Pillar 3 Disclosure Report

TD Bank Europe Limited

for the year ended 31 October 2023

Table of Contents

1 Overview 5
1.1 Introduction 5
1.2 Scope of Application 5
1.2.1 Financial Position Overview 6
1.2.2 Business profile 6
1.3 Future Developments 7
1.4 Frequency of disclosures 7
1.5 Location and verification 7
2 Risk Management 8
2.1 Overview 8
2.2 Risk Inventory 8
2.3 Risk Appetite Statement 8
2.3.1 TDBEL Risk Appetite Statements 9
2.3.2 Regulatory Limits 9
2.3.3 Recovery Plan 9
2.4 Risk Culture 9
2.5 Risk Governance 10
2.5.1 TDBEL Risk Governance 10
2.5.2 Recruitment and Diversity Policy 11
3 Capital Adequacy 13
3.1 Overview 13
3.2 Capital Ratio 13
3.3 Capital Resources 13
3.4 Capital Resource Requirements 14
3.4.1 Overview 14
3.4.2 Risk Exposure 14
3.4.3 Risk Exposure Amount 14
3.5 Capital Buffers 15
4 Leverage 16
4.1 Overview 16
4.2 Leverage ratio 16
5 Credit Risk 17
5.1 Credit Risk 17
5.2 Definition of Credit Risk 17
5.3 Management and Governance 17
5.4 Credit Risk Profile 17
5.4.1 Exposure Class 18
5.4.2 Industry Breakdown of Exposures 18
5.4.3 Geographical Breakdown of Exposures 18
5.4.4 Risk Weight Breakdown of Exposures 19
5.4.5 Maturity Breakdown of Exposures 19
5.4.6 Credit Quality of Assets 20
5.5 Counterparty Credit Risk 22
5.5.1 Overview 22
5.5.2 Definition 22
5.5.3 Management and Governance 22
5.5.4 Counterparty Credit Risk Profile 23
5.6 Credit Risk and Counterparty Credit Risk Weight Breakdown of Exposures 23
5.7 Use of Mitigation Techniques 24
5.8 Credit Valuation Adjustment 25
6 Market Risk 25
6.1 Overview 25
6.2 Definition of Market Risk 25
6.3 Management and Governance 26
6.4 Market Risk Profile 26
7 Operational Risk 27

7.1 Overview 27
7.2 Definition 27
7.3 Management and Governance 27
8 Liquidity Risk 29
8.1 Overview 29
8.2 Definition 29
8.3 Management and Governance 29
8.4 Liquidity Policy and Contingent Funding Plan 29
8.5 Liquidity Responsibility 30
8.6 HQLA 30
8.7 Funding 30
8.8 Stress Testing 30
8.9 Liquidity Coverage Ratio (LCR) and Net Stable Funding Ration (NSFR) 30
8.10 Unencumbered Assets 31
9 Other Risks 32
9.1 Interest Rate Risk in the Banking Book 32
9.2 Wrong Way Risk 32
9.3 Regulatory Risk 32
9.4 Reputational Risk 33
9.5 Climate Risk 33
10 Remuneration 34
10.1 Compensation Governance 34
11 Appendix 1 35
11.1 Key Metrics 35
11.2 Own Funds 37

List of Figures and Tables

Figure 1: TD Bank Europe Limited Group organisational chart....6
Figure 2: Major risk categories....8
Figure 3: Liquidity limits....29
Table 1: Key regulatory metrics....6
Table 2: Surplus over the minimum capital requirements....13
Table 3: Capital resources....13
Table 4: Capital requirements and risk weighted assets....14
Table 5: TDBEL CCyB - Own funds requirements....15
Table 6: CCyB Requirement....16
Table 7: Leverage ratio....16
Table 8: Exposure by standardised exposure class....18
Table 9: TDBEL Group exposure by industry breakdown....18
Table 10: TDBEL exposure by geographical breakdown....18
Table 11: TDBEL RW breakdown of exposures....19
Table 12: TDBEL breakdown of exposures by maturity....19
Table 13: Credit quality of performing and non-performing exposures by past due days....20
Table 14: Performing and non-performing exposures and related provisions....22
Table 15: Counterparty and Credit Risk Gross Exposure by CQS....23
Table 16: TDBEL CRM techniques overview....24
Table 17: Credit risk exposures and Credit Conversion Factor ("CCF") Credit Risk Mitigation ("CRM") effects....25
Table 18: Market Risk exposure breakdown and own funds requirements....26
Table 19: Liquidity Risk Profile....30
Table 20: TDBEL Analysis of Assets....31
Table 21: Key Metrics....35

1 Overview

1.1 Introduction

Market discipline has long been recognized as a key objective of the Basel Committee on Banking Supervision (“BCBS”). Pillar 3 of the Basel framework aims to promote market discipline through regulatory disclosure requirements, requiring regular disclosure to the market of both qualitative and quantitative aspects of a firm’s capital adequacy and risk.

With effective date 1 January 2022 the firm has been governed by the Prudential Regulation Authority ("PRA") Rulebook which sets out a three-pillar framework:

- **Pillar 1** details a rule-based minimum capital standard, determined by the pertinent Capital Requirements Regulation (CRR) chapters of the PRA Rulebook.
- **Pillar 2** is an internal evaluation of the adequacy of the regulatory capital and liquidity requirements under Pillar 1 and other non-Pillar 1 risks. It requires firms to assess additional risks that impact capital and liquidity requirements and conduct stress testing through the ICAAP and ILAAP. The output includes the setting of individual capital and liquidity requirements based on supervisory review of this assessment.
- **Pillar 3** sets out public disclosure requirements intended to enhance market discipline. Pillar 3 disclosures as at the reporting date are prepared in accordance with the Disclosure (CRR) chapter of the PRA Rulebook.

This document contains the TD Bank Europe Limited (“TDBEL” or “the Firm”) 2023 Pillar 3 Disclosures. These complement those disclosures in The Toronto-Dominion Bank (“TDBG” or “the Group”) and TDBEL Audited Financial Statements. Additional information on the Toronto-Dominion Bank's approach to risk management are included on the corporate website with TDBEL subject to Group policies as appropriate.

TDBEL is not a Globally Systemic Important Institution ("G-SII"), Other Systemic Important Institution ("O-SII"), a significant subsidiary or a subsidiary of material significance for their local market, therefore is not required to comply with Article 433a and 433b of the PRA Rulebook Disclosure (CRR)". TDBEL must adhere to the guidelines included within Article 433c (2) of PRA Rulebook, Disclosures for non-listed Other Institutions.

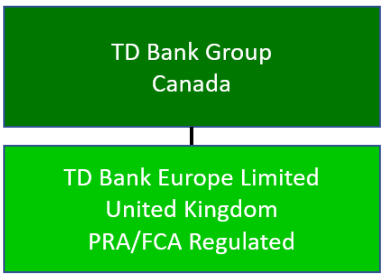
1.2 Scope of Application

TDBEL is a Credit Institution registered in the United Kingdom. The company is a wholly owned subsidiary of The Toronto-Dominion Bank, a company registered in Canada. TDBEL provides wholesale investment services and lending, but its main business is the management of a portfolio of liquid assets. TDBEL operations are located exclusively in the United Kingdom.

TDBEL complies with the Pillar 3 requirement on a solo basis, as there are no other regulated firms controlled by a parent that is a mixed financial holding company in the UK.

The corporate structure of TDBEL is represented in Figure 1 below:

Figure 1: TDBEL Group organisational chart



The parent of TDBEL is The Toronto-Dominion Bank, a Canadian authorised Credit Institution with external credit rating Aa1 (Moody's Long Term Counterparty Risk Rating) at the date this Pillar 3 document was approved[1].

TDBEL is authorised by the PRA and regulated by the Financial Conduct Authority ("FCA") and the PRA. TDBEL is the single operating regulated subsidiary in the UK. This document includes material subsidiary disclosures for TDBEL as required by the PRA Rulebook Disclosures (CRR) chapter.

1.2.1 Financial Position Overview

Table 1 summarises the key regulatory defined metrics that are relevant to TDBEL.

Table 1: Key regulatory metrics

Prudential Reg. Ratios as at 31 October 2023	2023	2022
CET 1 Ratio *(Section 3)*	71%	87%
Leverage Ratio *(Section 4)*	5.0%	4.7%
Liquidity Coverage Ratio *(Section 8)*	2575%	29989%
Net Stable Funding Ratio *(Section 8)*	6804%	8307%

As at 31 October 2023, the firm continued to be well capitalised, with positions largely stable throughout the year. The decrease in the CET 1 ratio can be attributed to an increase in FX market risk exposure due to the increased inflationary environment and subsequent interest rate changes impacting the market value of the bonds against the hedging derivative at par. The liquidity position is significantly in excess of the regulatory minima due to the business model of the firm, holding high-quality liquid assets in an investment portfolio. The drop in LCR can be attributed to a change in regulatory interpretation, leading to the inclusion of a Historic Look Back Adjustment (HLBA) outflow.

Key metrics are detailed in Appendix 11.1.

1.2.2 Business profile

The TDBEL business model consists of a High-Quality Liquid Asset ("HQLA") Investment Portfolio, Corporate Loan Business and an Institutional Equities Sales business. The Investment portfolio consists of HQLA securities and FX forwards to hedge FX risk. In addition, TDBEL has a reserve account with the Bank of England ("BoE"). Loan assets are comprised of exposures to corporates and financial institutions. The Institutional Equities Sales business is a fee generating agency business with no balance sheet.

Investment Portfolio

The investment portfolio consists of high-quality, liquid fixed income bonds. The primary purpose of this investment portfolio is to support TDBG's global liquidity risk management program and the portfolio functions as a source of reserve liquidity. The portfolios asset mix includes HQLAs denominated in US dollars, Sterling, Euro, and FX derivatives to fully hedge the investment portfolio to the funding currency of Canadian dollars (including that funded by equity).

The investment portfolio is booked in the banking book and attracts credit risk and non-trading market risk. Credit risk is not considered material given the high-quality nature of the portfolio and non-trading market risk is minimal with the portfolio cash flows being fully hedged with the exception of the premium or discount on the bonds. The investment portfolio presents de minimis interest rate risk due to the funding structure and minimal foreign exchange risk as it is effectively match funded except for the component funded by equity. The asset size of the investment portfolio, plus FX forward derivative position does impact leverage. In addition, volatility in interest rates (EUR, CAD, USD) relating to the portfolios cashflow hedges can cause significant balance movement in the Other Comprehensive Income cashflow hedge reserve, however there are no regulatory capital implications from this volatility and no profit/loss impact.

---

[1] *Current credit ratings are available at* https://www.td.com/investor-relations/ir-homepage/share-information/credit-ratings/credit.jsp

Corporate Loan Business

Loans and commitments are principally made to investment grade corporate customers in the UK and Europe. Generally corporate facilities in TDBEL form part of a syndicated facility, whereby TDBEL is only liable for its legally agreed proportion of the syndicated facilities.

TDBEL continues to operate its established business of facilitating loans and commitments however, the strategic plan is for no new facilities to be booked in TDBEL with the residual facilities to be booked out of London Branch of Toronto-Dominion Bank upon refinancing.

Institutional Equities Sales

The institutional equities sales business is responsible for facilitating the sales of Canadian equities to UK clients and other non-regulated EU clients on an agency basis. Therefore, the business does not result in balance sheet positions. Following an internal review in order to optimise and simplify the UK model, this business will be moving out of TDBEL and into Toronto-Dominion London Branch within the next fiscal year.

1.3 Future Developments

Business Developments

TDBEL ensures the existence and impact of any new or emerging risks are assessed on a periodic basis. The most significant regulatory change currently impacting TDBEL is understanding the implementation and expansion of UK legislation. Key elements of this are presented below.

- **Basel 3.1 standards** – The firm monitors regulatory and legislative developments on an on-going basis to ensure it is prepared for forthcoming regulatory change. The firm continues to consider and assess the impacts of the PRA's implementation of the Basel 3.1 standards, which have an implementation date of July 2025 and will include amendments to calculations including Operational Risk, Credit Risk (Standardised Approach) and Market Risk.
- The firm's approach to monitor and manage climate change risk continues to develop. This risk has been allocated a Senior Management Function ("SMF") and has been integrated into the risk framework of the operations within the region. From the perspective of TDBEL, this includes climate risk disclosures included within the Strategic Report of TDBEL's Annual Accounts.

1.4 Frequency of disclosures

TDBEL updates these disclosures on an annual basis as at its financial year end of 31 October. TDBEL will assess the need to publish some or all disclosures more frequently than annually in the light of the criteria specified in Article 433c of the PRA Rulebook Disclosure (CRR) Chapter.

1.5 Location and verification

These disclosures are not subject to external audit and have been produced solely for the purpose of satisfying the PRA Rulebook regulatory disclosure requirements (Disclosure (CRR). As such, the information is not prepared in accordance with International Financial Reporting Standards or FRS 101. In addition, the report does not constitute any form of forward-looking opinion.

A copy of these disclosures is available on the TD Securities website (https://www.tdsecurities.com/ca/en/legal).

2 Risk Management

2.1 Overview

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

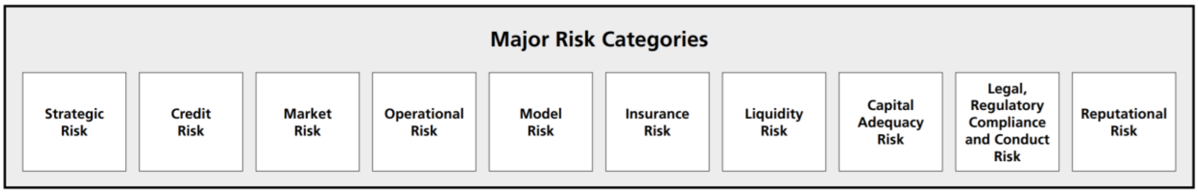
The Enterprise Risk Framework ("ERF") reinforces risk culture, which emphasizes transparency and accountability, and supports a common understanding among stakeholders of how the TDBEL and TDBG manages risk. The ERF addresses: (1) the nature of risks to the Bank's strategy and operations; (2) how the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

All subsidiaries operate under the TD Governance Model which is premised on the fact that the Group operates on a business line basis. The Board of Directors of The Toronto-Dominion Bank (the "TD Board") has overall responsibility for the business and operations of TDBG and, in fulfilling this responsibility, oversees management and approves all major strategy and policy recommendations for TDBG.

2.2 Risk Inventory

TDBG Risk Inventory describes the major risk categories and related subcategories to which TDBG's businesses and operations could be exposed. The Risk Inventory facilitates consistent risk identification and is the starting point in developing risk management strategies and processes. TDBG's major risk categories are shown in Figure 2 below:

Figure 2: Major risk categories



TDBEL utilises TDBG Risk Inventory[2] to facilitate the identification and management of risks of the entity and has identified Credit Risk and Operational risk as the most material risk categories. Further details of how these risks are managed by in TDBEL are given in Sections 5 and 7.

2.3 Risk Appetite Statement

TDBG Risk Appetite Statement ("RAS") is the primary means used to communicate how TDBG views risk and determines the type and amount of risk it is willing to take to deliver on TDBG's strategy and enhance shareholder value. In defining its risk appetite, TDBG considers its vision, mission, strategy, guiding principles, risk philosophy, and capacity to bear risk.

The key message of the Risk Appetite Statements is as per below:

TDBG takes risks required to build our business, but only if those risks:

1. Fit our business strategy and can be understood and managed.

---

[2] The major risk categories and the Group's approach to management of the risk are further defined in the 2023 Annual Report – Risks Involved in TD'S Businesses p78: Strategic Risk p83, Credit Risk p83, Market Risk p89, Operational Risk p94, Model Risk p96, Insurance Risk p97, Liquidity Risk p97, Capital Adequacy Risk p109, Legal and Regulatory Compliance and Conduct Risk p109 and Reputational Risk p110.

2. Do not expose the enterprise to any significant single loss events; we don't 'bet the bank' on any single acquisition, business, or product.

3. Do not risk harming the TD Brand.

The Risk Appetite Statement is further expanded by including a number of "Principles in Practice" that give meaning to the three Core Risk Principles across all major risk categories. Associated with each Principle in Practice are several quantitative and qualitative measures, many with identified thresholds and limits.

2.3.1 TDBEL Risk Appetite Statements

In line with TDBG RAS, Board-approved Risk Appetite Statements have been established for TDBEL. These are reviewed and approved at least annually. The established quantitative and qualitative measures inform ongoing risk management and monitoring of performance against subsidiary Risk Appetite and incorporate TDBG Principles in Practice and key message.

The TDBEL establishes the qualitative and quantitative risk appetite for each major risk type and relevant sub-risks. The TDBEL Board has also established management limits that are more stringent than policy limits and act as early warning indicators to Management. It is also responsible for ensuring compliance with all relevant management and risk appetite limits, escalation of any excesses are escalated via UK Executive Risk Committee ("UKERC") and Chief Risk Officer as appropriate.

The results of the ICAAP and ILAAP are used to inform management thresholds and policy limits on quantitative measures for the Risk Appetite Statement and Recovery Plan.

2.3.2 Regulatory Limits

TDBEL faces a number of regulatory limits that are set by the PRA. The principal limits are capital adequacy, liquidity adequacy, stable funding, leverage and large exposures. These are all incorporated into RAS limits.

2.3.3 Recovery Plan

The aforementioned regulatory and internal limits are reflected in the TDBEL Recovery Plan, which establishes a set of trigger points in relation to capital adequacy, liquidity, credit quality, profitability, market-based and macro. Trigger points identified as 'amber' represent Early Warning Indicators that allow management sufficient time and opportunity to react to conditions before TDBEL breaches its policy limits.

2.4 Risk Culture

TDBG's risk culture starts with the "tone at the top" set by the TD Board, Chief Executive Officer ("CEO"), and locally by the UK Management Committee ("UKMC"), UK Executive Risk Committee ("UKERC"), TDBEL Asset, Liability and Capital Committee ("ALCO") and TDBEL Board, and is supported by its vision, purpose, and shared commitments. These governing objectives describe the behaviours that TDBG, including TDBEL seeks to foster, among its employees, in building a culture where the only risks taken are those that can be understood and managed. TDBG and TDBEL's risk culture promotes accountability, learning from past experiences, and encourages open communication and transparency on all aspects of risk taking. TDBEL's employees are encouraged to challenge and escalate when they believe TDBEL is operating outside of its risk appetite.

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

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

In support of a strong risk culture, TDBEL applies the following principles in governing how it manages risks:

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

2.5 Risk Governance

TDBEL's risk governance structure emphasizes and balances strong independent oversight with clear ownership for risk control within each business segment. Under TDBEL's approach to risk governance, a "three lines of defence" model is employed, in which the first line of defence is the "Risk Owners", the second line being the provision of "Risk Oversight", and the third line is Internal Audit[3].

TDBEL's risk governance model includes a senior management committee structure that is designed to support transparent risk reporting and discussions. TDBEL's overall risk and control oversight is provided by the TDBEL Board and its Committees (primarily the Audit and Risk Committees). The TD Bank CEO and Senior Executive Team determine TDBEL's long-term direction which is then carried out by business segments within TDBEL's risk appetite. Risk Management, headed by the Group Head and CRO, sets enterprise risk strategy and policy and provides independent oversight to support a comprehensive and proactive risk management approach.

TDBEL has a robust subsidiary governance framework to support its overall risk governance structure, including boards of directors, and committees for various subsidiary entities where appropriate.

2.5.1 TDBEL Risk Governance

TDBEL utilises the TDBG risk governance framework and risk management model. The TDBG Enterprise Risk Management Framework reinforces TD's risk culture, which emphasizes transparency and accountability, and supports a common understanding among stakeholders of how TDBG manages risk.

The risk management framework and associated governance structure of TDBEL is designed to ensure there is an effective process and a clear organisational structure with well-defined responsibilities to identify, manage and monitor risk, including established risk limits, reporting lines, mandates and other control procedures. The risk management framework also establishes a three lines of defence model[4].

[3] Further details of the TD Bank risk governance structure are included in p79 of the 2023 Annual Report.
[4] The three lines of defence model describes accountabilities for managing risk and is discussed in the Annual Report p81.

The TDBEL Board of Directors is ultimately responsible for identifying and controlling risks and is accountable to the PRA and FCA. Information on risk is reported directly to the Board via various committees, where established, namely the TDBEL Audit Committee and the TDBEL Risk Committee.

TDBEL has established local Board committees including an Audit Committee, a Risk Committee, a Nomination Committee and a Remuneration Committee plus, a management Asset, Liability and Capital Committee ("ALCO"). TDBEL is supported by TDBG corporate oversight functions in the delivery of independent risk management and internal audit. This support includes Risk Management, Compliance, Global Anti-Money Laundering, Treasury and Balance Sheet Management.[5]

Audit committee

The purpose of the TDBEL Audit Committee is to assist the TDBEL Board to fulfil its governance and oversight responsibilities in relation to internal and external audit functions, financial reporting, internal control framework and legal matters having a material impact on the financial statements, and, on any other matters as directed by the Board.

Risk committee

The purpose of the TDBEL Risk Committee is to assist the TDBEL Board in fulfilling its governance and oversight responsibilities in relation to the management of risk within TDBEL, and, on any other matters as directed by the Board.

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

The existing Committee structure is considered appropriate when considering the complexity and inherent risk in TDBEL.

In addition to the TDBEL Board and Committees the TDBEL business is included and discussed at a number of TDS UK Executive Region Committees. These Committees not only consider the current risk profile but look at emerging risks facing the business.

Remuneration committee

The purpose of the TDBEL Remuneration Committee is to assist the Board in fulfilling its governance and oversight responsibilities in relation to remuneration policy, practices and awards; and any other matters as directed by the Board. The TDS UK Remuneration Policy Statement contains a summary of the remuneration policies, practices and procedures applicable to the TD Securities entities in the UK, including TDBEL focusing on compensation schemes to attract and retain employees without incentivising risk taking above the approved risk appetite of TDBG.

Nomination Committee

The purpose of the TDBEL Nomination Committee is to assist the Board in fulfilling its governance and oversight responsibilities in relation to the identification, appointment, induction and assessment of directors to the Board and Board Sub-Committees of TDBEL and to designated Senior Management Function roles under the FCA and PRA Senior Managers & Certification Regime.

ALCO

The TDBEL ALCO, a management committee chaired by the CFO, Europe, is responsible for all matters relating to financial resources including the management of balance sheet, capital position, funding and liquidity and non-trading market risk. ALCO is comprised of senior management from the business, Risk, Finance, and TDBG Treasury function and meet on a monthly basis.

2.5.2 Recruitment and Diversity Policy

Since 2005, building an inclusive and diverse organisation has been a formal business strategy at TDBG. The goal is to create an inclusive bank that reflects the diverse communities we serve. Inclusion and diversity are embedded into every aspect of the business.

[5] Group Oversight functions include Risk Management, Business and Corporate Segments, Internal Audit, Compliance and Global Anti-Money Laundering are described in the 2023 Annual Report p79.

The European Inclusion & Diversity Committee ("EIDC") is comprised of senior leaders across TD in Europe. The EIDC sets the bank’s inclusion and diversity strategy, oversees its progress and is supported by more than 300 leaders who are actively driving initiatives and outcomes through business subcommittees and regional councils. Every three years the EIDC and its committees review the overall inclusion and diversity strategy, setting new three-year goals, objectives and supporting tactics.

Further information on the recruitment and diversity policy can be found in the 2022 ESG report (p86-88).

3 CAPITAL ADEQUACY

3.1 Overview

The capital resources available and resource requirements applicable to a regulated entity depend upon the permissions granted by the relevant national competent authority. TDBEL is a Credit Institution and subject to the CRR rules in the PRA Handbook.

Minimum Own Funds requirements are set out in PRA Rulebook CRR Article 92 and require firms to maintain a minimum total capital ratio of 8%. The total capital ratio is the own funds of the institution expressed as a percentage of the total risk exposure amount.

All figures and ratios related to regulatory capital are aligned to the relevant regulatory metric for October 2023. These figures incorporate the results for the fiscal year ended October 31 2023 that are included in own funds following the audit of the financial statements as per PRA Rulebook CRR Article 26(2).

3.2 Capital Ratio

The Total Capital Ratio is 71% as at October 31, 2023[6]. The surplus over minimum requirements and Total Capital Ratio is shown in Table 2 below. The minimum requirements is the Total Capital Requirement ("TCR") of 13.01% applicable from 15 November 2023 onwards. The PRA last reviewed the bank's TCR in November 2020.

Composition of TCR is as follows

Table 2: Surplus over the minimum capital requirements

CAD MM	2023	2022
Total Capital Resources (Own Funds)	1,159	1,103
Total Minimum Capital Requirement (TCR 13.01%)	213	164
Surplus over requirement	**1,028**	**1,002**
Total Capital Resources (Own Funds)	1,159	1,103
Risk Weighted Assets	1,635	1,261
Total Capital Ratio	**71%**	**87%**

Further details of the constituents of capital resources and risk weighted assets are provided in Section 3.3 and Section 3.4 respectively.

3.3 Capital Resources

Eligible Own Funds is defined in the CRR and includes CET1, Additional Tier 1 ("AT1") and Tier 2 capital instruments. Availability of own funds represents the capacity of a firm to cover all risks.

The CET1 of TDBEL consists of share capital and retained earnings and amounts to CAD 1,159 MM as of October 31 2023.

Table 3: Capital resources

CAD MM	2023	2022
Ordinary share capital	630	630
Share premium	-	-
Retained earnings	529	473
CET1 capital	**1,159**	**1,103**

[6] *As all capital resources are CET1, the CET1 ratio and total capital ratio are identical.*

Additional Tier 1 Capital	-	-
Tier 2 Capital	-	-
Own Funds	**1,159**	**1,103**

TDBEL holds capital significantly in excess of the regulatory minimum with a CET1 ratio of 71% as per October 31 2023. The capital of TDBEL currently consists entirely of CET1 instruments. Other Comprehensive Income (OCI) pertaining to cash flow hedging reserve is excluded from the capital figure. The OCI does not impact the entity's regulatory capital based on Article 33(1)(a) of the CRR.

A reconciliation of the own funds of the TDBEL and the October 2023 audited financial statements is included in Appendix 11.2.

3.4 Capital Resource Requirements

3.4.1 Overview

Minimum resource requirements are calculated using the Pillar 1 non-modelled methodologies included in the PRA Rulebook. TDBEL does not have permission from the PRA or FCA to use advanced measurement methods for the purpose of Pillar 1 resource requirements.

3.4.2 Risk Exposure

The total risk exposure amount is calculated for the following components of risk: credit risk, operational risk and market risk.

- Credit Risk is calculated in accordance with standardized approach and Counterparty Credit risk in accordance with standardized approach, SACCR.
- Market Risk is calculated in accordance with standardized approach included in PRA Rulebook.
- Operational Risk is calculated in accordance with Basic Indicator Approach.
- Settlement risk is calculated based on the PRA Rulebook rules.

TDBEL uses Moody’s and S&P as the External Credit Assessment Institution for calculating the risk weighted exposure amounts for credit (including counterparty credit) risk.

The capital ratio is monitored monthly and reported to TDBEL ALCO monthly and the TDBEL Board Risk Committee on a quarterly basis.

3.4.3 Risk Exposure Amount

As at October 31, 2023, the minimum capital requirements were CAD 131 MM for TDBEL, as illustrated in Table 4 below.

Table 4: Capital requirements and risk weighted assets

CAD MM	Capital Requirement	RWA
Credit Risk (including CCR) - *of which*	**34**	**427**
Central Governments or Central Banks	-	-
Institutions	10	125
Corporates	15	187
Covered Bonds	9	114
Regional governments or local authorities	-	-
Public sector entities	-	-
Multilateral development banks	-	-
International organisations	-	-
Equity Exposures	-	-
Other Items	-	-

Market Risk	81	1,012
CVA Risk	3	38
Operational Risk	13	158
Large Exposure	-	-
Total	**131**	**1,635**

Further breakdown of the above figures is included in Section 5, 6 and 7 of this document.

3.5 Capital Buffers

CRD IV introduced a combined buffer requirement, subject to a phase in provisions. TDBEL's capital buffer comprises a Capital Conservation Buffer ("CCB") and Countercyclical Buffer ("CCyB"). As at October 31, 2023 the CCB was 2.5%.

The CCyB is calculated based upon the total risk exposure amount multiplied by the weighted average of the countercyclical buffer rates that apply in the jurisdictions where the relevant credit exposures are located.

As at October 31, 2023 TDBEL's CCyB rate was 1.58%, as shown in Table 5 below:

Table 5: TDBEL CCyB - Own funds requirements

TDBEL Own Fund Requirements					
CADmn	EAD		Own Fund Requirements for CCB	Own Fund Requirements weight	Countercyclical Capital Buffer rate
	of which: General credit exposures	of which: Trading book exposures			
Austria	764	-	-	0.00%	0.00%
Australia	565	-	4.5	18.76%	1.00%
Belgium	230	-	0.0	0.00%	0.00%
Canada	100	-	0.0	0.00%	0.50%
Denmark	138	-	-	0.00%	2.50%
Finland	702	-	-	0.00%	0.00%
France	3,571	-	1.8	7.41%	0.50%
Germany	6,626	-	1.3	5.49%	0.75%
Ireland	0	-	0.0	0.00%	0.50%
Korea	258	-	0.0	0.00%	0.00%
Netherlands	832	-	0.0	0.00%	1.00%
Norway	505	-	0.6	2.53%	2.50%
Singapore	102	-	0.8	3.40%	0.00%
Sweden	406	-	1.9	7.84%	2.00%
Switzerland	0	-	0.0	0.00%	0.00%
United Kingdom	300	-	13.1	54.58%	2.00%
Other	6,603	-	-	0.00%	-
Total	**21,705**	**0**	**24.1**	**100.00%**	**1.58%**

The CCyB rates applied by relevant countries to TDBEL exposure increased throughout 2023, particularly the UK and EU countries. This had the effect of significantly increasing the CCyB capital requirement as shown in table 6 below. The list of current CCyB rates can be found on the Bank of England website.[7]

The TDBEL institution specific CCyB as at October 31, 2023 is as shown in Table 6 below:

Table 6: CCyB Requirement

CAD MM CCyB Capital Requirement	2023	2022
Total Risk Exposure Amount	1,635	1,261
Institution specific CCyB rate	1.577%	0.038%
CCyB Capital Requirement	**25.8**	**0.5**

4 LEVERAGE

4.1 Overview

The leverage ratio is a simple, transparent, non-risk based supplementary measure to the risk-based capital requirements. This ratio is defined as the tier 1 capital divided by total exposure measure, expressed as a percentage.

The leverage ratio is a binding minimum requirement in the UK as part of the UK Leverage Ratio Framework. The minimum leverage ratio under UK legislation is 3.25%, applicable from January 1, 2023, for LREQ firms. TDBEL fulfils the requirement to be classified as a LREQ firm, due to holding GBP Assets >GBP 10 BN. TDBEL is required to disclose in the quarterly reporting, the daily average leverage positions.

TDBEL is required to always meet the minimum Leverage Requirement of 3.25%. There is also a countercyclical leverage ratio buffer, this equates to 35% of the risk weighted CCyB rate. For TDBEL the leverage CCyB equals 0.55% as at 31 October 2023. TDBEL's leverage position of 5.0% is comfortably in excess of this requirement (3.25% + 0.55% = 3.80%).

The leverage ratio is monitored daily and reported to TDBEL ALCO monthly and the TDBEL Risk Committee on a quarterly basis.

4.2 Leverage ratio

As at October 31, 2023 TDBEL's leverage ratio stood at 5.0%, as shown in Table 7 below:

Table 7: Leverage ratio

CAD MM	**2023**	**2022**
Balance Sheet Assets	21,414	19,556
Off-Balance Sheet Exposure at gross notional amount	327	870
Adjustments for conversion to credit equivalent amounts (50%)	164	435
Derivative Exposure	1,379	3,418
Replacement cost associated with SA-CCR derivatives transactions	210	2,374
Potential future exposure contribution under SA-CCR	1,169	1,044
Regular-way purchases and sales awaiting settlement: Accounting value under trade date accounting	48	0
Total Exposure Measure (excluding claims on central banks)	**23,004**	**23,408**
Total exposure measure including claims on central banks	23,004	23,408

[7] https://www.bankofengland.co.uk/financial-stability

Leverage ratio including claims on central banks (%)	5.0%	4.7%
Tier 1 Capital	**1,159**	**1,103**
Tier 1 Leverage Ratio (excluding claims on central banks)	**5.0%**	**4.7%**
Countercyclical Leverage Buffer (%)	0.55%	-
Regulatory minimum leverage ratio requirement (3.25% plus CCyB) (%)	**3.80%**	**3.25%**

Leverage is TDBEL's binding capital constraint. TDBEL continues to have sufficient levels of capital to support the investment portfolio.

5 CREDIT RISK

5.1 Credit Risk

Credit risk exposure comes from TDBEL’s corporate loan portfolio and investment portfolio, with securities held in the banking book. TDBEL's corporate facilities client base are principally counterparties domiciled in the UK, Europe and North America. TDBEL also has credit risk exposure through the cash it places with TDBG companies.

Credit risk is mitigated by TDBEL’s prudent credit management process combined with its conservative lending strategy.

5.2 Definition of Credit Risk

Credit risk is the risk that the company will incur a loss because its counterparties fail to discharge their contractual obligations. The magnitude of the risk depends on the estimated exposure at default and the creditworthiness of the counterparty.

Counterparty credit risk is assessed separately in Section 5.5.

5.3 Management and Governance

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

Credit risk is managed through centralized control by Risk Management of credit policies that establish and maintain a strategic balance of risk and return by managing credit risk within the Risk Appetite, taking into account business strategies and recognizing the need to create, protect and enhance shareholder value.

TDBEL manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties, countries and industries, monitoring exposures in relation to such limits. Counterparty limits are established by the use of a credit risk classification system, managed by TDBG Risk Management Department, which assigns each counterparty a risk rating. Risk ratings are subject to regular review and revision.

The Group approach, adopted by TDBEL, for managing risk to non-retail exposures is further discussed in TDBG Annual Report (p85-87).

5.4 Credit Risk Profile

The following section provides additional detail on TDBEL's credit exposure values. All figures are post credit risk mitigation unless indicated.

5.4.1 Exposure Class

Table 8: Exposure by standardised exposure class

CAD MM	Net value of exposures at the end of the period
Central Governments or Central Banks	8,544
Institutions	627
Corporates	187
Covered Bonds	1,144
Regional governments or local authorities	2,728
Public sector entities	1,872
Multilateral development banks	4,825
International organisations	1,777
Total	**21,705**

5.4.2 Industry Breakdown of Exposures

Table 9: TDBEL Group exposure by industry breakdown

CAD MM	TDBEL						
	Central banks	General governments	Credit institutions	Other financial corporations	Non-financial corporations	Households	Total
Central Governments or Central Banks	136	8,408	-	-	-	-	**8,544**
Institutions	-	-	627	-	-	-	**627**
Corporates	-	-	-	-	187	-	**187**
Covered Bonds	-	-	1,144	-	-	-	**1,144**
Regional governments or local authorities	-	2,728	-	-	-	-	**2,728**
Public sector entities	-	1,872	-	-	-	-	**1,872**
Multilateral development banks	-	-	-	4,825	-	-	**4,825**
International organisations	-	-	-	1,777	-	-	**1,777**
Total	**136**	**13,008**	**1,772**	**6,603**	**187**	**0**	**21,705**

5.4.3 Geographical Breakdown of Exposures

Table 10: TDBEL exposure by geographical breakdown

CAD MM	Central governments or central banks	Regional governments or local authorities	Multilateral Development Banks	International Organisations	Public sector entities	Institutions	Corporates	Covered Bonds	Total

Austria	764	-	-	-	-	-	-	-	**764**
Australia	-	-	-	-	-	-	-	565	**565**
Belgium	230	-	-	-	-	-	-	-	**230**
Switzerland	-	-	-	-	-	-	0	-	**0**
Germany	4,933	1,528	-	-	-	-	-	165	**6,626**
Denmark		138	-	-	-	-	-	-	**138**
Finland	106	596	-	-	-	-	-	-	**702**
France	1,677	-	-	-	1,872	-	22	-	**3,571**
Korea	-	-	-	-	-	258	-	-	**258**
United Kingdom	136	-	-	-	-	-	164	-	**300**
Netherlands	697	-	-	-	-	135	-	-	**832**
Norway	-	429	-	-	-	-	-	76	**505**
Ireland	-	-	-	-	0	0	-	-	**1**
Canada	-	-	-	-	-	100	-	-	**100**
Sweden	-	37	-	-	-	133	-	236	**406**
Singapore	-	-	-	-	-	-	-	102	**102**
Supranationals	-	-	4,825	1,777	-	-	-	-	**6,603**
Total	**8,544**	**2,728**	**4,825**	**1,777**	**1,872**	**627**	**187**	**1,144**	**21,705**

5.4.4 Risk Weight Breakdown of Exposures

Table 11: TDBEL RW breakdown of exposures

CAD MM	0%	2%	10%	20%	50%	100%	150%+	Total
Credit Risk (excluding CCR)	19,746	0	1,144	627	0	187	0	**21,705**
Of which:								
Central governments or central banks	8,544	-	-	-	-	-	-	**8,544**
Regional governments or local authorities	2,728	-	-	-	-	-	-	**2,728**
Multilateral Development Banks	4,825	-	-	-	-	-	-	**4,825**
International Organisations	1,777	-	-	-	-	-	-	**1,777**
Public sector entities	1,872	-	-	-	-	-	-	**1,872**
Institutions	-	-	-	627	-	-	-	**627**
Corporates	-	-	-	-	-	187	-	**187**
Covered Bonds	-	-	1,144	-	-	-	-	**1,144**

5.4.5 Maturity Breakdown of Exposures

Table 12: TDBEL breakdown of exposures by maturity

CAD MM	0 - 3m	3m - 1yr	1yr - 2yrs	2yr - 3yrs	3yr - 5yrs	5yr - 10yrs	Total
Central Governments or Central Banks	818	1,913	2,352	1,568	1,793	99	**8,544**
Institutions	85	69	69	71	333	0	**627**
Corporates	23	0	0	0	164	0	**187**
Covered Bonds	0	0	479	0	591	74	**1,144**

Regional governments or local authorities	13	338	83	374	1,902	18	**2,728**
Public sector entities	53	0	359	654	637	169	**1,872**
Multilateral development banks	272	523	857	875	2,177	120	**4,825**
International organisations	110	137	69	714	475	273	**1,777**
Total	**1,372**	**2,979**	**4,270**	**4,257**	**8,073**	**754**	**21,705**

5.4.6 Credit Quality of Assets

A loan is classified as past due when a borrower has failed to make a payment by the contractual due date. A loan is considered impaired and migrates to Stage 3 when it is 90 days or more past due, rated Borrower Risk Rating (BRR) 9, or when there is objective evidence that there has been a deterioration of credit quality to the extent that the Bank no longer has reasonable assurance as to the timely collection of the full amount of principal and interest. As at October 31, 2023, TDBEL has no past-due or impaired exposures.

5.4.6.1 Impact of IFRS 9

IFRS 9 impacts the Bank's credit losses which are based on an expected credit loss model ("ECL"). The ECL is calculated by forecasting the Probability of Default (PD), Loss Given Default ("LGD") and Exposure at Default ("EAD") for each future reporting period, by individual exposure as well as collective reporting lines. All three components are multiplied together, and adjustments applied to reflect any defaults or prepayments in month. The resulting ECL is discounted back using original effective interest rate to the reporting date and summed up.

Borrower Risk Rating ("BRR") is determined on an individual borrower basis using industry and sector-specific credit risk models that are based on historical data. Current and forward-looking information that is specific to the borrower, industry, and sector is considered based on expert credit judgment. Criteria for assessing significant increase in credit risk are defined at the appropriate segmentation level and vary based on the BRR of the exposure at origination. Criteria include relative changes in BRR, absolute BRR backstop, and delinquency backstop when contractual payments are more than 30 days past due. Credit risk has increased significantly since initial recognition when one of the criteria is met.

For more information on the IFRS 9 treatment please see the 2023 TD Bank Europe Limited Report and Audited Financial Statements (p42).

Table 13 13: Credit quality of performing and non-performing exposures by past due days

CAD MM	Performing			Non-performing						
	Total	Not past due or Past due <= 30 days	Past due > 30 days <= 90 days		Unlikely to pay that are not past-due or past-due <= 90 days	Past due > 90 days <= 180 days	Past due > 180 days <= 1 year	Past due > 1 year <= 5 years	Past due > 5 years	Of which: defaulted
Cash balances at central banks and other demand deposits	298	298	-	-	-	-	-	-	-	-
Debt securities										
General governments	9,000	9,000	-	-	-	-	-	-	-	-
Credit institutions	12,282	12,282	-	-	-	-	-	-	-	-
Loans and advances										
Credit institutions	157	157								
Non-financial corps.	23	23	-	-	-	-	-	-	-	-
Off balance sheet exposures										
Non-financial corps.	327	n/a	n/a	-	-	-	-	-	-	-

Total	**22,088**	**21,761**	-	-	-	-	-	-	-	-

Table 14: Performing and non-performing exposures and related provisions

CAD MM	Gross carrying amount/Nominal amount				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			
	Performing			Non-performing exposures	Performing exposures			Non-performing exposures
		Of which: Stage 1	Of which: Stage 2			Of which: Stage 1	Of which: Stage 2	
Debt securities								
General governments	9,000	9,000	-	-	(0.1)	(0.1)	-	-
Credit institutions	12,282	12,282	-	-	(0.1)	(0.1)	-	-
Loans and advances								
Credit institutions	157	157	-	-	-	-	-	-
Non-financial corporations	23	23	-	-	(0.0)	(0.0)	-	-
Off balance sheet exposures								
Non-financial corporations	327	327	-	-	(0.1)	(0.1)	-	-
Total	**21,789**	**21,789**	**-**	**-**	**(0.3)**	**(0.3)**	**-**	**-**

5.5 Counterparty Credit Risk

5.5.1 Overview

Counterparty credit risk arises from the hedging derivatives booked in the Investment portfolio. In the portfolio FX Forwards are booked to hedge US dollar, Sterling and Euro denominated securities back to the currency of the funding, Canadian dollar. The FX forwards are collateralised to reduce the counterparty credit risk exposure.

5.5.2 Definition

Counterparty credit risk ("CCR") is the risk associated with the counterparty defaulting prior to the final settlement of the derivative contract and therefore cash flow requirements are not fulfilled.

5.5.3 Management and Governance

TDBEL adheres to TDBG's Credit Risk Management Framework and policies that includes counterparty credit risk management. TDBEL has established limits in relation to counterparty credit risk that are aligned to the principles in practice.

Derivative-related credit risk is subject to the same credit approval, limit, monitoring, and exposure guideline standards that TDBEL uses for managing other transactions that create credit risk exposure. These standards include evaluating the creditworthiness of counterparties, measuring and monitoring exposures, including wrong-way risk exposures, and managing the size, diversification, and maturity structure of the portfolios.

Counterparty credit risk is managed through the approval of all credit risk policies. No positions with a client are allowed without an approved credit limit and industry standard trading documentation including ISDA agreements and credit support annex ("CSA"). The portfolio is monitored on a daily basis by the Investment Portfolio desk and reported to TDBEL Senior Management.

The Group approach, adopted by TDBEL, for managing risk exposures is further discussed in TDBG Annual Report p77.

5.5.4 Counterparty Credit Risk Profile

TDBEL calculates the SACCR exposure as a single exposure value at a netting set level, with the contractual netting agreement adhering to requirements as set out in Section 3 of the Counterparty Credit Risk (CRR) chapter of the PRA Rulebook. TDBEL holds solely FX derivative contracts therefore are all under one netting set, with the impact of hedging sets negligible due to structure of the FX forwards (principally all receiving CAD). The PFE add-on for FX risk principally uses the notional position and a supervisory factor to determine an add-on. The agreement is subject to a two-way margin agreement with the variation margin and independent margin incorporated into the SACCR calculation and result in a counterparty credit risk exposure.

Collateral on hedging FX derivatives is in the form of securities, principally Canadian regional government securities. Credit concentrations within credit mitigation taken are monitored daily.

Ordinarily TDBEL does not enter into credit derivative hedge trades or credit derivative trades with or for clients. As at October 31, 2023 TDBEL did not hold any credit derivative hedges.

5.6 Credit Risk and Counterparty Credit Risk Weight Breakdown of Exposures

Table 15: Counterparty and Credit Risk Gross Exposure by Credit Quality Step

CAD MM	Pre-Credit Risk Mitigation	Post-Credit Risk Mitigation
Central governments or central banks		
CQS		
1	2,563	8,544
Total Exposure Value	**2,563**	**8,544**
Institutions		
CQS		
1	7,506	627
Total Exposure Value	**7,506**	**627**
Corporates		
CQS		
1	-	-
2	-	-
3	350	350
Total Exposure Value	**350**	**350**
Covered Bonds		
CQS		
1	1,144	1,144
Total Exposure Value	**1,144**	**1,144**
Regional governments or local authorities		
CQS		
1	1,528	2,728
Total Exposure Value	**1,528**	**2,728**
Public sector entities		
CQS		
1	2,174	1,872
Total Exposure Value	**2,174**	**1,872**
Multilateral development banks		
CQS		
1	4,825	4,825
Total Exposure Value	**4,825**	**4,825**
International organisations		

CQS		
1	1,777	1,777
Total Exposure Value	**1,777**	**1,777**
Combined Total Exposure Value	**21,868**	**21,868**

5.7 Use of Mitigation Techniques

TDBEL actively engages in risk mitigation strategies through the use of derivative master netting agreements, collateral pledging and other credit risk mitigation techniques.

The firm has detailed policies in place to ensure that credit mitigation is appropriately recognised and captured for regulatory capital purposes. In order to recognise the credit risk mitigation, the firm considers the following factors:

- Effectiveness and enforceability of the legal arrangements in place;
- Correlation between the value of collateral and the credit quality of the obligor (in TDBEL's case, TDBG);
- Eligibility and quality of the collateral received.

The amount and type of collateral, and other credit risk mitigation techniques required, are based on the Bank's own assessment of the borrower's or counterparty's credit quality and capacity to pay.

Credit risk mitigation techniques include:

- Master netting agreements which enable the TDBEL to apply on/off balance sheet netting to reduce net credit exposure.
- Counterparty credit risk is reviewed to ensure that it continues to satisfy the current risk appetite; if a counterparty’s risk becomes unacceptable, credit protection may be purchased where available, or loans may be sold or sub-participated to TDBG.
- Variation Margin based on the mark-to-market of the FX forward contract is transferred between TDBEL and TDBG. TDBG also pledges independent collateral to TDBEL which relates to the potential future credit exposure on the derivatives.
- Collateral received from derivative transactions are government and other high-quality securities. Collateral allocated amount is the collateral mark-to-market value after appropriate volatility adjustments. All financial collateral is subject to daily revaluation.
- Financial guarantees in the form of central or regional government guarantees against financial institutions and Public Sector Entities, are applied by TDBEL to transfer the original credit exposure to a counterparty which is more credit worthy than the original counterparty to reduce the overall credit risk.
- Credit concentrations, including those impacted by credit mitigation taken are monitored by the UK Regulatory Reporting team through its daily monitoring of margin requirements and a weekly large exposure reporting process.

Table 16: TDBEL CRM techniques overview

CAD MM	Exposures unsecured- carrying amount	Exposures to be secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
Total exposures	21,868	-	0	7,181	0
of which defaulted	-	-	-	-	-

Table 17: Credit risk exposures and Credit Conversion Factor ("CCF") Credit Risk Mitigation ("CRM") effects

CAD MM	Exposure before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RWA density
Central governments or central banks	2,563	-	8,544	0	0	0%
Institutions	7,506	-	627	0	125	29%
Corporates	23	327	23	164	187	44%
Covered Bonds	1,144	-	1,144	0	114	27%
Regional governments or local authorities	1,528	-	2,728	0	0	0%
Public sector entities	2,174	-	1,872	0	0	0%
Multilateral development banks	4,825	-	4,825	0	0	0%
International organisations	1,777	-	1,777	0	0	0%
Total	**21,541**	**327**	**21,541**	**164**	**427**	**100%**

5.8 Credit Valuation Adjustment

As at October 31, 2023, the firm's regulatory capital charge for Credit Valuation Adjustment ("CVA") was CAD 3 MM. Since the introduction of SACCR, despite the independent margin there is a residual derivative exposure, thus resulting in a CVA capital charge.

CVA calculation is calculated based on the Standardised method (PRA Rulebook CRR Article 384).

6 MARKET RISK

6.1 Overview

The primary potential market risk parameter affecting TDBEL is FX risk. The loan book is match funded by currency and investment portfolio bonds are accounted for through amortised cost. The investment portfolio also includes FX forwards to hedge the currency mismatch between Euro, Sterling and US dollar assets funded in Canadian dollar. Therefore, all FX risk is effectively hedged in TDBEL. Nevertheless, some balance sheet exposure remains in TDBEL due to gaps between assets and liabilities in each non-reporting currency.

Non-trading FX risk derives from two primary sources:

1. Unhedged profit and loss in the year. Profit and loss accounts are hedged on an annual basis, at year end. This means that over the course of the year profit and losses accrue in different currencies creating an FX risk. Any unhedged expense balances would be hedged by the Wholesale Bank Treasury team, as per the internal policy, to avoid material FX risk in the subsidiaries.
2. Investment Portfolio securities purchased at a premium or discount where cashflows from the associated FX forwards do not fully extinguish the respective security cashflows at par.

6.2 Definition of Market Risk

Market risk is defined as the potential for loss from changes in the value of financial instruments. The value of financial instruments can be affected by changes in interest rates, foreign exchange rates, equity prices, credit spreads and commodity prices.

6.3 Management and Governance

TDBEL adheres to TDBG’s Market Risk Management Framework and policies in a way that is proportionate to the business model. TDBEL does not contain a trading book and therefore does not trade assets in scope for market risk.

6.4 Market Risk Profile

The table below outlines TDBEL's exposure to the market risk types as well as the associated own funds requirement.

Table 18: Market Risk exposure breakdown and own funds requirements

	Exposure	Own funds requirement
Position Risks in Traded Debt Instruments	-	-
Commodities Position Risk	-	-
Equity Specific Risk	-	-
FX	1,012	81
Total	**1,012**	**81**

7 OPERATIONAL RISK

7.1 Overview

TD requires the first line of defence to identify operational risks in relation to their business activities and establish appropriate controls. The effectiveness of controls is subject to independent review and validation. The identified operational risks are documented in the TDBEL risk register, which enables management to understand the risk that TDBEL is exposed to on a residual basis given the controls and mitigating processes in place.

As per section 10, TDBEL does not include Legal and Regulatory Compliance Risk or Reputational Risk under operational risk but assesses these as separate major risks facing the business. TDBEL assesses these risks as part of the ICAAP process and further information is included in the 2023 TD Bank Annual Report.

There have been no material operational risk events resulting in losses or gains in TDBEL.

7.2 Definition

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes or technology, or from human activities, or from external events

7.3 Management and Governance

TDBEL operates under the Europe and Asia Pacific Operational Risk Management Framework which defines the approach and structures for managing operational risk in accordance with the principles of TDBG Operational Risk Management Framework.

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

The Europe and Asia Pacific Framework facilitates appropriate monitoring and reporting to senior management and the Board of TDBEL who receives, on a quarterly basis, an Operational Risk Dashboard and Risk Appetite Statement Dashboard. TDBG's Framework further facilitates appropriate reporting to the Operational Risk Oversight Committee and the Risk Committee of TDBG Board, regarding operational risk exposures across TDBG.

Risk and Control Self-Assessment ("RCSA")

TDBEL is subject to TDBG RCSA process to evaluate internal control effectiveness. Internal controls are one of the primary methods of safeguarding the employees, customers, assets, and information, and in preventing and detecting errors and fraud. Management undertakes comprehensive assessments of key risk exposures and the internal controls in place to reduce or offset these risks. Senior management reviews the results of these evaluations to determine that risk management and internal controls are effective, appropriate, and compliant with the company's policies.

The results of the TDBEL RCSAs are recorded in the respective risk register. This facilitates management understanding of the risks TDBEL is exposed to on a residual basis given the controls and mitigating processes in place. The risk register also informs scenario analysis that is undertaken as part of the ICAAP process.

Operational Risk Event Monitoring

In order to reduce the TDBEL exposure to future loss, it is critical that the company remains aware of and responds to its own and industry operational risks. TDBEL's policies and processes require that operational risk events be identified, tracked, and reported to the appropriate level of management to facilitate the company's analysis and management of its risks and inform the assessment of suitable corrective and preventative action. TDBEL also reviews, analyses and benchmarks TD against operational risk losses that have occurred at other financial institutions using information acquired through recognized industry data providers.

Scenario Analysis

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

8 LIQUIDITY RISK

8.1 Overview

To guarantee resilience of a firms liquidity profile, Basel III introduced the LCR and NSFR measure. The PRA Rulebook Liquidity Coverage Ratio (CRR) chapter states that institutions should hold liquid assets that cover net outflows under stressed conditions over a period of 30 days. TDBEL has been required to comply with the PRA's implementation of the LCR from October 1, 2015.

Liquidity management activities are designed to safeguard TDBEL against stresses, and to ensure the safety and soundness of the organisation.

8.2 Definition

Liquidity risk is the risk that the institution is unable to generate or obtain sufficient liquidity in a timely manner to meet contractual and contingent commitments as they become due or from being unable to do so at a sustainable cost.

8.3 Management and Governance

The approach to liquidity risk management of TDBEL seeks to achieve the following key objectives:

- Constantly maintain sufficient stock of high-quality liquid assets to ensure adequate liquidity coverage across the UK Group to manage normal ongoing operations as well as to allow the company to operate through a severe combined stress scenario ("SCSS") within set management and regulatory limits;

- Assess regularly the TDBEL's exposure to material liquidity risks and;

- Ensure an effective contingency funding process is in place to be able to address liquidity events if/when they occur including mechanisms for monetization of liquid assets.

TDBEL Liquidity Risk Management policy sets out the TDBEL's liquidity risk strategy, governance framework, management responsibilities, compliance procedures and contingency funding plan. This regional liquidity policy ensures strict adherence to local regulatory liquidity requirements and reporting standards.

Furthermore, TDBEL conducts an annual ILAAP process, which outlines the liquidity systems and controls of TDBEL, as well as the drivers of liquidity risk.

The key drivers of liquidity risk in TDBEL are undrawn commitments and their potential drawdown in the event that the usual funding channel (i.e. match-funding from TDBG) is unavailable, as well as the derivative collateral related HLBA outflow. TDBEL holds a liquid asset buffer of CAD 20 BN to cover this eventuality.The primary internal measure of liquidity is 90-day stressed liquidity position, which forecasts stressed outflows (and inflows) over a 90-day horizon, ensuring the entity has sufficient HQLA to maintain a positive cumulative position over the survival horizon. It ensures the firm could survive by drawing down its liquid asset buffer under stress conditions that include the inability to obtain liquidity from the usual funding channel.

The liquidity position is monitored weekly and reported to TDBEL ALCO monthly and the Board of TDBEL on a quarterly basis.

8.4 Liquidity Policy and Contingent Funding Plan

The TDBEL Liquidity Risk Management policy details the liquidity crisis stages and the associated escalation procedures and call trees for the TDBEL. The TDBEL Recovery Plan provides further detail on the actions that TDBEL could take in a liquidity crisis.

8.5 Liquidity Responsibility

TDBEL's liquidity management is the responsibility of TDBEL's Board. The Board are kept apprised of the liquidity position with regard to its regulatory limits on a quarterly basis and are made aware of any related issues.

The CFO, Europe is responsible for local regulatory reporting and monitors TDBEL's regulatory compliance with the following limits:

Figure 3: Liquidity limits

Limit	Minimum	Frequency of monitoring
LCR Ratio	100%	Monthly Returns/weekly Monitoring
NSFR Ratio	100%	Quarterly Returns/ monthly Monitoring[8]

The CFO, Europe is also responsible for reporting the position, vis-à-vis all management limits, to local stakeholders and applicable committees, plus reporting changes in the early warning indicators.

8.6 HQLA

The TDBEL liquid asset buffer is comprised of High-quality Liquid Assets ("HQLA") held in the form of Euro, Sterling and USD denominated securities and a Sterling reserve account with the Bank of England.

8.7 Funding

TDBEL does not issue external debt and is primarily funded via equity and inter-company unsecured borrowings.

As detailed previously, TDBEL match-funds its loans by borrowing from TDBG's London Branch. With regard to the corporate loan portfolio, the funding is provided for the term of the loan, in the same currency, and with the same reset dates for interest rate resets as the corporate loan. The commitment to provide funding and the charges for the funding are set by the intra-group funding agreements. The securities in the investment portfolio are funded by a subsidiary of TDBG, which is also supported by an intra-group funding agreement.

8.8 Stress Testing

A key part of monitoring the liquid asset buffer is stress testing. The 90-day Stressed Liquidity Position is the estimation of the liquidity available over a 90-day horizon to support the stress conditions generated from the latest ILAAP. TDBG internal threshold is a 90-day stress survival horizon under the Severe Combined Stress Scenario ("SCSS") scenario. Further details on the role of stress testing in managing liquidity risk could be found in the TDBG 2023 Annual Report (p98).

8.9 Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR)

As at October 31, 2023, TDBEL was in compliance with its regulatory and internal liquidity requirements. The liquidity position is included in the simplified LCR disclosure requirements shown in Table 19 below.

Table 19: Liquidity Risk Profile

CAD MM	Oct-23	Jul-23	Apr-23	Jan-23	Oct-22
Liquidity Coverage Ratio					
Total high-quality liquid assets (HQLA) (Weighted value - average)	20,141	19,577	19,811	19,047	18,093
Cash outflows - Total weighted value	1,135	145	231	177	241

[8] *Increased frequency of monitoring will take place during a stress event*

Cash inflows - Total weighted value	352	127	306	206	181
Total net cash outflows (adjusted value)	782	36	58	44	60
Liquidity coverage ratio (%)	**2575%**	**54030%**	**34336%**	**43075%**	**29989%**
Net Stable Funding Ratio					
Total available stable funding	21,441	21,410	21,131	21,125	21,073
Total required stable funding	315	279	293	258	254
NSFR ratio (%)	**6804%**	**7687%**	**7219%**	**8204%**	**8307%**

The decrease in LCR is due to changes in the interpretation of the Historical Look Back Approach (HLBA) which concerns additional collateral outflows based on potentially adverse movements in derivative transactions. This was implemented during the year ended 31 October 2023.

Simultaneous with the LCR, the Basel Committee introduced the NSFR with the objective to reduce funding risk over a longer time horizon by requiring banks to fund their activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress. The amount of stable funding divided by the required amount of stable funding should have a minimum ratio of 100%. TDBEL's NSFR as per October 31, 2023 stood at 6804%. This is monitored under binding of UK legislation, introduced as of January 01, 2022.

8.10 Unencumbered Assets

An asset shall be treated as encumbered if it has been pledged or if it is subject to any form of arrangement to secure, collateralise or credit enhance any transaction from which it cannot be freely withdrawn.

Table 20 below outlines the carrying and fair value of certain assets of the company split between those encumbered and unencumbered.

The primary source of asset encumbrance is the pledging of collateral based upon the two-way margin agreement of the derivative ISDA. The market value of the derivative positions meant that no collateral was pledged in the derivative transactions in financial year 2023.

Table 20: TDBEL Analysis of Assets

CAD MM	Carrying Amount of Encumbered Assets	Fair Value of Encumbered Assets	Carrying Amount of Unencumbered Assets	Fair Value of Unencumbered Assets
Assets of the Company	-	-	21,906	21,906
Equity Investments	-	-	-	-
Debt Securities	-	-	21,282	20,184
Other Assets	-	-	624	624

9 OTHER RISKS

9.1 Interest Rate Risk in the Banking Book

Interest rate risk in the Banking Book is the impact that changes in interest rates could have on margins, earnings and economic value. No detailed disclosures are included in this Pillar 3 document as IRRBB is not considered a material risk for TDBEL.

TDBEL has minimal interest rate risk in its loan portfolio as all of the loans are match-funded. TDBEL has a policy to match-fund all facility drawdowns with borrowings from TDBG, with funding provided until maturity and interest rate reset dates in line with the loan re-pricing dates. Therefore, TDBEL has de minimis interest rate mismatches (gap risk) in its portfolio. However, circa. 5% of the investment portfolio is funded by capital, which has no associated term and thus results in an interest rate mismatch, but this not of a material level and management are comfortable with the exposure. The basis and option risk on the loans is considered to be minimal.

The Investment Portfolio does have minimal IRRBB risk and residual funding/investment mismatches, but these residual mismatches are modest with respect to the scale of the portfolio. Based on the reinvestment of overnight cash into term securities in the year, this resulted in an uplift in EVE and thus a rise in IRRBB in the entity. However, still not considered a material risk for TDBEL.

9.2 Wrong Way Risk

There are two types of wrong-way risk exposures, namely general and specific.

- General wrong-way risk arises when the Probability of Default ("PD") of the counterparties moves in the same direction as a given market risk factor.

- Specific wrong-way risk arises when the exposure to a particular counterparty moves in the same direction as the PD of the counterparty due to the nature of the transactions entered into with that counterparty.

These exposures require specific approval within the credit approval process. TDBEL measures and manages specific wrong-way risk exposures in the same manner as direct loan obligations and controls them by way of approved credit facility limits. As part of the credit risk monitoring process, management meets on a periodic basis to review all exposures.

9.3 Regulatory Risk

Regulatory risk is the risk of failing to comply with regulatory and comparable requirements. As the risk of regulatory fines through accidental errors or misconduct is considered as part of operational risk (section 7), the focus here is on the risk of material changes to regulations resulting in the prohibition of certain business activities or onerous and expensive new requirements.

TDBEL recognises that the financial services industry is closely regulated and that the management of a financial services business is expected to meet high standards in all business dealings and transactions, even with the volume and rapidity of regulatory change in the industry. Financial penalties, unfavourable regulatory judgments and other costs may also adversely affect the earnings of TDBEL.

Enterprise-wide management of regulatory risk is carried out through the Legislative Compliance Management program ("LCM") run by the Compliance department of TDBG. Through LCM, legislative requirements and associated key controls are assessed across the organisation, using a risk-based approach. Where any gaps are identified, action plans are implemented and are tracked on a regular basis. Business senior management must attest annually in writing as to compliance with applicable legislative requirements and measures taken to address gaps. Based upon these attestations, the Chief Compliance Officer provides an annual LCM certification to the Audit Committee of the Board of TDBG.

The Board is aware of the regulatory risk associated to the UK's transition to the UK legislation from EU legislation. This risk is being closely monitored as TDBEL prepares for the changes in law, rules and regulation.

Overall, the Board does not foresee any impediments to TDBEL's ability to meet all regulatory requirements that are proportionate to the nature, scale, and complexity of its businesses.

9.4 Reputational Risk

Reputational risk is the potential that negative publicity, whether true or not, regarding an institution’s business practices, actions or inactions, will or may cause a decline in the institution’s value, liquidity or customer base. It may be related to customer satisfaction risk (the risk that customers are not satisfied with the products or services) or to public relations risk (the risk of not effectively maintaining a positive public image).

TDBEL recognises that a reputation is a valuable business asset in its own right, essential to optimising shareholder value and is constantly at risk. All risks may have an impact on reputation, which in turn may impact the brand, earnings and capital. Credit, market, operational, liquidity, regulatory and legal risks must all be managed effectively in order to safeguard TDBG’s reputation.

Reputational risk is assessed at the business segment level by the TDS Reputational Risk Management Committee and at TDBG level by the enterprise Reputational Risk Committee. These committees ensure that corporate or business initiatives with significant reputational risk profiles have received adequate review for reputational risk implications prior to implementation.

It is the Board’s opinion that substantial reputational risk does not arise in TDBEL’s business, as they have no retail clients, deal with standard products and conduct limited business activities.

9.5 Climate Risk

TDBG recognises climate change as a transverse risk and defines Climate Risk as the risk of reputational damage and/or financial loss arising from materialised credit, market, operational and other risks resulting from the physical and transition risks of climate change to TDBG, its clients or the communities the Bank operates in.

For TDBG, climate risk, as an integral component of Environmental & Social Risk (E&S risk) is a top risk as climate change presents a critical environmental and business challenge and will require significant effort over the long term to help economies transition successfully to a low-carbon future. The global Climate Action Plan that TDBG published on November 9, 2020, further strengthens the firm's commitment to environmental leadership and a more sustainable future for all stakeholders.

TDBEL meets the scope criteria to include climate-related financial disclosures under UK legislation, on the basis that it is a banking company therefore required to implement under UK law.

The regulation has been in force from the commencement date of 6 April 2022, applicable for accounting periods starting on or after that date. TDBEL's financial year following this date is 1 November 2022, thus TDBEL now includes climate-related financial disclosures in the Strategic Report of the 31 October 2023 Annual Report.

The regulations require in scope companies to make the climate-related financial disclosures, aligned with the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD). The UK disclosures are based on, but do not directly mirror the recommendations from the Task Force. The TCFD’s recommendations have been adapted so that they are suitable for inclusion in UK legislation, addressing governance, strategy, risk management, monitoring and metrics (including Scope 1, Scope 2 and Scope 3 disclosures).

TDBEL understands that at the reporting date there are no mandatory Pillar 3 disclosure requirements for climate change risk. The firm will continue to monitor the PRA’s standards and expectations on Pillar 3 disclosure requirements as they evolve. The Board continues to review the firm’s integration of climate risk into its risk management framework in accordance with evolving regulatory requirements.

10 REMUNERATION

10.1 Compensation Governance

Remuneration Governance Standard

The International Remuneration Committee provides broad regional oversight over remuneration for TD Securities employees in Europe and Asia-Pacific. In fiscal 2021, TDBEL established its own Board Remuneration Committee to meet regulatory requirements and to assist the Board in fulfilling its governance and oversight responsibilities in relation to remuneration policy, practices and awards; and any other matters as directed by the Board.

The TDBEL Remuneration Committee has responsibility for effective oversight of remuneration policy and practices within TDBEL, in particular, ensuring that remuneration and compensation practices are:

- Aligned with the business and compensation strategy;
- Consistent with risk strategy;
- Compliant with applicable law, regulation, and prudential rules; and,
- Enable TDBEL to attract, retain and motivate high performing personnel, to create sustainable value for the shareholder over the long-term and take into account the interests of other long-term stakeholders.

As part of the oversight responsibilities, the Committee annually reviews and approves the Remuneration Policy which includes a summary of the remuneration policies, procedures, and related governance processes applicable to TDBEL employees. The Committee is also responsible for annually reviewing and approving: the listing of TDBEL Material Risk Takers; individual remuneration for TDBEL Material Risk Takers; and the aggregate incentive awards for TDBEL employees, and any other matters as directed by the Board.

Link between pay and performance

The objective of the bank's compensation strategy is to attract, retain and motivate high performing personnel to create sustainable value for shareholders over the long term. To achieve this objectives, TDBEL's remuneration plans and policies: align with business and talent strategies; promote sound and effective risk management and discourage excessive risk taking; align with shareholder interests; promote good corporate governance; ensure clear relationships between pay and performance; and ensure TDBEL pays market competitively.

For further information on TDBEL remuneration practices please refer to the TD Securities London 2023 Remuneration Disclosure dated 31 October 2023 https://www.tdsecurities.com/tds/document/2023-TDS-UK-Disclosure

11 Appendix 1

11.1 Key Metrics

Table 21: Key Metrics

Key Metrics as at October 2023	2023	2022
Available own funds (amounts)		
Common Equity Tier 1 (CET1) capital	1,159	1,103
Tier 1 capital	1,159	1,103
Total capital	1,159	1,103
Risk-weighted exposure amounts		
Total risk-weighted exposure amount	1,635	1,261
Capital ratios (as a percentage of risk-weighted exposure amount)		
Common Equity Tier 1 ratio (%)	71%	87%
Tier 1 ratio (%)	71%	87%
Total capital ratio (%)	71%	87%
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)		
Total SREP own funds requirements (%)	13.0%	13.0%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)		
Capital conservation buffer (%)	2.5%	2.5%
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	-	-
Institution specific countercyclical capital buffer (%)	1.58%	0.04%
Systemic risk buffer (%)	-	-
Global Systemically Important Institution buffer (%)	-	-
Other Systemically Important Institution buffer	-	-
Combined buffer requirement (%)	4.1%	2.5%
Overall capital requirements (%)	**17.1%**	**15.5%**
Leverage ratio		
Total exposure measure excluding claims on central banks	23,004	23,408
Leverage ratio excluding claims on central banks (%)	**5.0%**	**4.7%**
Additional leverage ratio disclosure requirements		
Leverage ratio including claims on central banks (%)	5.0%	-
Average leverage ratio excluding claims on central banks (%)	5.0%	-
Average leverage ratio including claims on central banks (%)	5.0%	-
Countercyclical leverage ratio buffer (%)	0.55%	-
Liquidity Coverage Ratio		
Total high-quality liquid assets (HQLA) (Weighted value -average)	20,141	18,093
Cash outflows - Total weighted value	1,135	241
Cash inflows - Total weighted value	352	181
Total net cash outflows (adjusted value)	782	60
Liquidity coverage ratio (%)	**2575%**	**29989%**
Net Stable Funding Ratio		
Total available stable funding	21,441	21,073

Total required stable funding	315	254
NSFR ratio (%)	**6804%**	**8307%**

11.2 Own Funds

Table 22: Capital instrument features

	Disclosure template for main features of regulatory capital instruments	CET1
1	Issuer	Toronto-Dominion Bank Europe Ltd
2	Unique identifier (e.g., CUSIP, ISIN, or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	English
	Regulatory treatment	
4	Transitional Basel III rules	CET1
5	Post-transitional Basel III rules	CET1
6	Eligible at solo/group/group & solo	Solo
7	Instrument type	Ordinary Shares
8	Amount recognized in regulatory capital (Currency in millions, as of most recent reporting date)	1,159
9	Par value of instrument	CAD 1.68
10	Accounting classification	Shareholder equity
11	Original date of issuance	27 July 1992
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
17	*Coupons/dividends*	
17	Fixed or floating dividend/coupon	N/A
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	N/A
20	Fully discretionary, partially discretionary, or mandatory	Fully discretionary
21	Existence of a step up or other incentive to redeem	N/A
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	No
24	If convertible, conversion trigger (s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	N/A
31	If write-down, write-down trigger (s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-down mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A
36	Non-compliant transitioned features	N/A

Table 23: Reconciliation of Regulatory Capital to the audited financial statements

Shareholder's equity (MM)	Financial Statements	Regulatory Own Funds	Comment
Called up share capital	629.878	630	Ordinary share capital (Table 3)
Retained earnings	528.656	529	Retained earnings (Table 3)
Financial assets at fair value through OCI - net gain	0.548	-	Excluded as per Article 33(1)(a) of CRR
Gross gain/(loss) on derivatives designated as cash flow hedges	28.426	-	Excluded as per Article 33(1)(a) of CRR
Total shareholder's equity	**1,188.5**	**1,159**	

Only shareholder equity of the financial statements has been presented with no other item on the balance sheet impacting regulatory available capital.