

TD Global Finance unlimited company

Directors' Report and Audited Financial Statements

For the financial year ended 31 October 2023

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Company information

Directors

Patrice McDonald-Pryer
Kevin Ahern (resigned 1 May 2023)
Enda Kilcullen (appointed 1 May 2023)
Catherine Brett
Deirdre Flannery
John Moore (resigned 8 December 2022)
Sharon Kim (appointed 8 December 2022)
Jonathon Lowey (resigned 18 December 2023)

Company Secretary

Ciara Hassett (appointed 30 March 2023)
Daksha Hirani (resigned 30 March 2023)

Auditors

Ernst & Young
Chartered Accountants
Ernst & Young Building
Harcourt Centre
Dublin 2

Registered Office

One Molesworth Street
Dublin 2

Registered Number of Incorporation

253303

Directors' report

The directors submit their report and audited financial statements of TD Global Finance unlimited company ("the Company" or "TDGF") for the year ended 31 October 2023 and comparative figures for the year ended 31 October 2022.

Results and dividends

The Company's results for the year are shown in the Statement of comprehensive income, Statement of changes in equity and the Balance sheet on pages 10, 11 and 12. The total comprehensive income for the year was USD\$6,857,000 (2022: USD\$7,074,000).

No dividends were declared or paid during the year (2022: Nil).

Principal activity and review of the business

The principal activities of the Company include Global Fixed Income (Origination, Syndication and Secondary Trading), Global Foreign Exchange, Global Equity Derivatives and Repo & Funding activities which include managing its High Quality Liquid Assets ("HQLA") portfolio.

The key financial performance indicators of the Company during the year with comparatives were as follows:

	2023 <i>USD\$'000</i>	2022 <i>USD\$'000</i>	<i>Change</i>
Net trading income	147,726	53,359	177%
Net interest expense	(113,884)	(35,925)	217%
Fee and commission income	15,753	19,150	(18)%
Profit/(loss) before tax	3,068	10,487	(71)%
Profit/(loss) after tax	2,885	16,401	(82)%
Shareholders' funds	1,978,084	1,521,227	30%

Principal risks and uncertainties

The principal financial risks faced by the Company are market risk, credit risk and liquidity risk. Non-financial risks include operational risk. The risk management objectives and policies of the Company are shown in Note 21.

Going Concern

The directors assess the ability of the Company to continue in operational existence on an ongoing basis. The directors have a reasonable expectation that the Company will continue in operational existence for the foreseeable future which is at least, but not limited to, one year from the date of approval of the financial statements, as disclosed in Note 2. For these reasons, they have adopted the going concern basis in preparing their report and the financial statements.

Post Balance sheet events

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

Directors' report

Directors and their interests

The directors of the Company who served during the year were as follows:

Patrice McDonald-Pryer	- Chairperson and Independent Non-Executive Director
Kevin Ahern	- Director (resigned 1 May 2023)
Enda Kilcullen	- Director (appointed 1 May 2023)
Catherine Brett	- Independent Non-Executive Director
Deirdre Flannery	- Independent Non-Executive Director
John Moore	- Non-Executive Director (resigned 8 December 2022)
Jonathon Lowey	- Director (resigned 18 December 2023)
Sharon Kim	- Non-Executive Director (appointed 8 December 2022)

According to the register of directors, none of the directors have any interests in the share capital of the Company. The interests of the directors in the shares of TD Bank are as follows:

Ordinary Shares	At 1 November 2022	Additions/Disposals during the year	At 31 October 2023
J Moore	25	-	25
S Kim	74	357	431
	<u>99</u>	<u>357</u>	<u>456</u>

Pillar 3

The Company is exempt from standalone Pillar 3 disclosure requirements. For further information on the ultimate parent's Pillar 3 disclosures, please see TD Bank Group's 2023 Annual Report ("AR") and Supplemental Financial Information ("SFI") which can be found online at the TD Bank website:

<https://www.td.com/content/dam/tdcom/canada/about-td/pdf/quarterly-results/2023/2023-annual-report-e.pdf>

Pertinent disclosures can be found online at the TD Bank website:

https://www.td.com/document/PDF/investor/2023/2023-Q4_Supplemental_Regulatory_Disclosure_F_EN.pdf

The relevant capital metrics for the Company are:

	2023 USD\$'000	2022 USD\$'000
Credit Risk RWA	1,245,148	1,005,168
Market Risk RWA	2,147,655	2,130,658
Operational Risk RWA	87,333	79,110
Large Exposures	-	157,941
Own Funds	<u>1,971,824</u>	<u>1,500,180</u>

* Risk Weighted Assets ("RWA")

Directors' report

Country By Country Reporting

The Capital Requirements Directive IV ("CRD IV") Country by Country Reporting framework has been in force since 2014 for regulated financial institutions. The following table complies with this regulation for the 2023 financial year.

Name of entity Geographical location	TD Global Finance unlimited company Ireland	
	2023 USD\$'000	2022 USD\$'000
Turnover*	84,928	73,503
Number of Employees**	183	144
Profit or loss before tax	3,068	10,487
Corporation tax paid	<u>34</u>	<u>15</u>

* Turnover consists of net trading income, net interest expense, fee and commission income and other operating income.

** Represented as average for the year.

Accounting records

The directors are responsible for ensuring that proper accounting records, as outlined in Sections 281 to 285 of the Companies Act 2014, are kept by the Company. To achieve this, during the year ended 31 October 2023 the directors engaged a professionally qualified, experienced finance team that reports to the board and ensures that the requirements of Sections 281 to 285 of the Companies Act 2014 are complied with.

The books and accounting records are maintained at the Company's office at One Molesworth Street, Dublin 2.

Political donations

There were no political donations made by the Company during the year (2022: Nil).

Board Committees

The Board has established an Audit Committee in addition to a Risk Committee and a Corporate Governance Committee with approved mandates for each committee.

Auditors

The auditors, Ernst & Young, Chartered Accountants, have expressed their willingness to continue in office in accordance with Section 383 (2) of the Companies Act, 2014.

On behalf of the board

Enda Kilcullen



Director
9 February 2024

Patrice McDonald-Pryer



Director
9 February 2024

Statement of directors' responsibilities

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

Irish 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 FRS 101 Reduced Disclosure Framework. 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 Company and of the profit or loss of the Company 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 Irish 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 Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2014. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement on Relevant Audit Information

In accordance with Section 330 of the Companies Act 2014, the directors confirm that, in so far as the directors are aware, there is no relevant audit information of which the Company's statutory auditors are unaware, and the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

On behalf of the board

Enda Kilcullen



Director
9 February 2024

Patrice McDonald-Pryer



Director
9 February 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TD GLOBAL FINANCE UNLIMITED COMPANY

Report on the audit of the financial statements

Opinion

We have audited the financial statements of TD Global Finance Unlimited Company ('the Company') for the year ended 31 October 2023, which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish Law and FRS 101 Reduced Disclosure Framework.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 October 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with FRS 101 Reduced Disclosure Framework; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TD GLOBAL FINANCE UNLIMITED COMPANY

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report and Statement of Directors' Responsibilities other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

In our opinion, based solely on the work undertaken in the course of the audit, we report that:

- the information given in the directors' report for the financial year ended for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures required by sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions are not complied with by the Company. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TD GLOBAL FINANCE UNLIMITED COMPANY

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf.

This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company'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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Conor Buckley

for and on behalf of

Ernst & Young Chartered Accountants and Statutory Audit Firm

Dublin

Date: 9 February 2024

Statement of comprehensive income

for the year ended 31 October 2023

	Note	2023 USD\$'000	2022 USD\$'000
Net Trading Income	3	147,726	53,359
Net Interest Expense	4	(113,884)	(35,925)
Fee and Commission Income	5	15,753	19,150
Other Operating Income	6	35,383	36,919
Administrative Expenses	7	(81,910)	(63,016)
Profit on ordinary activities before tax		<u>3,068</u>	<u>10,487</u>
Tax on profit/(loss) on ordinary activities	9	(183)	5,914
Profit for the financial year		<u>2,885</u>	<u>16,401</u>
Other comprehensive income that may be reclassified to profit and loss			
Cash Flow Hedges			
– Hedging net gain/(loss)		(22,699)	74,184
– Less: Reclassification to profit and loss		27,238	(84,844)
– Tax related to the above		(567)	1,333
Movement on cash flow hedges	14	<u>3,972</u>	<u>(9,327)</u>
Total comprehensive income for the year		<u>6,857</u>	<u>7,074</u>

All results derive from continuing operations.

The accompanying notes on pages 13 to 50 form an integral part of the financial statements.

Statement of changes in equity

for the year ended 31 October 2023

	<i>Called up share capital USD\$'000</i>	<i>Share premium account USD\$'000</i>	<i>Cash flow hedge reserve USD\$'000</i>	<i>Retained earnings USD\$'000</i>	<i>Total equity USD\$'000</i>
Balance as at 1 November 2022	103,553	1,290,000	(11,288)	138,962	1,521,227
Profit for the financial year	-	-	-	2,885	2,885
Share issue (Note 18)	-	450,000	-	-	450,000
Net unrealised loss on cash flow hedges (Note 14)	-	-	3,972	-	3,972
At 31 October 2023	<u>103,553</u>	<u>1,740,000</u>	<u>(7,316)</u>	<u>141,847</u>	<u>1,978,084</u>
	<i>Called up share capital USD\$'000</i>	<i>Share premium account USD\$'000</i>	<i>Cash flow hedge reserve USD\$'000</i>	<i>Retained earnings USD\$'000</i>	<i>Total equity USD\$'000</i>
Balance as at 1 November 2021	103,553	840,000	(1,961)	122,561	1,064,153
Profit for the financial year	-	-	-	16,401	16,401
Share issue (Note 18)	-	450,000	-	-	450,000
Net unrealised loss on cash flow hedges (Note 14)	-	-	(9,327)	-	(9,327)
At 31 October 2022	<u>103,553</u>	<u>1,290,000</u>	<u>(11,288)</u>	<u>138,962</u>	<u>1,521,227</u>

The notes on pages 13 to 50 form an integral part of the financial statements.

Balance sheet

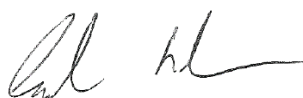
at 31 October 2023

	Note	2023 USD\$'000	2022 USD\$'000
Assets			
Cash and due from banks		21,038	113,899
Trading securities	12	2,925,965	2,851,635
Cash collateral paid		530,396	659,627
Derivative financial instruments	14	9,322,096	10,754,970
Debt securities at amortised cost	13	1,853,526	1,686,214
Reverse repurchase agreements	21	5,324,854	3,540,769
Loans and advances		24,039	235,135
Tangible fixed assets and right-of-use assets	10	12,322	13,044
Intangibles	11	4,596	2,958
Deferred tax asset	9	8,638	8,858
Other assets	15	1,185,714	1,256,354
Total assets		21,213,184	21,123,463
Liabilities			
Trading securities	12	519,295	516,604
Cash collateral received	21	1,590,653	1,323,825
Derivative financial instruments	14	9,315,615	9,802,912
Repurchase agreements	21	4,717,660	3,038,648
Borrowings	21	2,018,577	3,771,211
Lease liabilities	10	9,562	9,471
Other liabilities	16	1,063,738	1,139,565
Total liabilities		19,235,100	19,602,236
Equity			
Called up share capital	17	103,553	103,553
Share premium	18	1,740,000	1,290,000
Cash flow hedge reserve		(7,316)	(11,288)
Retained earnings		141,847	138,962
Total equity		1,978,084	1,521,227
Total liabilities and equity		21,213,184	21,123,463

The notes on pages 13 to 50 form an integral part of the financial statements.

On behalf of the board

Enda Kilcullen



Director
9 February 2024

Patrice McDonald-Pryer



Director
9 February 2024

Notes to the financial statements

at 31 October 2023

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

TD Global Finance unlimited company (the "Company") is an unlimited company incorporated and domiciled in the Republic of Ireland under the Companies Act, 2014. The Company is regulated by the Central Bank of Ireland. The registered office is located at One Molesworth Street, Dublin 2.

The Company is a wholly owned subsidiary whose ultimate parent company is The Toronto-Dominion Bank, a Canadian financial institution.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and in accordance with applicable accounting standards.

The financial statements of the Company were approved by the Board of Directors on 9 February 2024.

2. Accounting policies

Basis of preparation

The Company has adopted FRS 101 for all periods presented. The Company has taken advantage of the following disclosure exemptions under FRS 101:

(a) Paragraph 8 (k) of FRS 101, exempts a qualifying entity from the requirements in International Accounting Standard ("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) Paragraph 8 (h) of FRS 101, exempts a qualifying entity from the requirements in IAS 7 (Statement of Cash Flows) to produce a statement of cash flows.

(c) Paragraph 8 (i) of FRS 101, exempts a qualifying entity from the requirements in IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) to disclose accounting standards not yet effective.

The financial statements are presented in US Dollars and all values are rounded to the nearest thousand (\$000), unless otherwise indicated. The financial statements were prepared under a historical cost basis except for certain items carried at fair value as discussed below.

Going concern

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

Based on the assessment performed as stated within the Directors' report, the directors have a reasonable expectation that the Company is well placed to manage its business risks and meet its capital and liquidity requirements over the next twelve months from the sign off date of these financial statements and therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in the preparation of the financial statements.

Notes to the financial statements

at 31 October 2023

2. Accounting policies (continued)

Significant accounting policies

The preparation of the financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following summary of accounting policies have been applied to all periods presented in the financial statements.

Cash

Cash 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 recognised at an amount that reflects the consideration the Company expects to be entitled to in exchange for transferring services to a customer, excluding amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a good or a service to a customer at a point in time or over time. The determination of when performance obligations are satisfied requires the use of judgment.

The Company identifies contracts with customers subject to IFRS 15 (Revenue from Contracts with Customers), which create enforceable rights and obligations. The Company determines the performance obligations based on distinct services promised to the customers in the contracts.

Underwriting fees are recognised as income when the Company has rendered all services to the issuer and is entitled to collect the fee. These are included in fee and commission income on the statement of comprehensive income.

Interest from interest-bearing assets and liabilities not measured at fair value through profit or loss is recognised as net 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.

Notes to the financial statements

at 31 October 2023

2. Accounting policies (continued)

Financial instruments other than derivatives under IFRS 9

The Company applies IFRS 9, Financial Instruments ("IFRS 9"), which includes requirements on: (1) Classification and measurement of financial assets and liabilities; (2) Impairment of financial assets; and (3) General hedge accounting. Accounting for macro hedging has been decoupled from IFRS 9. The Company has an accounting policy choice to apply the hedge accounting requirements of IFRS 9 or IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). The Company has made the decision to continue applying the IAS 39 hedge accounting requirements and complies with the revised annual hedge accounting disclosures as required by the related amendments to IFRS 7, Financial Instruments: Disclosures ("IFRS 7").

Classification and Measurement of Financial Assets

The Company classifies its financial assets into the following categories:

- Amortised cost;
- Held-for-trading (fair value through profit or loss).

The Company continues to recognise financial assets on a trade date basis.

Debt Instruments

The classification and measurement for debt instruments is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest ("SPPI").

The Company has determined its business models as follows:

- Held-to-collect: the objective is to collect contractual cash flows;
- Held-to-collect-and-sell: the objective is both to collect contractual cash flows and sell the financial assets; and
- Held-for-sale: the objective is neither of the above.

The Company performs the SPPI test for financial assets held within the held-to-collect and held-to-collect-and-sell business models. If these financial assets have contractual cash flows which are inconsistent with a basic lending arrangement, they are classified as non-trading financial assets measured at fair value through profit or loss ("FVTPL"). In a basic lending arrangement, interest includes only consideration for time value of money, credit risk, other basic lending risks, and a reasonable profit margin.

Debt Securities and Loans Measured at Amortised Cost

Debt securities and loans held within a held-to-collect business model where their contractual cash flows pass the SPPI test are measured at amortised cost. The carrying amount of these financial assets is adjusted by an allowance for credit losses recognised and measured as described in the Impairment – Expected Credit Loss Model section of this Note, as well as any write-offs and unearned income which includes prepaid interest, loan origination fees and costs, commitment fees, loan syndication fees, and unamortised discounts or premiums. Interest income is recognised using EIR method .

Notes to the financial statements

at 31 October 2023

2. Accounting policies (continued)

Financial Assets Held for Trading

The held-for-sale business model includes financial assets held within a trading portfolio if they have been originated, acquired, or incurred principally for the purpose of selling in the near term, or if they form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking.

Trading portfolio assets are accounted for at fair value, with changes in fair value as well as any gains or losses realised on disposal recognised in trading income. Transaction costs are expensed as incurred.

Equity Instruments

Equity investments are required to be measured at FVTPL, except where the Company has elected at initial recognition to irrevocably designate an equity investment, held for purposes other than trading, at fair value through other comprehensive income ("FVOCI"). Dividends are recognised in net trading income unless the dividends represent a recovery of part of the cost of the investment. Gains and losses are included in Net trading income.

Classification and Measurement for Financial Liabilities

The Company classifies its financial liabilities into the following categories:

- Held-for-trading (fair value through profit or loss);
- Other liabilities.

Financial Liabilities Held for Trading

Financial liabilities are held within a trading portfolio if they have been incurred principally for the purpose of repurchasing in the near term, or form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Trading portfolio liabilities are recognised on a trade date basis and are accounted for at fair value, with changes in fair value and any gains or losses recognised in trading income. Transaction costs are expensed as incurred.

Other Financial Liabilities

Other liabilities are measured at amortised cost. Accrued interest on other liabilities, calculated using EIR method, is included in other liabilities on the Balance sheet and is recognised as interest expense on the Statement of comprehensive income.

Reclassification of Financial Assets and Liabilities

Financial assets and financial liabilities are not reclassified subsequent to their initial recognition, except for financial assets for which the Company changes its business model for managing financial assets. Such reclassifications of financial assets are expected to be rare in practice.

Impairment – Expected Credit Loss Model ("ECL")

The ECL model applies to financial assets, including loans measured at amortised cost.

The ECL model consists of three stages: Stage 1 – twelve-month ECLs for performing financial assets, Stage 2 – Lifetime ECLs for financial assets that have experienced a significant increase in credit risk since initial recognition, and Stage 3 – Lifetime ECLs for financial assets that are impaired. ECLs are the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows the Company expects to receive, discounted at the original effective interest rate. If a significant increase in credit risk has occurred since initial recognition, impairment is measured as lifetime ECLs.

Notes to the financial statements

at 31 October 2023

2. Accounting policies (continued)

Impairment – Expected Credit Loss Model (“ECL”) (continued)

Otherwise, impairment is measured as twelve-month ECLs which represent the portion of lifetime ECLs that is expected to occur based on default events that are possible within twelve months after the reporting date. If credit quality improves in a subsequent period such that the increase in credit risk since initial recognition is no longer considered significant, the loss allowance reverts back to being measured based on twelve-month ECLs.

The allowance for credit losses on debt securities represents management’s calculation of probability weighted ECLs. Debt securities measured at amortised cost are presented net of the allowance for credit losses on the Balance sheet. The allowance for credit losses is increased by the provision for credit losses and decreased by write-offs net of recoveries and disposals. Each quarter, allowances are reassessed and adjusted based on any changes in management’s estimate of ECLs.

The Company’s High Quality Liquid Asset portfolio of debt securities is held at amortised cost. There is no material ECL impact for the Company in the year.

Derivatives

Derivatives are financial instruments that derive their value from changes in underlying interest rates, foreign exchange rates, credit spreads, commodity prices, equities, or other financial or non-financial measures. Such instruments include interest rate, foreign exchange, equity, commodity and credit derivative contracts. The derivative transactions are valued at fair value subsequent to initial recognition and are presented on the Balance sheet depending on the resulting positive or negative amounts of the computed value.

The notional amounts of derivatives are not recorded as assets or liabilities as they represent the face value amount of the contract to which a rate or price is applied to determine the amount of cash flows to be exchanged in accordance with the contract. Notional principal amounts do not represent the potential gain or loss associated with market risk and are not indicative of the credit risk associated with derivatives.

Derivatives Held-for-Trading Purposes

The Company enters into trading derivative contracts to meet the needs of its customers, to provide liquidity and market-making related activities, and in certain cases, to manage risks related to its trading portfolios. The realised and unrealised gains or losses on trading derivatives are recognised in Net trading income.

Derivatives Held for Non-trading Purposes

Non-trading derivatives are primarily used to manage interest rate, foreign exchange, and other market risks of the Company’s activities. When derivatives are held for non-trading purposes and when the transactions meet the hedge accounting requirements of IAS 39, they are presented as non-trading derivatives and receive hedge accounting treatment, as appropriate.

Hedging Relationships

Hedge Accounting

The Company aims to effectively hedge the risk of changes in the value of the Balance sheet and expected future cash flows due to foreign currency fluctuations; the Company will achieve this objective by entering into cross currency swaps and/or foreign exchange forward contracts which will be designated against the related fixed rate non-USD denominated debt securities that are accounted for at amortised cost.

Notes to the financial statements

at 31 October 2023

2. Accounting policies (continued)

Hedging Relationships (continued)

At the inception of a hedging relationship, the Company documents the relationship between the hedging instrument and the hedged item, its risk management objective, and its strategy for undertaking the hedge. The Company also requires a documented assessment, both at hedge inception and on an ongoing basis, of whether or not the derivatives that are used in hedging relationships are highly effective in offsetting the changes attributable to the hedged risks in the fair values or cash flows of the hedged items. In order to be considered effective, the hedging instrument and the hedged item must be highly and inversely correlated such that the changes in the fair value of the hedging instrument will substantially offset the effects of the hedged exposure to the Company throughout the term of the hedging relationship. The level of ineffectiveness, if any, is determined at least at each fiscal year end. If the critical characteristics of the hedging instrument and the hedged item are not or have not been identical, this is an indication that the cost price hedge contains an ineffective part. If the ineffectiveness results in an accumulated gain or loss as at the Balance sheet date, the ineffectiveness is taken into the profit and loss account.

Changes in fair value relating to the derivative component excluded from the assessment of hedge effectiveness, are recognised immediately in profit or loss.

When derivatives are designated as hedges, the Company classifies them as hedges of the variability in highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedges).

Cash Flow Hedges

The Company is exposed to variability in future cash flows attributable to foreign exchange rate risk where coupon and principal payments are in Euro on debt securities held at amortised cost. The amounts and timing of future cash flows are projected for each hedged exposure on the basis of their contractual terms and other relevant factors, including estimates of prepayments and defaults.

The effective portion of the change in the fair value of the derivative that is designated and qualifies as a cash flow hedge is initially recognised in other comprehensive income. The change in fair value of the derivative relating to the ineffective portion is recognised immediately in profit and loss.

Amounts in accumulated other comprehensive income ("AOCI") attributable to foreign exchange rate components are reclassified to the statement of comprehensive income in the period in which the hedged item affects income and are reported in the same income statement line as the hedged item.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in AOCI at that time remains in AOCI until the forecasted transaction impacts the statement of comprehensive income. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in AOCI is immediately reclassified to profit or loss on the statement of comprehensive income.

Notes to the financial statements

at 31 October 2023

2. Accounting policies (continued)

Foreign currencies

The Company's financial statements are presented in US Dollars, which is the functional and presentation currency of the Company. The determination of functional currency by the Company is made based on indicators defined under IFRS. As the Company expands activity to diversify revenues and its sales market, ongoing monitoring will be performed by means of functional currency assessments to ensure the functional and presentational currency of the Company is appropriate. 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 Other Operating Income.

Offsetting of financial instruments

Financial assets and liabilities are offset, with the net amount presented on the Balance sheet only if the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise 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 Company derecognises 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 Company 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 Company transfers a financial asset, it is necessary to assess the extent to which the Company 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 Company continues to recognise the financial asset and also recognises a financial liability for the consideration received.

If substantially all the risks and rewards of ownership of the financial asset have been transferred, the Company will derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer. The Company 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 Company has retained substantially all of the risks and rewards of ownership.

Financial Liabilities

The Company derecognises 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 derecognised and a new liability is recognised.

Reverse Repurchase Agreements and Repurchase Agreements

Reverse repurchase agreements involve the purchase of securities by the Company under agreements to resell the securities at a future date. These agreements are treated as collateralised lending transactions whereby the Company takes possession of the purchased securities but does not acquire the risks and rewards of ownership.

Notes to the financial statements

at 31 October 2023

2. Accounting policies (continued)

Reverse Repurchase Agreements and Repurchase Agreements (continued)

The Company monitors the market value of the purchased securities relative to the amounts due under the reverse repurchase agreements, and when necessary, requires transfer of additional collateral. In the event of counterparty default, the agreements provide the Company with the right to liquidate the collateral held and offset the proceeds against the amount owing from the counterparty.

Obligations related to repurchase agreements involve the sale of securities by the Company to counterparties under agreements to repurchase the securities at a future date. These agreements do not result in the risks and rewards of ownership being relinquished and are treated as collateralised borrowing transactions. The Company monitors the market value of the securities sold relative to the amounts due under the repurchase agreements, and when necessary, transfers additional collateral and may require counterparties to return collateral pledged.

Reverse repurchase agreements and repurchase agreements are initially recorded on the Balance sheet at the respective prices at which the securities were originally acquired or sold, plus accrued interest. Subsequently, the agreements are measured at amortised cost on the Balance sheet, plus accrued interest. Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements is determined using EIR method and is included in Net interest income on the Statement of comprehensive income.

Where securities are pledged or received as collateral, security borrowing fees and security lending income are recorded in Other operating income on the Statement of comprehensive income over the term of the transaction. Where cash is pledged or received as collateral, interest received or incurred is included in Net interest income on the Statement of comprehensive income.

Fair Value Measurements

The fair value of financial instruments traded in active markets at the Balance sheet date is based on their quoted market prices. For all other financial instruments not traded in an active market, fair value may be based on other observable current market transactions involving the same or similar instrument, without modification or repackaging, or is based on a valuation technique which maximizes the use of observable market inputs. Observable market inputs may include interest rate yield curves, foreign exchange rates, and option volatilities. Valuation techniques include comparisons with similar instruments where observable market prices exist, discounted cash flow analysis, option pricing models, and other valuation techniques commonly used by market participants.

Tangible fixed assets, Intangible assets & right-of-use assets

The Company records the obligation associated with the retirement of a long-lived asset at fair value in the period in which it is incurred and can be reasonably estimated and records a corresponding increase to the carrying amount of the asset. The asset is depreciated on a straight-line basis over its remaining useful life while the liability is accreted to reflect the passage of time until the eventual settlement of the obligation.

Depreciation is charged from the relevant month in the year use commences. The Company assesses its depreciable assets for impairment on an annual 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 2023

2. Accounting policies (continued)

Tangible fixed assets, Intangible assets & right-of-use assets (continued)

Depreciation is recognised on a straight-line basis over estimated useful lives as follows:

Computer & other equipment	2 to 15 years
Furniture & fittings	3 to 15 years
Right-of-use assets	Lesser of the remaining lease term and the remaining useful life of the asset
Leasehold property	Lesser of the remaining lease term and the remaining useful life of the asset

Intangible assets represent identifiable non-monetary assets and are acquired either separately or through a business combination, or internally generated software. The Company amortises intangible assets over 3 to 15 years

Share-based compensation

The Company operates a restricted share unit plan, which is offered to certain employees of the Company. Under this plan, participants are awarded share units which track the price of a TD Bank common share. The participants are also credited with dividend equivalents and the share units mature on the relevant anniversary of the award based on its term as defined in the participation agreement. On maturity the amounts are paid in cash unless an election was made to defer the shares into deferred share units. The obligation related to share units is included in other liabilities. Compensation expense is recognised 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 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 restricted share units, this period is generally equal to four years.

Provisions

Provisions are recognised when the Company 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 recognised as interest expense.

Income taxes

Income tax is comprised of current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised in other comprehensive

income or directly in equity, in which case the related taxes are also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Balance sheet and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax assets and liabilities are determined based on the tax rates that are expected to apply when the assets or liabilities are reported for tax purposes. Deferred tax assets are recognised only when it is probable that sufficient taxable profit will be available in future periods against which deductible temporary differences may be utilized.

Notes to the financial statements

at 31 October 2023

2. Accounting policies (continued)

Income taxes (continued)

Deferred tax liabilities are not recognised on temporary differences arising on investments in subsidiaries, branches and associates, and interests in joint ventures if the Company 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 Company records a provision for uncertain tax positions if it is probable that the Company will have to make a payment to tax authorities upon their examination of a tax position.

This provision is measured at the Company'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 Company and payments made by the Company are charged directly to the statement of comprehensive income in the period to which they relate.

Significant Accounting Judgments, Estimates, and Assumptions

The estimates used in the Company's accounting policies are essential to understanding its results of operations and financial condition. Some of the Company'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 Company's Financial Statements. The Company 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. Items in the financial statements where these judgements and estimates have been made, include fixed assets and leases.

Leases

All facts and circumstances that create an economic incentive to exercise a renewal option or not to exercise a termination option including investments in major leaseholds and past business practice are considered. The periods covered by renewal or termination options are only included in the lease term if it is reasonably certain that the Company will exercise the options; management considers "reasonably certain" to be a high threshold. Changes in the economic environment or changes in the industry may impact the Company's assessment of lease term, and any changes in the Company's estimate of lease terms may have a material impact on the Company's Balance sheet and Statement of Comprehensive Income.

In determining the carrying amount of right-of-use (ROU) assets and lease liabilities, the Company is required to estimate the incremental borrowing rate specific to each leased asset or portfolio of leased assets if the interest rate implicit in the lease is not readily available. The Company determines the incremental borrowing rate of each leased asset or portfolio of leased assets by incorporating the Company's creditworthiness, the security, term, and the economic environment in which the leased asset operates. The incremental borrowing rates are subject to change mainly due to changes in the macroeconomic environment.

Notes to the financial statements

at 31 October 2023

2. Accounting policies (continued)

Interest Rate Benchmark Reform Phase 2

Effective November 1, 2020, the Company early adopted the Interest Rate Benchmark Reform Phase 2 and no transitional adjustment was required. Interest Rate Benchmark Reform Phase 2 addresses issues affecting financial reporting when changes are made to contractual cash flows of financial instruments or hedging relationships as a result of IBOR reform. The amendments permit modification to financial assets, financial liabilities and lessee lease liabilities required as a direct consequence of IBOR reform and made on an economically equivalent basis to be accounted for by updating the EIR prospectively. If the modification does not meet the practical expedient requirements, existing IFRS requirements are applied.

The amendments enable entities to amend the formal designation and documentation of a hedging relationship to reflect these changes without discontinuing the hedging relationship or designating a new hedging relationship. Permitted changes include redefining the hedged risk to reference an ARR (contractually or non-contractually specified), amending the description of the hedged item and hedging instrument to reflect the ARR, and amending the description of how the entity will assess hedge effectiveness. Hedging relationships within the scope of Interest Rate Benchmark Reform Phase 2 are the same as those within the scope of Interest Rate Benchmark Reform Phase 1.

Effective December 31, 2021, the publication of LIBOR settings has ceased for all sterling, Japanese yen, Swiss franc, and euro settings as well as the one-week and two-month USD LIBOR settings. The Company is progressing on its transition plan for the remaining USD LIBOR settings (overnight, one-month, three-month, six-month and twelve-month), which ceased to be published immediately after June 30, 2023, and continues to monitor developments while incorporating global working group and regulator best practice guidance on transition activities. Global regulators have issued guidance and policy statements to supervised institutions restricting the use of USD LIBOR as a reference rate in new contracts written after December 31, 2021, subject to limited exceptions. In addition, the Company continues to monitor the development and usage of ARRs across the industry, including the Alternative Reference Rates Committee's formal recommendation of the CME Group's forward-looking Secured Overnight Financing Rate ("SOFR") Term Rates.

The Company continues to monitor developments and incorporate global working groups' and regulators' best practice guidance where applicable.

The following table discloses the Company's exposures to significant interest rate benchmarks subject to IBOR reform that have yet to transition to an ARR and will be maturing after 31 October 2023.

Derivative financial instruments	<i>Notional</i> USD\$'000	<i>Assets</i> USD\$'000	<i>Liabilities</i> USD\$'000
Interest rate	22,805,978	1,146,642	118,061
Foreign exchange	14,946,539	821,438	388,905
	<u>37,752,517</u>	<u>1,968,080</u>	<u>506,966</u>

Notes to the financial statements

at 31 October 2023

2. Accounting policies (continued)

Current Changes in Accounting Policies

The following amendments to an accounting standard have been adopted by the Company for the fiscal year ended October 31, 2023.

Amendments to IAS 12 – Income Taxes

On May 23, 2023, the IASB issued International Tax Reform – Pillar Two Model Rules, which amends IAS 12, Income Taxes. The amendments provide a temporary mandatory exception from the requirements to recognize and disclose information about deferred taxes related to the implementation of Pillar Two model rules. Legislation in respect of Pillar Two income taxes was substantively enacted in Ireland on 18 December 2023 to apply for periods commencing 1 January 2024. The Company is in the process of undertaking an impact assessment. The IAS 12 exception to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes has been applied.

Effective for reporting periods beginning on or after November 1, 2023, additional disclosure of current tax expense (recovery) and other information related to Pillar Two income tax exposures are required.

3. Net trading income

	2023 USD\$'000	2022 USD\$'000
<i>Net trading income comprises:</i>		
Interest income/(expense)	371	602
Net gain on trading securities	147,355	52,761
Trade related fee income/(expense)	-	(4)
	<u>147,726</u>	<u>53,359</u>

4. Net interest expense

	2023 USD\$'000	2022 USD\$'000
<i>Interest income comprises:</i>		
Reverse repurchase agreements	201,127	601
Debt securities at amortised cost	24,559	16,154
Loans and advances	92,575	21,351
Interest income on sub-lease	-	2
	<u>318,261</u>	<u>38,108</u>
<i>Interest expense comprises:</i>		
Repurchase agreements	(167,612)	(9,677)
Debt securities at amortised cost	-	(2,765)
Other liabilities	(264,264)	(61,306)
Interest expense on lease liabilities	(269)	(285)
	<u>(432,145)</u>	<u>(74,033)</u>
Net Interest Expense	<u>(113,884)</u>	<u>(35,925)</u>

Notes to the financial statements

at 31 October 2023

4. Net interest expense (continued)

Other liabilities include USD\$192m interest expense on TD Bank uncommitted line of credit borrowings (2022: USD\$54.6m).

5. Fee and commission income

	2023 USD\$'000	2022 USD\$'000
Fee and commission income comprise:		
Underwriting fees	15,668	19,100
Other fees	86	50
	<u>15,753</u>	<u>19,150</u>

6. Other operating income

	2023 USD\$'000	2022 USD\$'000
Other operating income comprises:		
Related party income	34,329	35,051
Other operating income	2,044	2,011
Exchange differences	(990)	(143)
	<u>35,383</u>	<u>36,919</u>

Related party income is made up of trade related rebate agreements as well as cost plus transfer pricing arrangements for both front office and support functions.

7. Administrative expenses

	2023 USD\$'000	2022 USD\$'000
Depreciation	1,662	2,303
Personnel expenses	40,950	31,679
Professional fees	1,683	1,797
Rental & maintenance expense	569	85
Related party charges	26,227	22,042
Other administrative expenses	10,540	4,834
Auditors' remuneration:		
– audit of company accounts	279	276
	<u>81,910</u>	<u>63,016</u>

Notes to the financial statements

at 31 October 2023

8. Personnel expenses

	2023 <i>USD\$'000</i>	2022 <i>USD\$'000</i>
Wages and salaries	33,403	25,105
Social security costs	3,807	2,832
Other pension costs	17	19
Other staff costs	3,723	3,723
	<u>40,950</u>	<u>31,679</u>
Average monthly number of employees during the year	<u>183</u>	<u>144</u>
Number of employees at the end of the period	<u>195</u>	<u>163</u>
Directors' Emoluments:		
Aggregate emoluments (excluding pensions)	2,076	1,180
Aggregate pension contributions	8	16
	<u>2,084</u>	<u>1,196</u>

Notes to the financial statements

at 31 October 2023

9. Tax

	2023 USD\$'000	2022 USD\$'000
Current income tax		
Corporate income tax on loss for the year	-	-
Adjustments in respect of prior year	406	(742)
Total current income tax	<u>406</u>	<u>(742)</u>
	2023 USD\$'000	2022 USD\$'000
Deferred tax		
Origination and reversal of temporary differences	(2,578)	(2,068)
Adjustments in respect of prior year	2,355	(3,104)
Total deferred tax	<u>(223)</u>	<u>(5,172)</u>
Tax on profit on ordinary activities	<u>183</u>	<u>(5,914)</u>
	2023 USD\$'000	2022 USD\$'000
Deferred tax asset		
Share based payment	(115)	(25)
IFRS 16	(153)	(137)
Capital allowances	68	79
FVOCI reserve tax	(1,045)	1,612
Losses carried forward	9,883	7,329
	<u>8,638</u>	<u>8,858</u>
	2023 USD\$'000	2022 USD\$'000
Reconciliation of the total tax charge		
Profit/(Loss) on ordinary activities before tax	<u>3,068</u>	<u>10,487</u>
Profit/(Loss) on ordinary activities multiplied by standard rate		
in Ireland of 12.5% (2021: 12.5%)	384	1,311
Effects of:		
Adjustments in respect of prior year - current tax	(121)	(781)
Adjustments in respect of prior year - deferred tax	2,355	(3,104)
Expenses not deductible	213	75
Expense adjustments	<u>(2,648)</u>	<u>(3,415)</u>
Tax on profit/(loss) on ordinary activities	<u>183</u>	<u>(5,914)</u>

Notes to the financial statements

at 31 October 2023

10. Tangible fixed assets & right-of-use assets

	<i>Leasehold property</i>	<i>Computer & other equipment</i>	<i>Furniture & fittings</i>	<i>Right-of- use assets</i>	<i>Total</i>
	<i>USD\$'000</i>	<i>USD\$'000</i>	<i>USD\$'000</i>	<i>USD\$'000</i>	<i>USD\$'000</i>
Cost					
At 1 November 2021	3,555	3,749	641	11,425	19,370
Additions	-	805	-	-	805
Remeasurements	-	-	-	(1,653)	(1,653)
Exchange differences	-	(132)	1	-	(131)
At 31 October 2022	3,555	4,422	642	9,772	18,391
At 1 November 2022	3,555	4,422	642	9,772	18,391
Additions	-	401	-	-	401
Remeasurements	-	(738)	-	125	(613)
Exchange differences	-	(34)	0	-	(34)
At 31 October 2023	3,555	4,050	642	9,897	18,144
Depreciation					
At 1 November 2021	683	1,826	197	1,253	3,959
Charged in the year	257	787	103	648	1,795
Remeasurements	-	-	-	(299)	(299)
Exchange differences	(39)	(25)	(44)	-	(108)
At 31 October 2022	901	2,588	256	1,602	5,347
At 1 November 2022	901	2,588	256	1,602	5,347
Charged in the year	254	745	103	561	1,662
Remeasurements	-	(624)	-	(447)	(1,071)
Exchange differences	(33)	(38)	(44)	-	(115)
At 31 October 2023	1,121	2,671	315	1,716	5,823
Net book values					
At 31 October 2022	2,654	1,834	386	8,170	13,044
At 31 October 2023	2,434	1,379	327	8,181	12,322

Notes to the financial statements

at 31 October 2023

10. Tangible fixed assets & right-of-use assets (continued)

The maturity analysis of lease liabilities is disclosed in Note 24.

The Company did not have any capital commitments at 31 October 2023 (2022: Nil).

Below are the carrying amounts of lease liabilities and the movements during the period:

	<i>Lease liabilities</i>
	<i>USD\$'000</i>
At 1 November 2021	11,972
Accretion of interest	266
Payments	(1,052)
Remeasurements	-
Exchange differences	(1,715)
At 31 October 2022	<u>9,471</u>
At 1 November 2022	9,471
Accretion of interest	269
Payments	(782)
Remeasurements	(57)
Exchange differences	661
At 31 October 2023	<u><u>9,562</u></u>

11. Intangible assets

	<i>Software</i>
	<i>USD\$'000</i>
Cost	
At 1 November 2022	3,604
Additions	2,296
Remeasurements	-
Exchange differences	63
At 31 October 2023	<u>5,963</u>
Amortisation	
At 1 November 2022	646
Charged in the year	722
Exchange differences	(1)
At 31 October 2023	<u>1,367</u>
Net book values	
At 31 October 2022	<u>2,958</u>
At 31 October 2023	<u><u>4,596</u></u>

Notes to the financial statements

at 31 October 2023

12. Trading securities

Assets	2023		2022	
	<i>Carrying Value</i> <i>USD\$'000</i>	<i>Fair Value</i> <i>USD\$'000</i>	<i>Carrying Value</i> <i>USD\$'000</i>	<i>Fair Value</i> <i>USD\$'000</i>
Debt securities	945,048	945,048	1,863,529	1,863,529
Equities	1,980,917	1,980,917	988,106	988,106
	<u>2,925,965</u>	<u>2,925,965</u>	<u>2,851,635</u>	<u>2,851,635</u>

Liabilities	2023		2022	
	<i>Carrying Value</i> <i>USD\$'000</i>	<i>Fair Value</i> <i>USD\$'000</i>	<i>Carrying Value</i> <i>USD\$'000</i>	<i>Fair Value</i> <i>USD\$'000</i>
Debt securities	519,295	519,295	516,604	516,604
	<u>519,295</u>	<u>519,295</u>	<u>516,604</u>	<u>516,604</u>

13. Debt securities at amortised cost

Government Debt securities	2023		2022	
	<i>Carrying Value</i> <i>USD\$'000</i>	<i>Fair Value</i> <i>USD\$'000</i>	<i>Carrying Value</i> <i>USD\$'000</i>	<i>Fair Value</i> <i>USD\$'000</i>
United States	1,209,789	1,053,222	1,138,710	1,079,410
Germany	643,737	632,687	547,504	530,211
	<u>1,853,526</u>	<u>1,685,909</u>	<u>1,686,214</u>	<u>1,609,621</u>

Notes to the financial statements

at 31 October 2023

14. Derivative financial instruments

31 October 2023	Assets		Liabilities	
	Carrying Value USD\$'000	Notional Amount USD\$'000	Carrying Value USD\$'000	Notional Amount USD\$'000
Held for trading				
Interest rate	4,777,745	330,999,362	4,905,362	317,887,147
Foreign exchange	4,419,595	119,872,981	4,375,995	117,185,888
Equity	89,620	1,939,326	30,909	906,919
	<u>9,286,960</u>	<u>452,811,669</u>	<u>9,312,265</u>	<u>435,979,954</u>
Cash flow hedges				
Interest rate	-	-	-	-
Foreign exchange	35,136	581,347	3,350	105,809
Equity	-	-	-	-
	<u>35,136</u>	<u>581,347</u>	<u>3,350</u>	<u>105,809</u>
Total	<u>9,322,096</u>	<u>453,393,016</u>	<u>9,315,615</u>	<u>436,085,763</u>

31 October 2022	Assets		Liabilities	
	Carrying Value USD\$'000	Notional Amount USD\$'000	Carrying Value USD\$'000	Notional Amount USD\$'000
Held for trading				
Interest rate	5,440,823	304,890,024	4,549,768	288,662,832
Foreign exchange	5,171,711	114,012,219	5,157,444	113,972,766
Equity	69,128	1,466,247	95,700	2,180,117
	<u>10,681,662</u>	<u>420,368,490</u>	<u>9,802,912</u>	<u>404,815,715</u>
Cash flow hedges				
Interest rate	-	-	-	-
Foreign exchange	73,308	-	-	-
Equity	-	-	-	-
	<u>73,308</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>10,754,970</u>	<u>420,368,490</u>	<u>9,802,912</u>	<u>404,815,715</u>

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14. Derivative financial instruments (continued)

Interest rate derivatives

Interest rate swaps are Over the Counter ("OTC") contracts in which two counterparties agree to exchange cash flows over a period of time based on rates applied to a specified notional amount. This includes interest rate swaps that are transacted and settled through a clearing house which acts as a central counterparty. A typical interest rate swap would require one counterparty to pay a fixed market interest rate in exchange for a variable market interest rate determined from time to time, with both calculated on a specified notional amount. No exchange of principal amount takes place.

Forward rate agreements are OTC contracts that effectively fix a future interest rate for a period of time. A typical forward rate agreement provides that at a pre-determined future date, a cash settlement will be made between the counterparties based upon the difference between a contracted rate and a market rate to be determined in the future, calculated on a specified notional amount. No exchange of principal amount takes place.

Interest rate options are contracts in which one party (the purchaser of an option) acquires from another party (the writer of an option), in exchange for a premium, the right, but not the obligation, either to buy or sell on a specified future date or series of future dates or within a specified time, a specified financial instrument at a contracted price. The underlying financial instrument will have a market price which varies in response to changes in interest rates. In managing the Company's interest rate exposure, the Company acts as both a writer and purchaser of these options. Options are transacted both OTC and through exchanges. Interest rate futures are standardized contracts transacted on an exchange. They are based upon an agreement to buy or sell a specified quantity of a financial instrument on a specified future date, at a contracted price. These contracts differ from forward rate agreements in that they are in standard amounts with standard settlement dates and are transacted on an exchange.

The Company uses interest rate swaps to hedge its exposure to benchmark interest rate risk by modifying the repricing or maturity characteristics of existing and/or forecasted assets and liabilities, including funding and investment activities.

Foreign exchange derivatives

Foreign exchange forwards are OTC contracts in which one counterparty contracts with another to exchange a specified amount of one currency for a specified amount of a second currency, at a future date or range of dates.

Swap contracts comprise foreign exchange swaps and cross-currency interest rate swaps. Foreign exchange swaps are transactions in which a foreign currency is simultaneously purchased in the spot market and sold in the forward market, or vice-versa. Cross-currency interest rate swaps are transactions in which counterparties exchange principal and interest cash flows in different currencies over a period of time. These contracts are used to manage currency and/or interest rate exposures.

Foreign exchange futures contracts are similar to foreign exchange forward contracts but differ in that they are in standard currency amounts with standard settlement dates and are transacted on an exchange.

Where hedge accounting is applied, the Company assesses and measures the hedge effectiveness based on the change in cash flows of the foreign currency denominated asset/liability attributable to foreign exchange risk, using the hypothetical derivative method.

The Company uses derivative instruments such as cross-currency swaps and foreign exchange forwards to hedge its foreign currency exposure. These hedging instruments are designated in cash flow hedges.

Notes to the financial statements

at 31 October 2023

14. Derivative financial instruments (continued)

Credit derivatives

The Company uses credit derivatives such as credit default swaps ("CDS") in managing counterparty credit risk on derivatives. Credit risk is the risk of loss if a borrower or counterparty in a transaction fails to meet its agreed payment obligations. The Company uses credit derivatives to mitigate industry concentration and borrower-specific exposure as part of the Company's portfolio risk management techniques. The credit, legal, and other risks associated with these transactions are controlled through well established procedures. The Company's policy is to enter into these transactions with investment grade financial institutions. Credit risk to these counterparties is managed through the same approval, limit, and monitoring processes that is used for all counterparties to which the Company has credit exposure.

Credit derivatives are OTC contracts designed to transfer the credit risk in an underlying financial instrument (usually termed as a reference asset) from one counterparty to another. The most common credit derivatives are CDS (referred to as option contracts), which include contracts transacted through clearing houses. In option contracts, an option purchaser acquires credit protection on a reference asset or group of assets from an option writer in exchange for a premium. The option purchaser may pay the agreed premium at inception or over a period of time. The credit protection compensates the option purchaser for deterioration in value of the reference asset or group of assets upon the occurrence of certain credit events such as bankruptcy, or changes in specified credit rating or credit index. Settlement may be cash based or physical, requiring the delivery of the reference asset to the option writer.

Equity derivatives

The Company also transacts in equity derivatives in both the exchange and OTC markets.

Equity swaps are OTC contracts in which one counterparty agrees to pay, or receive from the other, cash amounts based on changes in the value of a stock index, a basket of stocks or a single stock. These contracts sometimes include a payment in respect of dividends.

Equity options give the purchaser of the option, for a premium, the right, but not the obligation, to buy from or sell to the writer of an option, an underlying stock index, basket of stocks or single stock at a contracted price. Options are transacted both OTC and through exchanges.

Equity index futures are standardized contracts transacted on an exchange. They are based on an agreement to pay or receive a cash amount based on the difference between the contracted price level of an underlying stock index and its corresponding market price level at a specified future date. There is no actual delivery of stocks that comprise the underlying index. These contracts are in standard amounts with standard settlement dates.

Notes to the financial statements

at 31 October 2023

14. Derivative financial instruments (continued)

Cash flow hedges

The Company is exposed to variability in future cash flows on non-trading assets which bear foreign exchange risks.

During the years ended 31 October 2023 and 31 October 2022, there were no significant instances where forecasted hedged transactions failed to occur.

At the inception of a hedging relationship, the Company documents the relationship between the hedging instrument and the hedged item, its risk management objective, and its strategy for undertaking the hedge. The Company also requires a documented assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging relationships are highly effective in offsetting the changes attributable to the hedged risks in the cash flows of the hedged items. In order to be considered effective, the hedging instrument and the hedged item must be highly and inversely correlated such that the changes in the fair value of the hedging instrument will substantially offset the effects of the hedged exposure to the Company throughout the term of the hedging relationship. If a hedging relationship becomes ineffective, it no longer qualifies for hedge accounting and any subsequent change in the fair value of the hedging instrument is recognised in profit or loss.

The following table discloses the impact of the derivatives designated in hedge accounting relationships with the hedged forecast cash flows in the statement of comprehensive income and in other comprehensive income ("OCI") for the year ended 31 October 2023 and 31 October 2022:

	<i>Amounts recognised in OCI on derivatives</i>	<i>Hedge ineffectiveness</i>
	<i>USD\$'000</i>	<i>USD\$'000</i>
At 31 October 2023		
Gain/(Loss) on foreign exchange contracts	<u>3,972</u>	<u>-</u>
At 31 October 2022		
Gain/(Loss) on foreign exchange contracts	<u>(9,327)</u>	<u>-</u>

15. Other assets

	<i>2023 USD\$'000</i>	<i>2022 USD\$'000</i>
Amounts due from ultimate parent undertaking	25,078	30,839
Amounts due from immediate parent undertaking	-	132
Amounts due from other group companies	4,175	1,164
Prepayments & other	30,400	31,317
Net investment in sub-lease	133	124
Broker balances	998,996	1,187,545
Settlement and clearing accounts	126,932	5,233
	<u>1,185,714</u>	<u>1,256,354</u>

Amounts due from ultimate parent undertaking have a maturity profile of 3 months or less and are interest bearing.

Notes to the financial statements

at 31 October 2023

16. Other liabilities

	2023 <i>USD\$'000</i>	2022 <i>USD\$'000</i>
Amounts due to immediate parent undertaking	24	61
Amounts due to other group companies	560	1,165
Accruals and deferred income	12,560	19,461
Tax liabilities	1,947	441
Broker balances	1,024,043	1,086,590
Settlement and clearing accounts	7,530	31,847
	<u>1,063,738</u>	<u>1,139,565</u>

Amounts owed to immediate parent undertaking are non-interest bearing. Amounts owed to ultimate parent undertaking have a maturity profile of less than 3 months and are interest bearing.

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at 31 October 2023

17. Share capital

Authorised:	<i>2023</i>	<i>2022</i>
	<i>USD\$</i>	<i>USD\$</i>
50 "A" ordinary shares of US\$1 each	50	50
250,000,000 "B" ordinary shares of US\$1 each	250,000,000	250,000,000
	<u>250,000,050</u>	<u>250,000,050</u>
	<i>EUR€</i>	<i>EUR€</i>
30,000 Ordinary shares of EUR€1.25 each	<u>37,500</u>	<u>37,500</u>
Allotted, called-up and fully paid:	<i>2023</i>	<i>2022</i>
	<i>USD\$</i>	<i>USD\$</i>
50 "A" ordinary shares of US\$1 each	50	50
103,504,339 "B" ordinary shares of US\$1 each	103,504,339	103,504,338
	<u>103,504,389</u>	<u>103,504,388</u>
	<i>EUR€</i>	<i>EUR€</i>
30,000 Ordinary shares of EUR€1.25 each	<u>37,500</u>	<u>37,500</u>
Allotted, called-up and fully paid (in USD equivalent):	<i>2023</i>	<i>2022</i>
	<i>USD\$</i>	<i>USD\$</i>
USD share capital	103,504,388	103,504,388
EUR share capital	48,617	48,617
	<u>103,553,005</u>	<u>103,553,005</u>

The Company is an unlimited company with share capital. Dividends may be paid on one class of shares to the exclusion of the others. The holders of USD "A" ordinary shares are entitled to 45,000 votes for each USD "A" share held, at a general meeting, while the holders of USD "B" ordinary shares and EUR ordinary shares are entitled to one vote per share. Otherwise, the USD "A", USD "B" and EUR shares rank pari passu in all respects.

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at 31 October 2023

17. Share capital (continued)

Capital management

The Company's capital strategy is to maintain a minimum capital level equal to the greater of the Company's minimum regulatory capital requirements and its own independent assessment of capital requirements as per the Internal Capital Adequacy Assessment Process ("ICAAP"). In doing so, the Company recognises the relationship between capital adequacy and risk.

Senior management and the Board of Directors recognise that the Company must maintain sufficient capital to be in a position to continue to satisfy the minimum regulatory capital requirements on both 'business as usual' projections and in highly adverse economic circumstances, i.e. under a range of stressed scenarios.

Senior management and the Board of Directors consider, inter alia, the following internal and external factors in their review of capital strategy and capital adequacy:

- TD Bank Group and the Company's strategic goals;
- Current trading activities and plans for future business growth;
- Current available capital base and plans (if any) for future repatriation of retained earnings or other forms of capital;
- Minimum regulatory capital requirements (including the impact, if any, of the large exposure rules);
- Assessment of the Company's material risks and risk appetite;
- Model-based quantitative outputs (including stress testing) and qualitative data based on management judgement, i.e. the outputs of the ICAAP;
- The macroeconomic environment; and changes in regulations.

The Company's approach for meeting its capital strategy involves frequent monitoring and reporting of the required capital level, taking into account the factors listed above, versus the actual capital base.

18. Share premium

	2023 USD\$	2022 USD\$
On "B" ordinary shares of US\$1 each	1,739,999,997	1,289,999,998
	<u>1,739,999,997</u>	<u>1,289,999,998</u>

The Company received a further capital injection of USD\$450 million on 12 July 2023 (7 December 2022: USD\$450 million).

19. Leases

As a lessee

The Company has a lease commitment relating to leasehold premises. The Company recognised lease payments during the year of USD\$794,746 (2022: USD\$1,134,812). Annual commitments exist under non-cancellable leases as follows:

	2023 USD\$'000	2022 USD\$'000
Less than one year	782	731
One to five years	3,910	3,654
Greater than five years	6,583	6,882
	<u>11,275</u>	<u>11,267</u>

Notes to the financial statements

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20. Share-based payments

The Company operates a restricted share unit plan which is offered to certain employees. Under this plan, participants are awarded share units equivalent to TD Bank'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 Company's Corporate Governance Committee ("CGC") has final approval of any share-based payments. The CGC oversees the awards are consistent with the current and future financial status of the Company, taking into account input from risk and compliance and the Chairs of the Company's Board Risk Committee and Audit Committee. The CGC reviews and approves the total individual remuneration package for all Material Risk Takers including the extent to which annual incentive compensation is deferred, in accordance with the established Remuneration Governance document, taking into account input from risk and compliance, and consistent with the Company's financial situation and prospects and the individual's conduct during the period.

Additionally the CGC assesses the mechanisms and systems adopted to ensure that the remuneration system properly takes into account all types of risks, including conduct risk, liquidity and capital levels and that the established Remuneration Governance document is consistent with and promotes sound and effective risk management and is in line with the business strategy, objectives, corporate culture and values and the long-term interest of the institution and assess the need for ex post risk adjustment, including the application of malus and clawback arrangements.

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 CGC in exceptional circumstances.

A liability is accrued by the Company 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 2023, the Company recognised compensation expense for these plans of USD\$1,029,829 (2022: USD\$995,831).

	2023	2022
	<i>No. of units</i>	<i>No. of units</i>
Outstanding at 1 November	70,383	46,772
Granted during the year	19,521	15,826
Dividend reinvestment	26,764	27,809
Released during the year	(27,924)	(20,024)
Outstanding at 31 October	<u>88,744</u>	<u>70,383</u>

TD Bank share price at 31 October 2023 was USD\$55.84 (2022: USD\$63.99).

Notes to the financial statements

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21. Risk management

Objectives, policies and strategies

For the Company to grow profitably, it must selectively take and manage risks. The Company recognises that a strong risk culture and approach to risk management is fundamental to its success. TDGF's risk management approach is comprehensive, proactive and combines the experience and specialised knowledge of individual business lines, support and control functions and formal governance. It is based on enabling the Company to understand its risks and developing the policies, processes and controls required to manage these risks appropriately and in line with Company's strategy and Risk Appetite.

In recognition of the importance of a sound risk culture in driving strategy and effective risk management, the tone from the top is embodied in the Risk Appetite Statement set by the Board of Directors. The Company's Risk Appetite Statement is the primary means used to communicate how TDGF views risk and determines the type and number of risks it is willing to take to deliver on its strategy. In defining its Risk Appetite, the Company takes into account its vision, purpose, strategy, shared commitments and capacity to bear risk under both normal and stressed conditions.

The Company considers operating conditions and the impact that emerging risks could have on its strategy and risk profile in developing and applying its Risk Appetite Statement.

The Company's Risk Appetite Statement is comprised of three Core Risk Principles which describe its desired risk behaviours that drive risk culture. These Core Risk Principles are to take risks required to build the business, but only if those risks: fit the business strategy, and can be understood and managed; do not expose the Company to any significant single loss events and do not risk harming the brand. Each Major Risk Category has a defined Risk Appetite Principle that states the outer boundary of acceptable risk for that risk type.

The Principles are supported by Risk Appetite Measures with associated thresholds and limits, as appropriate, to inform ongoing monitoring of performance against the Company's Risk Appetite Statement.

The Company's stress testing enables senior management and the Board of Directors to identify and articulate entity-wide risks and understand potential vulnerabilities for the Company. They inform and support Risk Appetite, capital adequacy and liquidity requirements, providing a framework to assess emerging, concentration and contagion risks.

Notes to the financial statements

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21. Risk management (continued)

Market risk

Trading Market Risk

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

Trading Market Risk Appetite controls trading market risk and limits losses by maintaining appropriate risk controls and limits, aligned with business strategy. The trading market risk undertaken is properly diversified, primarily vanilla, with tight controls on products that are long-dated or complex. TDGF is required to comply with TD Bank global frameworks and policies in addition to local frameworks and policies and is subject to oversight by TD Bank group management in addition to TDGF governance. Market Risk and the Global Business Line Managers review and assess risk positions, profit & loss, and market conditions against TDGF's risk appetite on an ongoing basis.

These metrics comprehensively capture the portfolio exposure of the entity, across business lines and risk factors. The VaR limit quantifies risk according to a model that permits dynamic diversification benefits and the Stress limit quantifies risk according to highly improbable events with zero diversification across risk factors. The joint application of these metrics enables a balanced management of exposure between moderate and extreme loss outcomes.

<i>Risk Factor</i>	<i>2023</i> <i>USD\$'000</i>	<i>2022</i> <i>USD\$'000</i>
Equity Risk	41	69
Interest Rate Risk	1,351	1,383
Foreign Exchange Risk	836	672
General Market Risk	1,686	2,240
Idiosyncratic Risk	1,179	2,077
Total VaR	2,057	3,055
VaR Limit	10,096	5,872
VaR Limit Utilisation	20.38%	52.03%

Non-Trading Market Risk

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

Non-Trading Market Risk Appetite controls non-trading market risk by maintaining a disciplined asset-liability management programme to manage earnings at risk and capital at risk with the primary objective of ensuring stable and predictable earnings. The TDGF Non-Trading Market Risk Policy establishes a set of market risk management limits and notifications for non-trading market risk activity executed by TDGF. The Global Short-Term Markets Market Risk Policy outlines the Market Risk limits for the repo business globally (including TDGF's repo activities). The Global Liquidity Management Policy outlines the Market Risk limits for the TDGF High Quality Liquid Asset ("HQLA") portfolio. TDGF Credit Valuation Adjustment Capital Hedge ("CVACH") Policy outlines the threshold above which Credit Valuation Adjustment exposures should be hedged.

Notes to the financial statements

at 31 October 2023

21. Risk management (continued)

In quantifying Non-Trading Market Risks, TDGF uses various risk measurement methodologies. Exposure measures such as duration and notional amounts measure the sensitivity of positions or portfolios to market movements. Economic Value of Equity (EVE) measures the relative sensitivity of asset and liability cash flows to changes in interest rates across the yield curve. Net Interest Income Sensitivity (NIIS) measures the pre-tax change in net interest income over the next 12 months for an immediate and sustained 200 basis point unfavourable interest rate shock. Credit Spread Risk in the Banking Book (CSRBB) measures the sensitivity of the HQLA portfolio across a range of credit stress scenarios. The TDGF Non-Trading Market and Liquidity Risk Manager reviews and assesses risk positions, P&L, and market conditions on an on-going basis.

Credit risk

The Company defines Credit Risk as the risk of loss if a borrower or counterparty in a transaction fails to meet its agreed payment obligations. Credit risk in the Company is incurred principally on its exposure to counterparty credit risk.

The Company's comprehensive and proactive approach to Credit Risk management is comprised of four components: risk identification and assessment, measurement, control, and monitoring and reporting. The primary objective of Credit Risk assessment is to better understand, select and manage exposures and risk concentrations to reduce any significant fluctuations in earnings as part of effective Credit Risk management. The Company uses Credit Risk assessment methodologies to assess the Credit Risk involved in individual exposures to counterparties or trading positions and to ensure the Company does not trade or invest with/in any counterparty/borrower without credit approval.

Credit risk associated with Counterparty Credit Risk exposure is subject to the same assessment and underwriting standards used for managing other credit exposures. This includes evaluation of counterparties as to creditworthiness, measuring and monitoring exposures, including Wrong Way Risk exposures, and managing the size, diversification and maturity structure of exposures. Exposures to individual credits (counterparties and issuers) within the Company are measured daily and monitored against specific counterparty and issuer credit limits. In addition, TDGF assesses risk in countries and industry segments in which TDGF has credit exposure and sets limits on the amount of exposure it is willing to extend to a particular country or industry segment.

The Debt securities portfolio held at amortised cost is composed of government bonds from both the US and Germany, as well as highly rated Supranationals. The Expected Credit Losses ("ECL") for the portfolio is deemed immaterial as at 31 October 2023. The Company's credit exposure is 100% investment grade.

Notes to the financial statements

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21. Risk management (continued)

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of uncommitted credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period the company held cash on demand of USD\$21,038,290 (2022 - USD\$113,898,695) and high investment grade debt securities at amortised cost of USD\$1,853,525,510 (2022 - USD\$1,686,213,704) that are expected to readily generate cash inflows for managing liquidity risk.

The Company's liquidity strategy is to maintain a minimum liquidity level equal to the greater of the Company's minimum regulatory liquidity requirements and its own independent assessment of liquidity requirements as per the Internal Liquidity Adequacy Assessment Process ("ILAAP"). In doing so, the Company recognises the relationship between liquidity management and risk.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 October 2023	<i>On demand</i>	<i>Less than 3 months</i>	<i>3 to 12 months</i>	<i>1 to 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
	<i>USD\$'000</i>	<i>USD\$'000</i>	<i>USD\$'000</i>	<i>USD\$'000</i>	<i>USD\$'000</i>	<i>USD\$'000</i>
Financial Liabilities						
Cash and due to banks	-	-	-	-	-	-
Trading securities	-	-	14,803	405,590	98,903	519,295
Cash collateral received	-	1,590,653	-	-	-	1,590,653
Derivative financial instruments	-	1,644,323	829,993	4,448,174	2,393,126	9,315,615
Repurchase agreements	-	4,717,660	-	-	-	4,717,660
Borrowings	-	234,594	-	-	1,783,983	2,018,577
Lease liabilities	-	196	587	3,128	8,083	11,994
Other liabilities	-	1,061,238	18	1,400	1,081	1,063,738
	-	9,248,665	845,400	4,858,292	4,285,176	19,237,532

At 31 October 2022	<i>On demand</i>	<i>Less than 3 months</i>	<i>3 to 12 months</i>	<i>1 to 5 years</i>	<i>Over 5 years</i>	<i>Total</i>
	<i>USD\$'000</i>	<i>USD\$'000</i>	<i>USD\$'000</i>	<i>USD\$'000</i>	<i>USD\$'000</i>	<i>USD\$'000</i>
Financial Liabilities						
Cash and due to banks	-	-	-	-	-	-
Trading securities	-	-	1,205	324,500	190,899	516,604
Cash collateral received	-	1,323,825	-	-	-	1,323,825
Derivative financial instruments	-	1,723,909	1,467,334	4,020,666	2,591,003	9,802,912
Repurchase agreements	-	3,038,648	-	-	-	3,038,648
Borrowings	-	187,124	1,203,050	2,381,037	-	3,771,211
Lease liabilities	-	183	548	2,923	8,284	11,938
Other liabilities	-	1,137,759	4	1,071	731	1,139,565
	-	7,411,448	2,672,141	6,730,197	2,790,917	19,604,703

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21. Risk management (continued)

Operational risk

The Company defines operational risk as the risk of loss resulting from inadequate or failed internal processes or technology, or from human activities, or from external events. This definition includes legal risk but excludes strategic and reputational risk.

Operational Risk is embedded in all business activities, including the practices for managing other risks, such as credit, market and liquidity risk. Operational risks are managed in compliance with an approved set of policies and guidelines. A common risk taxonomy is used to consistently categorise risks and controls across operational risk management programmes. This facilitates improved data consolidation, comparative analysis and operational risk reporting. Operational risk is managed by the business through continuous cycles of risk identification and assessment, measurement, control and monitoring and reporting. While many entity-wide risk management activities occur quarterly to align with business, finance and capital cycles, the business manages operational risk on a daily basis.

Foreign currency risk

The Company funds its business activities in the respective currency, thus minimising foreign currency exposure.

Foreign currency exposures of the Company were as follows:

At 31 October 2023	<i>USD</i>	<i>EUR</i>	<i>CAD</i>	<i>GBP</i>	<i>Others</i>	<i>Total</i>
	<i>USD\$'000</i>	<i>USD\$'000</i>	<i>USD\$'000</i>	<i>USD\$'000</i>	<i>USD\$'000</i>	<i>USD\$'000</i>
Assets						
Cash and due from banks	(39,797)	(23,259)	37,628	46,254	212	21,038
Trading securities	799,131	677,220	(730)	1,374,341	76,003	2,925,965
Cash collateral paid	159,408	370,051	-	936	-	530,396
Derivative financial instruments	49,984,128	(5,353,979)	(4,559,415)	(4,743,101)	(26,005,536)	9,322,096
Debt securities at amortised cost	1,209,789	643,737	(0)	-	-	1,853,526
Reverse repurchase agreements	1,085,630	2,871,386	84,971	881,830	401,038	5,324,854
Loans and advances	6,751	15,606	1,682	-	-	24,039
Tangible fixed assets and right-of-use assets	1,523	5,414	-	9,982	-	16,918
Deferred tax asset	8,638	-	-	-	-	8,638
Other assets	472,301	511,581	66,140	92,696	42,996	1,185,714
Total assets	53,687,502	(282,244)	(4,369,725)	(2,337,062)	(25,485,287)	21,213,184
Liabilities						
Trading securities	(419,087)	(100,208)	-	-	-	(519,295)
Cash collateral received	(124,310)	(1,466,343)	-	-	-	(1,590,653)
Derivative financial instruments	(48,535,810)	4,051,449	4,497,738	4,710,325	25,960,683	(9,315,615)
Repurchase agreements	(1,175,817)	(2,195,568)	(63,890)	(881,353)	(401,032)	(4,717,660)
Borrowings	(1,909,089)	(55,846)	-	(53,642)	-	(2,018,577)
Lease liabilities	-	(9,562)	-	-	-	(9,562)
Other liabilities	(561,260)	(344,269)	(41,420)	(73,356)	(43,432)	(1,063,738)
Total liabilities	(52,725,372)	(120,348)	4,392,427	3,701,974	25,516,218	(19,235,100)
Net assets / (liabilities)	962,129	(402,592)	22,703	1,364,912	30,932	1,978,084

Notes to the financial statements

at 31 October 2023

21. Risk management (continued)

Foreign currency risk (continued)

At 31 October 2022	USD	EUR	CAD	GBP	Others	Total
	USD\$'000	USD\$'000	USD\$'000	USD\$'000	USD\$'000	USD\$'000
Assets						
Cash and due from banks	2,127	23,932	44,051	43,195	594	113,899
Trading securities	1,345,785	851,974	(1,137)	579,560	75,453	2,851,635
Cash collateral paid	217,496	442,131	-	-	-	659,627
Derivative financial instruments	45,972,034	(9,689,805)	(614,148)	666,167	(25,579,278)	10,754,970
Debt securities at amortised cost	1,138,710	547,504	(0)	-	-	1,686,214
Reverse repurchase agreements	1,466,503	2,049,939	10,749	-	13,578	3,540,769
Loans and advances	155,752	79,383	-	-	-	235,135
Tangible fixed assets and right-of-use assets	1,120	6,401	-	8,481	-	16,002
Deferred tax asset	8,858	-	-	-	-	8,858
Other assets	804,139	314,158	55,465	40,318	42,274	1,256,354
Total assets	51,112,524	(5,374,383)	(505,020)	1,337,721	(25,447,379)	21,123,463
Liabilities						
Trading securities	(388,297)	(128,307)	-	-	-	(516,604)
Cash collateral received	(166,370)	(1,157,455)	-	-	-	(1,323,825)
Derivative financial instruments	(43,324,532)	8,280,581	568,187	(842,291)	25,515,143	(9,802,912)
Repurchase agreements	(1,361,916)	(1,663,187)	-	-	(13,545)	(3,038,648)
Borrowings	(3,745,784)	(2,777)	(18,014)	(4,636)	-	(3,771,211)
Lease liabilities	-	(9,471)	-	-	-	(9,471)
Other liabilities	(634,510)	(402,762)	(41,830)	(18,836)	(41,627)	(1,139,565)
Total liabilities	(49,621,409)	4,916,622	508,343	(865,763)	25,459,971	(19,602,236)
Net assets / (liabilities)	1,491,115	(457,761)	3,323	471,958	12,592	1,521,227

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate against the Sterling, Canadian Dollar and Euro exchange rates with all other variables held constant, to the Company's profit before tax ("PBT") and the Company's equity. This table discloses absolute values for the potential exchange rate movements at 31 October 2023:

USD\$'000	2023		2022	
	PBT	PBT	PBT	PBT
	+ 10%	- 10%	+ 10%	- 10%
Euro	131,206	(131,206)	(42,949)	42,949
Sterling	(136,085)	136,085	46,799	(46,799)
Canadian Dollars	(1,850)	1,850	(1,582)	1,582

Notes to the financial statements

at 31 October 2023

22. Fair value measurements

The carrying value of company's assets and liabilities are materially in line with their fair value measurements.

Fair value hierarchy

FRS requires disclosure of a three-level hierarchy for fair value measurements based on transparency of inputs to the valuation of an assets or liability as of the measurement date. The three levels are defined as follows:

(a) Fair value hierarchy

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly; and
- Level 3 - Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

During the reporting period ending 31 October 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of the Level 3 fair value measurements.

As at 31 October 2023, the Company held the following financial instruments measured at fair value:

	2023 USD\$'000	Level 1 USD\$'000	Level 2 USD\$'000	Level 3 USD\$'000
Financial Assets				
Trading securities	2,925,965	2,925,965	-	-
Derivative financial instruments	9,322,096	-	9,322,096	-
	<u>12,248,062</u>	<u>2,925,965</u>	<u>9,322,096</u>	<u>-</u>
Financial Liabilities				
Trading securities	519,295	519,295	-	-
Derivative financial instruments	9,315,615	-	9,315,615	-
	<u>9,834,910</u>	<u>519,295</u>	<u>9,315,615</u>	<u>-</u>

As at 31 October 2022, the Company held the following financial instruments measured at fair value:

	2022 USD\$'000	Level 1 USD\$'000	Level 2 USD\$'000	Level 3 USD\$'000
Financial Assets				
Trading securities	2,851,635	2,851,635	-	-
Derivative financial instruments	10,754,970	-	10,754,970	-
	<u>13,606,605</u>	<u>2,851,635</u>	<u>10,754,970</u>	<u>-</u>
Financial Liabilities				
Trading securities	516,604	516,604	-	-
Derivative financial instruments	9,802,912	-	9,802,912	-
	<u>10,319,516</u>	<u>516,604</u>	<u>9,802,912</u>	<u>-</u>

Notes to the financial statements

at 31 October 2023

22. Fair value measurements (continued)

(b) Determination of fair value

(i) Valuation governance

Valuation processes are guided by policies and procedures that are approved by senior management and subject matter experts. The Company has a number of controls in place, including an independent price verification process to ensure the accuracy of fair value measurements reported in the financial statements. The sources used for independent pricing comply with the standards set out in the approved valuation-related policies, which include consideration of the reliability, relevancy, and timeliness of data.

(ii) Trading securities

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

The fair value of other OECD government guaranteed debt is based on broker quotes and third-party vendor prices, or where these quotes or prices are not readily available, other valuation techniques, such as discounted cash flow models, may be used. Market inputs used in other valuation techniques or broker quotes and third-party vendor prices include government bond yield curves and trade execution data.

The fair value of corporate and other debt securities is based on broker quotes, third-party vendor prices, or other valuation techniques, such as discounted cash flow techniques. Market inputs used in the other valuation techniques or underlying third-party vendor prices or broker quotes include benchmark and government bond yield curves, credit spreads, and trade execution data.

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

(iii) Derivative financial instruments

The fair value of exchange-traded derivative financial instruments is based on quoted market prices. The fair value of OTC derivative financial instruments is estimated using well established valuation techniques, such as discounted cash flow techniques, the Black-Scholes model, and Monte Carlo simulation. The valuation models incorporate inputs that are observable in the market or can be derived from observable market data.

Prices derived by using models are recognised net of valuation adjustments. The inputs used in the valuation models depend on the type of derivative and the nature of the underlying instrument and are specific to the instrument being valued. Inputs can include, but are not limited to, interest rate yield curves, foreign exchange rates, dividend yield projections, commodity spot and forward prices, recovery rates, volatilities, spot prices, and correlation.

Notes to the financial statements

at 31 October 2023

22. Fair value measurements (continued)

A credit valuation adjustment ("CVA") is recognised against the model value of OTC derivatives to account for the uncertainty that either counterparty in a derivative transaction may not be able to fulfil its obligations under the transaction. In determining CVA, the Company takes into account master netting agreements and collateral and considers the creditworthiness of the counterparty and of the Company itself, using market observed or proxy credit spreads, in assessing potential future amounts owed to, or by the Company.

The fair value of a derivative is partly a function of collateralisation. The Company uses the relevant overnight index swap curve to discount the cash flows for collateralised derivatives as most collateral is posted in cash and can be funded at the overnight rate.

A funding valuation adjustment ("FVA") is recognised against the model value of OTC derivatives to recognise the market implied funding costs and benefits considered in the pricing and fair valuation of uncollateralised derivatives. Some of the key drivers of FVA include the market implied funding spread and the expected average exposure by counterparty.

The Company will continue to monitor industry practice on valuation adjustments and may refine the methodology as market practices evolve.

23. Offsetting financial assets and financial liabilities

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

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

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

Notes to the financial statements

at 31 October 2023

23. Offsetting financial assets and financial liabilities (continued)

At 31 October 2023	<i>Gross amounts of recognised financial instruments before Balance sheet netting</i>	<i>Gross amounts of recognised financial instruments offset in the Balance sheet</i>	<i>Net amount of financial instruments presented in the Balance sheet</i>	<i>Collateral</i>	<i>Net Amount</i>
	<i>USD\$'000</i>	<i>USD\$'000</i>	<i>USD\$'000</i>	<i>USD\$'000</i>	<i>USD\$'000</i>
Assets					
Derivative financial instruments	15,026,984	5,704,888	9,322,096	867,105	8,454,992
Securities purchased under reverse repurchase agreements	3,963,707	422,938	5,324,854	3,711,874	1,612,980
Total assets	18,990,691	6,127,826	14,646,951	4,578,979	10,067,972
Liabilities					
Derivative financial instruments	14,631,534	5,315,919	9,315,615	429,941	8,885,674
Obligations related to securities sold under repurchase agreements	3,461,586	422,938	4,717,660	3,266,401	1,451,260
Total liabilities	18,093,120	5,738,857	14,033,276	3,696,342	10,336,934
At 31 October 2022					
	<i>Gross amounts of recognised financial instruments before Balance sheet netting</i>	<i>Gross amounts of recognised financial instruments offset in the Balance sheet</i>	<i>Net amount of financial instruments presented in the Balance sheet</i>	<i>Collateral</i>	<i>Net Amount</i>
	<i>USD\$'000</i>	<i>USD\$'000</i>	<i>USD\$'000</i>	<i>USD\$'000</i>	<i>USD\$'000</i>
Assets					
Derivative financial instruments	18,734,609	7,979,639	10,754,970	1,066,026	9,688,944
Securities purchased under reverse repurchase agreements	3,963,707	422,938	3,540,769	3,711,874	(171,105)
Total assets	22,698,316	8,402,577	14,295,739	4,777,900	9,517,839
Liabilities					
Derivative financial instruments	18,528,249	8,725,337	9,802,912	530,383	9,272,529
Obligations related to securities sold under repurchase agreements	3,461,586	422,938	3,038,648	3,266,401	(227,753)
Total liabilities	21,989,835	9,148,275	12,841,560	3,796,784	9,044,776

Notes to the financial statements

at 31 October 2023

24. Maturity analysis of assets and liabilities

<i>At 31 October 2023</i>	<i>Within 12 months</i>	<i>After 12 months</i>	<i>Total</i>
	<i>USD\$'000</i>	<i>USD\$'000</i>	<i>USD\$'000</i>
Assets			
Cash and due from banks	21,038	-	21,038
Trading securities	2,925,965	-	2,925,965
Cash collateral paid	530,396	-	530,396
Derivative financial instruments	2,642,127	6,679,970	9,322,096
Debt securities at amortised cost	-	1,853,526	1,853,526
Reverse repurchase agreements	5,324,854	-	5,324,854
Loans and advances	24,039	-	24,039
Tangible fixed assets and right-of-use assets	2,383	14,535	16,918
Deferred tax asset	-	8,638	8,638
Other assets	1,185,714	-	1,185,714
Total assets	<u>12,656,517</u>	<u>8,556,668</u>	<u>21,213,184</u>
Liabilities			
Trading securities	14,803	504,492	519,295
Cash collateral received	1,590,653	-	1,590,653
Derivative financial instruments	2,474,316	6,841,300	9,315,615
Repurchase agreements	4,717,660	-	4,717,660
Borrowings	234,594	1,783,983	2,018,577
Lease liabilities	788	8,774	9,562
Other liabilities	1,061,258	2,481	1,063,738
Total liabilities	<u>10,094,071</u>	<u>9,141,030</u>	<u>19,235,100</u>
Net assets	<u>2,562,446</u>	<u>(584,362)</u>	<u>1,978,084</u>

Notes to the financial statements

at 31 October 2023

At 31 October 2022	<i>Within 12 months</i>	<i>After 12 months</i>	<i>Total</i>
	<i>USD\$'000</i>	<i>USD\$'000</i>	<i>USD\$'000</i>
Assets			
Cash and due from banks	113,899	-	113,899
Trading securities	2,851,635	-	2,851,635
Cash collateral paid	659,627	-	659,627
Derivative financial instruments	3,246,554	7,508,416	10,754,970
Debt securities at amortised cost	-	1,686,214	1,686,214
Reverse repurchase agreements	3,540,769	-	3,540,769
Loans and advances	235,135	-	235,135
Tangible fixed assets and right-of-use assets	2,449	13,553	16,002
Deferred tax asset	-	8,858	8,858
Other assets	1,256,354	-	1,256,354
Total assets	<u>11,906,422</u>	<u>9,217,041</u>	<u>21,123,463</u>
Liabilities			
Trading securities	1,205	515,399	516,604
Cash collateral received	1,323,825	-	1,323,825
Derivative financial instruments	3,191,243	6,611,669	9,802,912
Repurchase agreements	3,038,648	-	3,038,648
Borrowings	1,390,174	2,381,037	3,771,211
Lease liabilities	788	8,683	9,471
Other liabilities	1,137,763	1,802	1,139,565
Total liabilities	<u>10,083,646</u>	<u>9,518,590</u>	<u>19,602,236</u>
Net assets	<u>1,822,776</u>	<u>(301,549)</u>	<u>1,521,227</u>

25. Post Balance sheet events

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

26. Ultimate parent undertaking

The Company's ultimate parent undertaking, controlling party and the parent of the largest group to consolidate the financial statements of the Company 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.