59	65	65
Net income available to common shareholders adjusted for amortization of acquired intangibles, net of income taxes	3,749	3,783	3,277
Other items of note, net of income taxes	41	20	38
Net income available to common shareholders – adjusted	\$ 3,790	\$ 3,803	\$ 3,315
Return on tangible common equity	20.6 %	21.3 %	19.9 %
Return on tangible common equity – adjusted	20.8	21.4	20.1

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)

	For the three months ended	
	January 31, 2022 vs. January 31, 2021	Increase (Decrease)
U.S. Retail Bank		
Total revenue	\$	(46)
Non-interest expenses		(26)
Net income – after-tax		(16)
Share of net income from investment in Schwab ¹		(8)
U.S. Retail segment net income		(24)
Earnings per share (Canadian dollars)		
Basic	\$	(0.01)
Diluted		(0.01)

Average foreign exchange rate (equivalent of CAD \$1.00)

	For the three months ended	
	January 31 2022	January 31 2021
U.S. dollar	\$ 0.790	\$ 0.777

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

FINANCIAL RESULTS OVERVIEW

Performance Summary

Outlined below is an overview of the Bank's performance for the first quarter of 2022. Shareholder performance indicators help guide and benchmark the Bank's accomplishments. For the purposes of this analysis, the Bank utilizes adjusted earnings, which excludes items of note from the reported results that are prepared in accordance with IFRS. Reported and adjusted results and items of note are explained in "Non-GAAP and Other Financial Measures" in the "How We Performed" section of this document.

- Adjusted diluted EPS for the three months ended January 31, 2022, increased 13.7% from the same period last year.
- Adjusted ROTCE for the three months ended January 31, 2022, was 20.8%.
- For the twelve months ended January 31, 2022, the total shareholder return was 45.8% compared to the Canadian peer² average of 48.7%.

Net Income

Quarterly comparison – Q1 2022 vs. Q1 2021

Reported net income for the quarter was \$3,733 million, an increase of \$456 million, or 14%, compared with the first quarter last year. The increase reflects higher revenues and lower PCL, partially offset by higher non-interest expenses. Adjusted net income for the quarter was \$3,833 million, an increase of \$453 million, or 13%.

By segment, the increase in reported net income reflects an increase in U.S. Retail of \$272 million and an increase in Canadian Retail of \$217 million, partially offset by a decrease in the Corporate segment of \$30 million and a decrease in Wholesale Banking of \$3 million.

Quarterly comparison – Q1 2022 vs. Q4 2021

Reported net income for the quarter decreased \$48 million, or 1%, compared with the prior quarter. The decrease reflects higher PCL, higher insurance claims, and higher non-interest expenses, partially offset by higher revenues. Adjusted net income for the quarter decreased \$33 million or 1%.

By segment, the decrease in reported net income reflects a decrease in U.S. Retail of \$102 million and a decrease in the Corporate segment of \$77 million, partially offset by an increase in Canadian Retail of \$117 million and an increase in Wholesale Banking of \$14 million.

Net Interest Income

Quarterly comparison – Q1 2022 vs. Q1 2021

Reported net interest income for the quarter was \$6,302 million, an increase of \$272 million, or 5%, compared with the first quarter last year. The increase reflects volume growth in the personal and commercial banking businesses and higher trading net interest income, partially offset by lower margins in the Canadian and U.S. Retail segments.

By segment, the increase in reported net interest income reflects an increase in Canadian Retail of \$107 million, an increase in U.S. Retail of \$84 million, an increase in Wholesale Banking of \$48 million, and an increase in the Corporate segment of \$33 million.

Quarterly comparison – Q1 2022 vs. Q4 2021

Reported net interest income for the quarter increased \$40 million, or 1%, compared with the prior quarter, primarily reflecting volume growth in the personal and commercial banking businesses, partially offset by lower accelerated fee amortization from PPP loan forgiveness.

By segment, the increase in reported net interest income reflects an increase in Canadian Retail of \$23 million, an increase in Wholesale Banking of \$20 million, and an increase in U.S. Retail of \$12 million, partially offset by a decrease in the Corporate segment of \$15 million.

Non-Interest Income

Quarterly comparison – Q1 2022 vs. Q1 2021

Reported non-interest income for the quarter was \$4,979 million, an increase of \$197 million, or 4%, compared with the first quarter last year. The increase reflects higher fee-based revenue in the banking and wealth businesses, and higher insurance volumes, partially offset by lower revenue from treasury and balance sheet management activities, lower transaction revenue in the wealth business, and lower wholesale trading revenue.

By segment, the increase in reported non-interest income reflects an increase in Canadian Retail of \$266 million and an increase in U.S. Retail of \$18 million, partially offset by a decrease in the Corporate segment of \$75 million and a decrease in Wholesale Banking of \$12 million.

Quarterly comparison – Q1 2022 vs. Q4 2021

Reported non-interest income for the quarter increased \$300 million, or 6%, compared with the prior quarter. The increase primarily reflects higher wholesale trading revenue, higher fee-based revenue in the banking and wealth businesses, and prior quarter premium rebates for customers in the insurance business, partially offset by lower revenue from treasury and balance sheet management activities.

By segment, the increase in reported non-interest income reflects an increase in Wholesale Banking of \$176 million, an increase in Canadian Retail of \$175 million, partially offset by a decrease in the Corporate segment of \$45 million and a decrease in U.S. Retail of \$6 million.

Provision for Credit Losses

Quarterly comparison – Q1 2022 vs. Q1 2021

PCL for the quarter was \$72 million, a decrease of \$241 million or 77%, compared with the first quarter last year. PCL – impaired was \$329 million, a decrease of \$137 million, largely related to improved credit conditions. PCL – performing was a recovery of \$257 million, compared with a recovery of \$153 million in the prior year, reflecting improved credit conditions, including a more favourable economic outlook. Total PCL for the quarter as an annualized percentage of credit volume was 0.04%.

By segment, the decrease in PCL reflects a decrease of \$114 million in U.S. Retail, a decrease of \$109 million in Canadian Retail, and a decrease of \$25 million in Wholesale Banking, partially offset by an increase of \$7 million in the Corporate segment.

Quarterly comparison – Q1 2022 vs. Q4 2021

PCL for the quarter increased \$195 million compared with prior quarter. PCL – impaired increased by \$109 million. While still significantly below historical levels, the increase reflects early signs of normalization of credit performance. PCL – performing was a recovery of \$257 million, compared with a recovery of \$343 million in the prior quarter. The performing release this quarter reflects a more favourable economic outlook. Total PCL for the quarter as an annualized percentage of credit volume was 0.04%.

² Canadian peers include Bank of Montreal, Canadian Imperial Bank of Commerce, Royal Bank of Canada, and The Bank of Nova Scotia.

By segment, the increase in PCL reflects an increase of \$97 million in U.S. Retail, an increase of \$72 million in Wholesale Banking, and an increase of \$46 million in the Corporate segment, partially offset by a decrease of \$20 million in Canadian Retail.

TABLE 9: PROVISION FOR CREDIT LOSSES¹

(millions of Canadian dollars)

	<i>For the three months ended</i>		
	January 31 2022	October 31 2021	January 31 2021
Provision for (recovery of) credit losses – Stage 3 (impaired)			
Canadian Retail	\$ 150	\$ 140	\$ 167
U.S. Retail	125	68	190
Wholesale Banking	(4)	(14)	10
Corporate ²	58	26	99
Total provision for (recovery of) credit losses – Stage 3	329	220	466
Provision for (recovery of) credit losses – Stage 1 and Stage 2 performing			
Canadian Retail	(117)	(87)	(25)
U.S. Retail	(104)	(144)	(55)
Wholesale Banking	(1)	(63)	10
Corporate ²	(35)	(49)	(83)
Total provision for (recovery of) credit losses – Stage 1 and Stage 2	(257)	(343)	(153)
Total provision for (recovery of) credit losses	\$ 72	\$ (123)	\$ 313

¹ Includes PCL for off-balance sheet instruments.

² Includes PCL on the retailer program partners' share of the U.S. strategic cards portfolio.

Insurance claims and related expenses

Quarterly comparison – Q1 2022 vs. Q1 2021

Insurance claims and related expenses for the quarter were \$756 million, a decrease of \$24 million, or 3%, compared with the first quarter last year, reflecting a decrease in the fair value of investments supporting claims liabilities which resulted in a similar decrease in non-interest income, partially offset by more severe weather-related events.

Quarterly comparison – Q1 2022 vs. Q4 2021

Insurance claims and related expenses for the quarter increased \$106 million, or 16%, compared with the prior quarter, reflecting higher current year claims, less favourable prior years' claims development, and more severe weather-related events.

Non-Interest Expenses and Efficiency Ratio

Quarterly comparison – Q1 2022 vs. Q1 2021

Reported non-interest expenses were \$5,967 million, an increase of \$183 million, or 3%, compared with the first quarter last year, reflecting higher spend supporting business growth and higher employee-related expenses, partially offset by prior year store optimization costs and the impact of foreign exchange translation. Adjusted non-interest expenses were \$5,897 million, an increase of \$153 million, or 3%.

By segment, the increase in reported non-interest expenses reflects an increase in Canadian Retail of \$215 million, an increase in Wholesale Banking of \$53 million, and an increase in the Corporate segment of \$6 million, partially offset by a decrease in U.S. Retail of \$91 million.

The Bank's reported efficiency ratio was 52.9% compared to 53.5% in the first quarter last year. The Bank's adjusted efficiency ratio was 52.3%, compared with 53.1% in the first quarter last year.

Quarterly comparison – Q1 2022 vs. Q4 2021

Reported non-interest expenses for the quarter were \$5,967 million, an increase of \$20 million compared with the prior quarter. Adjusted non-interest expenses were \$5,897 million, flat compared with the prior quarter.

By segment, the increase in reported non-interest expenses reflects an increase in Wholesale Banking of \$106 million, partially offset by a decrease in Canadian Retail of \$43 million, a decrease in the Corporate segment of \$23 million, and a decrease in U.S. Retail of \$20 million.

The Bank's reported efficiency ratio was 52.9% compared with 54.4% in the prior quarter. The Bank's adjusted efficiency ratio was 52.3%, compared with 53.9% in the prior quarter.

Income Taxes

As discussed in "Non-GAAP and Other Financial Measures" in the "How We Performed" section of this document, the Bank adjusts its reported results to assess each of its businesses and to measure overall Bank performance. As such, the provision for income taxes is stated on a reported and an adjusted basis.

The Bank's effective income tax rate on a reported basis was 21.9% for the current quarter, compared with 21.0% in the first quarter last year and 20.4% in the prior quarter. The year-over-year increase primarily reflects the impact of higher pre-tax income. The quarter-over-quarter increase mainly reflects changes to the estimated liability for uncertain tax positions recorded in the prior quarter.

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 was 22.0% for the current quarter, compared with 21.0% in the first quarter last year and 20.4% in the prior quarter. The year-over-year increase primarily reflects the impact of higher pre-tax income. The quarter-over-quarter increase mainly reflects changes to the estimated liability for uncertain tax positions recorded in the prior quarter. Adjusted results are not defined terms under IFRS and, therefore, may not be comparable to similar terms used by other issuers.

TABLE 10: INCOME TAXES – Reconciliation of Reported to Adjusted Provision for Income Taxes

(millions of Canadian dollars, except as noted)

	January 31 2022		For the three months ended			
			October 31 2021		January 31 2021	
Income taxes at Canadian statutory income tax rate	\$ 1,178	26.3 %	\$ 1,173	26.3 %	\$ 1,033	26.3 %
Increase (decrease) resulting from:						
Dividends received	(32)	(0.7)	(28)	(0.6)	(31)	(0.8)
Rate differentials on international operations ¹	(171)	(3.8)	(239)	(5.3)	(181)	(4.6)
Other	9	0.1	4	–	6	0.1
Provision for income taxes and effective income tax rate – reported	\$ 984	21.9 %	\$ 910	20.4 %	\$ 827	21.0 %
Total adjustments for items of note	17		11		9	
Provision for income taxes and effective income tax rate – adjusted	\$ 1,001	22.0 %	\$ 921	20.4 %	\$ 836	21.0 %

¹ These amounts reflect tax credits as well as international business mix.

ECONOMIC SUMMARY AND OUTLOOK

The global economy had a solid year in calendar 2021, with gross domestic product (GDP) estimated to have grown by nearly 6%, more than recovering the output lost in 2020.

Persistent disruptions related to COVID-19 and global supply chains, as well as a spike in energy prices, have weighed on growth and boosted inflation at the outset of calendar 2022. With increased vaccination rates and more effective treatments, economic activity is expected to pick up as advanced economies continue to ease restrictions on activity. However, the global outlook remains subject to downside risk from the emergence of new, more virulent or vaccine-resistant variants. In addition, the recent escalation in tensions between Russia and Ukraine is a downside geopolitical risk that warrants monitoring.

High and persistent inflation has garnered a forceful response from global central banks in most advanced and emerging market economies. Some have already commenced raising policy rates, while others (such as the Bank of Canada and the Federal Reserve) have signaled that an increase is imminent. China, where concerns over flagging growth have led to an easing in monetary policy, is an exception. Tighter financial conditions alongside a shift in the composition of demand toward services and a steady alleviation in supply bottlenecks, should help to tame inflationary pressures, but the speed of the adjustment is highly uncertain.

The U.S. economy ended 2021 on a strong note, growing by an estimated 6.9% annualized in the fourth calendar quarter, accelerating from 2.3% in the third quarter. Much of the uptick was due to a rebuilding in business inventories, which had been depleted by the combination of strong demand for goods and supply chain disruptions earlier in the year. Consumer spending growth also improved across many categories, although it decelerated in areas highly sensitive to the pandemic, such as food services and accommodation.

The U.S. labour market made considerable strides over the past year, with non-farm payrolls up 4.6% year-on-year in January 2022. The unemployment rate edged up to 4.0% in the month, but is just 0.5 percentage points above its February 2020 pre-pandemic low. Still, the labour market has not made a full recovery. As of January 2022, payrolls were 2.9 million (1.9%) below pre-pandemic levels and there were nearly one million fewer people in the labour force. With historically high job openings, the mismatch between labor supply and demand has pushed up nominal wage growth to the highest rate in over 20 years.

Despite this, wage growth has not kept pace with the increase in consumer prices. In January, the year-on-year percent change in the U.S. Consumer Price Index (CPI) hit a 40-year high of 7.5%. Over half of the increase in the CPI was due to rising gasoline and vehicle prices. Energy prices have pushed even higher at the outset of 2022, and while auto production and sales picked up at the start of the year, supply shortages have continued to weigh on motor vehicle manufacturing. Over time, increases in energy and vehicle production should help to moderate the increase in transportation prices, but other sources of price pressures may take their place. Home price and rent measures have risen by double-digit rates and will likely translate into faster shelter price growth within the CPI measure in the coming months.

The Federal Reserve has responded to high inflation by signaling the conclusion of its quantitative easing (QE) program in early March and its intention to begin raising the federal funds rate, which TD Economics anticipates will happen at its next meeting in March 2022. Thereafter, TD Economics expects the federal funds rate to increase in 25 basis points (bps) increments three more times over the course of calendar 2022, bringing it to 1.25% by the end of the calendar year. The timing and magnitude of future rate increases may be altered should inflationary pressures fail to ease at a pace consistent with the central bank's expectations.

The Canadian economy accelerated in the final calendar quarter of 2021, buoyed by strong growth in the early months of the quarter. By November, real GDP pushed above its pre-pandemic level by an estimated 0.2%. Growth was broad-based, with both goods and service industries growing strongly. Activity appears to have stalled in December 2021 and January 2022, as the rapidly spreading Omicron variant once again led to mobility restrictions across the country. However, provincial governments embarked on reopening plans in February that, if sustained, should result in a noticeable pick-up in activity through the late winter and early spring months.

The Canadian labour market added jobs at a record clip in 2021. The re-imposition of restrictions on activity resulted in a sizeable pullback of 200,000 jobs in January, causing the unemployment rate to rise to 6.5% from 6.0%. However, the rise in unemployment was entirely due to an increase in people on temporary lay-off or scheduled to start a job in the near future. The labour force remains on a solid footing and is larger than it was prior to the pandemic. As 2022 unfolds, ongoing pockets of weakness in high-contact service industries, such as leisure and hospitality, should improve. As in the United States, demand for labour is strong across industries, and job growth is expected to remain healthy.

Canadian home sales continued to move higher through the end of last year. Upward pressure on home prices reflects the combination of healthy demand and limited inventory, with the number of homes for sale hitting a record low in December. Average home prices were up close to 20% year-on-year in December, the second year of double-digit growth. As the Bank of Canada raises rates, the corresponding increase in mortgage rates is likely to slow housing demand over the next year, but limited inventories are expected to support prices.

CPI inflation is lower in Canada than in the United States, but hit a 30-year high of 5.1% in January 2022. The outlook for inflation will depend on the trajectory of supply constraints and the pace of demand growth. With energy prices continuing to move higher and global supply disruptions prolonged by the spread of Omicron, inflation is likely to remain elevated at the outset of 2022.

The Bank of Canada kept its overnight interest rate at 0.25% in January, but has clearly signaled its intention to raise rates. In addition, it has already ended its asset purchases and has communicated its intention to begin reducing the size of its balance sheet alongside increases in its policy rate. TD Economics expects the overnight rate to rise by 25 bps in March and anticipates three more 25 bps increases before the end of the calendar year, bringing it to 1.25% by the end of the year. With interest rates set to increase by the same amount in Canada and the United States, the Canadian dollar is expected to remain in a range of 79-81 U.S. cents over the next two years.

HOW OUR BUSINESSES PERFORMED

For management reporting purposes, the Bank reports its results under three key business segments: 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 Schwab; and Wholesale Banking. The Bank's other activities are grouped into the Corporate segment.

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 the "How We Performed" section of this document, the "Business Focus" section in the Bank's 2021 MD&A, and Note 29 of the Bank's Consolidated Financial Statements for the year ended October 31, 2021.

PCL related to performing (Stage 1 and Stage 2) and impaired (Stage 3) financial assets, loan commitments, and financial guarantees is recorded within the respective segment.

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 certain 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's results are reversed in the Corporate segment. The TEB adjustment for the quarter was \$38 million, compared with \$36 million in the prior quarter and \$42 million in the first quarter last year.

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.

TABLE 11: CANADIAN RETAIL

(millions of Canadian dollars, except as noted)

	<i>For the three months ended</i>		
	January 31 2022	October 31 2021	January 31 2021
Net interest income	\$ 3,085	\$ 3,062	\$ 2,978
Non-interest income	3,633	3,458	3,367
Total revenue	6,718	6,520	6,345
Provision for (recovery of) credit losses – impaired	150	140	167
Provision for (recovery of) credit losses – performing	(117)	(87)	(25)
Total provision for (recovery of) credit losses	33	53	142
Insurance claims and related expenses	756	650	780
Non-interest expenses	2,869	2,912	2,654
Provision for (recovery of) income taxes	806	768	732
Net income	\$ 2,254	\$ 2,137	\$ 2,037

Selected volumes and ratios

Return on common equity ¹	44.8 %	47.7 %	46.0 %
Net interest margin (including on securitized assets) ²	2.53	2.57	2.65
Efficiency ratio	42.7	44.7	41.8
Assets under administration (billions of Canadian dollars) ³	\$ 557	\$ 557	\$ 484
Assets under management (billions of Canadian dollars) ³	429	427	380
Number of Canadian retail branches	1,062	1,061	1,087
Average number of full-time equivalent staff	42,952	42,205	40,714

¹ Capital allocated to the business segment was increased to 10.5% CET1 Capital effective the first quarter of fiscal 2022 compared with 9% in the prior year.

² Net interest margin is calculated by dividing net interest income by average interest-earning assets. Average interest-earning assets used in the calculation of net interest margin is a non-GAAP financial measure. Refer to "Non-GAAP and Other Financial Measures" in the "How We Performed" section and the Glossary of this document for additional information about these metrics.

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

Quarterly comparison – Q1 2022 vs. Q1 2021

Canadian Retail net income for the quarter was \$2,254 million, an increase of \$217 million, or 11%, compared with the first quarter last year, reflecting higher revenue and lower PCL, partially offset by higher non-interest expenses. The annualized ROE for the quarter was 44.8%, compared with 46.0% in the first quarter last year.

Canadian Retail revenue is derived from the personal and business banking, wealth, and insurance businesses. Revenue for the quarter was \$6,718 million, an increase of \$373 million, or 6%, compared with the first quarter last year.

Net interest income was \$3,085 million, an increase of \$107 million, or 4%, compared with the first quarter last year, reflecting volume growth, partially offset by lower margins. Average loan volumes increased \$40 billion, or 9%, reflecting 8% growth in personal loans and 14% growth in business loans. Average deposit volumes increased \$40 billion, or 9%, reflecting 7% growth in personal deposits, 13% growth in business deposits, and 9% growth in wealth deposits. Net interest margin was 2.53%, a decrease of 12 bps, reflecting changes to balance sheet mix, lower margins on loans, and lower mortgage prepayment revenue.

Non-interest income was \$3,633 million, an increase of \$266 million, or 8%, reflecting higher fee-based revenue in the banking and wealth 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 lower transaction revenue in the wealth business.

Assets under administration (AUA) were \$557 billion as at January 31, 2022, an increase of \$73 billion, or 15%, and assets under management (AUM) were \$429 billion as at January 31, 2022, an increase of \$49 billion, or 13%, compared with the first quarter last year, both reflecting market appreciation and net asset growth.

PCL was \$33 million, a decrease of \$109 million, compared with the first quarter last year. PCL – impaired for the quarter was \$150 million, a decrease of \$17 million, or 10%. PCL – performing was a recovery of \$117 million, compared with a recovery of \$25 million in the prior year, reflecting improved credit conditions, including a more favourable economic outlook. Total PCL as an annualized percentage of credit volume was 0.03%, a decrease of 9 bps compared with the first quarter last year.

Insurance claims and related expenses for the quarter were \$756 million, a decrease of \$24 million, or 3%, compared with the first quarter last year reflecting a decrease in the fair value of investments supporting claims liabilities which resulted in a similar decrease in non-interest income, partially offset by more severe weather-related events.

Non-interest expenses for the quarter were \$2,869 million, an increase of \$215 million, or 8%, compared with the first quarter last year, reflecting higher spend supporting business growth, including technology and marketing costs, higher employee-related expenses and variable compensation.

The efficiency ratio for the quarter was 42.7%, compared with 41.8% in the first quarter last year.

Quarterly comparison – Q1 2022 vs. Q4 2021

Canadian Retail net income for the quarter was \$2,254 million, an increase of \$117 million, or 5%, compared with the prior quarter, reflecting higher revenue and lower non-interest expenses, partially offset by higher insurance claims. The annualized ROE for the quarter was 44.8%, compared with 47.7%, in the prior quarter.

Revenue increased \$198 million, or 3%, compared with the prior quarter. Net interest income increased \$23 million, or 1%. Average loan volumes increased \$11 billion, or 2%, reflecting 2% growth in personal loans and 3% growth in business loans. Average deposit volumes increased \$8 billion, or 2%, reflecting 1% growth in personal deposits, 2% growth in business deposits, and a 3% increase in wealth deposits. Net interest margin was 2.53%, a decrease of 4 bps, primarily reflecting lower margins on loans.

Non-interest income increased \$175 million, or 5%, reflecting prior quarter premium rebates for customers in the insurance business, higher transaction and fee-based revenue in the wealth business, and higher fee-based revenue in the banking businesses.

AUA and AUM, were relatively flat compared with the prior quarter.

PCL was \$33 million, a decrease of \$20 million, compared with the prior quarter. PCL – impaired increased \$10 million, or 7%. PCL – performing was a recovery of \$117 million compared with a recovery of \$87 million in the prior quarter. The performing release this quarter reflects a more favourable economic outlook. Total PCL as an annualized percentage of credit volume was 0.03%, a decrease of 1 basis point.

Insurance claims and related expenses for the quarter increased \$106 million, or 16%, compared with the prior quarter, reflecting higher current year claims, less favourable prior years' claims development and more severe weather-related events.

Non-interest expenses decreased \$43 million, or 1%, compared with the prior quarter reflecting lower technology and marketing costs.

The efficiency ratio was 42.7%, compared with 44.7%, in the prior quarter.

TABLE 12: U.S. RETAIL

(millions of dollars, except as noted)

	For the three months ended		
	January 31 2022	October 31 2021	January 31 2021
Canadian Dollars			
Net interest income	\$ 2,115	\$ 2,103	\$ 2,031
Non-interest income	671	677	653
Total revenue	2,786	2,780	2,684
Provision for (recovery of) credit losses – impaired	125	68	190
Provision for (recovery of) credit losses – performing	(104)	(144)	(55)
Total provision for (recovery of) credit losses	21	(76)	135
Non-interest expenses	1,597	1,617	1,688
Provision for (recovery of) income taxes	148	111	70
U.S. Retail Bank net income	1,020	1,128	791
Share of net income from investment in Schwab ^{1,2}	252	246	209
Net income	\$ 1,272	\$ 1,374	\$ 1,000
U.S. Dollars			
Net interest income	\$ 1,671	\$ 1,673	\$ 1,579
Non-interest income	530	539	507
Total revenue	2,201	2,212	2,086
Provision for (recovery of) credit losses – impaired	99	53	147
Provision for (recovery of) credit losses – performing	(82)	(115)	(44)
Total provision for (recovery of) credit losses	17	(62)	103
Non-interest expenses	1,261	1,288	1,313
Provision for (recovery of) income taxes	117	89	55
U.S. Retail Bank net income	806	897	615
Share of net income from investment in Schwab ^{1,2}	200	195	161
Net income	\$ 1,006	\$ 1,092	\$ 776
Selected volumes and ratios			
Return on common equity ³	12.6 %	14.5 %	9.8 %
Net interest margin ⁴	2.21	2.21	2.24
Efficiency ratio	57.3	58.2	62.9
Assets under administration (billions of U.S. dollars)	\$ 32	\$ 30	\$ 26
Assets under management (billions of U.S. dollars)	40	41	43
Number of U.S. retail stores	1,152	1,148	1,223
Average number of full-time equivalent staff	24,922	24,771	26,333

¹ The Bank's share of Schwab's earnings is reported with a one-month lag. Refer to Note 7 of the Bank's first quarter 2022 Interim 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 are recorded in the Corporate segment.

³ Capital allocated to the business segment was increased to 10.5% CET1 Capital effective the first quarter of fiscal 2022 compared with 9% in the prior year.

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 "How We Performed" section of this document.

Quarterly comparison – Q1 2022 vs. Q1 2021

U.S. Retail net income for the quarter was \$1,272 million (US\$1,006 million), an increase of \$272 million (US\$230 million), or 27% (30% in U.S. dollars) compared with the first quarter last year. The annualized ROE for the quarter was 12.6%, compared with 9.8%, in the first quarter last 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 quarter from the U.S. Retail Bank and the Bank's investment in Schwab was \$1,020 million (US\$806 million) and \$252 million (US\$200 million), respectively.

The contribution from Schwab of US\$200 million increased US\$39 million, or 24%, compared with the contribution in the first quarter last year, primarily reflecting higher net interest revenue.

U.S. Retail Bank net income of US\$806 million increased US\$191 million, or 31%, primarily reflecting higher revenue, lower PCL, and lower non-interest expenses.

U.S. Retail Bank revenue is derived from the personal and business banking and wealth management businesses. Revenue for the quarter was US\$2,201 million, an increase of US\$115 million, or 6%, compared with the first quarter last year. Net interest income of US\$1,671 million, was up US\$92 million,

largely driven by the benefit of higher business and personal deposit volumes and margins combined with increased earnings on the investment portfolio, partially offset by lower loan margins and decreased sweep deposit balances. Net interest margin of 2.21%, was down 3 bps, as the impact of negative balance sheet mix was partially offset by deposit margin expansion and increased earnings on the investment portfolio. Non-interest income increased US\$23 million, or 5%, compared with the first quarter last year, primarily reflecting fee income growth from increased customer activity, partially offset by lower gains on the sale of mortgage loans.

Average loan volumes decreased US\$10 billion, or 6%, compared with the first quarter last year. Personal loans were flat while business loans decreased 11%, as PPP loan forgiveness accounted for about 56% of the decline in business loans with paydowns of commercial loans driving the remaining decline. Average deposit volumes increased US\$20 billion, or 5%, reflecting a 15% increase in personal deposits and a 12% increase in business deposits, partially offset by a 6% decrease in sweep deposits.

AUA were US\$32 billion as at January 31, 2022, an increase of US\$6 billion, or 23%, compared with the first quarter last year, reflecting net asset growth. AUM were US\$40 billion as at January 31, 2022, a decrease of US\$3 billion, or 7%, compared with the first quarter last year, reflecting net asset outflows, partially offset by market appreciation.

PCL for the quarter was US\$17 million, a decrease of US\$86 million compared with the first quarter last year. PCL – impaired was US\$99 million, a decrease of US\$48 million, or 33%, largely related to improved credit conditions. PCL – performing was a recovery of US\$82 million, compared with a recovery of US\$44 million in the prior year, reflecting 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 0.04%, a decrease of 21 bps, compared with the first quarter last year.

Non-interest expenses for the quarter were US\$1,261 million, a decrease of US\$52 million, or 4%, compared with the first quarter last year, primarily reflecting prior year store optimization costs of US\$76 million and productivity savings in the current year, partially offset by higher employee related expenses and investments in the business.

The efficiency ratio for the quarter was 57.3%, compared with 62.9%, in the first quarter last year.

Quarterly comparison – Q1 2022 vs. Q4 2021

U.S. Retail net income of \$1,272 million (US\$1,006 million) decreased \$102 million (US\$86 million), or 7% (8% in U.S. dollars). The annualized ROE for the quarter was 12.6%, compared with 14.5% in the prior quarter.

The contribution from Schwab of US\$200 million increased US\$5 million, or 3%, primarily reflecting higher net interest revenue, partially offset by higher operating expenses.

U.S. Retail Bank net income of US\$806 million decreased US\$91 million, or 10%, compared with the prior quarter, primarily reflecting higher PCL.

Revenue for the quarter decreased US\$11 million, relatively flat, compared with the prior quarter. Net interest income of US\$1,671 million, and net interest margin of 2.21%, were relatively flat as the impact of lower accelerated fee amortization from PPP forgiveness was offset by deposit margin expansion and increased earnings on the investment portfolio. Non-interest income decreased US\$9 million, or 2%, primarily reflecting a lower valuation on certain investments, partially offset by higher fee income growth from increased customer activity.

Average loan volumes decreased US\$1 billion, or 1%, compared with the prior quarter. Personal loans increased 2%, primarily reflecting growth in residential mortgage and credit card balances. Business loans decreased 3%, the majority related to PPP loan forgiveness. Average deposit volumes increased US\$9 billion, or 2%, compared with the prior quarter reflecting a 3% increase in personal deposits, a 2% increase in business deposits, and a 2% increase in sweep deposits.

AUA were US\$32 billion as at January 31, 2022, an increase of US\$2 billion, or 7%, compared with the prior quarter, reflecting net asset growth. AUM were US\$40 billion as at January 31, 2022, a decrease of US\$1 billion, or 2%, reflecting net asset outflows, partially offset by market appreciation.

PCL was US\$17 million compared with a recovery of US\$62 million in the prior quarter. PCL – impaired increased US\$46 million, or 87%. While still significantly below historical levels, the increase reflects early signs of normalization of credit performance, including seasonal trends in the credit card and auto portfolios. PCL – performing was a recovery of US\$82 million, compared with a recovery of US\$115 million in the prior quarter. The current quarter performing release reflects 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 0.04%, higher by 19 bps.

Non-interest expenses for the quarter were US\$1,261 million, a decrease of US\$27 million, or 2%, primarily reflecting timing of project expenses and higher incentive compensation costs in the prior quarter.

The efficiency ratio for the quarter was 57.3%, compared with 58.2% in the prior quarter.

THE CHARLES SCHWAB CORPORATION

Refer to Note 7, Investment in Associates and Joint Ventures of the Bank's first quarter 2022 Interim Consolidated Financial Statements for further information on Schwab.

TABLE 13: WHOLESALE BANKING

(millions of Canadian dollars, except as noted)

	<i>For the three months ended</i>		
	January 31 2022	October 31 2021	January 31 2021
Net interest income (TEB)	\$ 709	\$ 689	\$ 661
Non-interest income	637	461	649
Total revenue	1,346	1,150	1,310
Provision for (recovery of) credit losses – impaired	(4)	(14)	10
Provision for (recovery of) credit losses – performing	(1)	(63)	10
Total provision for (recovery of) credit losses	(5)	(77)	20
Non-interest expenses	764	658	711
Provision for (recovery of) income taxes (TEB)	153	149	142
Net income	\$ 434	\$ 420	\$ 437
Selected volumes and ratios			
Trading-related revenue (TEB) ¹	\$ 726	\$ 510	\$ 744
Average gross lending portfolio (billions of Canadian dollars) ²	59.2	58.1	58.7
Return on common equity ³	16.2 %	18.6 %	21.3 %
Efficiency ratio	56.8	57.2	54.3
Average number of full-time equivalent staff	4,932	4,910	4,678

¹ Includes net interest income TEB of \$525 million (October 2021 – \$514 million, January 2021 – \$504 million), and trading income (loss) of \$201 million (October 2021 – \$(4) million, January 2021 – \$240 million). Trading-related revenue (TEB) is a non-GAAP financial measure. Refer to "Non-GAAP and Other Financial Measures" in the "How We Performed" 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, and allowance for credit losses.

³ Capital allocated to the business segment was increased to 10.5% CET1 Capital effective the first quarter of fiscal 2022 compared with 9% in the prior year.

Quarterly comparison – Q1 2022 vs. Q1 2021

Wholesale Banking net income for the quarter was \$434 million, a decrease of \$3 million, or 1%, compared with the first quarter last year, reflecting higher revenue and lower PCL, offset by higher non-interest expenses.

Wholesale Banking revenue is derived primarily from capital markets and corporate and investment banking services provided to corporate, government, and institutional clients. Wholesale Banking generates revenue from corporate lending, advisory, underwriting, sales, trading and research, client securitization, trade finance, cash management, prime services, and trade execution services. Revenue for the quarter was \$1,346 million, an increase of \$36 million, or 3%, compared with the first quarter last year, primarily reflecting higher loan fees and prime services revenue.

PCL for the quarter was a recovery of \$5 million, lower by \$25 million compared with the first quarter last year. PCL – impaired was a recovery of \$4 million, lower by \$14 million. PCL – performing was a recovery of \$1 million, lower by \$11 million.

Non-interest expenses were \$764 million, an increase of \$53 million, or 7%, compared with the first quarter last year, primarily reflecting higher employee-related costs from continued investment in Wholesale Banking's U.S. dollar strategy, including the investments in TD Securities Automated Trading.

Quarterly comparison – Q1 2022 vs. Q4 2021

Wholesale Banking net income for the quarter was \$434 million, an increase of \$14 million, or 3%, compared with the prior quarter, reflecting higher revenue, partially offset by higher non-interest expenses and a lower PCL recovery.

Revenue for the quarter increased \$196 million, or 17%, primarily reflecting higher trading-related revenue, partially offset by lower advisory fees.

PCL for the quarter was a recovery of \$5 million, compared with a recovery of \$77 million in the prior quarter. PCL – impaired was a recovery of \$4 million. PCL – performing was a recovery of \$1 million, compared with a recovery of \$63 million in the prior quarter.

Non-interest expenses for the quarter increased \$106 million, or 16%, primarily reflecting higher variable compensation.

TABLE 14: CORPORATE

(millions of Canadian dollars)

	<i>For the three months ended</i>		
	January 31 2022	October 31 2021	January 31 2021
Net income (loss) – reported	\$ (227)	\$ (150)	\$ (197)
Adjustments for items of note			
Amortization of acquired intangibles before income taxes	67	74	74
Acquisition and integration charges related to the Schwab transaction	50	22	38
Less: impact of income taxes	17	11	9
Net income (loss) – adjusted¹	\$ (127)	\$ (65)	\$ (94)
Decomposition of items included in net income (loss) – adjusted			
Net corporate expenses ²	\$ (168)	\$ (202)	\$ (182)
Other	41	137	88
Net income (loss) – adjusted¹	\$ (127)	\$ (65)	\$ (94)
Selected volumes			
Average number of full-time equivalent staff	18,017	17,772	17,720

¹ For additional information about Bank's use of non-GAAP financial measures, refer to "Non-GAAP and Other Financial Measures" in the "How We Performed" section of this document.

² For additional information about this metric, refer to the Glossary of this document.

Quarterly comparison – Q1 2022 vs. Q1 2021

Corporate segment's reported net loss for the quarter was \$227 million, compared with a reported net loss of \$197 million in the first quarter last year. The year-over-year increase reflects a lower contribution from other items, partially offset by lower net corporate expenses. The decrease in other items primarily reflects lower revenue from treasury and balance sheet management activities this quarter. Net corporate expenses decreased \$14 million compared to the same quarter last year. The adjusted net loss for the quarter was \$127 million, compared with an adjusted net loss of \$94 million in the first quarter last year.

Quarterly comparison – Q1 2022 vs. Q4 2021

Corporate segment's reported net loss for the quarter was \$227 million, compared with a reported net loss of \$150 million in the prior quarter. The quarter-over-quarter increase reflects a lower contribution from other items, partially offset by lower net corporate expenses. The decrease in other items primarily reflects lower revenue from treasury and balance sheet management activities this quarter. Net corporate expenses decreased \$34 million compared to the prior quarter. The adjusted net loss for the quarter was \$127 million, compared with an adjusted net loss of \$65 million in the prior quarter.

QUARTERLY RESULTS

The following table provides summary information related to the Bank's eight most recently completed quarters.

TABLE 15: QUARTERLY RESULTS

(millions of Canadian dollars, except as noted)

	<i>For the three months ended</i>							
	2022				2021			
	Jan. 31	Oct. 31	Jul. 31	Apr. 30	Jan. 31	Oct. 31	Jul. 31	Apr. 30
Net interest income	\$ 6,302	\$ 6,262	\$ 6,004	\$ 5,835	\$ 6,030	\$ 6,027	\$ 6,101	\$ 6,200
Non-interest income	4,979	4,679	4,708	4,393	4,782	5,817	4,564	4,328
Total revenue	11,281	10,941	10,712	10,228	10,812	11,844	10,665	10,528
Provision for (recovery of) credit losses	72	(123)	(37)	(377)	313	917	2,188	3,218
Insurance claims and related expenses	756	650	836	441	780	630	805	671
Non-interest expenses	5,967	5,947	5,616	5,729	5,784	5,709	5,307	5,121
Provision for (recovery of) income taxes	984	910	922	962	827	(202)	445	250
Share of net income from investment in Schwab and TD Ameritrade	231	224	170	222	169	353	328	247
Net income – reported	3,733	3,781	3,545	3,695	3,277	5,143	2,248	1,515
Pre-tax adjustments for items of note¹								
Amortization of acquired intangibles	67	74	68	69	74	61	63	68
Acquisition and integration charges related to the Schwab transaction	50	22	24	19	38	–	–	–
Net gain on sale of the investment in TD Ameritrade ²	–	–	–	–	–	(1,421)	–	–
Charges associated with the acquisition of Greystone ³	–	–	–	–	–	25	25	26
Total pre-tax adjustments for items of note	117	96	92	88	112	(1,335)	88	94
Less: Impact of income taxes ¹	17	11	9	8	9	838	9	10
Net income – adjusted	3,833	3,866	3,628	3,775	3,380	2,970	2,327	1,599
Preferred dividends and distributions on other equity instruments	43	63	56	65	65	64	68	68
Net income available to common shareholders – adjusted	\$ 3,790	\$ 3,803	\$ 3,572	\$ 3,710	\$ 3,315	\$ 2,906	\$ 2,259	\$ 1,531

(Canadian dollars, except as noted)

Basic earnings per share								
Reported	\$ 2.03	\$ 2.04	\$ 1.92	\$ 2.00	\$ 1.77	\$ 2.80	\$ 1.21	\$ 0.80
Adjusted	2.08	2.09	1.96	2.04	1.83	1.60	1.25	0.85
Diluted earnings per share								
Reported	2.02	2.04	1.92	1.99	1.77	2.80	1.21	0.80
Adjusted	2.08	2.09	1.96	2.04	1.83	1.60	1.25	0.85
Return on common equity – reported	15.3 %	15.7 %	15.3 %	16.7 %	14.3 %	23.3 %	10.0 %	6.9 %
Return on common equity – adjusted	15.7	16.1	15.6	17.1	14.7	13.3	10.4	7.3

(billions of Canadian dollars, except as noted)

Average total assets	\$ 1,769	\$ 1,750	\$ 1,699	\$ 1,726	\$ 1,746	\$ 1,718	\$ 1,681	\$ 1,568
Average interest-earning assets ⁴	1,593	1,574	1,527	1,536	1,563	1,531	1,494	1,374
Net interest margin	1.57 %	1.58 %	1.56 %	1.56 %	1.53 %	1.57 %	1.62 %	1.83 %

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

² Adjusted non-interest income excludes the Bank's net gain on sale of its investment in TD Ameritrade as a result of the Schwab transaction primarily related to a revaluation gain, the release of cumulative foreign currency translation gains offset by the release of designated hedging items and related taxes, and the release of a deferred tax liability related to the Bank's investment in TD Ameritrade, net of direct transaction costs. These amounts were reported in the Corporate segment.

³ Adjusted non-interest expenses exclude charges associated with the acquisition of Greystone Capital Management Inc. ("Greystone"), reported in the Canadian Retail segment.

⁴ Average interest-earning assets is a non-GAAP financial measure. Refer to "Non-GAAP and Other Financial Measures" in the "How We Performed" section and the Glossary of this document for additional information about this metric.

BALANCE SHEET REVIEW

TABLE 16: SELECTED INTERIM CONSOLIDATED BALANCE SHEET ITEMS

(millions of Canadian dollars)

	<i>As at</i>	
	January 31, 2022	October 31, 2021
Assets		
Cash and Interest-bearing deposits with banks	\$ 172,210	\$ 165,893
Trading loans, securities, and other	152,748	147,590
Non-trading financial assets at fair value through profit or loss	9,925	9,390
Derivatives	54,519	54,427
Financial assets designated at fair value through profit or loss	4,762	4,564
Financial assets at fair value through other comprehensive income	75,519	79,066
Debt securities at amortized cost, net of allowance for credit losses	295,946	268,939
Securities purchased under reverse repurchase agreements	165,818	167,284
Loans, net of allowance for loan losses	743,615	722,622
Investment in Schwab	11,186	11,112
Other	92,340	97,785
Total assets	\$ 1,778,588	\$ 1,728,672
Liabilities		
Trading deposits	\$ 20,549	\$ 22,891
Derivatives	51,892	57,122
Financial liabilities designated at fair value through profit or loss	135,150	113,988
Deposits	1,159,538	1,125,125
Obligations related to securities sold under repurchase agreements	145,432	144,097
Subordinated notes and debentures	11,304	11,230
Other	152,746	154,401
Total liabilities	1,676,611	1,628,854
Total equity	101,977	99,818
Total liabilities and equity	\$ 1,778,588	\$ 1,728,672

Total assets were \$1,779 billion as at January 31, 2022, an increase of \$50 billion, or 3%, from October 31, 2021. The impact of foreign exchange translation from the depreciation in the Canadian dollar increased total assets by \$21 billion, or approximately 1%.

The increase in total assets reflects debt securities at amortized cost (DSAC), net of allowance for credit losses of \$27 billion, loans, net of allowances for loan losses of \$21 billion, cash and interest-bearing deposits with banks of \$6 billion, trading loans, securities, and other of \$5 billion and non-trading financial assets at fair value through profit or loss (FVTPL) of \$1 billion. The increase was partially offset by a decrease in other assets of \$5 billion, financial assets at fair value through other comprehensive income (FVOCI) of \$4 billion, and securities purchased under reverse repurchase agreements of \$1 billion.

Cash and interest-bearing deposits with banks increased \$6 billion primarily reflecting cash management activities and the impact of foreign exchange translation.

Trading loans, securities, and other increased \$5 billion primarily reflecting an increase in government-related securities and the impact of foreign exchange translation.

Non-trading financial assets at fair value through profit or loss increased \$1 billion reflecting new investments.

Financial assets at fair value through other comprehensive income decreased \$4 billion primarily reflecting maturities and sales, partially offset by new investments.

Debt securities at amortized cost, net of allowance for credit losses increased \$27 billion reflecting new investments and the impact of foreign exchange translation, partially offset by maturities.

Securities purchased under reverse repurchase agreements decreased \$1 billion primarily reflecting a decrease in volume.

Loans, net of allowance for loan losses increased \$21 billion reflecting volume growth in business and government loans, real estate secured lending, and the impact of foreign exchange translation.

Other assets decreased \$5 billion primarily reflecting a decrease in amounts receivable from brokers, dealers and clients reflecting lower volumes of pending trades, partially offset by an increase in current income tax receivable.

Total liabilities were \$1,677 billion as at January 31, 2022, an increase of \$48 billion, or 3%, from October 31, 2021. The impact of foreign exchange translation from the depreciation in the Canadian dollar increased total liabilities by \$22 billion, or approximately 1%.

The increase in total liabilities reflects deposits of \$34 billion, financial liabilities designated at FVTPL of \$21 billion and obligations related to securities sold under repurchase agreements of \$1 billion. The increase was partially offset by a decrease in derivatives of \$5 billion, trading deposits of \$2 billion, and other liabilities of \$1 billion.

Trading deposits decreased \$2 billion primarily reflecting maturities.

Derivative liabilities decreased \$5 billion primarily reflecting changes in mark-to-market values of foreign exchange, equity and interest rate contracts.

Financial liabilities designated at fair value through profit or loss increased \$21 billion primarily reflecting new issuances, partially offset by maturities.

Deposits increased \$34 billion reflecting volume growth in personal deposits, business and government deposits, and the impact of foreign exchange translation.

Obligations related to securities sold under repurchase agreements increased \$1 billion reflecting an increase in volume.

Other liabilities decreased \$1 billion primarily reflecting a decrease in amounts payable to brokers, dealers and clients, payments for dividends and preferred share redemptions accrued in the prior period, partially offset by higher obligations related to securities sold short.

Equity was \$102 billion as at January 31, 2022, an increase of \$2 billion, or 2%, from October 31, 2021. The increase primarily reflects an increase in retained earnings and the impact of foreign exchange translation.

CREDIT PORTFOLIO QUALITY

Quarterly comparison – Q1 2022 vs. Q1 2021

Gross impaired loans excluding acquired credit-impaired (ACI) loans were \$2,560 million as at January 31, 2022, a decrease of \$497 million, or 16%, compared with the first quarter last year. Canadian Retail gross impaired loans decreased \$278 million, or 23%, compared with the first quarter last year, reflecting improved credit conditions in the consumer and commercial lending portfolios. U.S. Retail gross impaired loans decreased \$208 million, or 11%, compared with the first quarter last year, reflecting improved credit conditions in the consumer and commercial lending portfolios, and the impact of foreign exchange. Wholesale gross impaired loans decreased \$11 million or 61%, compared with the first quarter last year, reflecting resolutions outpacing formations. Net impaired loans were \$1,880 million as at January 31, 2022, a decrease of \$400 million, or 18%, compared with the first quarter last year.

The allowance for credit losses of \$7,148 million as at January 31, 2022 was comprised of Stage 3 allowance for impaired loans of \$686 million, Stage 2 allowance of \$3,798 million and Stage 1 allowance of \$2,657 million, and the allowance for debt securities of \$7 million. The Stage 1 and 2 allowances are for performing loans and off-balance sheet instruments.

The Stage 3 allowance for loan losses decreased \$113 million, or 14%, reflecting improved credit conditions, and largely recorded in the consumer lending portfolios. The Stage 1 and Stage 2 allowance for loan losses decreased \$1,683 million, or 21%, largely related to releases reflective of improved credit conditions, including a more favourable economic outlook, and the impact of foreign exchange. The allowance change included a decrease of \$316 million attributable to the retailer program partners' share of the U.S. strategic cards portfolio.

The allowance for debt securities decreased by \$1 million compared with the first quarter last year.

Forward-looking information, including macroeconomic variables deemed to be predictive of expected credit losses (ECLs) based on the Bank's experience, is used to determine ECL scenarios and associated probability weights to establish 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 first quarter 2022 Interim Consolidated Financial Statements for further details on forward-looking information.

The probability-weighted allowance for credit losses reflects the Bank's forward-looking views. To the extent that certain anticipated effects 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 economic trajectory and the ultimate credit impact of the COVID-19 pandemic, and the allowance for credit losses will be updated in future quarters as additional information becomes available. Refer to Note 3 of the Bank's first quarter 2022 Interim Consolidated Financial Statements for additional details.

The Bank calculates allowances for ECLs on debt securities measured at amortized cost and FVOCI. The Bank has \$365 billion in such debt securities, all of which are performing (Stage 1 and 2) and none are impaired (Stage 3). The allowance for credit losses on DSAC and debt securities at FVOCI was \$2 million and \$5 million, respectively.

Quarterly comparison – Q1 2022 vs. Q4 2021

Gross impaired loans excluding ACI loans increased \$149 million, or 6%, compared with the prior quarter, reflected in the U.S. consumer lending portfolios, largely related to real estate secured loans that exited deferral programs, and the impact of foreign exchange. Impaired loans net of allowance increased \$98 million, or 5%, compared with the prior quarter.

The allowance for credit losses of \$7,148 million as at January 31, 2022 was comprised of Stage 3 allowance for impaired loans of \$686 million, Stage 2 allowance of \$3,798 million and Stage 1 allowance of \$2,657 million, and the allowance for debt securities of \$7 million. The Stage 1 and 2 allowances are for performing loans and off-balance sheet instruments. The Stage 3 allowance for loan losses increased \$48 million, or 8%, compared with the prior quarter, reflecting some early signs of credit normalization, including seasonal trends in the U.S. credit card and auto portfolios. The Stage 1 and Stage 2 allowance for loan losses decreased \$153 million, or 2%, compared with the prior quarter, reflecting a more favourable economic outlook, partially offset by the impact of foreign exchange.

The allowance for debt securities decreased by \$2 million compared to the prior quarter.

For further details on loans, impaired loans, allowance for credit losses, and on the Bank's use of forward-looking information and macroeconomic variables in determining its allowance for credit losses, refer to Note 6 of the Bank's first quarter 2022 Interim Consolidated Financial Statements.

TABLE 17: CHANGES IN GROSS IMPAIRED LOANS AND ACCEPTANCES^{1,2}

(millions of Canadian dollars)

	For the three months ended		
	January 31 2022	October 31 2021	January 31 2021
Personal, Business, and Government Loans³			
Impaired loans as at beginning of period	\$ 2,411	\$ 2,651	\$ 3,157
Classified as impaired during the period	1,187	796	1,203
Transferred to performing during the period	(259)	(206)	(246)
Net repayments	(373)	(359)	(301)
Disposals of loans	—	—	(3)
Amounts written off	(447)	(459)	(675)
Exchange and other movements	41	(12)	(78)
Impaired loans as at end of period	\$ 2,560	\$ 2,411	\$ 3,057

¹ Includes customers' liability under acceptances.² Includes loans that are measured at FVOCI.³ Excludes ACI loans.**TABLE 18: ALLOWANCE FOR CREDIT LOSSES**

(millions of Canadian dollars, except as noted)

	As at		
	January 31 2022	October 31 2021	January 31 2021
Allowance for loan losses for on-balance sheet loans			
Stage 1 allowance for loan losses	\$ 2,247	\$ 2,263	\$ 2,489
Stage 2 allowance for loan losses	3,308	3,492	4,659
Stage 3 allowance for loan losses	684	635	785
Total allowance for loan losses for on-balance sheet loans ¹	6,239	6,390	7,933
Allowance for off-balance sheet instruments			
Stage 1 allowance for loan losses	410	386	358
Stage 2 allowance for loan losses	490	467	632
Stage 3 allowance for loan losses	2	3	14
Total allowance for off-balance sheet instruments	902	856	1,004
Allowance for loan losses	7,141	7,246	8,937
Allowance for debt securities	7	9	8
Allowance for credit losses	\$ 7,148	\$ 7,255	\$ 8,945
Impaired loans, net of allowance ²	\$ 1,880	\$ 1,782	\$ 2,280
Net impaired loans as a percentage of net loans ²	0.25 %	0.24 %	0.31 %
Total allowance for loan losses as a percentage of gross loans and acceptances	0.93	0.97	1.22
Provision for (recovery of) credit losses as a percentage of net average loans and acceptances	0.04	(0.07)	0.17

¹ Includes allowance for loan losses related to loans that are measured at FVOCI of nil as at January 31, 2022 (October 31, 2021 – nil; January 31, 2021 – nil).² Credit cards are considered impaired when they are 90 days past due and written off at 180 days past due.**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.

TABLE 19: CANADIAN REAL ESTATE SECURED LENDING¹

(millions of Canadian dollars)

	As at				
	Amortizing		Non-amortizing		Total
	Residential Mortgages	Home equity lines of credit	Total amortizing real estate secured lending	Home equity lines of credit	
	January 31, 2022				
Total	\$ 236,023	\$ 72,757	\$ 308,780	\$ 30,851	\$ 339,631
	October 31, 2021				
Total	\$ 231,675	\$ 71,016	\$ 302,691	\$ 30,917	\$ 333,608

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 20: REAL ESTATE SECURED LENDING^{1,2}

(millions of Canadian dollars, except as noted)

											<i>As at</i>							
	Residential mortgages					Home equity lines of credit					Total							
	Insured ³		Uninsured			Insured ³		Uninsured			Insured ³		Uninsured					
													January 31, 2022					
Canada																		
Atlantic provinces	\$	2,948	1.2 %	\$	3,723	1.6 %	\$	256	0.2 %	\$	1,487	1.4 %	\$	3,204	0.9 %	\$	5,210	1.5 %
British Columbia ⁴		9,373	4.0		38,580	16.3		1,405	1.4		18,140	17.5		10,778	3.2		56,720	16.7
Ontario ⁴		24,949	10.6		98,204	41.6		5,002	4.8		54,235	52.4		29,951	8.8		152,439	44.9
Prairies ⁴		20,321	8.6		17,456	7.4		2,352	2.3		11,321	10.9		22,673	6.7		28,777	8.5
Québec		8,047	3.4		12,422	5.3		820	0.8		8,590	8.3		8,867	2.6		21,012	6.2
Total Canada		65,638	27.8 %		170,385	72.2 %		9,835	9.5 %		93,773	90.5 %		75,473	22.2 %		264,158	77.8 %
United States		904			38,102			–			8,749			904			46,851	
Total	\$	66,542		\$	208,487		\$	9,835		\$	102,522		\$	76,377		\$	311,009	
													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	

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 21: RESIDENTIAL MORTGAGES BY REMAINING AMORTIZATION^{1,2}

									<i>As at</i>			
	<5 years	5– <10 years	10– <15 years	15– <20 years	20– <25 years	25– <30 years	30– <35 years	>=35 years	Total			
											January 31, 2022	
Canada	0.9 %	3.1 %	6.6 %	18.7 %	40.9 %	29.5 %	0.3 %	– %	100.0 %			
United States	8.8	2.9	4.6	5.6	16.6	59.5	1.5	0.5	100.0			
Total	2.0 %	3.1 %	6.3 %	16.8 %	37.4 %	33.8 %	0.5 %	0.1 %	100.0 %			
											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 %			

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 22: UNINSURED AVERAGE LOAN-TO-VALUE – Newly Originated and Newly Acquired^{1,2,3}**

	<i>For the three months ended</i>					
	Residential mortgages		Home equity lines of credit ^{4,5}		Total	
	January 31, 2022		January 31, 2022		October 31, 2021	
Canada						
Atlantic provinces	72 %	70 %	72 %	73 %	70 %	72 %
British Columbia ⁶	67	64	66	68	64	66
Ontario ⁶	67	64	66	67	64	66
Prairies ⁶	74	71	73	74	70	72
Québec	72	71	72	72	72	72
Total Canada	68	65	67	68	66	67
United States	68	63	67	68	63	68
Total	68 %	65 %	67 %	68 %	65 %	67 %

¹ Geographic location is based on the address of the property mortgaged.² Excludes loans classified as trading as the Bank intends to sell the loans immediately or in the near term, and loans designated at FVTPL for which no allowance is recorded.³ Based on house price at origination.⁴ Home equity lines of credit (HELOCs) 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.

Sovereign Risk

The table below includes the Bank's direct credit exposures outside of North America (Europe excludes United Kingdom).

TABLE 23: Total Net Exposure by Region and Counterparty

(millions of Canadian dollars)

Region	Loans and commitments ¹				Derivatives, repos, and securities lending ²				Trading and investment portfolio ³				As at
	Corporate	Sovereign	Financial	Total	Corporate	Sovereign	Financial	Total	Corporate	Sovereign	Financial	Total	Total Exposure ⁴
	January 31, 2022												
Europe	\$ 7,326	\$ –	\$ 3,218	\$ 10,544	\$ 2,763	\$ 2,358	\$ 5,517	\$ 10,638	\$ 759	\$ 25,702	\$ 1,972	\$ 28,433	\$ 49,615
United Kingdom	9,103	21,886	805	31,794	1,844	1,437	11,498	14,779	719	566	341	1,626	48,199
Asia	51	27	2,089	2,167	476	903	3,205	4,584	246	8,279	712	9,237	15,988
Other	346	10	537	893	139	776	1,726	2,641	191	1,726	2,176	4,093	7,627
Total	\$ 16,826	\$ 21,923	\$ 6,649	\$ 45,398	\$ 5,222	\$ 5,474	\$ 21,946	\$ 32,642	\$ 1,915	\$ 36,273	\$ 5,201	\$ 43,389	\$ 121,429

October 31, 2021

Region	Corporate	Sovereign	Financial	Total	Corporate	Sovereign	Financial	Total	Corporate	Sovereign	Financial	Total	Total Exposure ⁴
Europe	\$ 7,248	\$ –	\$ 3,216	\$ 10,464	\$ 2,523	\$ 2,246	\$ 6,113	\$ 10,882	\$ 809	\$ 23,398	\$ 2,033	\$ 26,240	\$ 47,586
United Kingdom	8,851	12,071	1,192	22,114	1,790	1,304	11,022	14,116	1,639	382	539	2,560	38,790
Asia	12	30	1,967	2,009	552	703	2,700	3,955	163	9,224	770	10,157	16,121
Other	337	10	529	876	135	564	1,629	2,328	321	2,443	1,947	4,711	7,915
Total	\$ 16,448	\$ 12,111	\$ 6,904	\$ 35,463	\$ 5,000	\$ 4,817	\$ 21,464	\$ 31,281	\$ 2,932	\$ 35,447	\$ 5,289	\$ 43,668	\$ 110,412

¹ Exposures, including interest-bearing deposits with banks, are presented net of impairment charges where applicable.

² Exposures are calculated on a fair value basis and presented net of collateral. Derivatives are presented as net exposures where there is an International Swaps and Derivatives Association master netting agreement.

³ Trading exposures are net of eligible short positions.

⁴ In addition to the exposures identified above, the Bank also has \$34.3 billion (October 31, 2021 – \$32.5 billion) of exposure to supranational entities.

CAPITAL POSITION

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 the Bank's 2021 Annual Report.

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, in addition to those described in "OSFI's Capital Requirements under Basel III" section of Bank's 2021 Annual Report, are noted below.

On March 13, 2020, as part of its COVID-19 response, OSFI announced that the Domestic Stability Buffer (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 RWA, effective October 31, 2021. On December 10, 2021, OSFI announced that the DSB will remain at 2.50% of total RWA.

The Bank continued to maintain its Global Systemically Important Bank (G-SIB) status when the Financial Stability Board (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%. As the Domestic Systemically Important Bank (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.

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 was required to meet supervisory risk-based TLAC target of 24.0% of RWA, inclusive of the 2.50% DSB, and TLAC leverage ratio target of 6.75% by November 1, 2021. Changes to the DSB will result in corresponding changes to the risk-based TLAC target ratio.

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

REGULATORY CAPITAL AND TLAC TARGET RATIOS

	Minimum	Capital Conservation Buffer	D-SIB / G-SIB Surcharge ¹	Pillar 1 Regulatory target ²	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
TLAC	18.0	2.5	1.0	21.5	2.5	24.0

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 January 31, 2022.

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%. As noted above, the Bank is required to meet a supervisory TLAC leverage ratio target of 6.75%.

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 determined by OSFI to be non-viable. Non-common Tier 1 and Tier 2 capital instruments issued prior to January 1, 2013, which did not include NVCC provisions were non-qualifying capital instruments and subject to a phase-out period which began in 2013 and ended on November 1, 2021.

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, and subsequent guidance issued by OSFI, are described in the "OSFI's Capital Requirements under Basel III" section of Bank's 2021 Annual Report.

Global Systemically Important Banks 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. 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 came into effect in 2022, using 2021 year-end data.

The thirteen 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 Bank is required to publish the thirteen 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 is 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.

The indicator-based measurement approach, currently in effect, divides the thirteen indicators into five categories, with each category yielding a 20% weight to a bank's total score on the G-SIB scale as per the following table.

Category (and weighting)	Individual indicator (and weighting)	Category background
Cross-jurisdictional activity (20%)	1. Cross-jurisdictional claims (10%) 2. Cross-jurisdictional liabilities (10%)	This category measures the importance of the bank's activities outside its home jurisdiction, relative to overall activity of other banks. The two indicators reflect how the international impact of a bank's distress or failure would vary in line with its share of cross-jurisdictional assets and liabilities.
Size (20%)	3. Total exposures as defined for use in the Basel III leverage ratio (20%)	This category measures the size of the bank. The larger the bank, the more difficult it is for its activities to be quickly replaced by other banks and therefore the greater the chance that its distress or failure would cause disruption to the financial markets in which it operates. The distress or failure of a large bank is also more likely to damage confidence in the financial system as a whole. Size is therefore a key measure of systemic importance.
Interconnectedness (20%)	4. Intra-financial system assets (6.67%) 5. Intra-financial system liabilities (6.67%) 6. Securities outstanding (6.67%)	This category measures the magnitude of dependence amongst banks. Given the network of contractual obligations in which the banks operate, financial distress at one institution can materially increase the likelihood of distress at other institutions. A bank's systemic impact is likely to be positively related to its interconnectedness vis-à-vis other financial institutions.
Substitutability / financial institution infrastructure (20%)	7. Assets under custody (6.67%) 8. Payments activity (6.67%) 9. Underwritten transactions in debt and equity markets (3.33%) 10. Trading Volume (includes the two sub indicators) (3.33%) – Trading volume fixed income sub indicator – Trading volume equities and other securities sub indicator	This category measures substitutability/financial institution infrastructure. The systemic impact of a bank's distress or failure is expected to be negatively related to its degree of substitutability as both a market participant and a client service provider. The greater a bank's role in a particular business line, or as a service provider in underlying market infrastructure (for example, payment systems), the larger the disruption will likely be following its failure, in terms of both service gaps and reduced flow of market and infrastructure liquidity. At the same time, the cost to the failed bank's customers in having to seek the same service from another institution is likely to be higher for a failed bank with relatively greater market share in providing the service.
Complexity (20%)	11. Notional amount of over-the-counter (OTC) derivatives (6.67%) 12. Trading and other securities (6.67%) 13. Level 3 assets (6.67%)	This category measures the complexity of the bank. The systemic impact of a bank's distress or failure is expected to be positively related to its overall complexity – that is, its business, structural, and operational complexity. The more complex a bank is, the greater are the costs and time needed to resolve the bank.

The following table provides the results of the thirteen indicators for the Bank. The increase in Intra-financial system liabilities was primarily due to increased deposits. Assets under custody increased due to market appreciation and new asset growth. The decrease in Trading and other securities reflects a decrease in financial assets at FVOCI. Other notable changes in the indicators from prior year primarily reflect normal business activities of the Bank.

TABLE 24: G-SIB INDICATORS^{1,2}

(millions of Canadian dollars)

Category (and weighting)	Individual Indicator	As at	
		October 31, 2021	October 31, 2020
Cross-jurisdictional activity (20%)	Cross-jurisdictional claims	\$ 830,437	\$ 796,964
	Cross-jurisdictional liabilities	827,905	769,164
Size (20%)	Total exposures as defined for use in the Basel III leverage ratio ³	1,891,393	1,862,214
Interconnectedness (20%)	Intra-financial system assets ³	75,393	80,640
	Intra-financial system liabilities ³	47,057	36,405
	Securities outstanding ³	375,375	316,871
Substitutability/financial institution infrastructure (20%)	Assets under custody	575,767	453,178
	Payments activity	33,753,368	31,433,859
	Underwritten transactions in debt and equity markets	182,538	205,509
	Trading Volume (includes the two sub indicators) ⁴		
	– Trading volume fixed income sub indicator	6,610,891	n/a
– Trading volume equities and other securities sub indicator	3,069,636	n/a	
Complexity (20%)	Notional amount of OTC derivatives	16,918,562	15,385,351
	Trading and other securities ^{3,5}	60,710	87,968
	Level 3 assets ³	2,522	2,573

¹ The G-SIB indicators are prepared based on the methodology prescribed in BCBS guidelines published and disclosed in accordance with OSFI's Advisory on G-SIBs – Public Disclosure Requirements. Given the Bank was designated as a G-SIB by the FSB on November 22, 2019, additional public disclosures on these indicators are required. Refer to the Bank's Regulatory Capital Disclosures at www.td.com/investor-relations/ir-homepage/regulatory-disclosures/g-sib/disclosures.jsp for these additional disclosures on the 2021 G-SIB indicators. The Bank is required to submit its G-SIB indicators to OSFI and BCBS for review following the date of this report. In the event that one or both regulators provide comments to the Bank regarding its submission that would result in changes to the G-SIB indicators listed in the table above, the Bank will publish such revised G-SIB indicators on its website.

² The Intra-financial system asset indicator for October 31, 2020 has been revised.

³ Insurance subsidiaries are included in the G-SIB indicator as of 2021.

⁴ Trading Volume is a new indicator as of 2021, and as such there is no comparative value shown for 2020.

⁵ Includes trading securities, securities designated at FVTPL, and securities at FVOCI.

The following table provides details of TD's regulatory capital position.

TABLE 25: CAPITAL STRUCTURE AND RATIOS – Basel III

(millions of Canadian dollars, except as noted)

	January 31 2022	October 31 2021	As at January 31 2021
Common Equity Tier 1 Capital			
Common shares plus related contributed surplus	\$ 23,128	\$ 23,086	\$ 22,594
Retained earnings	65,621	63,944	56,032
Accumulated other comprehensive income	7,532	7,097	11,152
Common Equity Tier 1 Capital before regulatory adjustments	96,281	94,127	89,778
Common Equity Tier 1 Capital regulatory adjustments			
Goodwill (net of related tax liability)	(16,474)	(16,099)	(16,413)
Intangibles (net of related tax liability)	(2,030)	(2,006)	(1,899)
Deferred tax assets excluding those arising from temporary differences	(101)	(100)	(158)
Cash flow hedge reserve	(1,121)	(1,691)	(3,368)
Shortfall of provisions to expected losses	–	–	–
Gains and losses due to changes in own credit risk on fair valued liabilities	(142)	(124)	(59)
Defined benefit pension fund net assets (net of related tax liability)	(729)	(470)	(9)
Investment in own shares	(5)	(36)	(4)
Non-significant investments in the capital of banking, financial, and insurance entities, net of eligible short positions (amount above 10% threshold)	(4,538)	(4,486)	(5,873)
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	382	822	1,398
Total regulatory adjustments to Common Equity Tier 1 Capital	(24,758)	(24,190)	(26,385)
Common Equity Tier 1 Capital	71,523	69,937	63,393
Additional Tier 1 Capital instruments			
Directly issued qualifying Additional Tier 1 instruments plus stock surplus	5,696	5,691	5,647
Directly issued capital instruments subject to phase out from Additional Tier 1 ²	n/a	450	615
Additional Tier 1 instruments issued by subsidiaries and held by third parties	–	–	61
Additional Tier 1 Capital instruments before regulatory adjustments	5,696	6,141	6,323
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)	(13)	(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)	(350)
Total regulatory adjustments to Additional Tier 1 Capital	(363)	(362)	(362)
Additional Tier 1 Capital	5,333	5,779	5,961
Tier 1 Capital	76,856	75,716	69,354
Tier 2 Capital instruments and provisions			
Directly issued qualifying Tier 2 instruments plus related stock surplus	11,104	11,030	11,183
Directly issued capital instruments subject to phase out from Tier 2 ²	n/a	120	160
Collective allowances	2,113	1,665	1,172
Tier 2 Capital before regulatory adjustments	13,217	12,815	12,515
Tier 2 regulatory adjustments			
Investments 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) ³	(372)	(308)	(406)
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	(153)	(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)	(160)
Total regulatory adjustments to Tier 2 Capital	(685)	(544)	(566)
Tier 2 Capital	12,532	12,271	11,949
Total Capital	\$ 89,388	\$ 87,987	\$ 81,303
Risk-weighted assets	\$ 470,852	\$ 460,270	\$ 467,227
Capital Ratios and Multiples⁴			
Common Equity Tier 1 Capital (as percentage of risk-weighted assets)	15.2 %	15.2 %	13.6 %
Tier 1 Capital (as percentage of risk-weighted assets)	16.3	16.5	14.8
Total Capital (as percentage of risk-weighted assets)	19.0	19.1	17.4
Leverage ratio ⁵	4.4	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 the Bank's 2021 Annual Report.

² Effective January 1, 2022, no longer applicable.

³ Includes other TLAC-eligible instruments issued by G-SIBs and Canadian 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.

⁴ The CET1, Tier 1, Total Capital and Leverage ratios excluding the ECL transitional arrangements are 15.1%, 16.2%, 19.0%, and 4.3%, respectively.

⁵ The Leverage ratio is calculated as Tier 1 Capital divided by leverage exposure, as defined in the "Regulatory Capital" section of this document.

As at January 31, 2022, the Bank's CET1, Tier 1, Total Capital, and risk-based TLAC ratios were 15.2%, 16.3%, 19.0% and 28.6%, respectively. The Bank's CET1 Capital ratio was flat compared to October 31, 2021 as organic growth was offset by common shares repurchased, RWA growth primarily in the Wholesale Banking and Canadian Retail segments, and the reduction in the scaling factor related to OSFI's transition arrangements for ECL provisioning, from 50% in fiscal 2021 to 25% in fiscal 2022.

As at January 31, 2022, the Bank's Leverage and TLAC Leverage ratios were 4.4% and 7.6%, respectively. The decrease in the Bank's Leverage ratio from 4.8% as at October 31, 2021 primarily reflecting the expiration of the exclusion of sovereign-issued securities from the leverage ratio measure on December 31, 2021, partially offset by organic capital growth.

Future Regulatory Capital Developments

Future regulatory capital developments, in addition to those described in the "Future Regulatory Capital Developments" section of the Bank's 2021 Annual Report, are noted below.

On January 31, 2022, OSFI announced revised capital, leverage, liquidity and disclosure rules that incorporate the Basel III reforms with adjustments to make them suitable for domestic implementation. The Leverage Requirements Guideline revisions include a requirement for D-SIBs to hold a leverage ratio buffer in addition to the regulatory minimum requirement of 3.0%. The revised rules are effective in the second quarter of 2023, with the exception of those related to market risk and credit valuation adjustment risk which are effective in 2024.

TABLE 26: EQUITY AND OTHER SECURITIES¹

(millions of shares/units and millions of Canadian dollars, except as noted)

	January 31, 2022		As at October 31, 2021	
	Number of shares/units	Amount	Number of shares/units	Amount
Common shares outstanding	1,818.8	\$ 23,170	1,823.9	\$ 23,066
Treasury – common shares	(2.3)	(188)	(1.9)	(152)
Total common shares	1,816.5	\$ 22,982	1,822.0	\$ 22,914
Stock options				
Vested	5.0		4.4	
Non-vested	8.6		7.8	
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 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	158.0	\$ 3,950
Other equity instruments				
Limited Recourse Capital Notes Series 1 ²	1.8	1,750	1.8	1,750
	159.8	\$ 5,700	159.8	\$ 5,700
Treasury – preferred shares and other equity instruments	(0.2)	(6)	(0.1)	(10)
Total preferred shares and other equity instruments	159.6	\$ 5,694	159.7	\$ 5,690
Debt issued by TD Capital Trust IV:				
(thousands of units)				
TD Capital Trust IV Notes – Series 2 ³	–	–	450.0	450

¹ For further details, including the conversion and exchange features, and distributions, refer to Note 21 of the Bank's 2021 Annual Consolidated Financial Statements.

² For Limited Recourse Capital Notes (LRCNs), the number of shares/units represents the number of notes issued.

³ On November 1, 2021, TD Capital Trust IV redeemed all of the outstanding TD Capital Trust IV Notes – Series 2.

DIVIDENDS

On March 2, 2022, 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 April 30, 2022, payable on and after April 30, 2022, to shareholders of record at the close of business on April 8, 2022.

NORMAL COURSE ISSUER BID

On January 7, 2022, the Bank announced that the Toronto Stock Exchange and OSFI had approved the Bank's previously announced normal course issuer bid (NCIB) to repurchase for cancellation up to 50 million of its common shares.

During the three months ended January 31, 2022, the Bank repurchased 7.5 million common shares under the NCIB, at an average price of \$101.89 per share for a total amount of \$764 million, which represents a \$670 million premium over the share capital amount.

Concurrent with the announcement of the Bank's acquisition of First Horizon on February 28, 2022, the Bank's automatic share purchase plan established under its NCIB automatically terminated pursuant to its terms. Refer to "Pending Acquisition" in the "Financial Highlights" section of this document for additional details.

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.

RISK FACTORS AND MANAGEMENT

RISK FACTORS THAT MAY AFFECT FUTURE RESULTS

In addition to the risks described in the “Risk Factors and Management” section of the Bank’s 2021 MD&A, 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 its plans, objectives, and estimates or could impact the Bank’s reputation or sustainability of its business model. All forward-looking statements, including those in this MD&A, are, by their very nature, subject to inherent risks and uncertainties, general and specific, which may cause the Bank’s actual results to differ materially from the expectations expressed in the forward-looking statements. Some of these factors are discussed in the “Risk Factors and Management” section of the 2021 MD&A and in this “Risk Factors and Management” section of this document, and others are noted in the “Caution Regarding Forward-Looking Statements” section of this document. For a discussion of risk factors that could adversely affect the Bank’s financial results and condition, refer to the “Risk Factors and Management” section of the 2021 MD&A.

The following risk factor supplements the “Impact of pandemics, including the COVID-19 pandemic” risk factor described in the “Risk Factors and Management” section of the 2021 MD&A.

Impact of pandemics, including the COVID-19 pandemic

The COVID-19 pandemic, including the emergence of additional variants that are potentially more contagious and/or more vaccine-resistant than current or past COVID-19 variants, has resulted in, and may continue to result in, increased levels of workforce absenteeism and disruption for the Bank and for its suppliers and other third parties upon which the Bank relies, which may increase operational and compliance risks for the Bank. Increased absenteeism and disruption may also increase the Bank’s exposure to the other risks described in the “Risk Factors and Management” section of the 2021 MD&A, including those set out in the “Impact of pandemics, including the COVID-19 pandemic” risk factor.

The following risk factor amends the ‘Ability to Attract, Develop, and Retain key Talent’ risk factor described in the “Risk Factors and Management” section of the 2021 MD&A.

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. This could result in increased attrition across organizations particularly in areas where core professional and specialized skills are required. 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 ongoing communication with talent to ensure appropriate responses on a case-by-case basis.

MANAGING RISK

EXECUTIVE SUMMARY

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

The Bank’s businesses and operations are exposed to a broad number of risks that have been identified and defined in the Enterprise Risk Framework. The Bank’s tolerance to those risks is defined in the Enterprise Risk Appetite which has been developed within a comprehensive framework that takes into consideration current conditions in which the Bank operates and the impact that emerging risks will have on TD’s strategy and risk profile. The Bank’s risk appetite states that it 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; and (3) do not risk harming the TD brand. Each business is responsible for setting and aligning its individual risk appetites with that of the enterprise based on a thorough examination of the specific risks to which it is exposed.

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

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

The Bank’s risk governance structure and risk management approach have not substantially changed from that described in the Bank’s 2021 Annual Report. Additional information on risk factors can be found in this document and the 2021 MD&A under the heading “Risk Factors and Management”. For a complete discussion of the risk governance structure and the risk management approach, refer to the “Managing Risk” section in the Bank’s 2021 Annual Report.

The shaded sections of this MD&A represent a discussion relating to market and liquidity risks and form an integral part of the Interim Consolidated Financial Statements for the period ended January 31, 2022.

CREDIT RISK

Gross credit risk exposure, also referred to as exposure at default (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 (CRM) 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 27: GROSS CREDIT RISK EXPOSURES – Standardized and Advanced Internal Ratings-Based (AIRB) Approaches¹

(millions of Canadian dollars)

	January 31, 2022			As at October 31, 2021		
	Standardized	AIRB	Total	Standardized	AIRB	Total
Retail						
Residential secured	\$ 4,437	\$ 442,895	\$ 447,332	\$ 4,323	\$ 433,144	\$ 437,467
Qualifying revolving retail	–	155,836	155,836	–	151,006	151,006
Other retail	3,462	89,461	92,923	3,368	88,894	92,262
Total retail	7,899	688,192	696,091	7,691	673,044	680,735
Non-retail						
Corporate	3,674	641,281	644,955	6,066	625,640	631,706
Sovereign	1	514,751	514,752	1	470,671	470,672
Bank	489	132,365	132,854	519	136,004	136,523
Total non-retail	4,164	1,288,397	1,292,561	6,586	1,232,315	1,238,901
Gross credit risk exposures	\$ 12,063	\$ 1,976,589	\$ 1,988,652	\$ 14,277	\$ 1,905,359	\$ 1,919,636

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

MARKET RISK

Market risk capital is calculated using internal models and comprises three components: (1) Value-at-Risk (VaR); (2) Stressed VaR; and (3) Incremental Risk Charge (IRC). In addition, the Bank calculates market risk capital using the Standardized approach for a limited number of portfolios.

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 28: MARKET RISK LINKAGE TO THE BALANCE SHEET

(millions of Canadian dollars)

	January 31, 2022				October 31, 2021				As at
	Balance sheet	Trading market risk	Non-trading market risk	Other	Balance sheet	Trading market risk	Non-trading market risk	Other	
Assets subject to market risk									
Interest-bearing deposits with banks	\$ 165,209	\$ 317	\$ 164,892	\$ –	\$ 159,962	\$ 423	\$ 159,539	\$ –	Interest rate
Trading loans, securities, and other	152,748	147,200	5,548	–	147,590	138,701	8,889	–	Interest rate
Non-trading financial assets at fair value through profit or loss	9,925	–	9,925	–	9,390	–	9,390	–	Equity, foreign exchange, interest rate
Derivatives	54,519	52,380	2,139	–	54,427	52,352	2,075	–	Equity, foreign exchange, interest rate
Financial assets designated at fair value through profit or loss	4,762	–	4,762	–	4,564	–	4,564	–	Interest rate
Financial assets at fair value through other comprehensive income	75,519	–	75,519	–	79,066	–	79,066	–	Equity, foreign exchange, interest rate
Debt securities at amortized cost, net of allowance for credit losses	295,946	–	295,946	–	268,939	–	268,939	–	Foreign exchange, interest rate
Securities purchased under reverse repurchase agreements	165,818	7,491	158,327	–	167,284	7,992	159,292	–	Interest rate
Loans, net of allowance for loan losses	743,615	–	743,615	–	722,622	–	722,622	–	Interest rate
Customers' liability under acceptances	17,346	–	17,346	–	18,448	–	18,448	–	Interest rate
Investment in Schwab	11,186	–	11,186	–	11,112	–	11,112	–	Equity
Other assets ¹	3,055	–	3,055	–	2,677	–	2,677	–	Interest rate
Assets not exposed to market risk	78,940	–	–	78,940	82,591	–	–	82,591	
Total Assets	1,778,588	207,388	1,492,260	78,940	1,728,672	199,468	1,446,613	82,591	
Liabilities subject to market risk									
Trading deposits	20,549	20,480	69	–	22,891	22,731	160	–	Equity, interest rate
Derivatives	51,892	47,730	4,162	–	57,122	51,817	5,305	–	Equity, foreign exchange, interest rate
Securitization liabilities at fair value	13,332	13,332	–	–	13,505	13,505	–	–	Interest rate
Financial liabilities designated at fair value through profit or loss	135,150	6	135,144	–	113,988	7	113,981	–	Interest rate
Deposits	1,159,538	–	1,159,538	–	1,125,125	–	1,125,125	–	Interest rate, foreign exchange
Acceptances	17,346	–	17,346	–	18,448	–	18,448	–	Interest rate
Obligations related to securities sold short	47,430	46,344	1,086	–	42,384	41,242	1,142	–	Interest rate
Obligations related to securities sold under repurchase agreements	145,432	6,329	139,103	–	144,097	5,126	138,971	–	Interest rate
Securitization liabilities at amortized cost	15,280	–	15,280	–	15,262	–	15,262	–	Interest rate
Subordinated notes and debentures	11,304	–	11,304	–	11,230	–	11,230	–	Interest rate
Other liabilities ¹	16,289	–	16,289	–	16,144	–	16,144	–	Equity, interest rate
Liabilities and Equity not exposed to market risk	145,046	–	–	145,046	148,476	–	–	148,476	
Total Liabilities and Equity	\$ 1,778,588	\$ 134,221	\$ 1,499,321	\$ 145,046	\$ 1,728,672	\$ 134,428	\$ 1,445,768	\$ 148,476	

¹ Relates to retirement benefits, insurance, and structured entity liabilities.

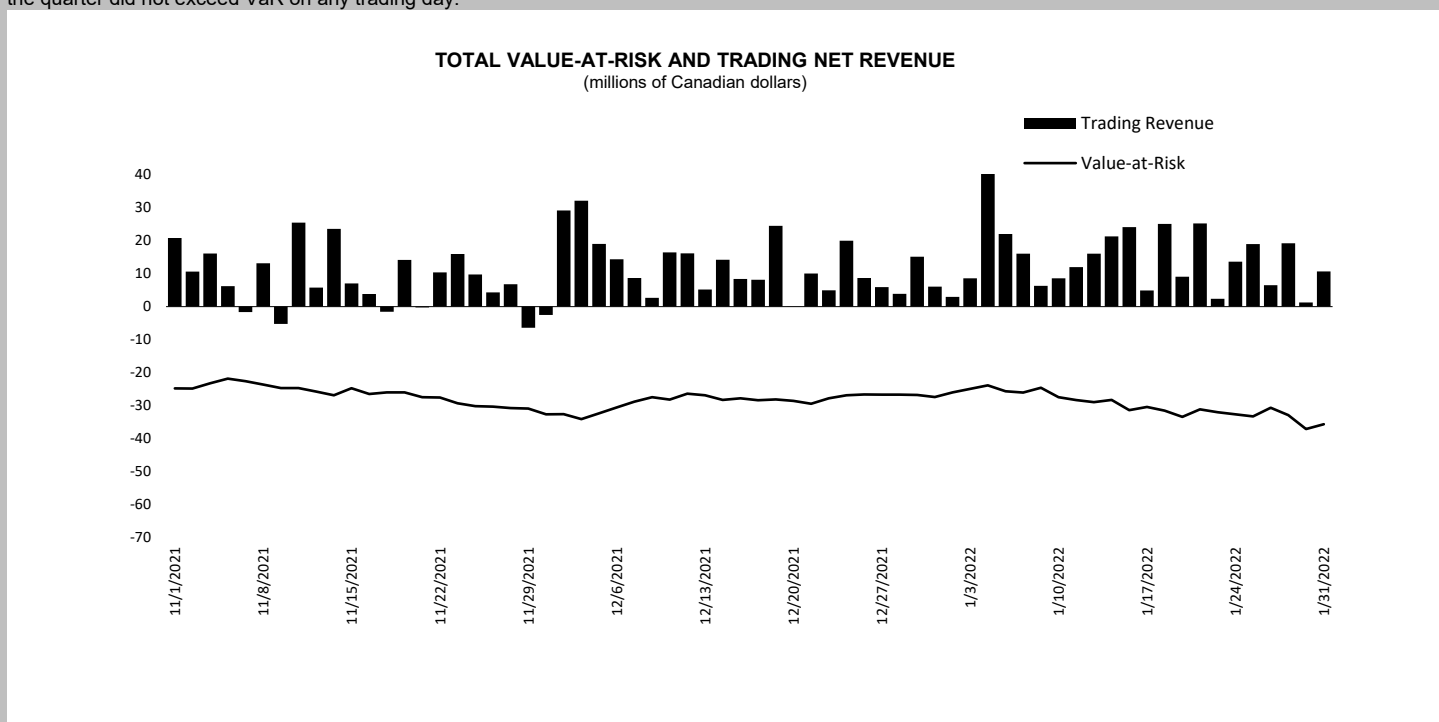
Calculating VaR

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 quarter ending January 31, 2022, there were 7 days of trading losses and trading net revenue was positive for 89% of the trading days, reflecting normal trading activity. Losses in the quarter did not exceed VaR on any trading day.



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

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

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

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

Calculating Stressed VaR

In addition to VaR, the Bank also calculates Stressed VaR, which includes Stressed GMR and Stressed IDSR. Stressed VaR is designed to measure the adverse impact that potential changes in market rates and prices could have on the value of a portfolio over a specified period of stressed market conditions. Stressed VaR is determined using similar techniques and assumptions in GMR and IDSR VaR. However, instead of using the most recent 259 trading days (one year), the Bank uses a selected year of stressed market conditions. In the first quarter of 2022, 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. TD applies a Monte Carlo simulation with a one-year horizon and a 99.9% confidence level to determine IRC, which is consistent with regulatory requirements. IRC is based on a "constant level of risk" assumption, which requires banks to assign a liquidity horizon to positions that are subject to IRC. IRC is a part of regulatory capital requirements.

The following table presents the end of quarter, average, high, and low usage of TD's portfolio metrics.

TABLE 29: PORTFOLIO MARKET RISK MEASURES

(millions of Canadian dollars)

	For the three months ended							
	As at		Average		High		Low	
	January 31 2022	October 31 2021	January 31 2022	October 31 2021	January 31 2022	October 31 2021	January 31 2022	October 31 2021
Interest rate risk	\$ 20.4	\$ 17.4	\$ 17.4	\$ 25.3	\$ 9.8	\$ 10.6	\$ 21.2	\$ 21.2
Credit spread risk	17.2	12.0	17.2	8.0	6.7	24.6		
Equity risk	15.3	11.1	15.3	8.5	8.5	10.1		
Foreign exchange risk	0.8	1.2	2.5	0.6	1.2	3.0		
Commodity risk	4.3	4.8	5.9	3.0	4.2	6.3		
Idiosyncratic debt specific risk	27.7	22.4	28.4	17.8	18.2	30.8		
Diversification effect ¹	(50.0)	(40.4)	n/m ²	n/m	(26.9)	(62.2)		
Total Value-at-Risk (one-day)	35.7	28.5	37.2	21.8	22.5	33.8		
Stressed Value-at-Risk (one-day)	74.3	69.3	84.3	55.7	51.2	33.4		
Incremental Risk Capital Charge (one-year)	\$ 293.1	\$ 326.3	\$ 418.8	\$ 233.4	\$ 339.0	\$ 356.6		

¹ The aggregate VaR is less than the sum of the VaR of the different risk types due to risk offsets resulting from portfolio diversification.

² Not meaningful. It is not meaningful to compute a diversification effect because the high and low may occur on different days for different risk types.

Average VaR increased quarter-over-quarter due to changes in interest rate risk positions and decreased year-over-year due to the COVID-19 related VaR scenarios dropping out of the one-year historical VaR period. Average Stressed VaR increased compared to both last quarter and same quarter last year due to changes in interest rate risk positions.

Average IRC remained relatively unchanged compared to last quarter. Average IRC decreased year-over-year due to changes in 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 ensure that they are consistent with the statistical results of the VaR model. The theoretical profit or loss is generated using the daily price movements on the assumption that there is no change in the composition of the portfolio. Validation of the IRC model must follow a different approach since the one-year horizon and 99.9% confidence level preclude standard back-testing techniques. Instead, key parameters of the IRC model such as transition and correlation matrices are subject to independent validation by benchmarking against external study results or through analysis using internal or external data.

Structural (Non-Trading) Interest Rate Risk

The Bank's structural interest rate risk arises from traditional personal and commercial banking activity and is generally the result of mismatches between the maturities and repricing dates of the Bank's assets and liabilities. The measurement of interest rate risk in the banking book does not include exposures from TD's Wholesale Banking or Insurance businesses.

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 change in 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 are set for the Bank's management of non-trading interest rate risk 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 Asset/Liability and Capital Committee (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 EVE and NIIS measures. 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 30: STRUCTURAL INTEREST RATE SENSITIVITY MEASURES

(millions of Canadian dollars)

	January 31, 2022						October 31, 2021		As at January 31, 2021	
	EVE Sensitivity			NII Sensitivity ¹			EVE Sensitivity	NII Sensitivity	EVE Sensitivity	NII Sensitivity
	Canada	U.S.	Total	Canada	U.S.	Total	Total	Total	Total	Total
Before-tax impact of										
100 bps increase in rates	\$ 3	\$ (1,287)	\$ (1,284)	\$ 940	\$ 1,060	\$ 2,000	\$ (1,368)	\$ 1,857	\$ (1,625)	\$ 2,299
100 bps decrease in rates	(138)	681	543	(995)	(486)	(1,481)	338	(1,101)	143	(934)

¹ Represents the twelve-month net interest income (NII) exposure to an immediate and sustained shock in rates.

As at January 31, 2022, an immediate and sustained 100 bps increase in interest rates would have had a negative impact to the Bank's EVE of \$1,284 million, a decrease of \$84 million from last quarter, and a positive impact to the Bank's NII of \$2,000 million, an increase of \$143 million from last quarter. An immediate and sustained 100 bps decrease in interest rates would have had a positive impact to the Bank's EVE of \$543 million, an increase of \$205 million from last quarter, and a negative impact to the Bank's NII of \$1,481 million, an increase of \$380 million from last quarter. The quarter-over-quarter decrease in up shock EVE is primarily due to decreased sensitivity from loan optionality in the U.S. region. The quarter-over-quarter increase in down shock NII Sensitivity is primarily due to an increase in the effective shock given the increased level of rates and the measurement using a -25 bps floor, while the increase in up shock NII Sensitivity is primarily attributed to deposit growth.

Liquidity Risk

Liquidity risk is 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 OSFI's Liquidity Adequacy Requirements (LAR) guidelines. Under the LAR guidelines, Canadian banks are required to maintain a Liquidity Coverage Ratio (LCR) at the minimum of 100% 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 Global Liquidity & Funding Committee, a subcommittee of the ALCO comprised of senior management from Treasury and Balance Sheet Management (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 Bank's liquidity risk appetite and liquidity risk management approach have not substantially changed from that described in the Bank's 2021 Annual Report. For a complete discussion of liquidity risk, refer to the "Liquidity Risk" section in the Bank's 2021 Annual Report.

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 31: SUMMARY OF LIQUID ASSETS BY TYPE AND CURRENCY^{1,2}

(millions of Canadian dollars, except as noted)

As at

	Bank-owned liquid assets		Securities received as collateral from securities financing and derivative transactions	Total liquid assets	% of total	Encumbered liquid assets	Unencumbered liquid assets
							January 31, 2022
Cash and central bank reserves	\$ 74,893	\$ –	\$ –	\$ 74,893	8 %	\$ 577	\$ 74,316
Canadian government obligations	15,106	97,755	–	112,861	12	80,412	32,449
National Housing Act Mortgage-Backed Securities (NHA MBS)	22,976	2	–	22,978	3	1,138	21,840
Obligations of provincial governments, public sector entities and multilateral development banks ³	30,877	26,244	–	57,121	6	37,427	19,694
Corporate issuer obligations	9,773	3,780	–	13,553	2	2,481	11,072
Equities	15,895	5,059	–	20,954	2	8,519	12,435
Total Canadian dollar-denominated	169,520	132,840	–	302,360	33	130,554	171,806
Cash and central bank reserves	86,205	–	–	86,205	10	1,490	84,715
U.S. government obligations	97,815	49,514	–	147,329	16	49,433	97,896
U.S. federal agency obligations, including U.S. federal agency mortgage-backed obligations	76,719	5,247	–	81,966	9	18,009	63,957
Obligations of other sovereigns, public sector entities and multilateral development banks ³	61,987	66,493	–	128,480	14	66,424	62,056
Corporate issuer obligations	85,883	3,288	–	89,171	10	9,710	79,461
Equities	40,977	31,599	–	72,576	8	36,371	36,205
Total non-Canadian dollar-denominated	449,586	156,141	–	605,727	67	181,437	424,290
Total	\$ 619,106	\$ 288,981	\$ –	\$ 908,087	100 %	\$ 311,991	\$ 596,096

	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
NHA MBS	23,615	2	–	23,617	3	1,104	22,513
Obligations of provincial governments, public sector entities and multilateral development banks ³	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 ³	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

¹ Liquid assets include collateral received that can be re-hypothecated or otherwise redeployed.² Positions stated include gross asset values pertaining to securities financing transactions.³ Includes debt obligations issued or guaranteed by these entities.

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

(millions of Canadian dollars)

As at

	January 31 2022	October 31 2021
The Toronto-Dominion Bank (Parent)	\$ 202,134	\$ 204,543
Bank subsidiaries	373,743	360,569
Foreign branches	20,219	14,544
Total	\$ 596,096	\$ 579,656

The Bank's monthly average liquid assets (excluding those held in insurance subsidiaries) for the quarters ended January 31, 2022 and October 31, 2021, are summarized in the following table.

TABLE 33: SUMMARY OF AVERAGE LIQUID ASSETS BY TYPE AND CURRENCY^{1,2}

(millions of Canadian dollars, except as noted)

Average for the three months ended

	Bank-owned liquid assets	Securities received as collateral from securities financing and derivative transactions	Total liquid assets	% of Total	Encumbered liquid assets	Average for the three months ended	
						Encumbered liquid assets	Unencumbered liquid assets
January 31, 2022							
Cash and central bank reserves	\$ 60,740	\$ –	\$ 60,740	7 %	\$ 837	\$ 59,903	
Canadian government obligations	17,631	94,642	112,273	12	79,019	33,254	
NHA MBS	23,825	2	23,827	3	1,110	22,717	
Obligations of provincial governments, public sector entities and multilateral development banks ³	30,561	27,410	57,971	6	38,343	19,628	
Corporate issuer obligations	9,928	3,940	13,868	2	2,491	11,377	
Equities	15,749	4,133	19,882	2	8,155	11,727	
Total Canadian dollar-denominated	158,434	130,127	288,561	32	129,955	158,606	
Cash and central bank reserves	87,080	–	87,080	10	920	86,160	
U.S. government obligations	96,633	51,145	147,778	16	48,794	98,984	
U.S. federal agency obligations, including U.S. federal agency mortgage-backed obligations	76,772	5,426	82,198	9	18,268	63,930	
Obligations of other sovereigns, public sector entities and multilateral development banks ³	64,019	63,505	127,524	14	63,729	63,795	
Corporate issuer obligations	83,921	3,321	87,242	10	9,870	77,372	
Equities	50,621	34,188	84,809	9	40,593	44,216	
Total non-Canadian dollar-denominated	459,046	157,585	616,631	68	182,174	434,457	
Total	\$ 617,480	\$ 287,712	\$ 905,192	100 %	\$ 312,129	\$ 593,063	
October 31, 2021							
Cash and central bank reserves	\$ 74,790	\$ –	\$ 74,790	8 %	\$ 953	\$ 73,837	
Canadian government obligations	26,392	91,893	118,285	14	83,385	34,900	
NHA MBS	24,605	3	24,608	3	1,287	23,321	
Obligations of provincial governments, public sector entities and multilateral development banks ³	28,390	25,268	53,658	6	35,864	17,794	
Corporate issuer obligations	8,494	3,918	12,412	1	2,722	9,690	
Equities	15,249	4,216	19,465	2	9,931	9,534	
Total Canadian dollar-denominated	177,920	125,298	303,218	34	134,142	169,076	
Cash and central bank reserves	90,594	–	90,594	10	51	90,543	
U.S. government obligations	84,826	46,339	131,165	15	39,231	91,934	
U.S. federal agency obligations, including U.S. federal agency mortgage-backed obligations	74,167	5,398	79,565	9	18,553	61,012	
Obligations of other sovereigns, public sector entities and multilateral development banks ³	63,495	64,353	127,848	14	61,752	66,096	
Corporate issuer obligations	78,334	2,970	81,304	9	10,286	71,018	
Equities	40,823	33,735	74,558	9	38,143	36,415	
Total non-Canadian dollar-denominated	432,239	152,795	585,034	66	168,016	417,018	
Total	\$ 610,159	\$ 278,093	\$ 888,252	100 %	\$ 302,158	\$ 586,094	

¹ Liquid assets include collateral received that can be re-hypothecated or otherwise redeployed.

² Positions stated include gross asset values pertaining to securities financing transactions.

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

(millions of Canadian dollars)

Average for the three months ended

	Average for the three months ended	
	January 31 2022	October 31 2021
The Toronto-Dominion Bank (Parent)	\$ 192,701	\$ 208,858
Bank subsidiaries	380,829	359,606
Foreign branches	19,533	17,630
Total	\$ 593,063	\$ 586,094

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 35: ENCUMBERED AND UNENCUMBERED ASSETS

(millions of Canadian dollars)

			Total Assets		Encumbered ¹		Unencumbered	
	Bank-owned assets	Securities received as collateral from securities financing and derivative transactions ²	Total Assets	Pledged as Collateral ³	Other ⁴	Available as Collateral ⁵	As at	
							January 31, 2022	
Cash and due from banks	\$ 7,001	\$ –	\$ 7,001	\$ –	\$ –	\$ –	\$ –	7,001
Interest-bearing deposits with banks	165,209	–	165,209	8,457	154	155,789	–	809
Securities, trading loans, and other ⁷	538,900	377,767	916,667	381,968	12,355	494,147	–	28,197
Derivatives	54,519	–	54,519	–	–	–	–	54,519
Securities purchased under reverse repurchase agreements ⁸	165,818	(165,818)	–	–	–	–	–	–
Loans, net of allowance for loan losses ⁹	743,615	(19,040)	724,575	36,951	43,817	57,571	–	586,236
Customers' liabilities under acceptances	17,346	–	17,346	–	–	–	–	17,346
Other assets ¹⁰	86,180	–	86,180	470	–	–	–	85,710
Total assets	\$ 1,778,588	\$ 192,909	\$ 1,971,497	\$ 427,846	\$ 56,326	\$ 707,507	\$ –	779,818
								October 31, 2021
Total assets	\$ 1,728,672	\$ 170,253	\$ 1,898,925	\$ 400,502	\$ 60,298	\$ 681,236	\$ –	756,889

¹ 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.

² Assets received as collateral through off-balance transactions such as reverse repurchase agreements, securities borrowing, margin loans, and other client activity.

³ Represents assets that have been posted externally to support the Bank's day-to-day operations, including securities financing transactions, clearing and payments, and derivative transactions. Also includes assets that have been pledged supporting Federal Home Loan Bank (FHLB) activity.

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

⁵ Assets that are considered readily available in their current legal form to generate funding or support collateral needs. This category includes reported FHLB assets that remain unutilized and DSAC that are available for collateral purposes however not regularly utilized in practice.

⁶ Assets that cannot be used to support funding or collateral requirements in their current form. This category includes those assets that are potentially eligible as funding program collateral or for pledging to central banks (for example, Canada Mortgage and Housing Corporation insured mortgages that can be securitized into NHA MBS).

⁷ Includes trading loans, securities, non-trading financial assets at FVTPL and other financial assets designated at FVTPL, financial assets at FVOCI, and DSAC.

⁸ 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.

⁹ 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.

¹⁰ 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 Severe Combined Stress Scenario, 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 Enterprise-Wide Stress Testing 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 36: CREDIT RATINGS¹

	<i>As at</i>		
	January 31, 2022		
	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 37: ADDITIONAL COLLATERAL REQUIREMENTS FOR RATING DOWNGRADES¹

(millions of Canadian dollars)

	<i>Average for the three months ended</i>	
	January 31	October 31
	2022	2021
One-notch downgrade	\$ 181	\$ 194
Two-notch downgrade	287	273
Three-notch downgrade	1,118	1,048

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 high-quality liquid assets (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.

TABLE 39: NET STABLE FUNDING RATIO

(millions of Canadian dollars, except as noted)

	<i>As at</i>				
	January 31, 2022				
	Unweighted value by residential maturity				
	No maturity¹	Less than 6 months	6 months to less than 1 year	More than 1 year	Weighted value²
Available Stable Funding Item					
Capital	\$ 98,990	\$ n/a	\$ n/a	\$ 10,842	\$ 109,833
Regulatory capital	98,990	n/a	n/a	10,842	109,833
Other capital instruments	n/a	n/a	n/a	-	-
Retail deposits and deposits from small business customers:	674,670	30,069	9,667	15,219	598,001
Stable deposits ³	259,356	9,622	4,792	8,103	268,184
Less stable deposits	415,314	20,447	4,875	7,116	329,817
Wholesale funding:	267,178	284,279	44,218	84,615	263,116
Operational deposits ⁴	136,689	2,188	-	-	69,438
Other wholesale funding	130,489	282,091	44,218	84,615	193,678
Liabilities with matching interdependent assets ⁵	-	2,294	1,950	19,746	-
Other liabilities:	58,974	-	-	72,712	2,138
NSFR derivative liabilities	n/a	-	-	1,956	n/a
All other liabilities and equity not included in the above categories	58,974	67,803	1,630	1,323	2,138
Total Available Stable Funding				\$ 973,088	
Required Stable Funding Item					
Total NSFR high-quality liquid assets	\$ n/a	\$ n/a	\$ n/a	\$ n/a	\$ 55,743
Deposits held at other financial institutions for operational purposes	-	54	-	-	27
Performing loans and securities	85,517	182,123	90,389	581,221	619,173
Performing loans to financial institutions secured by Level 1 HQLA	-	57,494	11,385	-	13,877
Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	377	36,151	5,810	4,199	11,359
Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	30,753	46,550	30,028	235,404	268,006
With a risk weight of less than or equal to 35% under the Basel II standardized approach for credit risk	-	28,459	16,986	280	23,028
Performing residential mortgages, of which:	30,794	31,299	34,158	269,671	233,825
With a risk weight of less than or equal to 35% under the Basel II standardized approach for credit risk ⁶	30,794	31,299	34,158	269,671	233,825
Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	23,593	10,629	9,008	71,947	92,106
Assets with matching interdependent liabilities ⁵	-	2,112	2,256	19,622	-
Other assets:	65,017	-	-	98,183	86,786
Physical traded commodities, including gold	16,766	n/a	n/a	n/a	14,492
Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	11,349	9,647
NSFR derivative assets	n/a	-	-	4,720	2,765
NSFR derivative liabilities before deduction of variation margin posted	n/a	-	-	12,915	646
All other assets not included in the above categories	48,251	62,430	2,004	4,765	59,236
Off-balance sheet items	n/a	-	-	646,710	22,566
Total Required Stable Funding				\$ 784,295	
Net Stable Funding Ratio					124 %
				<i>As at</i>	
				October 31, 2021	
Total Available Stable Funding				\$ 958,226	
Total Required Stable Funding				\$ 763,800	
Net Stable Funding Ratio					125 %

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 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 Program and their corresponding encumbered assets.

⁶ Includes Residential Mortgages and HELOCs.

The Bank's NSFR for the quarter ended January 31, 2022 is at 124% (October 31, 2021 – 125%) and has met the regulatory requirements. The NSFR changes quarter-to-quarter are 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 40: SUMMARY OF DEPOSIT FUNDING

(millions of Canadian dollars)

	As at	
	January 31 2022	October 31 2021
P&C deposits – Canadian Retail	\$ 525,646	\$ 519,466
P&C deposits – U.S. Retail ¹	492,382	472,742
Total	\$ 1,018,028	\$ 992,208

¹ 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 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, 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 as at January 31, 2022.

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) ¹	United Kingdom Listing Authority (UKLA) Registered Legislative Covered Bond Program (\$80 billion) UKLA Registered European Medium-Term Note Program (US\$20 billion)

¹ On February 4, 2022, the Bank filed a renewal registration statement on Form F-3 which, subject to review by the U.S. Securities Exchange Commission and upon going effective, would register up to US\$75 billion for sale under the U.S. program.

The following table presents a breakdown of the Bank's term debt by currency and funding type. Term funding as at January 31, 2022, was \$104.5 billion (October 31, 2021 – \$100.7 billion).

Note that Table 41: Long-Term Funding and Table 42: Wholesale Funding do not include any funding accessed via repurchase transactions or securities financing.

TABLE 41: LONG-TERM FUNDING

	As at	
	January 31 2022	October 31 2021
Long-term funding by currency		
Canadian dollar	36 %	37 %
U.S. dollar	39	38
Euro	19	18
British pound	3	4
Other	3	3
Total	100 %	100 %
Long-term funding by type		
Senior unsecured medium-term notes	62 %	59 %
Covered bonds	21	24
Mortgage securitization ¹	15	15
Term asset-backed securities	2	2
Total	100 %	100 %

¹ Mortgage securitization includes mortgage-backed securities issued to external investors and 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 January 31, 2022 and October 31, 2021.

TABLE 42: WHOLESALE FUNDING¹

(millions of Canadian dollars)

								As at	
								January 31 2022	October 31 2021
	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	\$ 14,204	\$ 4,450	\$ 2,159	\$ 249	\$ 21,062	\$ –	\$ –	\$ 21,062	\$ 18,503
Bearer deposit notes	130	41	27	133	331	–	–	331	600
Certificates of deposit	4,686	16,187	19,138	22,582	62,593	212	–	62,805	53,079
Commercial paper	13,522	18,143	20,483	8,044	60,192	–	–	60,192	57,474
Covered bonds	–	1,785	3,926	2,637	8,348	5,716	8,903	22,967	25,086
Mortgage securitization ³	1,066	1,431	988	2,040	5,525	5,253	17,833	28,611	28,767
Legacy senior unsecured medium-term notes ⁴	–	3,787	–	–	3,787	8,883	2,026	14,696	16,959
Senior unsecured medium-term notes ⁵	–	–	–	5,397	5,397	6,601	38,050	50,048	41,709
Subordinated notes and debentures ⁶	–	–	–	–	–	–	11,304	11,304	11,230
Term asset backed securitization	–	–	–	543	543	635	690	1,868	1,809
Other ⁷	22,177	3,465	1,810	960	28,412	835	1,399	30,646	26,770
Total	\$ 55,785	\$ 49,289	\$ 48,531	\$ 42,585	\$ 196,190	\$ 28,135	\$ 80,205	\$ 304,530	\$ 281,986
Of which:									
Secured	\$ 1,066	\$ 3,216	\$ 4,914	\$ 5,221	\$ 14,417	\$ 11,605	\$ 27,432	\$ 53,454	\$ 55,670
Unsecured	54,719	46,073	43,617	37,364	181,773	16,530	52,773	251,076	226,316
Total	\$ 55,785	\$ 49,289	\$ 48,531	\$ 42,585	\$ 196,190	\$ 28,135	\$ 80,205	\$ 304,530	\$ 281,986

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 \$1.3 billion of structured notes subject to conversion under the "bail-in" regime (October 31, 2021 – \$1.4 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 \$19.1 billion (October 31, 2021 – \$14.6 billion) and the remaining are non-term deposits.

Excluding the Wholesale Banking residential mortgage trading business, the Bank's total mortgage-backed securities issued to external investors for the three months ended January 31, 2022 was \$0.4 billion (three months ended January 31, 2021 – \$0.5 billion) and other asset-backed securities issued for the three months ended January 31, 2022 was nil (three months ended January 31, 2021 – nil). The Bank also issued \$7.8 billion of unsecured medium-term notes for the three months ended January 31, 2022 (three months ended January 31, 2021 – \$5.6 billion).

REGULATORY DEVELOPMENTS CONCERNING LIQUIDITY AND FUNDING

In January 2022, OSFI published finalized updates to its Liquidity Adequacy Requirements guideline, following a public consultation period that began in March 2021. The primary changes to the LAR involve enhancements to the NCCF supervisory tool to improve the risk sensitivity to the metric. Significant changes include the addition of contingencies for undrawn loan commitments, changes to certain loan cash inflows, and the adjustment of deposit runoff factors. The effective date of the changes will be April 2023.

In January 2022, OSFI published an updated Pillar 3 Disclosure Guideline, which covers liquidity disclosures among other topics. The guideline provides OSFI's updated expectations for the domestic implementation of Basel's Pillar 3 Framework. The guideline will not materially impact the Bank's existing liquidity disclosures, but will contribute to improved consistency and comparability of disclosures across jurisdictions. The effective date of the changes will be in the second quarter of 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 43: REMAINING CONTRACTUAL MATURITY

(millions of Canadian dollars)

As at

January 31, 2022

	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	\$ 7,001	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,001
Interest-bearing deposits with banks	162,065	421	154	-	-	-	-	-	2,569	165,209
Trading loans, securities, and other ¹	3,139	3,007	3,074	2,708	4,331	12,207	24,171	24,049	76,062	152,748
Non-trading financial assets at fair value through profit or loss	168	342	1,151	24	128	1,971	3,442	1,713	986	9,925
Derivatives	7,969	8,980	4,192	2,446	4,266	5,921	10,182	10,563	-	54,519
Financial assets designated at fair value through profit or loss	642	329	123	101	128	355	1,476	1,608	-	4,762
Financial assets at fair value through other comprehensive income	3,086	8,997	3,855	3,261	2,329	3,816	21,639	23,803	4,733	75,519
Debt securities at amortized cost, net of allowance for credit losses	2,387	8,321	4,913	4,770	5,017	28,172	85,123	157,245	(2)	295,946
Securities purchased under reverse repurchase agreements ²	104,838	26,771	20,208	9,939	3,701	119	242	-	-	165,818
Loans										
Residential mortgages	2,339	6,822	8,899	7,233	2,150	31,535	173,484	42,567	-	275,029
Consumer instalment and other personal Credit card	565	1,232	3,412	2,915	2,409	14,085	83,733	27,288	56,357	191,996
Business and government	24,630	5,659	11,036	9,426	8,063	24,470	74,541	63,412	30,151	251,388
Total loans	27,534	13,713	23,347	19,574	12,622	70,090	331,758	133,267	117,949	749,854
Allowance for loan losses	-	-	-	-	-	-	-	-	(6,239)	(6,239)
Loans, net of allowance for loan losses	27,534	13,713	23,347	19,574	12,622	70,090	331,758	133,267	111,710	743,615
Customers' liability under acceptances	14,680	2,639	17	4	6	-	-	-	-	17,346
Investment in Schwab	-	-	-	-	-	-	-	-	11,186	11,186
Goodwill ³	-	-	-	-	-	-	-	-	16,615	16,615
Other intangibles ³	-	-	-	-	-	-	-	-	2,152	2,152
Land, buildings, equipment, and other depreciable assets ³	-	3	-	4	4	34	457	3,700	5,087	9,289
Deferred tax assets	-	-	-	-	-	-	-	-	2,228	2,228
Amounts receivable from brokers, dealers, and clients	24,779	-	-	-	-	-	-	-	-	24,779
Other assets	3,154	4,872	289	89	285	89	129	83	10,941	19,931
Total assets	\$ 361,442	\$ 78,395	\$ 61,323	\$ 42,920	\$ 32,817	\$ 122,774	\$ 478,619	\$ 356,031	\$ 244,267	\$ 1,778,588
Liabilities										
Trading deposits	\$ 700	\$ 2,275	\$ 5,013	\$ 1,706	\$ 3,474	\$ 2,911	\$ 3,413	\$ 1,057	\$ -	\$ 20,549
Derivatives	7,183	8,100	4,121	2,289	3,635	5,719	9,619	11,226	-	51,892
Securitization liabilities at fair value	-	1,014	518	301	1,216	2,030	5,708	2,545	-	13,332
Financial liabilities designated at fair value through profit or loss	28,185	39,297	39,229	19,161	9,050	212	1	5	10	135,150
Deposits^{4,5}										
Personal	5,907	9,044	6,893	5,744	8,743	7,307	7,535	28	601,545	652,746
Banks	8,582	651	88	11	24	1	2	4	14,919	24,282
Business and government	18,797	12,890	7,053	1,224	10,325	22,120	44,265	6,425	359,411	482,510
Total deposits	33,286	22,585	14,034	6,979	19,092	29,428	51,802	6,457	975,875	1,159,538
Acceptances	14,680	2,639	17	4	6	-	-	-	-	17,346
Obligations related to securities sold short ¹	1,063	4,154	3,767	485	562	5,254	15,205	14,335	2,605	47,430
Obligations related to securities sold under repurchase agreements ²	124,318	14,269	5,567	276	985	17	-	-	-	145,432
Securitization liabilities at amortized cost	-	418	470	402	590	3,385	6,855	3,160	-	15,280
Amounts payable to brokers, dealers, and clients	26,895	-	-	-	-	-	-	-	-	26,895
Insurance-related liabilities	161	278	412	412	432	1,006	1,694	877	2,473	7,745
Other liabilities	6,646	1,593	361	787	1,285	1,059	1,958	4,806	6,223	24,718
Subordinated notes and debentures	-	-	-	-	-	-	200	11,104	-	11,304
Equity	-	-	-	-	-	-	-	-	101,977	101,977
Total liabilities and equity	\$ 243,117	\$ 96,622	\$ 73,509	\$ 32,802	\$ 40,327	\$ 51,021	\$ 96,455	\$ 55,572	\$ 1,089,163	\$ 1,778,588
Off-balance sheet commitments										
Credit and liquidity commitments ^{6,7}	\$ 14,043	\$ 21,924	\$ 26,697	\$ 14,732	\$ 16,885	\$ 39,665	\$ 121,118	\$ 3,374	\$ 1,363	\$ 259,801
Other commitments ⁸	83	135	268	176	251	570	1,302	441	-	3,226
Unconsolidated structured entity commitments	-	20	780	-	1,302	401	459	-	-	2,962
Total off-balance sheet commitments	\$ 14,126	\$ 22,079	\$ 27,745	\$ 14,908	\$ 18,438	\$ 40,636	\$ 122,879	\$ 3,815	\$ 1,363	\$ 265,989

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 \$23 billion of covered bonds with remaining contractual maturities of \$2 billion in 'over 1 month to 3 months', \$4 billion in 'over 3 months to 6 months', \$3 billion in 'over 9 months to 1 year', \$6 billion in 'over 1 to 2 years', \$6 billion in 'over 2 to 5 years', and \$2 billion in 'over 5 years'.⁶ Includes \$319 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 43: REMAINING CONTRACTUAL MATURITY (continued)

(millions of Canadian dollars)

	As at									
	October 31, 2021									
	Less than	1 to 3	3 to 6	6 to 9	9 months	Over 1 to	Over 2 to	Over	No	Total
	1 month	months	months	months	to 1 year	2 years	5 years	5 years	specific	
									maturity	
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 month 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.

SECURITIZATION AND OFF-BALANCE SHEET ARRANGEMENTS

The Bank enters into securitization and off-balance sheet arrangements in the normal course of operations. The Bank is involved with structured entities (SEs) that it sponsors, as well as entities sponsored by third parties. Refer to “Securitization and Off-Balance Sheet Arrangements” section, Note 9: Transfers of Financial Assets and Note 10: Structured Entities of the Bank’s 2021 Annual Report and “Transfers of Financial Assets Qualifying for Derecognition” section of Note 6 of the Bank’s first quarter 2022 Interim Consolidated Financial Statements for further details. There have been no significant changes to the Bank’s securitization and off-balance sheet arrangements during the quarter ended January 31, 2022.

Securitization of Bank-Originated Assets

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

Residential Mortgage Loans

The Bank securitizes residential mortgage loans through significant consolidated and 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.

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.

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. There are no ECLs on the retained interests of the securitized business and government loans as the mortgages are all government insured.

Securitization of Third Party-Originated Assets

Significant Unconsolidated Special Purpose Entities

The Bank securitizes third party-originated assets through Bank-sponsored SEs, including its Canadian multi-seller conduits which are not consolidated. These Canadian multi-seller conduits securitize Canadian originated third-party assets. The Bank administers these multi-seller conduits and provides liquidity facilities as well as securities distribution services; it may also provide credit enhancements. TD’s maximum potential exposure to loss due to its ownership interest in commercial paper and through the provision of liquidity facilities for multi-seller conduits was \$10.8 billion as at January 31, 2022 (October 31, 2021 – \$10.5 billion). In addition, as at January 31, 2022, the Bank had committed to provide \$3.0 billion in liquidity facilities that can be used to support future asset-backed commercial paper in the purchase of deal-specific assets (October 31, 2021 – \$2.1 billion).

Off-Balance Sheet Exposure to Third Party-Sponsored Conduits

The Bank has off-balance sheet exposure to third party-sponsored conduits arising from providing liquidity facilities and funding commitments of \$3.1 billion as at January 31, 2022 (October 31, 2021 – \$2.5 billion). The assets within these conduits are comprised of individual notes backed by automotive loan receivables, credit card receivables, equipment receivables and trade receivables. On-balance sheet exposure to third party-sponsored conduits have been included in the financial statements.

ACCOUNTING POLICIES AND ESTIMATES

The Bank’s unaudited Interim 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 first quarter 2022 Interim Consolidated Financial Statements and 2021 Annual Consolidated Financial Statements. For details of the Bank’s significant accounting judgments, estimates, and assumptions under IFRS, refer to Note 3 of the Bank’s first quarter 2022 Interim Consolidated Financial Statements and Bank’s 2021 Annual Consolidated Financial Statements.

CURRENT CHANGES IN ACCOUNTING POLICIES

There were no new accounting policies that have been adopted by the Bank for the three months ended January 31, 2022.

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 Interim 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.

Impairment – Expected Credit Loss Model

The ECL model requires the application of estimates and judgment in the assessment of the current and forward-looking economic environment. 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.

Interest Rate Benchmark Reform

Effective December 31, 2021, the publication of London Inter-Bank Offered Rate (LIBOR) settings has ceased for all sterling, Japanese yen, Swiss franc, and euro settings as well as the 1-week and 2-month US LIBOR settings. The Bank continues to progress on its transition plan for the overnight, one-month, three-month, six-month and 12-month US LIBOR settings which will cease to be published immediately after June 30, 2023.

On January 31, 2022, Refinitiv Benchmark Services (UK) Ltd. (RBSL), the administrator of the Canadian Dollar Offered Rate (CDOR), published a public consultation regarding the potential cessation of CDOR. Following the consultation close on February 28, 2022, RBSL is expected to publish an outcome statement on the consultation. Pending any decision yet to be taken by RBSL, the outcome statement may include an announcement of the cessation of CDOR together with an effective date for such cessation. The consultation followed the publication of a whitepaper regarding the future of CDOR by the Canadian Alternative Reference Rate Working Group (CARR) on December 16, 2021, which recommended RBSL cease publication of all CDOR's remaining tenors after June 30, 2024. CARR emphasized that the decision to cease CDOR ultimately lies with RBSL as the administrator of CDOR.

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 Interim Consolidated Financial Statements. The Bank is currently assessing the impact of applying the standard on the Interim 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 Bank is proceeding with the implementation efforts accordingly.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

During the most recent interim period, 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.

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 obligate 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.