TD Bank Europe Limited

Report and Audited Financial Statements

31 October 2015

Registered No: 2734652

Directors

P McDonald Pryer (Irish)
A Minton Beddoes (British)
B Smith (American)
M Huppke (Canadian)
P Dixon (British)

Company Secretary

Fola Osuntokun (Canadian)

Auditors

Ernst & Young LLP
25 Churchill Place
London E14 5EY

Registered Office

60 Threadneedle Street
London
EC2R 8AP

Directors' report

The directors submit their report and audited financial statements for the year ended 31 October 2015.

Results and dividends

TD Bank Europe Limited's ("the Bank") results for the year are shown in the statement of comprehensive income on page 9. The total comprehensive income for the year was £4,212,207 (2014 *restated*: £4,595,452).

No redeemable preference dividends were declared or paid during the year (2014: £Nil). No dividend on ordinary shares was declared and none is proposed (2014: £Nil).

Information on the principal activity, risks, uncertainties and future developments of the business are provided in the strategic report on page 4.

Going concern

The Bank's management has made a forward-looking assessment (of a reasonably foreseeable period) of the Bank's ability to continue as a going concern and is satisfied that the Bank has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Events since the balance sheet date

The directors are not aware of any events subsequent to the year end that would materially affect the financial statements.

Directors and their interests

The directors of the Bank who served during the year and subsequently are as follows:

P McDonald Pryer (Irish)	-	Chairman and Non-Executive Director (appointed 4 June 2015)
E Merica (British)	-	Chairman and Non-Executive Director (resigned 4 June 2015)
A Minton Beddoes (British)	-	Non-Executive Director (appointed 4 June 2015)
P Dixon (British)	-	Director (appointed 26 October 2015)
D Cerovic (Canadian)	-	Director (resigned 26 October 2015)
M Huppke (Canadian)	-	Director
P Masterson (Canadian)	-	Director (resigned 29 May 2015)
S Nash (British)	-	Director (resigned 9 December 2015)
B Smith (American)	-	Director
J Stewart (British)	-	Director (resigned 4 June 2015)

According to the register of directors, no director has any interests in the share capital of the Bank. The interests of the directors in the shares of The Toronto-Dominion Bank, the ultimate parent company, are as follows:

	At 1 November 2014	*Additions/Disposals during the year*	***At 31 October 2015***
B Smith	3,540	-	**3,540**
M Huppke	9	11	**20**
P Dixon	561	134	**695**
P Pryer	-	-	-
A Beddoes	-	-	-
	4,110	145	**4,255**

Directors' report

Pillar 3

Under the Capital Requirements Regulation Pillar 3 disclosure requirements are not applied to the extent that the ultimate parent undertaking produces equivalent consolidated Pillar 3 disclosures. For further information on the Pillar 3 disclosures, please see TD Bank Group's ("TDBG") 2015 Annual Report (AR) and Supplemental Financial Information (SFI) which can be found online at the TDBG website:
https://www.td.com/annual-report/ar2015/index.jsp

Remuneration disclosures can be found online at the TD Securities website:
https://www.tdsecurities.com/tds/resource/2015_TD_BEL_Disclosure.pdf?language=en_CA

Country By Country Reporting (CBCR)

The Capital Requirements Directive IV (CRD IV) Country by Country Reporting (CBCR) framework is now in force for regulated financial institutions. The following table complies with this regulation for the 2015 financial year.

Name of entity	*TD Bank Europe Limited*
Geographical location	*United Kingdom*
Turnover	*£4,802,407 (2014:£5,897,976)*
Number of Employees	*9 (2014:8)*
Profit before tax	*£5,284,429 (2014:£6,059,494)*
Public subsidies received	-

The company paid corporation tax of £Nil in 2015 (*2014: £88,268*), and received a refund of £61,856 *(2014: £Nil)* and payments to other group companies in respect of surrendered losses (£1,398,907) (*2014: £3,150,997*).

Disclosure of information to the auditors

So far as each person who is a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors to prepare their report, of which the auditors are unaware. Having made enquiries of fellow directors and the Company's auditors, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Bank's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

In accordance with Section 485 of the Companies Act 2006 a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the Bank.

On behalf of the board

P Dixon

Director
5 February 2016

Strategic report

Strategy

As an international operation of a major Canadian financial institution, the primary strategic position in the region is to support TDBG's North American franchise. TDBG maintains client relationships with a significant number of large multinational organisations, many of which require access to capital markets in Europe and elsewhere. The Bank helps to provide that facility in the UK and European markets.

Business model

The Bank maintains its own employee base in terms of both business and infrastructure personnel and also leverages the operational infrastructure that exists in both TD Bank London Branch (London Branch) and Toronto. The Bank's net interest income is generated in Europe (by staff operating from the London office); operating expenses are a combination of a) direct costs and b) allocations of overhead costs from TDBG's London and Toronto operations.

Since its inception, the primary business of the Bank has been corporate banking. Loans and commitments are principally made to investment grade corporate customers in the UK and Europe. More specifically, loan assets (including interbank deposits) are comprised of corporate and financial institutions, and central bank counterparties. The Bank also receives investment banking fees from other group entities for the maintenance of client relationships, identifying market opportunities and providing cross-selling services. The Bank facilitates access to the Bank of England for other group entities.

Principal activity and review of the business

The Bank, an authorised institution under The Financial Services and Markets Act 2000, carries on the business of corporate banking. The Bank is regulated by both the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA).

During the year the Company transitioned to the new UK reporting framework, FRS 101 – Reduced Disclosure Framework and has taken advantage of disclosure exemptions allowed under this standard. The Company's parent undertaking TD Investments BVwas notified of and did not object to the use of the EU-adopted IFRS disclosure exemptions. There were no material recognition or measurement differences arising on adoption of FRS 101.

The key financial performance indicators during the year were as follows:

	2015	*2014 restated*	*Change*
	£'000	*£'000*	
Net interest income	4,802	5,898	(19)%
Operating profit	5,284	6,059	(13)%
Profit after tax	4,212	4,735	(11)%
Shareholder's funds	526,747	522,535	1%

Net interest income decreased in 2015 by 19% due to a reduction by TDBG in UK Global Short Term Markets balance sheet allocation. TD Bank, London Branch, through TDBEL's account, reduced its placement with the Bank of England by GBP 2.1bn in Q3 2014. Set against a decrease in Personnel expenses caused by severance payments in 2014, this interest reduction has caused operating profit to drop by 13%.

Principal risks and uncertainties

The financial risk management objectives and policies of the Bank are shown in Note 19 of the financial statements.

Strategic report

Future developments

The Bank will continue to use its regulatory permissions to support TDBG activity in Europe.

On behalf of the board

P Dixon

Director
5 February 2016

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report, Strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Bank and of the profit or loss of the Bank for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Bank's transactions and disclose with reasonable accuracy at any time the financial position of the Bank and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report

to the members of TD Bank Europe Limited

We have audited the financial statements of TD Bank Europe Limited for the year ended 31 October 2015 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the Bank's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Bank's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank and the Bank's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Bank's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report and Strategic report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Bank's affairs as at 31 October 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report

to the members of TD Bank Europe Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst + Young LLP

Simon Ludlam (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

Date: 9th February 2016

Statement of comprehensive income

for the year ended 31 October 2015

	Note	2015 £'000	2014 restated £'000
Interest income		7,651	17,192
Interest expense		(2,849)	(11,294)
Net interest income	3	4,802	5,898
Fee income		3,531	4,207
Fee expense		(80)	(519)
Net fee income	4	3,451	3,688
Other operating income		772	591
Other operating expense		(1,236)	(1,217)
Foreign exchange loss		(46)	(33)
Personnel expenses	5	(1,851)	(2,357)
Other expenses	7	(608)	(511)
Profit on ordinary activities before taxation		5,284	6,059
Tax on profit on ordinary activities	8	(1,072)	(1,324)
Profit for the financial year		4,212	4,735
Other comprehensive income			
Foreign exchange loss on opening share capital		-	(140)
Total comprehensive income for the year		4,212	4,595

Details of the prior year restatement are disclosed in note 2.

The notes on pages 12 to 31 form an integral part of the financial statements.

Statement of changes in equity

for the year ended 31 October 2015

	Called up share capital *£'000*	*Profit and loss account* *£'000*	*Total equity* *£'000*
Balance as at 31 October 2014	361,257	161,278	522,535
Profit for the financial year	-	4,212	4,212
At 31 October 2015	361,257	165,490	526,747

	Called up share capital *£'000*	*Profit and loss account restated* *£'000*	*Total equity restated* *£'000*
Balance as at 31 October 2013	361,117	156,683	517,800
Profit for the financial year	-	4,735	4,735
Foreign exchange loss on opening share capital	140	(140)	-
At 31 October 2014	361,257	161,278	522,535

Details of the prior year restatement are disclosed in note 2.

The notes on pages 12 to 31 form an integral part of the financial statements.

Balance sheet

at 31 October 2015

	Note	*2015* £'000	*2014 restated* £'000
Assets			
Cash and balances at central banks	9	580,120	604,741
Loans and advances to banks	10	113,484	114,645
Loans and advances to customers	11	259,542	336,265
Prepayments and accrued income		775	736
Other assets	12	21,418	16,521
Tangible fixed assets	13	12	15
Deferred tax asset	8	39	69
Total Assets		975,390	1,072,992
Liabilities			
Deposits from banks	14	263,587	348,727
Other deposits	15	166,204	181,193
Other liabilities	16	17,723	19,121
Current tax liabilities		1,129	1,416
Total Liabilities		448,643	550, 457
Equity			
Called up share capital	17	361,257	361,257
Profit and loss account		165,490	161,278
Total equity		526,747	522,535
Total liabilities and equity		975,390	1,072,992
Memorandum items			
Commitments	18	1,392,064	1,360,089

Details of the prior year restatement are disclosed in note 2.

The financial statements were approved by the Board of Directors on 5 February 2016 and signed on their behalf by:

P Dixon
Director

The notes on pages 12 to 31 form an integral part of these financial statements.

Notes to the financial statements

at 31 October 2015

1. Authorisation of financial statements and statement of compliance with FRS 101

TD Bank Europe Limited ("the Bank") is domiciled in the United Kingdom. The registered office is located at 60 Threadneedle Street, London EC2R 8AP.

The Bank, an authorised institution under The Financial Services and Markets Act 2000, is regulated by both the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA).

The Bank is a wholly-owned subsidiary whose ultimate parent company is TD Bank Group, a Canadian financial institution.

These financial statements were prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and in accordance with applicable accounting standards.

The financial statements of TD Bank Europe Limited were approved by the Board of Directors on 5 February 2016.

2. Accounting policies

Basis of preparation

The Bank transitioned from UK GAAP (United Kingdom Generally Accepted Accounting Practice) to FRS 101 Reduced Disclosure Framework for all periods presented. There were no material amendments on the adoption of FRS 101.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 October 2015.

The Bank has taken advantage of the following disclosure exemptions under FRS 101:

(a) Paragraph 8 (k) of FRS 101, exempts a qualifying entity for the requirements in IAS 24 to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

(b) The Bank has not produced a cash flow statement. In accordance with FRS 101 Reduced Disclosure Framework, the Bank is claiming an exemption as the financial statements of its ultimate parent, which include a cash flow statement, are publicly available.

The financial statements are presented in sterling and all values are rounded to the nearest thousand (£000), unless otherwise indicated.

Prior year restatement

During the current fiscal year it was discovered that payroll taxes had been over accrued and therefore prior year balances have been restated. Previously, administrative expenses were overstated by £129,295, tax expense was understated by £28,225, opening reserves were understated by £140,324, and other liabilities were overstated by £312,509.

Going Concern

The financial statements, which should be read in conjunction with the Directors' Report, are prepared on a going concern basis.

Significant accounting policies

The preparation of financial statements in conformity with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) requires that management make estimates, assumptions and judgements that affect the application of accounting policies regarding the reported amount of assets, liabilities, revenue and expenses.

The Bank has adopted a prospective change of policy with respect to revaluation of share capital. From 1 November 2014 the Bank no longer revalues its share capital, therefore the closing figure on 31 October 2014 is set as the share capital for future periods.

Notes to the financial statements
at 31 October 2015

2. Accounting policies (continued)

Significant Accounting policies (continued)

The following summary of accounting policies have been applied to all periods presented in the financial statements and in the opening Statement of Financial Position as at 1 November 2014.

Cash and due from banks

Cash and due from banks consists of cash at banks and in hand and short term deposits. These amounts are due on demand or have an original maturity of three months or less.

Revenue recognition

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

Investment and securities services income include administration and commission fees, and investment banking fees. Administration and commission fees include income from investment management and related services, custody and institutional trust services and brokerage services, which are recognized as income over the period in which the related service is rendered. Investment banking fees including advisory fees, are recognized as income when earned, and underwriting fees, are recognized as income when the Bank has rendered all services to the issuer and is entitled to collect the fee.

Credit fees include commissions, liquidity fees, restructuring fees, and loan syndication fees and are recognized as earned.

Interest from interest-bearing assets and liabilities is recognized as interest income using the Effective Interest Rate (EIR). EIR is the rate that discounts expected future cash flows for the expected life of the financial instrument to its carrying value. The calculation takes into account the contractual interest rate, along with any fees or incremental costs that are directly attributable to the instrument and all other premiums or discounts.

Revenue recognition policies related to financial instruments are described in the accounting policies below.

Financial Instruments

An entity shall recognise a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument.

When a financial asset or financial liability is recognised initially, an entity shall measure it at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Loans and allowance for credit losses
Loans are non-derivative financial assets with fixed or determinable payments that the Bank does not intend to sell immediately or in the near term and that are not quoted in an active market. Loans are carried at amortized cost on the Statement of Financial Position, net of an allowance for loan losses and net of unearned income, which includes prepaid interest, loan origination fees and costs, commitment fees, loan syndication fees, and unamortized discounts or premiums.

Interest income is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash flows over the expected life of the loan. Loan origination fees and costs are considered to be adjustments to the loan yield and are recognized in interest income over the term of the loan. Commitment fees are recognized in credit fees over the commitment period when it is unlikely that the commitment will be called upon; otherwise, they are recognized in interest income over the term of the resulting loan. Loan syndication fees are recognized in credit fees upon completion of the financing placement unless the yield on any loan retained by the Bank is less than that of other comparable lenders involved in the financing syndicate. In such cases, an appropriate portion of the fee is recognized as a yield adjustment to interest income over the term of the loan.

Notes to the financial statements

at 31 October 2015

2. Accounting policies (continued)

Financial instruments (continued)

Loans and allowance for credit losses(continued)

A loan (including a debt security classified as a loan) is considered impaired when there is objective evidence that there has been a deterioration of credit quality subsequent to the initial recognition of the loan ('a loss event') to the extent the Bank no longer has reasonable assurance as to the timely collection of the full amount of principal and interest. Indicators of impairment could include, but are not limited to, one or more of the following:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- Increased probability that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for that financial asset.

A loan will be reclassified back to performing status when it has been determined that there is reasonable assurance of full and timely repayment of interest and principal in accordance with the original or revised contractual conditions of the loan and all criteria for the impaired classification have been remedied. Subject to assessment on a loan-by-loan basis, the Bank may restructure a loan or take possession of collateral. Restructuring may involve extending the payment arrangements and modification of various covenant terms. Once modified, if management expects full collection of payments under the revised loan terms, the loan is no longer considered impaired.

Allowance for credit losses represent management's best estimate of impairment incurred in the lending portfolios, including any off-balance sheet exposures, at the balance sheet date. The allowance for loan losses is deducted from loans on the Statement of Financial Position. The allowance for credit losses for off-balance sheet instruments, which relates to certain guarantees, letters of credit and undrawn lines of credit, is recognized in provisions on the Statement of Financial Position. Allowances for lending portfolios reported on the balance sheet and off-balance sheet exposures are calculated using the same methodology. The allowance is increased by the provision for credit losses, and decreased by write-offs net of recoveries. The Bank maintains both counterparty-specific and collectively assessed allowances. Each quarter, allowances are reassessed and adjusted based on any changes in management's estimate of the future cash flows estimated to be recovered. Credit losses on impaired loans continue to be recognized by means of an allowance for credit losses until a loan is written off.

A loan is written off against the related allowance for credit losses when there is no realistic prospect of recovery. Non-retail loans are generally written off when all reasonable collections efforts have been exhausted, such as when a loan is sold, when all security has been realized or when all security has been resolved with the receiver or bankruptcy court. Non-real estate secured retail loans are generally written off when contractual payments are 180 days past due, or when a loan is sold. Real-estate secured retail loans are generally written off when the security is realized.

Individually significant loans, such as the Bank's medium-sized business and government loans and debt securities classified as loans, are assessed for impairment at the counterparty-specific level. The impairment assessment is based on the counterparty's credit ratings, overall financial condition, and where applicable, the realizable value of the collateral. An allowance, if applicable, is measured as the difference between the carrying amount of the loan and the estimated recoverable amount. The estimated recoverable amount is the present value of the estimated future cash flows, discounted using the loan's original effective interest rate.

Deposits

Deposits, other than deposits included in a trading portfolio, are accounted for at amortized cost. Accrued interest on deposits, calculated using the effective interest rate method, is included in other liabilities on the Statement of Financial Position.

Notes to the financial statements

at 31 October 2015

2. **Accounting policies** (continued)

Foreign currencies

The Bank's financial statements are presented in sterling, which is the functional and presentation currency of the Bank. Monetary assets and liabilities denominated in a currency that differs from an entity's functional currency are translated into the functional currency of the entity at exchange rates prevailing at the balance sheet date. Non-monetary assets and liabilities are translated at historical exchange rates. Income and expenses are translated into an entity's functional currency at average exchange rates prevailing throughout the year. Translation gains and losses are included in non-interest income except for available-for-sale equity securities where unrealized translation gains and losses are recorded in other comprehensive income until the asset is sold or becomes impaired. The Bank has adopted a prospective change of policy with respect to revaluation of share capital. From 1 November 2014 the Bank no longer revalues its share capital, therefore the closing figure on 31 October 2014 was set as the share capital for future periods.

Offsetting of financial instruments

Financial assets and liabilities are offset, with the net amount presented in the Statement of Financial Position only if the Bank currently has a legally enforceable right to set off the recognized amounts, and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. In all other situations assets and liabilities are presented on a gross basis.

Derecognition of financial instruments

Financial Assets
The Bank derecognizes a financial asset when the contractual rights to that asset have expired. Derecognition may also be appropriate where the contractual right to receive future cash flows from the asset have been transferred, or where the Bank retains the rights to future cash flows from the asset, but assumes an obligation to pay those cash flows to a third party subject to certain criteria.

When the Bank transfers a financial asset, it is necessary to assess the extent to which the Bank has retained the risks and rewards of ownership of the transferred asset. If substantially all the risks and rewards of ownership of the financial asset have been retained, the Bank continues to recognize the financial asset and also recognizes a financial liability for the consideration received. If substantially all the risks and rewards of ownership of the financial asset have been transferred, the Bank will derecognize the financial asset and recognize separately as assets or liabilities any rights and obligations created or retained in the transfer. The Bank determines whether substantially all the risk and rewards have been transferred by quantitatively comparing the variability in cash flows before and after the transfer. If the variability in cash flows does not change significantly as a result of the transfer, the Bank has retained substantially all of the risks and rewards of ownership.

Financial Liabilities
The Bank derecognizes a financial liability when the obligation under the liability is discharged, cancelled or expires. If an existing financial liability is replaced by another financial liability from the same lender on substantially different terms or where the terms of the existing liability are substantially modified, the original liability is derecognized and a new liability is recognized with the difference in the respective carrying amounts recognized in the Statement of Financial Position.

Tangible fixed assets

Depreciation of property and equipment is provided over estimated useful lives as follows:

Computer hardware	Straight line over applicable useful life
Furniture and fittings	15 years straight line

Depreciation is charged from the relevant month in the year use commences. The Bank assesses its depreciable assets for impairment on a quarterly basis. When impairment indicators are present, the recoverable amount of the asset, which is the higher of its estimated fair value less costs to sell and its value-in-use, is determined. If the carrying value of the asset is higher than its recoverable amount, the asset is written down to its recoverable amount.

Notes to the financial statements

at 31 October 2015

2. Accounting policies (continued)

Share-based compensation

The Bank operates a restricted share unit plan, which is offered to certain employees of the Bank. Under this plan, participants are awarded share units equivalent to TD Bank Group's common shares. The obligation related to share units is included in other liabilities. Compensation expense is recognized based on the fair value of the share units at the grant date adjusted for changes in fair value between the grant date and the vesting date, net of the effects of hedges, over the service period required for employees to become fully entitled to the awards. This period is generally equal to the vesting period, in addition to a period prior to the grant date. For the Bank's share units, this period is generally equal to four years.

Provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of a past event, the amount of which can be reliably estimated, and it is probable that an outflow of resources will be required to settle the obligation. Provisions are measured based on management's best estimate of the consideration required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. If the effect of the time value of money is material, provisions are measured at the present value of the expenditure expected to be required to settle the obligation, using a discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The increase in provisions due to the passage of time is recognized as interest expense.

Income taxes

Income tax is comprised of current and deferred tax. Income tax is recognized in the Statement of Comprehensive Income except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case the related taxes are also recognized in other comprehensive income or directly in equity, respectively.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Statement of Financial Position and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax assets and liabilities are determined based on the tax rates that are expected to apply when the assets or liabilities are reported for tax purposes. Deferred tax assets are recognized only when it is probable that sufficient taxable profit will be available in future periods against which deductible temporary differences may be utilized. Deferred tax liabilities are not recognized on temporary differences arising on investments in subsidiaries, branches and associates, and interests in joint ventures if the Bank controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The Bank records a provision for uncertain tax positions if it is probable that the Bank will have to make a payment to tax authorities upon their examination of a tax position. This provision is measured at the Bank's best estimate of the amount expected to be paid. Provisions are reversed to income in the period in which management determines they are no longer required or as determined by statute.

Pension costs

An external pension provider operates a defined contribution scheme on behalf of the Bank and payments made by the Bank are charged directly to the statement of comprehensive income in the period to which they relate.

Segmental information

The sole class of business of the Bank during the year was corporate banking. The geographical segment from which the Bank's corporate banking income is predominantly generated is Europe.

Notes to the financial statements

at 31 October 2015

3. Net interest income

	2015	*2014*
	£'000	*£'000*
Net interest income comprises:		
Interest income on cash at central bank	3,286	12,842
Interest income on loans - ultimate parent undertaking	373	598
Interest income on loans and advances to customers	3,992	3,752
	7,651	17,192

	2015	*2014*
	£'000	*£'000*
Interest expense on deposits by banks – ultimate parent undertaking	1,959	10,298
Interest expense on deposits – group undertaking	890	996
	2,849	11,294

4. Net fee income

	2015	*2014*
	£'000	*£'000*
Net fee income comprises:		
Commitment fees receivable on loans and advances to customers	1,391	1,512
Other fees receivable on loans and advances to customers	1,126	1,664
Investment banking fees receivable from ultimate parent undertaking	946	971
Investment banking fees receivable from group undertaking	68	60
	3,531	4,207

	2015	*2014*
	£'000	*£'000*
Other fees payable to ultimate parent undertaking	3	519
Investment banking fees payable to group undertaking	77	-
	80	519

Notes to the financial statements

at 31 October 2015

5. Personnel expenses

	2015 £'000	2014 restated £'000
Wages and salaries	1,406	1,995
Social security costs	147	70
Other pension costs	97	97
Cash settled share based payments	201	195
	1,851	2,357

The average monthly number of employees during the year is as follows:

	2015 No.	2014 No.
Front office	6	5
Support staff	3	3
	9	8

	2015 £'000	2014 £'000
Non-executive director emoluments	70	36

The executive directors receive no remuneration in respect of their services to the Bank. Although none of the Bank's directors is a director of the ultimate parent company, they receive remuneration in respect of their services to the group as a whole. No recharges have been made to the Bank relating to the remuneration of directors during the year (2014: £Nil).

No pension contributions under either a defined contribution or defined benefit scheme were accrued for any director in 2015 (2014: £Nil) in respect of their role with the Bank.

During the year, no director was advanced a loan (2014: £Nil) in respect of their role with the Bank.

6. Share based payments

The Bank operates a restricted share unit plan which is offered to certain employees. Under this plan, participants are awarded share units equivalent to TDBG's common shares that generally vest over three years, providing the employees have remained continuously employed by the Group for this period. The number of units granted is determined using the closing share price on the Toronto Stock Exchange (TSX) on the trading day preceding the grant date.

The Human Resources Committee ("HRC") of the Board of TDBG has the discretion to adjust the number of units within a range of +/-20% at maturity based on considerations of risk outcomes during the life of the award. Share units are subject to a claw back in the event of a material misrepresentation resulting in the restatement of financial results or a material error, within a three year retrospective period for non-Code Staff and a seven year retrospective period for those identified as Code Staff. In the event of a material misrepresentation or error, the committee will determine the extent of the claw back based on the specific circumstances.

At the maturity date, the participant receives cash representing the value of the share units, unless the employee previously elected to defer them into deferred share units. Any dividends earned over the period will be re-invested in additional units that will be paid at maturity. Redemption proceeds are paid within 60 days of maturity, net of statutory withholdings, and are taxed as employment income. The redemption value of units can be reduced by the HRC in unusual circumstances.

Notes to the financial statements

at 31 October 2015

6. Share based payments (continued)

A liability is accrued by the Bank related to such share units awarded and an incentive compensation expense is recognised in the profit and loss account over the vesting period and an additional period prior to the grant date. Compensation expense for these plans is recorded in the year the incentive award is earned by the plan participant. Changes in the value of these plans are recorded in the profit and loss account. For the year ended 31 October 2015, the Bank recognised compensation expense for these plans of £200,883 (2014: £194,937).

	2015 No. of units	*2014 No. of units*
Outstanding at 1 November	19,986	20,704
Granted during the year	6,361	8,042
Released during the year	(8,552)	(8,760)
Outstanding at 31 October	17,795	19,986

TDBG share price at 31 October 2015 was C$53.68 (2014: C$55.47). The CAD/GBP exchange rate at 31 October 2015 was 2.0187 (2014: 1.8030).

7. Other expenses

	2015 £'000	*2014 £'000*
Other administrative expenses	534	457
Auditor's remuneration - audit services	64	54
Auditor's remuneration - non audit services	10	-
	608	511

8. Tax expense

	2015 £'000	*2014 restated £'000*
Current income tax:		
UK corporation tax	1,058	1,263
Amounts overprovided in previous years	(17)	-
Total current income tax	1,041	1,263

The deferred tax included in the company balance sheet is as follows:	*2015 £'000*	*2014 £'000*
Deferred tax:		
Origination and reversal of temporary differences	27	67
Impact of change in tax laws and rates	4	(6)
Total deferred tax	31	61
Tax expense in the income statement	1,072	1,324

Notes to the financial statements

at 31 October 2015

8. Tax expense (continued)

	2015 £'000	2014 £'000
Deferred tax asset		
Share based payment	39	69
	39	69

Reconciliation of the total tax charged:

The total tax assessed for the year is lower than the hybrid rate applicable in the UK 20.41% (2014 21.83%). The differences are explained below:

	2015 £'000	2014 restated £'000
Profit before taxation	5,284	6,059
Tax calculated using hybrid rate of corporation tax in the UK of 20.41% (2014: 21.83%)	1,078	1,323
Expenses not deductible for tax purposes	7	7
Effects of corporation tax rate change	4	(6)
Amounts overprovided in previous years	(17)	-
Total tax expense reported in the income statement	1,072	1,324

Change in Corporation Tax rate

The headline rate of UK corporation tax reduced from 21% to 20% from April 2015 and will further reduce to 19% from April 2017 and to 18% from April 2020. The above deferred tax items are expected to reverse at 18%, being the rate substantively enacted at 31 October 2015.

9. Cash and balances at central banks

	2015 £'000	2014 £'000
Cash at central banks - repayable on demand	580,120	604,741

Amounts repayable on demand are interest bearing.

10. Loans and advances to banks

	2015 £'000	2014 £'000
3 months or less, but not repayable on demand	99,371	98,265
Repayable on demand	14,113	16,380
	113,484	114,645

Included in loans and advances to banks are amounts owed by ultimate parent undertaking of £113,482,614 (2014: £114,645,350), of which £14,111,895 (2014: £16,380,051) is repayable on demand. Amounts repayable on demand are non-interest bearing. Amounts not repayable on demand are interest bearing.

Notes to the financial statements

at 31 October 2015

11. Loans and advances to customers

	2015 £'000	2014 £'000
5 years or less, but over 1 year	96,376	38,748
1 year or less, but over 3 months	163,166	297,517
	259,542	336,265

Loans and advances to customers are interest bearing.

12. Other assets

	2015 £'000	2014 £'000
Amounts received from ultimate parent undertaking	21,369	16,491
Amounts received from other group companies	49	30
	21,418	16,521

Amounts receivable from ultimate parent undertaking are repayable on demand and are non-interest bearing.

13. Tangible fixed assets

	Computer Hardware £'000	*Furniture and fittings £'000*	*Total £'000*
Cost			
As at 1 November 2014	15	19	34
Additions during the year	-	-	-
As At 31 October 2015	15	19	34
Amortisation			
As at 1 November 2014	(13)	(6)	(19)
Charge for the year	(2)	(1)	(3)
As At 31 October 2015	(15)	(7)	(22)
Net book value as at 31 October 2015	-	12	12
Net book value as at 31 October 2014	2	13	15

Notes to the financial statements

at 31 October 2015

14. Deposits from banks

	2015 *£'000*	*2014* *£'000*
3 months or less, but not repayable on demand	260,720	347,011
Repayable on demand	2,867	1,716
	263,587	348,727

Amounts repayable on demand are non-interest bearing. Amounts not repayable on demand are interest bearing.

15. Other deposits

	2015 *£'000*	*2014* *£'000*
Other deposits from group undertaking	166,204	181,193

Other deposits from group undertaking mature in 3 months or less but are not repayable on demand, and are interest bearing.

16. Other liabilities

	2015 *£'000*	*2014* *restated* *£'000*
Amounts payable to ultimate parent undertaking	13,294	14,831
Amounts payable to other group companies	66	-
Other accruals and deferred income	4,363	4,290
	17,723	19,121

Amounts payable to ultimate parent undertaking and other group companies are repayable on demand and are non-interest bearing. All external supplier payments are settled on presentation of invoice. Internal suppliers are settled on demand.

17. Share capital

	2015	*2014*
Authorised:		
	US$000	*US$000*
600,000,000 (2014: 100,000,000) ordinary shares of US$1 each	600,000	100,000
Nil (2014: 500,000,000) redeemable preference shares of US$1 each	-	500,000
	600,000	600,000
	£'000	*£'000*
500,000 (2014: nil) ordinary shares of £1 each	500,000	-
Nil (2014: 500,000,000) redeemable preference shares of £1 each	-	500,000
	500,000	500,000

Notes to the financial statements

at 31 October 2015

17. Share capital (continued)

	2015	*2014*
Allotted, called-up and fully paid:		
	US$000	*US$000*
96,663,750 (2014: 40,000,000) ordinary shares of US$1 each	96,664	40,000
Nil (2014: 56,663,750) redeemable preference shares of US$1 each	-	56,664
	96,664	96,664
	£'000	*£'000*
GBP equivalent of USD-denominated share capital fixed at 1.5996; the rate in force as at 31st October 2014 when the accounting policy governing the revaluation of share capital was amended	60,429	60,429
300,827,500 (2014: 300,827,500) ordinary/redeemable preference shares of £1 each	300,828	300,828
Called-up share capital	361,257	361,257

On 1 September 2015 the Board approved the conversion of all the redeemable preference shares into ordinary shares. This was done in order to comply with UK capital requirements.This was a paper conversion only and there was no change in the total investment and no cash flows from the transaction.

Capital management

The primary objectives of the Bank's capital management are to ensure that the Bank complies with externally imposed capital requirements and that the Bank maintains healthy capital ratios in order to support its business and maximise shareholder value. The Bank will make adjustments to its capital in light of changes in economic conditions and the risk characteristics of its activities. The Bank continues to hold sufficient capital levels to ensure that flexibility is maintained in its operations. During the year ended 31 October 2014 the Capital Requirements Regulation and the Capital Requirements Directive IV were implemented, these regulations have led to changes in the Company's policies and processes, but not the Company's objectives. No changes were made to the objectives, policies or processes during the year ended October 2015.

Notes to the financial statements

at 31 October 2015

17. Share capital (continued)

Regulatory capital

	2015	*2014 restated*
	£'000	*£'000*
Tier 1 capital	525,929	319,494
Tier 2 capital	-	202,201
	525,929	521,695
Credit Risk	48,481	49,578
Operational Risk	1,884	2,126
Total Pillar 1	50,365	51,704
Pillar 2	107,782	110,646
Total Capital required	158,147	162,350

Regulatory capital consists of Tier 1 capital, which comprises share capital and retained earnings including current year profit. A proportion of the redeemable preference share capital (both £ and US$) is eligible for inclusion in Tier 1 capital. The other component of regulatory capital is Tier 2 capital, which includes preference shares, being the excess over the limits for Tier 1.

18. Commitments

In the normal course of business the Bank enters into various commitment contracts. The primary purpose of these contracts is to make funds available for the financing needs of customers. These commitments consist of the following types at 31 October:

	2015 Undrawn facilities £000	*2014 Undrawn facilities £000*
1 year and over	1,287,446	1,251,908
Less than 1 year	104,618	108,181
	1,392,064	1,360,089

19. Risk management

Objectives, policies and strategies

The principal financial risks faced by the Bank are credit risk, interest rate risk, liquidity risk and foreign currency risk. A description of the significant risks associated with the Bank's activities is provided below.

The Bank has a formal board-approved structure for managing risk, including established risk limits, reporting lines, mandates and other control procedures.

Risk management structure

The Board of Directors is ultimately responsible for identifying and controlling risks; there are, however, separate independent bodies responsible for managing and monitoring risks.

Notes to the financial statements

at 31 October 2015

19. Risk management (continued)

Risk management structure (continued)

Risk committee

The Risk Committee of the ultimate parent undertaking has the overall responsibility for the development of group risk strategy and implementation principles, frameworks, policies and limits. It is responsible for the fundamental risk issues and manages and monitors relevant risk decisions.

Risk management

The Bank reports to the Group Risk Management Department of the ultimate parent undertaking, which is responsible for implementing and maintaining risk-related procedures to ensure an independent control process and for monitoring compliance with risk principles, policies and limits across the Bank. This unit also ensures the complete capture of the risks in risk measurement and reporting systems.

Treasury

The Finance Department of the Bank is responsible for managing the Bank's assets and liabilities and the overall financial structure. It is also primarily responsible for funding and managing the liquidity risks of the Bank.

Internal audit

Using a risk-based approach, risk management processes throughout the Bank are audited on a periodic basis by the Internal Audit Department of the ultimate parent undertaking, which examines both the adequacy of the procedures and the Bank's compliance with the procedures. Internal Audit discusses the results of all assessments with management and reports its findings and recommendations to the Audit Committee.

Risk measurement and reporting systems

Monitoring and controlling risk is primarily performed based on limits established by the Bank. These limits reflect the business strategy and market environment in which the Bank operates as well as the level of risk that the Bank is willing to accept. In addition, the Bank monitors and measures the overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Information compiled from daily operations is examined and processed in order to analyse, control and identify risks. This information is presented and shared among the Board of Directors and the Bank's senior management. The reporting includes aggregate credit exposure, hold-limits exceptions and risk profile changes.

Risk mitigation

As part of its overall risk management, the Bank may, from time to time, use contingent sub-participations, derivatives and other instruments to manage exposures resulting from changes in interest rates, foreign currencies, equity risks, credit risks, and exposures arising from forecast transactions.

Credit risk

Credit risk is the risk that the Bank will incur a loss because its counterparties fail to discharge their contractual obligations. The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures in relation to such limits. Counterparty limits are established by the use of a credit risk classification system, managed by the Group Risk Management Department of the ultimate parent undertaking, which assigns each counterparty a risk rating. Risk ratings are subject to regular review and revision. If facilities are guaranteed the Bank's credit risk is deemed to be that of the guarantor rather than that of the counterparty, and the disclosures within this note follows that treatment.

Credit risk for off-balance sheet financial instruments is defined as the possibility of sustaining a loss as the result of another party to a financial instrument failing to perform in accordance with the terms of the contract. The Bank uses the same credit policies in making conditional obligations as it does for on-balance sheet financial instruments through established credit approval, risk control limits and monitoring procedures.

The Bank's maximum exposure to credit risk, excluding the value of collateral, of which none was held during the year (2014: £Nil), is reflected in the carrying amounts of financial assets on the balance sheet.

Notes to the financial statements

at 31 October 2015

19. Risk management (continued)

Credit risk (continued)

Gross maximum credit risk exposure

The following table presents the maximum amount of additional funds that the Bank could be obligated to extend, before taking into account any collateral held or other credit enhancements.

	2015	*2014 restated*
	£'000	*£'000*
Loans and advances to customers including all contractual commitments, maturing:		
- 1 year and over	1,383,822	1,290,657
- Less than 1 year	267,785	405,698
	1,651,607	1,696,355
Cash at central bank	580,120	604,741
Loans and advances to banks	113,484	114,645
Other assets	22,193	17,257
Total Credit Exposure	2,367,404	2,432,998

Concentration of credit risk exists where a number of borrowers or counterparties are engaged in similar activities, are located in the same geographic area or have comparable economic characteristics. Their ability to meet contractual obligations may be similarly affected by changing economic, political or other conditions.

The Bank's target market is principally borrowers domiciled in the UK and Europe, although the Bank also has exposure to borrowers domiciled in Australia, the United States and Canada.

The current exposure to central banks generates a concentration of credit risk. This has been deemed to be within the group risk thresholds due to the fact that the exposure is to a highly rated sovereign counterparty.

The Bank's intention is to maintain a diversified portfolio of exposure by industry segment. No specific limits apply for aggregate exposure to counterparties operating in individual industries. The Bank uses an internal system, however, whereby individual industry segments are classified under risk rating grades and it monitors its individual industry exposures to ensure that there is no over-concentration of exposure in individual industry sectors or shift in the overall portfolio into the higher risk categories.

The credit quality of financial assets is managed by the Bank using a combination of external credit ratings agencies and internal rating methods to establish whether loans and advances are rated as either investment grade or non-investment grade. The table below shows the credit quality by class of financial instruments:

At 31 October 2015	*Investment grade*	*Non investment grade*	*Un-Rated*	*Total*
	£'000	*£'000*	*£'000*	*£'000*
Cash at central bank	580,120	-	-	580,120
Loans and advances to banks	113,484	-	-	113,484
Loans and advances to customers	255,227	4,315	-	259,542
	948,831	4,315	-	953,146

Notes to the financial statements

at 31 October 2015

19. Risk management (continued)

Credit risk (continued)

At 31 October 2014	*Investment grade £'000*	*Non investment grade £'000*	*Un-Rated £'000*	*Total £'000*
Cash at central bank	604,740	-	-	604,740
Loans and advances to banks	114,645	-	-	114,645
Loans and advances to customers	331,673	4,387	205	336,265
	1,051,058	4,387	205	1,055,650

There are no financial assets which are past due.

The Bank's portfolio could be sensitive to changing conditions in particular geographic regions. Although all corporate banking revenue is generated in Europe, the geographic areas of ultimate risk were as follows at 31 October:

	2015				2014			
	Loans and advances to				Loans and advances to			
	Customers		Banks		Customers		Banks	
	£'000	%	£'000	%	£'000	%	£'000	%
Switzerland	97,294	38%	-	-	78,141	23%	-	-
Australia	64,862	25%	-	-	62,512	19%	-	-
United Kingdom	37,401	15%	580,120	84%	15,569	5%	604,741	84%
Germany	34,702	13%	-	-	41,236	12%	-	-
Netherlands	18,851	7%	-	-	21,446	6%	-	-
Canada	6,432	2%	113,484	16%	107,570	32%	114,645	16%
Other International[1]	-	-	-	-	9,791	3%	-	-
	259,542	100%	693,604	100%	336,265	100%	719,386	100%

1. Other International includes countries where the exposure is less than 5% of the loans and advances to both customers and banks in both the current and prior years.

Notes to the financial statements

at 31 October 2015

19. Risk management (continued)

Credit risk (continued)

Of the total commitments and loans and advances to customers, the industry segments were as follows at 31 October:

	2015				2014			
	Drawn loans		*Undrawn commitments*		*Drawn loans*		*Undrawn commitments*	
	£'000	%	£'000	%	£'000	%	£'000	%
Private:								
Conglomerates	97,294	38%	79,439	6%	78,141	23%	82,796	6%
Telecommunications	64,863	25%	48,647	3%	62,512	19%	46,884	4%
Automotive	34,702	13%	124,100	9%	41,236	12%	136,295	10%
Professional Services	29,908	12%	7,324	1%	-	-	-	-
Oil & Gas	18,851	7%	13,580	1%	21,446	6%	9,811	1%
Transportation	8,740	3%	202,681	14%	18,061	5%	138,705	10%
Other Industries[2]	5,184	2%	247,726	18%	5,078	2%	284,478	21%
Mining	-	-	249,721	18%	-	-	240,673	18%
Food, beverage & tobacco	-	-	178,372	13%	-	-	156,281	11%
Chemical	-	-	160,474	11%	-	-	176,244	13%
Utilities	-	-	80,000	6%	9,791	3%	87,922	6%
Real Estate	-	-	-	-	100,000	30%	-	-
	259,542	100%	1,392,064	100%	336,265	100%	1,360,089	100%

2. Other Industries includes industry segments where the exposure is less than 5% of both the drawn loans and the total commitments in both the current and prior years.

Interest rate risk

The following table sets out the carrying amount by maturity of the Bank's financial instruments that are exposed to interest rate risks:

At 31 October 2015	*Within 1 year £000*	*1 to 2 years £000*	*2 to 3 years £000*	*3 to 4 years £000*	*4 to 5 years £000*	*More than 5 years £000*	*Total £000*
Floating rate							
Cash at central bank	580,120	-	-	-	-	-	580,120
Loans and advances to banks	99,371	-	-	-	-	-	99,371
Loans and advances to customers	163,166	3,679	68,746	23,951	-	-	259,542
Deposits by banks	(263,587)	-	-	-	-	-	(263,587)
Other deposits	(166,204)	-	-	-	-	-	(166,204)
Interest rate sensitivity gap	412,866	3,679	68,746	23,951	-	-	509,242
Off balance sheet items	104,619	36,337	96,459	160,171	994,478	-	1,392,064
Cumulative interest rate sensitivity gap	517,485	40,016	165,205	184,122	994,478	-	1,901,306

Notes to the financial statements

at 31 October 2015

19. Risk management (continued)

Interest rate risk (continued)

At 31 October 2014	*Within 1 year £000*	*1 to 2 years £000*	*2 to 3 years £000*	*3 to 4 years £000*	*4 to 5 years £000*	*More than 5 years £000*	*Total £000*
Floating rate							
Cash at central bank	604,741	-	-	-	-	-	604,741
Loans and advances to banks	98,265	-	-	-	-	-	98,265
Loans and advances to customers	297,517	4,387	20,394	8,242	5,725	-	336,265
Deposits by banks	(348,727)	-	-	-	-	-	(348,727)
Other deposits	(181,193)	-	-	-	-	-	(181,193)
Interest rate sensitivity gap	470,603	4,387	20,394	8,242	5,725	-	509,351
Off balance sheet items	108,181	83,511	107,393	156,861	904,143	-	1,360,089
Cumulative interest rate sensitivity gap	578,784	87,898	127,787	165,103	909,868	-	1,869,440

Interest on financial instruments classified as floating rate is re-priced at intervals of less than one year.

Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument. The other financial instruments of the Bank that are not included in the above tables are non-interest bearing and therefore not subject to interest rate risk.

The following table demonstrates the sensitivity of floating rate assets and liabilities to a 100 basis point change in the interest rate with all other variables held constant, to the Bank's profit before tax. This table discloses absolute values for the potential interest rate movements when applied to the average assets and liabilities balance throughout the year.

		2015		2014	
		Increase/ decrease in interest rate	£'000	Increase/ decrease in interest rate	£'000
Assets	Cash at central bank	+/-100bps	6,578	+/-100bps	25,947
	Loans to banks	+/-100bps	1,095	+/-100bps	1,661
	Loans to customers	+/-100bps	3,088	+/-100bps	3,044
Liabilities	Deposits from banks	+/-100bps	3,275	+/-100bps	24,586
	Other Deposits	+/-100bps	2,047	+/-100bps	806

Liquidity risk

The Bank's liquidity policy is to maintain sufficient liquid resources to cover cash flow imbalances and fluctuations in funding, to retain full public confidence in the solvency of the Bank and to enable the Bank to meet its financial obligations. This is achieved through maintaining a prudent level of liquid assets and through management control of the growth of the business. The maturity profile of the Bank's assets and liabilities, based on contract maturity date or earliest available date on which repayment can be demanded where relevant, is set out in Notes 9 to 16.

Notes to the financial statements

at 31 October 2015

19. Risk management (continued)

Foreign currency risk

The Bank uses matched funding with the ultimate parent undertaking to finance its business activities. It funds its business activities in the respective currency, thus minimising foreign currency exposure.

Foreign currency and interest rate exposures of the Bank were as follows:

At 31 October 2015

	Financial assets			*Financial liabilities*			
	Floating interest rate	*Fixed interest rate*	*Non-interest bearing*	*Floating interest*	*Fixed interest rate*	*Non-interest bearing*	*Net financial assets*
Sterling	681,320	-	20,886	(174,467)	-	(467,312)	60,427
Australian Dollars	34,703	-	11,388	(34,703)	-	(11,388)	-
US Dollars	215,532	-	12	(213,769)	-	(62,202)	(60,427)
Euro	7,478	-	265	(6,155)	-	(1,588)	-
Canadian Dollars	-	-	1,689	(697)	-	(992)	-
New Zealand Dollars	-	-	1.302	-	-	(1,302)	-
	939,033	-	35,542	(429,791)	-	(544,784)	-

At 31 October 2014

	Financial assets			*Financial liabilities*			
	Floating interest rate	*Fixed interest rate*	*Non-interest bearing*	*Floating interest*	*Fixed interest rate*	*Non-interest bearing*	*Net financial assets*
Sterling	815,773	-	16,103	(307,416)	-	(464,033)	60,427
Australian Dollars	41,236	-	12,269	(41,236)	-	(12,269)	-
US Dollars	165,147	-	1,253	(165,287)	-	(61,541)	(60,427)
Euro	16,956	-	288	(15,325)	-	(1,918)	-
Canadian Dollars	158	-	1,597	(655)	-	(1,100)	-
New Zealand Dollars	-	-	1,442	-	-	(1,442)	-
	1,039,270	-	32,952	(529,919)	-	(542,303)	-

The following table demonstrates the sensitivity to a reasonably possible change, set at 10%, in the Sterling exchange rate against the US Dollar, Canadian Dollar, Australian Dollar and Euro exchange rates, with all other variables held constant, to the Bank's profit before tax and the Bank's equity. This table discloses absolute values for the potential exchange rate movements at 31 October:

		2015		*2014*	
	Increase/ Decrease	*Equity £000*	*PBT £000*	*Equity £000*	*PBT £000*
Euro	+/-10%	–	28	–	59
Canadian Dollars	+/-10%	–	28	–	35
Australian Dollars	+/-10%	–	12	–	24
US Dollars	+/-10%	6	4	6	22

Notes to the financial statements

at 31 October 2015

20. Ultimate parent undertaking and controlling party

The immediate parent company and the parent undertaking of the smallest group of which the Bank forms part of is Toronto Dominion Investments BV, which is incorporated in the Netherlands. Copies of the immediate parent's financial statements may be obtained from: 60 Threadneedle Street, London, EC2R 8AP, UK.

The Bank's ultimate parent undertaking, controlling party and the parent of the largest group to consolidate the financial statements of the Bank is The Toronto-Dominion Bank, which is incorporated in Canada. Copies of The Toronto-Dominion Bank's group financial statements may be obtained from: Finance Control Division, The Toronto-Dominion Bank, PO Box 1, Toronto-Dominion Centre, King St W and Bay St, Toronto, Ontario M5K 1A2, Canada. Copies of the group financial statements may also be obtained online at www.td.com.