TD Bank

Annual Accounts

2017

Contents

Report of the Supervisory Board

Chairman Message

The Supervisory Board is pleased to present the annual report of TD Bank N.V. ("the Bank"), which includes the financial statements for the year ended 31 October 2017, prepared by the Management Board and audited by BDO Audit & Assurance B.V., the Netherlands. BDO has been appointed as the Bank's external auditor following a tender process which was executed as a result of the rules on auditor rotation coming into effect for the Bank. For the year 2017, the Bank has posted a positive result despite increased expenses most notably being the contribution to the Single Resolution Fund. The Supervisory Board compliments the Management Board and all other staff of the Bank for their performance and the overall results achieved for the year 2017.

The Bank applies the Banking Code and has incorporated all principles included in the Banking Code in the organisation proportionate to the size and and complexity of the Bank and within this annual report disclosure is made on our compliance with respect to these principles. For the Bank, the TD Bank Group ("TD") Framework is the foundation that helps guide behaviour and shape the culture. It furthermore outlines the vision, purpose, and the shared commitments that will help TD and the Bank grow into the future. As Supervisory Board, we supervise on how the Management Board promotes responsible behaviour and a healthy culture throughout the Bank also considering the interests of the Bank's customers and other stakeholders.

During the year, the Supervisory Board met on five occasions, one of the meetings focused on the Bank's Internal Capital and Liquidity Management process (ICLAAP). The Supervisory Board met in person with representatives from the Dutch Central Bank ("DNB") with respect to this year's outcome of the Supervisory Review & Evaluation Process on the Bank's ICLAAP. The Supervisory Board also observed that the Bank faced on-going challenges with respect to the prudential reporting, but it also noted that the Bank has made improvements as well since previous year most notably evidenced in the quality of the ICLAAP.

During the Supervisory Board meetings in-depth discussion and consultation took place on the Bank's retail activities, investment strategy, liquidity profile and financial performance including capital adequacy. Throughout the year, special attention was given to the Bank's retail operations to be migrated in due course from the United Kingdom to the Netherlands in 2018 due to the sale of the Bank's affiliate, TD Direct Investing (Europe) Limited to Interactive Investor Plc. The correspondence and interaction between the Bank and the DNB and other regulators continued to be reviewed and discussed on an on-going basis both during and outside the regular scheduled meetings. The availability of the members of both the of Supervisory Board and Management Board was good. The Supervisory Board also reviewed and approved its Supervisory Board Board Charter as well as key policies governing the Bank's credit risk, liquity risk, market risk and supplier risk. Other matters discussed included the Bank's governance framework and board composition, current and future compliance with rules and regulations like EMIR, GDPR and MiFID 2 and the annual results of the employee survey.

The Supervisory Board met with the Bank's internal auditors on several occasions during the year and discussed the main findings of their review in a Supervisory Board meeting in December 2017. The Bank's Management Board has presented action plans to the Supervisory Board for areas where improvement is warranted in order to address any audit findings, mitigate identified risks and/or to strengthen governance practices. The Supervisory Board furthermore discussed the financial statements and findings with the external auditor in-camera.

Ms. Irman resigned from the Bank's Supervisory Board in 2017 and was succeeded by Mr. Ahmed. The Supervisory Board would like to express its thanks to Ms. Irman for her contributions while serving on the Supervisory Board. The Supervisory Board consists of three members and the current composition of the Supervisory Board remains in accordance with the risk profile, size and complexity of the Bank's operations.

Mr. Sawaya has expressed his intention to retire from his position as Managing Director and Chairman of Management Board in the year 2018 to be succeeded by Mr. Ferguson which appointment has meanwhile been approved by the DNB. I wish to personally thank Mr. Sawaya for his significant contributions to the Bank over the past 26 years during which the Bank has experienced a healthy growth and progress in ever changing circumstances. Mr. Sawaya has provided excellent legal entity governance and among his many accomplishments, he was instrumental in positioning the Bank in the Dutch financial community with external stakeholders and especially the Dutch Regulators but also with foreign regulatory authorities and government agencies. Moreover he served for many years as Chairman of the Foreign Bankers Association in The Netherlands. In preparation of the upcoming retirement, a robust transition and succession plan is agreed upon, which is currently being executed to our satisfaction. The Supervisory Board remains confident that the composition of the Management Board meets the profile requirements in terms of combined experience, expertise and mixture of age.

The Supervisory Board reviewed and approved the determination of the total sum of variable remuneration as part of the Bank's Remuneration Governance practices for the year 2017, which complies with the Act on the Remuneration of Financial Undertakings. The remuneration of the Supervisory Board is agreed upon each year at the Shareholder's Annual General Meeting.

One of the Bank's Supervisory Board standards is to evaluate its own performance during the year. After the elaborate external assessment of our Board in 2016 which was concluded positively, this years' annual self- assessment and results were discussed in January 2018. All members of the Supervisory Board and Management Board continued to follow the Bank's permanent educational program, which focused this year on recent developments within the Bank, corporate governance and new and upcoming regulatory changes.

Earlier in the year I have announced that I will step down as Chairman and Supervisory Board member of the Bank and I will be succeeded by Mr. Meuter as Chairman which appointment has meanwhile been approved by the DNB. I believe that Mr. Meuter will be a strong and capable Supervisory Board Chairman and the Bank will benefit from his leadership. It is intended that Mr. Meuter continue to serve on the Supervisory Board until 2020. Despite that it will exceed the principle of the Dutch Corporate Governance Code by one year, the Shareholder intends to have Mr. Meuter serve as a member for the next two years. The Shareholder believes this is prudent to ensure a balanced turnover of the role of the Chairman of the Supervisory Board, safeguarding continuity and the transfer of the knowledge towards future Supervisory Board members. This is warranted and acceptable to the DNB by ensuring a balanced turnover of the role of the Chairman of the Supervisory Board, safeguarding continuity and the transfer of the knowledge towards future Supervisory Board members. I also welcome the appointment of Mr. Nagel as a new member of our Board.

I joined the Bank as Supervisory Board member in 1999 and acted as Chairman since 2014, which has been an honour for me. I would like to take this opportunity to thank especially Mr. Sawaya for his tireless support and assistance to me and my colleagues on the Board and for the constructive cooperation during all these years. Without his excellent management and constant efforts to position the Bank in the Dutch financial community and society at large the Bank could not have earned its respect and trust of our many stakeholders. Moreover I am grateful for the very constructive cooperation with my respective colleagues in our Board, with the other members of the management and staff of our Bank, as well as with the shareholder representatives. It has been a pleasure to serve this Board for so long and I thank everybody for the confidence. I wish the Bank all the best for a continued success.

Amsterdam, 30 January 2018

Jan H. Holsboer Chairman of the Board

Report of the Management Board

Background

TD Bank N.V. ("TDNV or the Bank") is a Netherlands based wholly-owned subsidiary of the Canadian bank, The Toronto Dominion Bank, when togther with its subsidiaries is known as the Toronto Dominion Bank Group ("TD"), which is headquartered in Toronto, Canada. The Bank is registered and authorised to act as a credit institution by De Nederlandsche Bank N.V. ("DNB"). The Bank operates a branch in the United Kingdom under the supervision of DNB and the Prudential Regulatory Authority ("PRA") and the Financial Conduct Authority ("FCA") in the United Kingdom.

TDNV's strategy and business objectives are:

- Offer selected retail banking products to the public;
- To maintain an investment portfolio of highly rated and highly liquid securities in selected European Union ("EU")/G10 countries denominated in either CAD, EUR or USD.

In the Netherlands, TDNV offers saving products to a limited number of expatriates and Dutch residents. TDNV operates a branch in the United Kingdom under the Supervision of DNB and the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA"). Furthermore, TDNV offers saving accounts to UK customers. Due to the sale of TD's direct investing business, TDNV will be evaluating its business and operations over the next year in order to continue to service its existing UK customers and attract new deposits in support of its existing business model.

TDNV has a Two-Tier Board structure. A formal Supervisory Board Charter identifies and formalizes the role, tasks and responsibilities of the Supervisory Board. TDNV's Management Board is charged by law with the duty to manage TDNV. Management includes directing TDNV's day to day affairs with its strategy taking into account the interest of its stakeholders, including clients, shareholders, employees and other interested parties. The Management Board is accountable to the Supervisory Board and the General Meeting of Shareholders.

As the environment in which TDNV operates faces continuous change, TDNV adapts so that it has adequate resources to meet its business objectives. In this time of increasing stringent regulations for financial institutions, the Bank also continuously reviews its governance structure in an effort to ensure that the Management Board is sufficiently diverse with respect to age, educational and professional background to present a variety of views and experience. During the year, no change was made to the Management Board (still comprised of four members who have strong knowledge of the business enabling them to make balanced and consistent decisions). The Management Board is chaired by TDNV's Managing Director.

During the year under review, TDNV did not perform any research or development activities.

The Management Board is pleased to present its report together with the financial statements for the financial year ended 31 October 2017.

2017 in review

The year 2017 was another year of solid performance for the Bank. In a challenging interest rate environment, we delivered satisfactory financial results. This result reflects the business model and our limited risk appetite.

During the year under review, the macro-economic conditions and operating environment remained difficult. Bond yields remained low across Europe driven by the continuation of current ECB's Quantitative Easing Program and low inflation. The regulatory requirements designed to build stability across the industry continued to put pressure on the Bank's resources.

The Bank pursued its policy to invest in low-risk fixed income instruments and focused on its hedging program and monitoring of interest rate and foreign exchange risks. With a net profit of EUR 0.1 million, down from 2.6 million EUR in 2016, the Bank continued to remain profitable despite the very low interest rate environment and the increase of regulatory expenses. When compared to previous year, the decrease in the consolidated net interest income of EUR 2.9 million is mainly explained by a lower net interest income from the UK Branch activities.

At balance sheet date, the Bank holds 73.21% (2016: 73.2%) direct sovereign exposure and 26.89% (2016: 26.8%) exposure with regional government, supranational issuers and financial institutions. No provisions have been accounted for in 2017.

The Bank's consolidated liquidity position is EUR 2.1 billion up to one year (2016: EUR 2.1 billion), solely based on the net of maturing assets and liabilities, which the Bank considers sufficient in view of actual market conditions. The Bank's Liquidity Coverage Ratio stood at 93,303% (2016: 3,359%).

On 11 December 2016, European Banking Authority ("EBA") launched a consultation on draft guidelines on Internal Capital Adequacy Assessment Process ("ICAAP") and the Internal Liquidity Adequacy Assessment Process ("ILAAP"). Additionally on 18 December 2016, EBA launched a consultation on stress testing and supervisory stress testing.

These guidelines complement the EBA Supervisory Review and Evaluation Process ("SREP") guidelines by providing guidance on the use of supervisory stress testing by competent authorities, describing the aspects relating to the organization, resources, methodologies, and the use of the outcomes when assessing capital and liquidity adequacy under the SREP.

As part of the SREP, the Bank submitted its report on ICAAP & ILAAP on March 31, 2017 supported by quantitative disclosures as well as a self-assessment against DNB's ILAAP Principles. The Bank's ICAAP describes the Bank's internal assessment of capital in place versus the amount it requires in order to cover the material risks to which it is exposed. It further documents the Bank's approach in understanding its risk profile and the processes it has in place to assess, quantify, and monitor the associated risks.

The key function of the Bank's ILAAP is to inform on its liquidity risk appetite, ongoing assessment and quantification of its liquidity risks, management of these liquidity risks, and how much current and future liquidity is required. As the Bank is part of a wider financial group, the ILAAP takes into account the financial resources made available to TD in a contingency situation and the UK Branch's reliance for contingent liquidity support. The combined Report on ICAAP & ILAAP addressed the following main components:

- Business Model and Strategy;
- Business Outlook and Financial Metrics;
- Pillar 1 and 2 Risk analysis;
- Sound capital and liquidity assessment and planning;
- Stress testing;
- Capital Planning;
- Liquidity Management.

Furthermore, it addressed specific areas of attention being:

- Stress testing qualified and quantified;
- Sudden loss of liquidity has been quantified via two metrics; base case LCR and 6-months liquidity survival horizon;
- Detailed analysis of actual and future capital requirements (including year over year comparison);
- The qualitative assessment for concentration risk and Interest Rate Risk in the Banking Book, leading to quantification of the Pillar 2 risks; and
- Assessment of the viability of the Bank's business model with a horizon until 2020.

The Bank's combined report on ICAAP and ILAAP was assessed by DNB taking into account also the EBA guidelines.

On July 11, 2017, the Bank has been notified of the DNB decision on the final 2017 SREP requirements. In this respect, DNB noted the conservative approach of the ICAAP and ILAAP documents provided and saw no grounds for additional add-ons. Furthermore, DNB approved the liquidity framework of the Bank as sufficient and requested to keep the liquidity survival period at 6 months.

The Bank continuously reviews its governance structure in an effort to ensure that the Management Board is sufficiently diverse with respect to age, gender, educational and professional background in order to present a variety of views and experiences where possible. The Bank strongly values continuity and experience in the Management Board and all members of the Management Board have solid knowledge of sound and controlled operational policies and processes, enabling them to make balanced and consistent decisions. During the year, no changes were made to the Management Board. However, Mr. Sawaya, Chairman of the Management Board, announced his retirement. Upon the approval of DNB, it is the intention of TDNV that Mr. Ferguson will be appointed as the new Chairman of the Management Board. Afterwards, Mr. Sawaya will remain on the management board in the capacity of director until his subsequent retirement, at which time the Management Board will return to having four directors. The current Management Board is comprised of four members, all of them male. As of 31 October 2017 the Bank employed 21 staff (2016: 17).

Pursuant to the Act on Management and Supervision of Legal Entities (Wet Bestuur en Toezicht), the Bank currently does not satisfy the workplace gender equality requirements, as it does not have a balanced male-female ratio in managerial and supervisory positions. In appointing new employees, our main criterion is the quality and suitability of candidates for the positions for which they are being considered.

Key financials

Balance sheet

Total assets decreased to EUR 12.5 billion (2016: EUR 13.2 billion) primarily due to reduced short-term intercompany funding partially offset by additional long-term funding from group companies, the latter being invested in fixed income instruments.

Earnings

For 2017, net interest income stood at EUR 10.9 million (2016: EUR 13.8 million), a 21% decrease (EUR 2.9 million) compared to previous year. As explained above, the decrease in net interest income was due to the lower volumes of the UK branch and lower interest rates in line with the Bank's expectations.

In addition to the lower net interest income, the Bank's overall result has also been negatively impacted due to an increase in operating expenses of EUR 1.2 million. The largest item leading to increased expenses was the Bank's contribution to the Single Resolution Fund ("SRF"), which came into effect in 2016 under the Bank Recovery and Resolution Directive and increased by EUR 0.9 million in 2017. The SRF aims to facilitate the effective functioning of the resolution framework within a period of ten years. The Bank anticipates the 2018 contribution to the SRF to increase even further.

Capital

As at October 2017, the authorised share capital stood at 3,403,360 shares at a value of EUR 50 per share. Paid-in capital of EUR 66,334,000 represents 1,326,680 shares at EUR 50 per share. The Bank's Tier 1 solvency ratio is 214.63% (2016: 105.41%) with total regulatory capital of EUR 475.9

million (2016: EUR 468.1 million). The Bank paid no dividend to the shareholder in 2017 (2016: EUR 0 million). The Bank's leverage ratio is 3.77% (2016: 3.54%).

Social Charter - Banking Code - Rules of Conduct

The Dutch Banking Code takes into account the recommendations of the Banking Code Monitoring Commission, the report of the Committee on the Structure of Banks, the government's view on the Dutch banking industry and the vision of the Dutch Banking Association (of which the Bank is a member). The Bank complies in full with the Banking Code and continues to devote a great deal of effort to ensure that the spirit of the code is reflected in the behaviour of employees and in the culture of the bank.

The TD Code of Conduct and Ethics ("Code") also establishes the standards that govern the way we deal with each other, our customers, shareholders, governments, regulators, suppliers, competitors, the media and the public at large. Compliance with the Code is part of the terms and conditions of our employment with the Bank. As a responsible business enterprise and corporate citizen, the Bank is committed to conducting its affairs to the highest standards of ethics, integrity, honesty, fairness and professionalism – in every respect, without exception, and at all times. While reaching our business goals is critical to our success, equally important is the way we achieve them. Every employee and director of the Bank is expected and required to assess every business decision and every action on behalf of the organization in light of whether it is right, legal and fair and within our risk appetite. This applies at all levels of the organization and the Code is intended to help all employees to meet these expectations and make such assessments. For further information on TD policies, commitments and other reference material related to corporate responsibility at TD, please see:

https://www.td.com/corporate-responsibility/report-centre/policies.jsp

Risk Management & Governance Framework

Risk exists in all aspects of the Bank's business and the environment in which it operates. Risk is identified and managed as part of a TD group-wide Risk Management framework that starts with a strategy approved by the Supervisory Board in accordance with the TD group-wide strategy. The Bank's Risk Appetite is translated and cascaded through the Bank qualitatively (through risk policies, standards and operating procedures) and quantitatively (through our key risk indicators, quantified by different metrics assigned with internal limits). Within the specific risk areas for capital, credit, market, operational and liquidity linkage is made to the individual risk limits set under the Bank's risk appetite statement. These key components are supported by individual process and control assessments within the context of the Bank's Risk Control Self Assessment ("RCSA") program.

Key areas of focus of the Bank's risk management strategy are:

- Identification and effective management of all types of risks the Bank is exposed to;
- Strong governance;
- Use of key risk and business performance indicators to monitor levels of risk;
- Reporting of risk with an appropriate frequency and level of detail to facilitate its effective Management;
- Monitoring the implementation of significant changes in the Bank through an established change process;
- A culture of ethical conduct, accountability, risk awareness and transparency that extends across the Bank and all its activities enabling effective escalation and decision making; and
- Full compliance with applicable laws, regulations and policies.

At TD, all subsidiaries, including the Bank, operate under the TD Governance Model which is premised on the fact that TD operates on a business line basis. The Board of Directors of The Toronto-Dominion Bank (the "TD Board") has overall responsibility for the supervision of the business and operations of TD and, in fulfilling this responsibility, oversees management and approves all major strategy and policy recommendations for TD. The Supervisory Board is responsible for supervision of the Bank's business objectives pursued by the Management Board as well as oversight of the Bank's operations, management and safety and soundness consistent with TD approved strategy and policies.

The Bank's risk management framework and associated governance structure are designed to ensure that there is an effective process and a clear organizational structure with well-defined responsibilities to identify, manage and monitor risk. In accordance with the Act on Financial Supervision, the Bank has a Two-Tier Board structure. A formal Supervisory Board Charter identifies and formalizes the role, tasks and responsibilities of the Supervisory Board in order to strike the right balance between TD central oversight and local accountability and to comply with the Bank's corporate governance, regulatory obligations and its role under the TD Governance Model.

The Bank's Management Board is charged by law with the duty to manage the Bank. Management includes directing the Bank's day-to-day affairs in accordance with its strategy taking into account the interests of its stakeholders, including clients, shareholders, employees and other interested parties. The Management Board is accountable to the Supervisory Board and the General Meeting of Shareholders.

The day-to-day management of current and future capital and liquidity adequacy and risk management is the responsibility of local management. Additional oversight of the capital management process and risk appetite is provided by an Asset & Liability Committee, comprised of local staff and senior staff of TD, the Supervisory Board as well as by a TD Global Liquidity Forum. An overall internal control framework is in place to govern the management and control of risk, capital, liquidity and their inter-relationship. Control is based on a strong risk management culture that stems from TD's "three lines of defense" principle to support the overall capital and liquidity adequacy requirements appropriate to the Bank's size and type of operations. The internal control framework influencing the ICAAP-ILAAP at the Bank comprises four components being governance, infrastructure, validation and assurance, which are also applied through the Bank's RCSA Program.

Credit Risk

Credit risk is the potential for financial loss if a borrower or counterparty in a transaction fails to meet its obligations.

The primary objective of credit risk assessment is to be methodical in its credit risk assessment so that the Bank can better understand, select and manage exposures to reduce significant fluctuations in earnings. In this respect, the majority of the Bank's exposures consist of sovereign guaranteed exposures. This results in a portfolio which is highly rated and highly liquid.

The Bank's framework for credit risk is designed to ensure both TD oversight of credit risk and local accountability, independence and balance. The Bank operates with pre-approved counterparty/issuer limits in both size and tenor, within the risk profile as set out in the Bank's investment policy. The Bank maintains a philosophy of prudent investments in low-risk fixed income instruments with a focus on high quality, diversified sovereign or sovereign- guaranteed investments in primary industrialized economies (EU/ G10). Given the Bank's low appetite for credit risk, its risk management practices and the high credit quality of the portfolio, the risk of credit provisions is deemed very limited. The Bank uses the Standardised approach to capital for credit risk which results in a required capital for credit risk amounts to EUR 15.7 million (2016: EUR 35.5 million) as per 31 October 2017.

Counterparty Credit Risk

Counterparty credit risk is the additional risk pertaining to OTC derivatives resulting from a counterparty of the Bank defaulting prior to the expiration of the derivative contract and not making all the payments required. Derivatives are financial instruments that derive their value from the performance of assets, interest or currency exchange rates, or indexes. For the Bank, these include solely of interest rate swaps, forward rate agreements and currency forwards. The counterparty for all derivatives is TD.

To address possible exposure in excess of the regulatory large exposure limit of EUR 150 million arising from the transactions described above, the Bank has entered into a two -sided collateral arrangement between the Bank and TD to act as credit risk mitigation for counterparty credit risk. As per 31 of October 2017, the Bank's net derivative exposure amounted to EUR 217.75 million, which was fully collateralized.

Market Risk

Market risk is the risk of loss in financial instruments, the balance sheet or incomings, on the risk of volatility in earnings from non-trading activities so as asset liability management of investments predominant from interest rate, credit spread, and foreign exchange. The Bank is only exposed to Non-Trading Market Risk as it does not engage in trading activities. The Bank's Non-Trading Market Risk results from non-trading activities such as asset-liability management or investing. As defined in its Risk Appetite Statement, the Bank is managing Non-Trading Market Risk with a primary goal of achieving stable and predictable earnings as measured by Net Interest Income. This statement is supported by a quantitative control metric which sets a limit on the maximum after-tax economic impact the Bank is willing to accept under a severe shock in interest rates. This limit is set at a level so that the prescribed rate shock has a negligible impact on the Bank's equity.

The Bank monitors and reports Non-Trading Market Risk against the Bank's Risk Appetite on a regular basis, and reports to the Supervisory Board, the Management Board and the Asset & Liability Committee, as well as to TD's appropriate executive and management committees. The Bank does not hold a trading portfolio and does not utilize a Value at Risk model in calculating Risk Weighted Assets ("RWA") and required capital. The Bank follows the Standardised Approach for calculating RWA, which amounted to EUR 1,225,000 as per 31 October 2017 (2016: EUR 1,295,966).

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes or technology, or from human activities or from external events. This definition includes legal risk, but excludes strategic and reputational risk. The Bank is exposed to a broad range of operational risks, including failed transaction processing and documentation errors, fiduciary and information breaches, technology failures, business disruption, theft or fraud, workplace injury, litigation and damage to physical assets as a result of internal or outsourced business activities.

The Bank's Operational Risk is managed through a cycle of risk identification, risk assessment, risk mitigation and risk monitoring and reporting. Supporting this cycle are the Bank's following operational risk programs:

- The Bank's Annual Operational Risk Plan; and
- Risk & Control Self- Assessment ("RCSA") program.

Operational risk analytics and reporting is a fundamental pillar of the Bank's framework, supporting risk management's goal to identify, mitigate and monitor risk. To this extent, the Bank has defined various Key Risk Indicators ("KRI's") which are an important component of the Bank's framework. KRI's support a range of operational risk management activities and processes including risk identification, risk and control assessments, and the implementation of effective risk management processes. Under the Basic Indicator Approach, the capital requirements for operational risk amount to EUR 1.9 million. The Bank's operational losses during the year did not have a significant impact on this year's result.

The Bank recognizes the value of outsourcing to third parties as part of its business processes, as they can provide access to leading processes and solutions, specialized expertise, economies of scale and operational efficiencies, but the Bank also recognizes the risks inherent to these outsourcing arrangements. A TD's Supplier Risk Management Policy sets out the Bank's approach to managing outsourcing arrangements, specifically the proactive analysis and management of risk exposures that may arise from these arrangements. The Bank is of the opinion it has robust outsourcing arrangements in place to support the Bank's operations both in the Netherlands and the United Kingdom.

Liquidity Risk

Liquidity risk is defined as the risk of having insufficient cash or collateral to meet financial obligations and or inability in a timely manner, or monetarise assets at a risk free price. Financial obligations can arise from deposit withdrawals, debt maturities, commitments to provide credit or liquidity support or the need to pledge additional collateral.

The Bank is fully aligned with a global liquidity risk management framework which takes a prudent and disciplined approach to managing its exposures to liquidity risk. Consistent with the requirement that the investment securities portfolio of the Bank is managed on an integrated basis within TD's enterprise-wide risk management and liquidity processes, the Bank uses a "Severe Combined Stress Scenario" (SCSS) to measure liquidity positions up to 180 days and requiring a 6 month survival horizon based on assumptions consistent with a combined TD-specific and systemic market-wide stress event. The Bank's liquidity risk management framework is reviewed on a yearly basis and includes a Liquidity Policy that includes both internal and regulatory requirements.

Regulatory & Compliance Risk

Failure to meet regulatory and legal requirements can impact our ability to meet strategic objectives, poses a risk of censure or penalty, may lead to litigation, and puts our reputation at risk. It differs from other banking risks, such as credit risk or market risk, in that it is typically not a risk actively or deliberately assumed by management in expectation of a return. The Bank manages Regulatory and Compliance Risk to earn and maintain trust and confidence in the Bank by our customers, employees, markets, shareholders and regulators by: (i) successfully executing business strategies; (ii) setting a tone of regulatory compliance for all employees; (iii) operating effectively and in compliance with the laws and regulations applicable to the Bank. Thorough checks and balances established within the Bank ensure that the compliance function is also safeguarded within the Management Board and the Supervisory Board.

Outlook

The Bank anticipates a continued low European interest rate environment in the near future. For its fixed income activities a stable spread performance is envisaged, based on a continuation of the current investment process whereas on the Bank's retail activities a lower net interest income is foreseen. Bond yields are expected to remain low across Europe driven by the continuation of the ECB's Quantitative Easing Program in 2018 and current low inflation expectations in the market and only slowly improving European macro-economic circumstances. USD treasury yields are expected to rise further given the election outcome and improving economic conditions in the United States and anticipated additional government spending and subsequent financing requirements. No impairment of assets is anticipated for 2018 given the current very low level of apparent credit concerns for the Bank's counterparties. Given the focus of the Bank to migrate the UK branch accounts and the desire to build a deposit taking platform in the Netherlands, it is expected that the profitability of the Bank will further decrease in the next year.

Amsterdam, 30 January 2018 Management Board:

Y. Sawaya Chairman

M. Schuster

J. van Bokhorst

H.J. van Eikenhorst

Pillar III Disclosure Report

Introduction

Market discipline has long been recognized as a key objective of the Basel Committee on Banking Supervision (hereafter the “Committee” or “BCBS”). Pillar III 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 bank’s capital adequacy and risk. The Bank’s Pillar III report is prepared in accordance with Part Eight of the Capital Requirements Regulations (“CRR”) and is in addition to the disclosure made in the Report of the Management Board.

All figures and ratios related to regulatory capital exclude the result for the current fiscal year ended 31 October 2017. As determined by the Management Board and with the approval of the Supervisory Board, subject to adoption of the financial statements by the shareholder, the result for the year will be added to the retained earnings (See also Disposition of profit in page 60).

Regulatory required capital is calculated for the following three components of risks: credit risk, operational risk and market risk in accordance with Chapter 2 of the CRR using the Standardised Approach for both credit risk and market risk whereas the Bank uses Moody’s as the External Credit Assessment Institution for calculating the risk weighted exposure amounts for credit risk. The only applicable market risks are non-trading FX risk and interest rate risk.

The capital requirement for operational risk is calculated using the Basic Indicator Approach (“BIA”). Any remaining Pillar 1 risks are calculated using the SA.

For derivative transactions, Pillar III figures refer to the mark-to-market value and credit risk add-on, including the effect of netting and collateral.

Own Funds

Capital Adequacy Risk is the risk of insufficient capital available in relation to the amount of capital required to carry out the Bank’s strategy and/or satisfy regulatory and internal capital adequacy requirements. The process that is designed to ensure adequate assessment of regulatory and internally required and available capital, under both normal and stressed conditions, is known as “capital adequacy risk management”. Within the Bank, this is governed by a local Capital Policy. This policy outlines the Bank’s capital management framework which is designed to ensure capital adequacy at the Bank level for both regulatory and economic capital and compliance with local regulatory requirements. It further describes capital management principles and objectives, planning process, and regulatory limits and management targets with respect to capital levels, consistent with the Bank’s Risk Appetite Statements on credit risk, market risk and operational risk. The policy also sets out approval authorities and roles and responsibilities with regard to monitoring of regulatory limits and management targets.

The Bank is well capitalized with a Tier 1 Capital of EUR 479.0 million (2016: EUR 473.3 million) and a Tier 1 ratio of 262.06% as per 31 October 2017 (2016: 116.24%). The main reason for the increase in CET 1 is due to a decrease of deposits held at Financial Institutions which carry a higher Risk Weighted Asset % than the portfolio. The Bank is mainly financed by share capital and share premium which is fully owned by the Toronto-Dominion Bank Group (“TD”), a Canadian Bank listed on the Toronto Stock Exchange and the New York Stock Exchange. The capital of the Bank currently consists entirely of Tier 1 capital. Tier 1 Capital comprises Share Capital, Share Premium and Retained Earnings. Deductions are made in respect of Intangible Assets and deferred tax. There are no Tier 2 and/or Tier 3 deductions. As of 1 January 2016, the Countercyclical Capital Buffer (“CCB”) became applicable. The CCB reflects the geographical composition of the Bank’s portfolio of private-sector credit exposures, applying European Systemic Risk Board CCB rates. The Bank does not currently hold any private-sector credit exposure and as a result the CCB is zero.

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Capital Requirements and Risk Weighted Assets EUR / 000 (thousand)	Capital Requirement	Basel III RWA
Credit Risk **Risk weighted as sets standardised Approach (SA)**	**44,308**	**156,843**
of which sovereign	0	0
other sovereign exposures at 250% risk weight	79	278
of which institutions	43,273	153,180
of which corporate	0	0
other non-credit obligation assets	956	3,385
Market Risk	**344**	**1,219**
of which FX, non-Var	344	1,219
Operational Risk	**6,981**	**24,711**
Basic indicator	6,981	24,711
Credit Valuation adjustment	**0**	**0**
Total	**51,633**	**182,773**

For detail disclosures of the Bank's Own Funds composition, please also refer to Note 15 of the Financial Statements.

Leverage Ratio

The CRR/CRD IV framework introduced a simple, transparent, non-risk based leverage ratio to act as a credible supplementary measure to the risk-based capital requirements. This ratio is defined as the total capital measure divided by total balance sheet exposure, expressed as a percentage and which should be a minimum of 3% going forward as a Pillar 2 requirement for the Bank.

As per 31 October 2017, the Bank's leverage ratio stood at 3.77% (2016: 3.54%) calculated as follows:

Leverage ratio	Total 2017 Eur 000
Total Assets as per Balance Sheet (excl. derivatives)	12,488,458
Add-on Derivative Exposure in accordance with Marked-to-Market Method	214,862
Total	**12,703,320**
The Bank's capital measure as per 31 October	**478,968**
Leverage Ratio	**3.77%**

Credit Risk

Credit risk is managed through centralized control by Risk Management of credit policies and retail decision strategies 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. This is balanced by the decentralized management of credit policies and procedures within the business units who ultimately own the risks within their respective portfolios and are responsible for adherence to and monitoring of these centrally controlled policies.

Locally, the Bank maintains a philosophy of prudent investments in low-risk fixed income instruments with a focus on high quality, diversified sovereign or sovereign-guaranteed investments in primary industrialized economies (EU/ G10). In addition, the Bank manages a Treasury portfolio also covering the UK Branch operations. The Bank's management of credit risk is governed by a local Investment Policy.

The Bank's credit risk exposure from its investment portfolio exposure is evaluated by rating both the Borrower Risk Rating ("BRR") and the Facility Risk Rating ("FRR") as detailed in a "Borrower Risk Rating Policy" and "Facility Risk Rating Policy" published within the TD Credit Risk Policy Manual. The Bank performs an impairment process on a quarterly basis to measure deterioration in credit quality for its investment securities portfolio.

Credit Risk by Region	Sovereign Eur 000	Institutions Eur 000	Corporate Eur 000	Total 2017 Eur 000
Europe	**9,067,147**	**604,168**	**3,097**	**9,674,412**
Austria	671,636	0	0	671,636
Denmark	124,303	0	0	124,303
Finland	555,767	0	0	555,767
France	2,196,105	69,949	0	2,266,054
Germany	3,309,112	0	0	3,309,112
The Netherlands	2,090,099	313,048	0	2,403,147
Sweden	120,125	190,394	0	310,519
United Kingdom	0	30,777	3,097	33,874
North America	**0**	**608,961**	**0**	**608,961**
Canada	0	608,961	0	608,961
Asia and Oceania	**0**	**200,279**	**0**	**200,279**
Australia	0	99,704	0	99,704
Japan	0	57,811	0	57,811
Singapore	0	42,764	0	42,764
Japan	0	57,811	0	57,811
Supranational	**665,032**	**1,639,437**	**0**	**2,304,469**
Bonds Premium	0	0	0	311,261
Bonds Premium	0	0	0	(4,471)
Total	**9,732,179**	**3,052,845**	**3,097**	**13,094,911**
Risk Weighted Amounts	0	182,773	0	182,773
Capital Requirement	0	16,906	0	16,906

For details on the Bank's detailed credit risk profiles, reference is also made to Note 16 of the Financial Statements.

Counterparty Credit Risk

The Bank's counterparty credit risk is associated with the exposure derived from all derivative contracts in place with TD and is calculated using the Mark-to-Market method in accordance with Article 274 of the CRR using daily valuation. Note 16 of the Financial Statements discloses qualitatively and quantitatively the Bank's management and exposure to counterparty credit risk.

Market Risk & Interest Rate Risk

The Bank monitors and reports on Non-Trading Market Risk against the Bank's Risk Appetite on a regular basis, and reports on risk monitoring activities to the Supervisory Board, Management Board and ALCO, as well as to appropriate executive and management committees. The Net Present Value ("NPV") and the One-Year-Equivalent ("OYE") of the Bank's net risk exposure are the two key risk indicators the Bank uses for monitoring its foreign currency and interest rate risk exposure.

Details on the Bank's interest rate risk profile are further disclosed in Note 18 of the Financial Statements. For details on the Bank's detailed market/currency risk profiles reference is made to Note 19 of the Financial Statements.

Operational Risk

The Bank currently uses the Basic Indicator Approach ("BIA") for calculating the operational risk capital requirement under Pillar 1. The BIA is calculated as 15% of the average gross income over the previous three financial years. This consists primarily of Net Interest Income and is calculated as follows: EUR 1,976,870 (2016: EUR 2,142,606) of additional required capital for the Bank as per 31 October 2017.

Liquidity Risk

The Bank's approach to liquidity risk management seeks to achieve the following key objectives:

- Constantly maintain sufficient stock of high quality liquid assets to ensure adequate liquidity coverage across TDNV to manage normal ongoing operations as well as to allow TDNV and its UK Branch to operate through a severe combined stress scenario (SCSS) within set management and regulatory limits;
- Ensure solid funding access;
- Assess regularly TDNV'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.

The Bank operates under it's local Liquidity & Asset Pledging Policy that outlines the specific liquidity risk management program in place to meet local regulatory and/or subsidiary governance requirements, also ensuring compliance and alignment with the Global Liquidity Risk Management Framework. The Bank uses a "Severe Combined Stress Scenario" to measure liquidity positions up to 12 months based on assumptions consistent with a combined TD-specific and systemic market-wide stress event. The period beyond the 180 day period, the 7th month performs a buffer function as the DNB should be notified in case the liquidity survival period falls below 7 months.

The Bank monitors and reports on liquidity risk limits on a regular basis against the Liquidity Risk Appetite and reports on risk monitoring activities to senior management, the Management Board, Supervisory Board and appropriate TD executive and management committees. Annually, the Bank tests its Contingency Funding Plan including the testing of access to standard European Central Bank monetary instruments via DNB.

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

To guarantee resilience of a bank's liquidity profile, Basel III introduced the LCR measure. CRD IV Article 412(1) states that institutions shall hold liquid assets that cover net outflows under stressed conditions over a period of 30 days. Effective the 1st of October 2016, the LCR became a binding regulatory requirement for banks throughout the European Union. The DNB introduced a binding minimum LCR requirement of 100% from 1 October 2016 onwards. This requirement applies to all entities that are registered in the Netherlands at all applicable levels of consolidation including the Bank. The Bank's LCR as per 31 October 2017 stood at 93,303%.

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%. The Bank's NSFR as per 31 October 2017 stood at 1,757% mainly the result of long-term stable funding.

Stress Testing

Stress testing is a risk management technique used to evaluate the potential effects on an institution's financial condition, of a set of specified changes in risk factors, corresponding to exceptional but plausible events. An institution's capital planning process should incorporate rigorous, forward-looking stress testing that identifies possible events or changes in market conditions that could adversely impact the institutions. In its ICAAP and ILAAP process, the Bank has examined future resources and requirements for both capital and liquidity under adverse scenarios.

Overall, stress testing has demonstrated that the Bank remained adequately capitalized with management actions available through contingency planning and disclosed through the Bank's ICAAP and ILAAP and as a result no additional capital is warranted over and above the current levels of economic and regulatory capital.

Governance Framework

At TD, all subsidiaries, including the Bank, operate under the TD Governance Model which is premised on the fact that TD 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 TD and, in fulfilling this responsibility, oversees management and approves all major strategy and policy recommendations for TD including all subsidiaries.

The Bank's risk management framework and associated governance structure are designed to ensure there is an effective process and a clear organizational structure with well-defined responsibilities to identify, manage and monitor risk. In accordance with the Act on Financial Supervision, the Bank has a Two-Tier Board structure. A formal Supervisory Board Charter identifies and formalizes the role, tasks and responsibilities of the Supervisory Board in order to strike the right balance between TD central oversight and local accountability and to comply with the Bank's corporate governance, regulatory obligations and its role under the TD Governance Model. The Supervisory Board is responsible for supervision of the Bank's business objectives pursued by the Management Board as well as oversight of the Bank's operations, management and safety and soundness consistent with TD approved strategy and policies.

The Bank's Management Board is charged by law with the duty to manage the Bank. Management includes directing the Bank's day-to-day affairs in accordance with its strategy while taking into account the interests of its stakeholders, including clients, shareholders, employees and other interested parties. The Management Board is accountable to the Supervisory Board and the Bank's Shareholders.

The day-to-day management of current and future capital and liquidity adequacy and risk management is the responsibility of local management. Additional oversight in the capital management process and risk appetite is provided by an Asset & Liability Committee comprised of local staff and senior staff of TD. Supervision of liquidity adequacy is also done by the Global Liquidity Forum. The Bank has also established an overall internal control framework which governs the management and control of risk, capital, liquidity and their inter-relationship. Control is based on a strong risk management culture that stems from the "three pillars of defense" principle to support the overall capital and liquidity adequacy requirements applied in proportion to the Bank's size and type of operations. The internal control framework influences the ICAAP-ILAAP at the Bank and comprises the following four components: governance, infrastructure, validation and assurance, which are also applied locally through the Bank's RCSA Program.

Compensation Governance

The Bank has in place a formal Remuneration Governance Standard, which is reviewed and approved by the Supervisory Board in close co-operation with TD's Human Resources Department responsible for Global Compensation.

The specific remuneration related responsibilities of the Supervisory Board include:

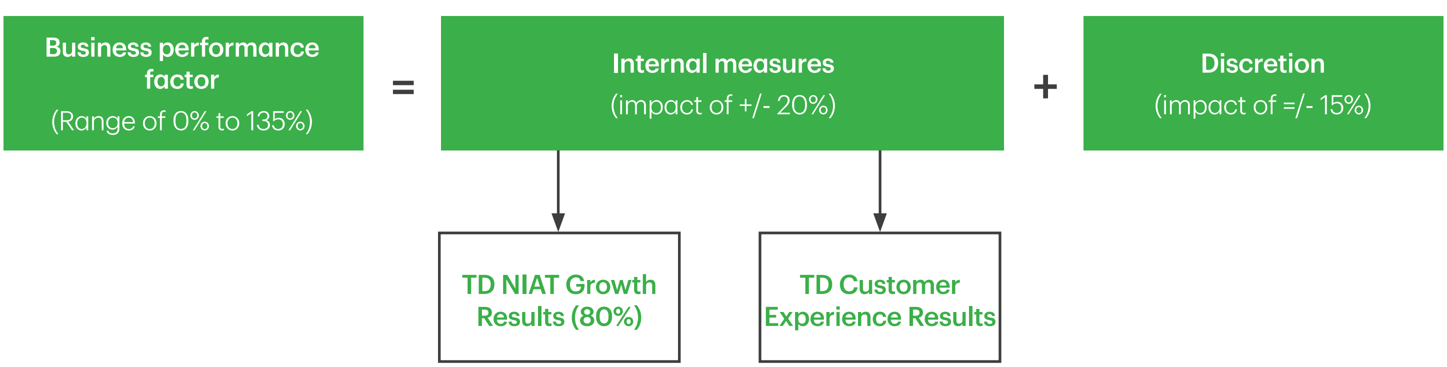
- Review and approval of the Remuneration Governance document including principles, policies and practices that are aligned with regulatory requirements, and including the remuneration framework (including mix) for all Identified Staff on an annual basis or as necessary to approve changes;
- Review and approval of list of Identified Staff on an annual basis or as necessary to approve changes;
- Review and approval of remuneration awards for all Identified Staff including consideration of risk and compliance issues as appropriate;
- If applicable, review of all guaranteed and one-time remuneration awarded to all employees of TDNV in the Netherlands, as approved in accordance with the Approval Protocol which articulates the required level of approval for remuneration recommendations.

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.

With respect to executive compensation, reference is made to:

http://www.td.com/about-tdbfg/corporate-governance/disclosure-of-corporate-governance-practices/procedures.jsp

Annual incentive awards for employees of the Bank in the Netherlands who are not TD executives are delivered through the Employee Incentive Plan ("EIP"). Under the EIP each individual has an incentive target which is leveraged (multiplied) by a business performance factor as well as an individual performance factor. The business performance factor is calculated as outlined in the diagram below:



Financial Drivers and Consideration of Risk in Calculation of Pool

The financial driver under the plan is the Net Income After Tax (NIAT) results for the bank and for business segments as applicable. Final results on internal measures are compared to targets established by the TD HRC (Human Resources Committee) at the beginning of the year. The final business performance factor is subject to a discretionary adjustment including consideration of performance against the TD's risk appetite. To protect against conflict of interest, for employees in corporate office and control functions (including the Bank), NIAT and Customer Experience results are based on overall TD performance, not on the performance of specific business segments.

Award Decisions

At year-end, the aggregate funds available to award as incentive remuneration is equal to the sum of the individual targets multiplied by the business performance factor multiplied by an individual performance multiplier.

For the year ending 31 October 2017, the Bank awarded a total of EUR 167,951 (2016: EUR 87,555) variable remuneration which equals 12.72% of fixed salary paid for the year.

Employee Incentive Plan Funds Available	=	Target Award	X	Business Performance Multiplier (Range of 0% to 135%)	X	Individual Performance Multiplier (Range of 0% to 200%)

Financial Statements

Balance Sheet As At 31 October 2017

(Before appropriation of the result)

	Note	2017		2016	
		EUR	**EUR**	EUR	EUR
Assets					
Cash in hand, balance with central bank	1	**3,725,426**		3,761,219	
Loans and advances to banks	2	**231,865,164**		807,666,710	
Loans and advances to customers	3	**3,098,260**		4,447,570	
Debt securities including fixed-income securities	4	**12,176,595,857**		12,252,231,734	
Intangible fixed assets	5	**0**		340	
Tangible fixed assets	6	**82,065**		101,630	
Prepayments and accrued income	7	**73,526,083**		91,737,646	
			12,488,892,856		13,159,946,849
Liabilities and equity					
Amounts owed to banks	8	**18,551,376**		221,483,053	
Amounts owed to customers	9	**11,748,239,495**		12,200,836,084	
Accruals	10	**244,312,196**		259,868,745	
Provisions	11	**0**		0	
			12,011,103,067		12,682,187,882
Paid-in and called-up capital		**66,334,000**		66,334,000	
Share premium		**260,000,000**		260,000,000	
Other reserves		**152,744,934**		150,263,569	
FX translation reserve		**(1,390,760)**		(1,447,760)	
Undistributed result		**101,615**		2,609,158	
	12		**477,789,789**		477,758,967
			12,488,892,856		13,159,946,849

Statement Of Income For The Financial Year Ended 31 October 2017

	Note	2017		2016	
		EUR	**EUR**	EUR	EUR
Interest income on debt securities		**51,593,152**		75,971,715	
Interest income on loans and advances		**3,972,741**		6,317,108	
Interest income on derivatives		**161,576,399**		142,444,147	
Total interest income	22, 23		**217,142,292**		224,732,970
Interest expense on deposits		**6,345,076**		5,296,490	
Interest expense on borrowings		**198,768,208**		205,362,554	
Interest expense on derivatives		**1,127,003**		279,931	
Total interest expense	24		**206,240,287**		210,938,975
Net interest income			**10,902,005**		13,793,995
Commission and other income	25	**(24,969)**		44,345	
Commission expense	26	**(127,715)**		(77,204)	
Net commission result			**(152,684)**		(32,859)
Result on financial operations	27	**98,296**		(131,927)	
Realised gains (loss) financial assets and liabilities	28	**0**		0	
Other operating income			**98,296**		(131,927)
Total operating income			**10,847,617**		13,629,209
Staff costs	29, 32	**2,203,512**		2,441,252	
Depreciation & Amortisation		**31,263**		30,208	
Other operating charges	30	**8,424,634**		7,747,690	
Deposit Guarantee Fund	31	**52,721**		(53,412)	
Total operating expenses			**10,712,130**		10,165,738
Result before taxation			**135,487**		3,463,471
Total taxation	33		**(33,872)**		(854,313)
Result after taxation			**101,615**		2,609,158

Cash Flow Statement For The Financial Year Ended 31 October 2017

All amounts are in EUR thousand	2017		2016	
	EUR	**EUR**	EUR	EUR
Cash flow from operating activities				
Result before taxation	**135**		3,463	
Adjusted for:				
Depreciation of tangible fixed assets	**31**		30	
Amortisation premium and discounts debt securities	**142,213**		153,629	
Changes in:				
Due from banks	**576,925**		116,767	
Loans and advances to customers	**1,401**		8,476	
Prepayments and accrued income	**15,723**		25,634	
Amounts owed to banks	**(196,833)**		(63,681)	
Amounts owed to other customers	**(405,573)**		(95,185)	
Derivatives financial liabilities	**(206,301)**		(297,772)	
Accruals and deferred income	**(1,624)**		(5,286)	
Income taxes	**(865)**		(854)	
Net cash flow from (used in) operating activities		**(74,768)**		(154,779)
Cash flow from investing activities				
Investments in (in)tangible fixed assets	**(11)**		(67)	
Purchase of debt securities	**(3,997,433)**		(2,435,797)	
Sale and redemption of debt securities	**3,882,916**		2,381,222	
Net cash flow from investing activities		**(114,528)**		(54,642)
Cash flow from financing activities				
Amounts received from Canada Trustco International Ltd	**188,598**		209,225	
Net cash flow provided by financing activities		**188,598**		209,225
Net cash flow		**(698)**		(196)
Net foreign exchange differences		**661**		(63)
Increase (decrease) in cash in hand, balance with Central Bank		**(37)**		(259)
Balance at beginning of year		**3,762**		4,021
Balance at year-end		**3,725**		3,762

Regarding the operational cash flow from interest in 2017, interest amounting to EUR 202.3 million (2016: EUR 203.8 million) was paid and interest amounting to EUR 201.0 million (2016: EUR 201.3 million) was received.

Notes to the financial statements for the financial year ended 31 October 2017

General notes

Activities

TD Bank N.V. ("TDNV or the Bank") is registered and authorized to act as a credit institution by De Nederlandsche Bank ("DNB"). TDNV operates a branch in the United Kingdom under the supervision of the DNB as well as the United Kingdom Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA").

TDNV's strategy and business objectives are:

- Offer selected retail banking products to the public with a focus on customer centricity;
- To maintain an investment portfolio of highly rated and highly liquid securities in selected European Union ("EU")/G10 countries denominated in either CAD, EUR or USD.

Group structure

TDNV is a Netherlands based wholly-owned subsidiary of the Canadian based Toronto Dominion Bank Group ("TD"), which is headquartered in Toronto, Canada, with more than 85,000 employees in offices around the world offering a full range of financial products and services to approximately 25 million customers. As at the 31st of October 2017 (the latest financials published), TD had CAD 1.3 trillion in assets.

Going concern

TDNV's main source of funding consists of an evergreen facility with Canada Trust Co International Limited ("CTIL"). CTIL is a wholly-owned subsidiary of the Toronto Dominion and as such is consolidated. This facility amounts to CAD

25.0 billion with an outstanding balance of EUR 12.0 billion (equivalent of CAD 17.0 billion) as at 31st of October 2017. Under terms of the agreement, CTIL is required to provide TDNV with ten years written notice to cancel the credit facility and terminate the agreement.

Registered office

TDNV is registered with Chamber of Commerce number 33175396 and is established and located at Strawinskylaan 1103 in Amsterdam, The Netherlands.

General accounting policies

General

The financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code

and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost or at amortized cost. The balance sheet and profit and loss account contain references which refer to the disclosures in the financial statements. In accordance with the Articles of Association, the financial year ends as at 31 October.

Estimates

In applying the principles and policies for drawing up the financial statements, the management of TDNV make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. The actual results might differ from these estimates.

The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

Comparison with previous year

The valuation principles and method of determining the result are the same as those used in the previous year, with the exception of the changes in accounting policies as set out in the relevant sections.

Adjustment of errors identified

After finalising the 2016 financial statements, a material error relating to the amortisation method was identified. TDNV used straight line amortisation of premiums and discounts as an estimate of the effective interest method. The use of straight line as an estimate of the effective interest is allowed if the difference between the two methods is determined as not important. It was detected that this difference had become important, therefore an adjustment has been recorded in order to reflect the actual effective interest in the financial statements. Effective 1st November 2015 TDNV changed its amortisation method of the premium and discount from the straight line to the effective interest method.

The impact of the 2016 and 2017 fiscal year were both accounted for in the 2017 fiscal year. The effect of error resulted in a decrease to the 2017 result before tax of EUR 558,545 compared to the valuation based on last year's principles. The effect of the error on the opening balance as per 1st November 2015 resulted to an amount of EUR 1,709,038 to the total equity.

Reporting and functional currency

Previous TDNV financial statements were measured utilizing EUR as the functional currency. In order to align to TDNV parent's determination of CAD functional currency, which is also supported by the approach TDNV takes to hedge its investments. The items in the financial statements going back to 2010 have been revaluated from source currency to CAD and then back to EUR, the impact of EUR 1,447,760 up until 2016 has been accounted for in a capital reserve. Going forward all items in the financial statement will be measured using CAD as the functional currency and TDNV will continue to report its annual accounts in EUR being its reporting currency.

Foreign currencies

Assets and liabilities denominated in foreign currencies and forward transactions in foreign currencies that relate to funds borrowed and invested, are converted at the spot rate at balance sheet date and included in income. Discounted interest on the forward contracts is amortised over the length of the related contract. Income and charges relating to operations are converted at the average rate for the reporting year.

Valuation of financial assets

Financial assets are recognized on the start settlement date when the Bank becomes a party to the contractual provisions of the instrument. Financial assets are initially recognized at fair value and are subsequently carried at amortized cost.

Cash

Cash in hand, balance with central bank comprise cash balances and is carried at nominal value. Unless otherwise stated, cash and cash equivalents are freely available to the company.

Other assets

Other assets are recorded initially at fair value and then at amortised cost, net of any provision for doubtful debts, determined individually. On initial recognition the fair value and the amortised cost are the same as the face value.

Debt securities including fixed-income securities

The Bank has the intention and ability to hold to maturity all of its debt securities.

Debt securities are measured upon initial recognition at fair value, comprising of principal amount, premium, discount and eventual transaction cost and fees and is based on settlement date accounting. Subsequent measurement of debt securities are at amortised cost, constituting the amount at initial recognition minus principal repayments, plus or minus the accumulative amortisation through the expected life of the financial instrument, and minus any reduction for impairment or un-collectability.

An impairment loss is taken when a deterioration in credit quality is observed to the extent that we no longer have reasonable assurance for timely collection of the full amount of principal and interest. The existence of impairment on a portfolio is identified by an assessment of the credit quality of individual items and each of the group items that comprise the portfolio. The amount of the loss charged to income is measured by the negative difference between the estimated realizable amount less the book value. The provision is credited against the value of the debt securities.

Intangible fixed assets

Intangible fixed assets, representing software, are stated at cost and are amortised over five years on a straight-line basis, unless an impairment is identified. In the year under review, the intangible fixed assets are fully depreciated.

Tangible fixed assets

Tangible fixed assets, representing furniture and computer hardware, are stated at cost less accumulated depreciation and are depreciated over five years on a straight-line basis.

Derivatives and hedge-accounting

Derivatives

It is the Bank's policy to manage its investment portfolio with the aim to maximize income within certain parameters and limits, in a manner that is consistent with the Bank's liquidity needs and within the applicable internal and external constraints, mitigating country and concentration risk as well as credit risk.

As part of the Bank's investment strategy, the Bank uses derivatives to mitigate the risk associated with interest rate and foreign currency fluctuations (the volatility in the fair value of (i) the balance sheet positions and their highly probable expected future cash flows, and/or (ii) expected future open positions from mismatches between investments and funding). In order to hedge these risks within defined risk appetite, the Bank uses derivative financial instruments such as forward currency contracts, forward rate agreements and (forward starting) interest rate swaps.

Hedge strategy

The objective of the Bank's hedge strategy is to mitigate the Bank's exposure to foreign currency and interest rate risks:

A) *Effective hedging of balance sheet positions and their highly probable expected future cash flows*

As the majority of the investments are in a different currency (EUR/USD) than the underlying funding (CAD) and functional currency, the Bank 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 for the remaining lifetime of the investments.

B) *Effective hedging of future open positions from funding*

The Bank manages its investment portfolio on a going concern basis, whereas investments in debt securities with a term of maximum seven years are re-invested at maturity through the roll-over of loans (tranches) at their maturity under the loan agreement.

To mitigate Foreign Exchange Risk, the Bank aims to establish a highly effective level of hedging and compliance with cost price hedging requirements. The Bank will enter into FX spot and FX forward transactions to hedge all investment related principle and coupon cash flows back to the funding currency.

To mitigate Interest Rate Risk, the Bank shall aim to establish a high level of hedge effectiveness on the interest rate risk of the overall funding portfolio. Interest rate risk is primary hedged via CTIL fixed rate loan tranches with a matching term versus the underlying investment and matching the principle of the underlying investment to the maximum extent practically feasible.

The Bank shall mitigate residual interest rate risk via hedging with the use of derivatives to meet the Bank's interest rate risk appetite as described in the Bank's Hedging Policy.

C) *Ineffective hedging of future open positions*

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 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 to the profit and loss account.

Permitted derivatives and financial instruments for risk mitigation include the following:

a. Spot/forward foreign exchange (FX) transactions, if investments are made into different currencies then they are funded in. The highly probable expected future flows from the investments, inclusive of all coupon/ interest flows, will be fully matched by forward foreign exchange transactions;

b. Forward rate agreements (FRA's) entered into to hedge interest rate risk of highly probable expected future cash flows (future open positions) from funding not yet recognized in the balance sheet for periods up to one year;

c. Forward starting interest rate swaps (IRS's) to hedge interest rate risk of highly probable expected future cash flows (future open positions) from funding for periods larger than one year, considering that forward rate agreements are market quoted to periods of one year only. The latter transactions serve the same purpose as the forward rate agreements and are to be liquidated at their start dates.

Measurement

Derivatives are measured at the spot rate on balance sheet date with the application of the following:

a. Investments:

   The FX forwards, related to the hedged positions of on-balance investments in foreign currency, are measured at cost and foreign exchange results are recognised in the profit and loss account at the actual rate on reporting date. The interest components (the forward points) of the hedging instruments are amortized on a straight line basis over the full life of the related investments, in view of the hedges being fully effective.

b. Funding:

   The FRA's and IRS's, related to the hedged positions not yet recognised in the balance sheet, are equally not yet recognised until settlement of the hedged positions occur. The settlement amount is calculated based on the market rate on the start date of the derivative and the contract rate.

   The settled amounts of hedging instruments are amortized as follows:

   - FRA: Straight line amortisation of the settlement amount from settlement date till maturity;
   - IRS: Straight line amortisation of the settlement amount after liquidation on the start date till maturity.

Cost price hedge accounting

The Bank recognises the derivatives on a cost price hedge accounting basis in connection with the measurement of the investments (debt securities) and related funding, if the following conditions are met:

- Critical characteristics of the hedged item and the hedge instrument(s) are identical;
- Documentation of the hedge relationship;
- Assessment of effectiveness of the hedge relationship;
- Recognition of ineffectiveness in the statement of income.

Effectiveness of the hedges is assessed by demonstrating a high mathematical correlation between the fair value of cash flows of the hedged item and those of the hedging instrument. The Bank applies cost price hedge accounting based on documentation of hedging relationships.

Cost price hedge accounting is no longer applied if:

- The hedged-item expires, is sold, terminated or exercised. In that case the hedge instrument will be accounted for at the lower of cost or market value through the statement of income. Substitution or roll-over of a hedge- instrument into another hedge instrument is not considered an expiry or termination if this substitution or roll-over in included as part of the documented hedge strategy;
- The terms for hedge accounting are no longer met.

Amounts owed to banks

Amounts relate to third party funding, at nominal value througout the placement period and repaid at maturity or reinvested after client instructions.

Amounts owed to customers

Amounts relate to our main funding from CTIL, other TD entities and placements by retail customers at nominal value.

Other liabilities

Amount relate to accrual of operating expenses of which can be allocated to the current year recognised at nominal value.

Provisions

A provision is formed for liabilities if it is probable that they will have to be settled and the amount of the liability can be reliably estimated. The amount of the provision is determined based on a best estimate of the amounts required to settle the liabilities and losses concerned at the balance sheet date. Provisions are carried at non-discounted value.

Deferred tax

Deferred corporate tax is stated at nominal value and is calculated for temporary valuation differences between carrying amounts of assets and liabilities in the balance sheet and tax base, based on tax rates that are expected to apply in the period when the assets are realised or the liabilities are settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available for compensation.

Pensions

The Bank has a pension plan with ABN AMRO Pensioeninstelling N.V., providing for benefits after the employee leaves the company for which predetermined pension contributions are remitted to a separate pension insurer, and for which no legally enforceable or actual obligation exist to pay further obligations. Obligations stemming from contributions to pension plans are presented as staff costs in the income statement when the contribution is payable.

Interest income and expense

The interest income on the investments and the interest expense on the Bank's funding are recognised in the income statement using the straight line amortisation method.

Operating income

Income is recorded in the year in which it arises or in which the service was provided.

Operating expenses

Operating expenses are recognized in the year to which they relate.

Taxation

Taxes are calculated on the net profit or loss before taxation on the basis of the applicable tax rates, taking exempt profit items and deductible items into account.

Cash flow statement

The cash flow statement is prepared based on the indirect method which segregates cash flows from operating, investing and financing activities. Cash in hand represents the balance with the Central Bank and petty cash.

In the net cash flow from operating activities, the result on operations before taxation is adjusted by those items in the statement of income, which do not result in actual income or expenditure during the year.

Cash flows in foreign currencies both from the prior year and the current year have been translated at the exchange rates for the current reporting year, the exchange result of which has been included in the cash flow statement.

1 Cash in hand, balance with the Central Bank

This includes all legal tender, as well as demand deposits held at the Dutch central bank ("DNB"). An amount of EUR 3,725,426 (2016: EUR 3,761,219) is not at free disposal to the Bank.

2 Loans and advances to banks

This includes short-term money market term deposits with an effective interest rate of 0.90% (2016: 0.50%).

No amount relates to subsidiaries of TD. As per balance sheet date, the lowest counterparty rating is A3 according to Moody's.

The residual maturity of loans and advances to banks was as follows:

	2017	2016
At demand	**34,798,037**	188,812,070
Three months or shorter	**179,417,991**	395,524,832
Longer than three months but no longer than 1 year	**17,649,136**	223,329,808
	231,865,164	807,666,710

Changes in the investment portfolio were as follows:

	2017	2016
Balance sheet value at the beginning of the year	**807,666,710**	1,067,639,278
Investments	**30,737,950,111**	37,345,297,796
Redemption	**(31,184,477,456)**	(36,810,700,634)
Exchange rate adjustments	**(129,274,201)**	(794,569,730)
	231,865,164	807,666,710

Loans and advances to banks were denominated in the following currencies:

	2017	2016
Canadian dollars	**86,144,021**	119,202,963
Euros	**5,717,716**	22,631,082
Pounds sterling	**63,044,497**	522,626,699
Swiss francs	**4,146**	7,645,929
United States dollars	**76,954,784**	135,560,037
	231,865,164	807,666,710

Loans and advances to banks were placed in the following countries:

	2017	2016
Denmark	**0**	32,331,227
France	**69,918,166**	126,180,491
Japan	**57,795,057**	110,055,268
The Netherlands	**30,712,896**	84,299,877
Singapore	**42,666,813**	34,036,787
Sweden	**0**	69,138,133
Switzerland	**0**	90,304,462
United Kingdom	**30,772,232**	261,320,465
	231,865,164	807,666,710

3 Loans and advances to customers

The current year's balance consists of placements to Interactive investors.

The residual maturity of loans and advances to customers is as follows:

	2017	2016
Three months or shorter	**3,098,260**	4,447,570
	3,098,260	4,447,570

There is no amount (2016: 0) taken as provision for bad debts. Loans and advances to customers do not include loans and advances to directors. The full amount of EUR 3,098,260 (2016: EUR 4,447,570) relates to Interactive Investors under a GBP 10 million facility as of 3rd June 2017. In May, 2016 the Bank granted a facility of GBP 10 million to Interactive Investors for the support of the Bank's UK Branch operations related to customer cash settlements of trades and transfers. The maximum daily exposure amount is currently set at GBP 3 million with an option to request an increase of the facility up to GBP 10 million based on the bank's UK Branch client requirements. There is no interest paid by Interactive Investors on GBP, USD and CAD while the Bank pays 0.55% on outstanding Euro balances, driven by current market environment. At balance sheet date the outstanding balance stood at GBP 2,717,261 (EUR equivalent 3,098,260).

4 Debt securities including fixed-income securities

Debt securities including fixed income securities consist of securities with a fixed interest rate or an interest dependent upon prevailing interest rates issued by governments, government agencies, banks and investment banks. All of the debt securities including fixed income securities are listed. None is payable on demand. The weighted effective interest of the debt securities is 0.33% (2016: 0.48%).

Debt securities including fixed-income securities

	2017	2016
Government and government agency bonds	**6,750,015,265**	6,799,904,417
Bank and investment bank bonds	**5,426,580,592**	5,452,327,317
	12,176,595,857	12,252,231,734

Debt / fixed income securities were denominated in the following currencies

	2017	2016
Euros	**11,570,524,911**	11,430,304,625
United States dollars	**606,070,946**	821,927,109
	12,176,595,857	12,252,231,734

The residual maturity was as follows:

	2017	2016
Three months or shorter	**336,473,341**	389,867,480
Longer than three months but no longer than one year	**2,032,853,069**	1,794,437,070
Longer than one year but no longer than five years	**8,595,383,416**	9,357,006,884
Longer than five years but no longer than ten years	**1,211,886,031**	710,920,300
	12,176,595,857	12,252,231,734

Changes in the investment portfolio were as follows:

	2017	2016
Balance sheet value at the beginning of the year (amortised cost)	**12,252,231,734**	12,349,329,113
Purchases	**3,977,628,964**	2,435,797,059
Sales	**(262,630,284)**	0
Redemption	**(3,620,285,409)**	(2,381,222,069)
Amortisation of premiums and discounts	**(142,212,852)**	(151,751,796)
Exchange rate adjustments	**(28,136,296)**	79,427
	12,176,595,857	12,252,231,734

The net unamortised difference at the balance sheet date between the nominal value and the acquisition price of the debt securities including fixed-income securities amounts to EUR 305,639,459 (2016: EUR 369,371,598). None of the debt securities were issued by affiliated companies.

5 Intangible fixed assets

	Software 2017	Software 2016
Balance at beginning of year - invested value	**733**	733
Balance at beginning of year - cumulative amortization	**(393)**	(246)
Total book value at beginning of the year	**340**	487
Disposals during the year - invested value	**0**	0
Disposals during the year - cumulative amortization	**0**	0
Investments	**0**	0
Amortization	**(340)**	(147)
Balance at end of year - invested value	**733**	733
Balance at end of year - cumulative amortization	**(733)**	(393)
Total Book balance at end of year	**0**	340

6 Tangible fixed assets

	Leasehold, furniture and fixings	Computer equipment	2017 Total	2016 Total
Balance at beginning of year - invested value	**105,325**	**59,096**	**164,421**	139,689
Balance at beginning of year - cumulative depreciation	**(36,849)**	**(25,943)**	**(62,792)**	(75,049)
Total book value at beginning of the year	**68,476**	**33,153**	**101,630**	64,640
Disposals during the year - invested value	**0**	**0**	**0**	(42,318)
Disposals during the year - cumulative depreciation	**0**	**0**	**0**	42,318
Investments	**635**	**10,724**	**11,359**	67,050
Amortization	**(22,597)**	**(8,326)**	**(30,923)**	(30,061)
Balance at end of year - invested value	**105,960**	**69,820**	**175,780**	164,421
Balance at end of year - cumulative depreciation	**(59,446)**	**(34,269)**	**(93,715)**	(62,792)
Total Book balance at end of year	**46,514**	**35,551**	**82,065**	101,630

7 Prepayments and accrued income

This includes accrued interest income on term deposits and debt securities including fixed-income securities all within one year. An amount of EUR 0 (2016: EUR 11,284) of interest receivable relates to wholly owned subsidiaries of TD.

The Bank made excess prepayments of corporate tax for the 2016 and 2017 financial year and expects receiving at least part of this tax in the course of the 2018 financial year. Previous years have been fully settled with the tax authority. The deferred tax receivable relates to prior year losses in the UK Branch which are available for loss compensation.

	2017	2016
Interest receivable on investments	**69,942,715**	86,642,444
Interest rate swaps	**0**	2,382,606
Current tax receivable	**2,576,280**	1,722,105
Deferred tax receivable	**111,347**	134,178
Other receivables	**895,743**	856,313
	73,526,084	91,737,646

Other receivables includes the prepayment related to the DSB arrangement, which consist of the contribution to the Deposit Guarantee Scheme (DGS) which was administered by the DNB in respect of DSB since 19 October 2009. We have prepaid EUR 2.6 million and received back in total EUR 1.9 million, the outstanding amount of EUR 721,764, which is expected to be settled on 31st January 2018. Also included are prepaid expenses to be allocated to the accurate period within one year.

Other receivables includes:

	2017	2016
Receivable - DNB re DSB	**721,764**	721,764
Prepayment - 3rd party re Operational services	**173,979**	134,549
	895,743	856,313

8 Amounts owed to banks

This includes all non-subordinated debt and is entirely due to, a third party bank, with an effective interest of 1.54% (2016: 1.06%), maturing within three years.

9 Amounts owed to customers

This includes all non-subordinated debts. The amounts owed to customers had an effective interest of 0.51% (2016: 0.55%) with EUR 68,503,305 on the demand account (2016: EUR 474,823,065).

	2017	2016
Savings and deposits accounts	**228,270,953**	232,939,951
Other funds entrusted	**11,519,968,542**	11,967,896,133
	11,748,239,495	12,200,836,084

Savings and deposits accounts

This consists of interest-bearing savings accounts with an effective interest of 0.38% (2016: 1.06%) and term deposits from customers with an effective interest of 1.54%) in four currencies, of which an equivalent of EUR 158,549,642 (2016: EUR 161,933,422) belongs to 100%-subsidiaries of TD. An amount of EUR 68,503,305 (2016: EUR 70,098,702) is held on demand for the customers.

	2017	2016
On demand	**68,503,305**	70,098,702
Three months or shorter	**63,751,086**	0
Longer than three months but no longer than one year	**5,750,774**	162,841,249
Longer than one year but no longer than five years	**90,265,788**	0
	228,270,953	232,939,951

Savings accounts were denominated in the following currencies

	2017	2016
Canadian dollars	**6,399,105**	4,268,119
Euros	**6,426,281**	4,842,058
Pounds sterling	**54,552,830**	58,373,290
United States dollars	**160,892,737**	165,456,484
	228,270,953	232,939,951

Other funds entrusted

The Bank has an evergreen credit facility available, granted by Canada Trust Co International Limited, a wholly-owned subsidiary of the Toronto Dominion Bank. The interest is payable on a semi-annual basis. The drawdowns, totaling amounts in the table mentioned below, have a weighted average interest rate of 1.684% (2016: 1.703%) and a weighted average term to the next interest reset date of 962 days (2016: 973 days) and are denominated in Canadian dollars.

The residual maturity of other liabilities relating to
Canada Trustco International Limited therewith was as follows:

	2017	2016
Longer than ten years	**11,519,968,542**	11,563,171,769
	11,519,968,542	11,563,171,769

10 Accruals

This includes amounts still to be paid such as accrued interest. An amount of EUR 78,304,167 (2016: EUR 82,223,316) interest payable relates to subsidiaries of TD, payable within 30 days. The amount stated for the net derivatives includes the foreign exchange contracts at spot rate as per 31 October 2017, the un-amortized forward points, the un-amortized results on the settled forward rate agreements and the un-amortized results on the liquidated interest rate swaps which will be straight line amortized within the remaining contract period with a maximum of seven years, further reference is made to note 13.

Accrued liabilities includes accrued expenses of EUR 1.6 million for the current fiscal year (2016: EUR 0.8 million).

	2017	2016
Interest payable on loans and advances	**78,345,004**	82,258,470
FX forwards and forward rate agreement	**164,326,058**	176,598,031
Accrued liabilities	**1,641,134**	1,012,244
	244,312,196	259,868,745

11 Provisions

In 2009 DNB invoked the Dutch Guarantee Scheme to cover losses generated from the bankruptcy of DSB Bank N.V. During the year the Bank received confirmation from the bankruptcy trustee that the Bank will be fully reimbursed for the outstanding receivable. Hence the provision has been released in 2016.

	2017	2016
Balance at the beginning of the year	**0**	180,963
Released during the year	**0**	(154,299)
Currency Translation Adjustment	**0**	(26,664)
Balance at the end of the year	**0**	0

12 Shareholders' equity

The following table shows the impact on the opening balance as per 1st November 2016 of the Shareholders' Equity due to change of the functional currency from EUR to CAD and the change of the amortization method of the premium and discount from straight line to effective interest method. The identified error of EUR 1.3 million reflects the impact of the change of amortisation method with a relating tax impact of EUR 0.4 million. The result of the change in functional currency is booked as a reclass from other reserve to a FX translation reserve and has no impact on the total equity.

Balance as at 31 October 2015	473,369,978
Identified error	1,281,779
Tax effect on identified error	427,260
Balance as at 1st November 2015	475,079,016

	Share Capital	Share Premium	FX translation reserve	Retained Earnings	Result of the year	2017 Total	2016 Total
Balance at November 1st	**66,334,000**	**260,000,000**	**(1,447,760)**	**150,192,776**	**2,609,158**	**477,688,174**	475,079,016
FX translation result	**0**	**0**	**57,000**	**(57,000)**	**0**	**0**	0
Net profit for the year	**0**	**0**	**0**	**0**	**101,615**	**101,615**	2,609,158
Appropriation of result	**0**	**0**	**0**	**2,609,158**	**(2,609,158)**	**0**	0
Balance at October 31st	**66,334,000**	**260,000,000**	**(1,390,760)**	**152,744,934**	**101,615**	**477,789,790**	477,688,174

TDNV is a Netherlands based wholly-owned subsidiary of the Canadian based Toronto Dominion Bank Group ("TD"), which is headquartered in Toronto, Canada. Toronto-Domion Bank holds all shares of TDNV. The authorised share capital consists of 3,403,360 shares with a value per share of EUR 50.00. Paid-in capital amounts to EUR 66,334,000 representing 1,326,680 shares.

13 Derivatives disclosures

Derivatives are financial instruments evidenced by contracts, the value of which depends on one or more underlying assets, reference prices or indices. Examples of derivatives are forward foreign exchange contracts, options, swaps, futures and forward rate agreements. The Bank uses forward foreign exchange contracts, forward rate agreements and interest rate swaps. No forward foreign exchange or interest rate derivative contracts are transacted with third parties as the Bank enters into these exclusively with its parent company (TD). However, FX spot transactions are transacted with ABN AMRO, the Bank's local banking-services provider as well as with TD.

The Bank has implemented collateral and netting arrangements to address potential intragroup exposure effective 31 March 2016, being eligible forms of credit risk mitigation. This has been formalized through the Bank's ISDA Master Agreement and Credit Support Annex dated 17 March 2016, which was renewed on 22 August 2017 to comply with new regulations. At 31 October 2017, the Bank has fully offset its intragroup exposure of EUR 216.4 million (inclusive of credit risk adjustment) through collateral assets totaling EUR 368.1 million (surplus of EUR 151.8 million). The collateral assets are eligible CAD denominated sovereign debt securities.

The Bank undertakes derivative transactions to hedge the currency exposure resulting from investments and funding occurring in different currencies and interest rate exposure due to repricing differences. The following table shows the notional amount, at balance sheet date, of the forward foreign exchange contracts, forward rate agreements and interest rate swaps segregated by remaining term to maturity and the fair value of those live contracts. At balance sheet date all forward foreign exchange contracts, forward rate agreements and interest rate swaps were 100% effective. The live forward rate agreements and interest rate swaps are an off balance item and show a positive fair value at end the year. For the liquidated forward rate agreements and interest rate swaps, the ineffectiveness between the notional amount in the contract and the substituted CTIL loan was not material. The settlement amount of these contracts are recognised on the balance sheet and will be straight line amortized to the profit and loss account during the contract period.

Type of contract	Notional amount less than one year	Notional amount one to five years	Notional amount five to seven years	Positive replacement value	Negative replacement value	2017 Net Fair Value	2017 Book Value
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
For. Exchange	2,413,885	8,432,337	1,201,297	70,376	381,958	(311,582)	(165,386)
Forw. Rate Agreement	128,363	176,694	3,028	301	271	30	0
Int. Rate Swap	0	96,423	4,325	960	76	884	0
	2,542,248	8,705,454	1,208,650	71,637	382,305	(310,668)	(165,386)

The following table shows the notional amount, as at 31 October 2016, of the forward foreign exchange contracts, forward rate agreements and interest rate swaps segregated by remaining term to maturity and the positive fair value of those contracts.

Type of contract	Notional amount less than one year	Notional amount one to five years	Notional amount five to seven years	Positive replacement value	Negative replacement value	2016 Net Fair Value	2016 Book Value
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
For. Exchange	1,884,929	9,413,555	775,667	141,730	302,077	(160,348)	176,596
Forw. Rate Agreement	130,969	330,452	10,931	276	1,098	(822)	0
Int. Rate Swap	0	71,071	2,511	266	41	226	0
	2,015,898	9,815,078	789,109	142,272	303,216	(160,944)	176,596

The notional amount is the basis described in the contract for the amount of cash flows to be exchanged and provides an indication of the scope of activities for the type of contract concerned.

The fair value is the present value of all cash flows of contracts yet to be exchanged. The positive fair value at yearend stood at EUR 71,637,088 (2016: EUR 142,271,786). The negative fair value at balance sheet date stood at EUR 382,305,381 (2016: EUR 303,215,941).

At balance sheet date the Bank's net derivative position was an Expected Negative Exposure ("ENE") of EUR 310.7 million (2016: EUR 160.9 million ENE). The fair value excludes an amount for credit valuation adjustment, in line with the ISDA collateral and netting arrangements.

All derivative contracts outstanding at year-end are for the purpose of asset and liability management.

14 Fair Value Information

	2017		2016	
	Book value	Fair value	Book value	Fair value
	EUR '000	EUR '000	EUR '000	EUR '000
Assets				
Cash in hand, balance with central bank	3,725	3,725	3,761	3,761
Loans and advances to banks and customers	234,963	231,897	827,309	804,920
Debt securities including fixed-income securities	12,246,343	12,373,291	12,337,967	12,560,782
Tangible and Intangible fixed assets	82	82	102	102
Prepayments and accrued income remaining	3,779	3,779	1,709	1,709
Liabilities				
Amounts owed to banks and customers	11,845,136	11,765,776	12,518,874	12,707,401
Derivatives	164,326	310,668	174,215	160,944
Accruals and deferred income remaining	1,641	1,641	0	0
Paid-in and called-up capital	66,334	66,334	66,334	66,334
Share premium	260,000	260,000	260,000	260,000
Fair value reserve	0	56,900	0	25,170
FX translation reserve	(1,391)	(1,391)	(1,448)	(1,448)
Retained earnings inclusive result for the year	152,847	152,847	152,873	152,873

The amounts stated above under book value deviate from the interest bearing balance sheet positions due to the re-allocation of accrued interest from "prepayments and accrued income" and "accruals and deferred income" to the respective balance sheet items. The amount stated for "derivatives" has been re-allocated from the "accruals and deferred income".

The fair value of debt securities is expressed as market price at year-end, and include accrued interest.

Derivatives consist of forward foreign exchange contracts, forward rate agreements and interest rate swaps and have been valued at market rates obtained from trusted third party market rate providers and are inclusive of the cross currency basis spread adjustment.

The Bank has EUR 1,267 million (2016: EUR 809 million) of debt securities with a fair value lower than book value. The difference between fair value and book value amounts to EUR 5 million (2016: EUR 4 million). This is the result of market interest rate movements and does not reflect an actual or expected credit loss.

The amounts stated in the table above reflect the Bank's best estimation of fair value for the separate accounts in the table with the remaining amount included in the fair value reserve for presentation purposes.

15 Capital

The table below shows Total Own Funds used for calculating capital adequacy, including the calculation of the CET 1 Ratio. All figures and ratios related to regulatory capital are exclusive of the result on operations after taxation (EUR 101,615) for the year ended 31 October 2017.

The Bank uses the Standardised Approach for calculating its capital requirements for credit risk.

Capital	2017	
	EUR '000	**EUR '000**
Total own funds		**478,968**
Tier 1 Capital		**478,968**
Common Equity Tier 1 Capital		**478,968**
Paid up capital	66,334	
Share premium	260,000	
Reserves	152,745	
Income current year	0	
(-) Intangible assets	0	
(-) Defered Tax	(111)	
Total Risk Exposure amount		**182,773**
of which		
Risk weighted assets standardised Approach (SA)	153,180	
Other non credit-obligation assets	3,663	
Foreign exchange risk under standardised approach	1,219	
Operational Risk under standardised approach	24,711	
Credit Valuation Adjustment	0	
CET 1 capital ratio		**262.06%**
Tier 1 capital ratio		**262.06%**
Total capital ratio		**262.06%**

The Bank's income result, as determined by the management Board and with the approval of the supervisory board, will be recommended to be added to retained earnings, subject to the adoption of the financial statements by the shareholder. Reference is made to "Disposition of profit" on page 44.

The table below shows the own funds for solvency purposes and the regulatory solvency ratio for the year ended 31 October 2016 using the Standardised Approach.

Capital	2016	
	EUR '000	**EUR '000**
Total own funds		**473,308**
Tier 1 Capital		**473,308**
Common Equity Tier 1 Capital		**473,308**
Paid up capital	66,334	
Share premium	260,000	
Reserves	147,107	
Income current year	0	
(-) Intangible assets	0	
(-) Defered Tax	(133)	
Total Risk Exposure amount		**407,186**
of which		
Risk weighted assets standardised Approach (SA)	376,149	
Other non credit-obligation assets	3,011	
Foreign exchange risk under standardised approach	1,243	
Operational Risk under standardised approach	26,783	
Credit Valuation Adjustment	0	
CET 1 capital ratio		**116.24%**
Tier 1 capital ratio		**116.24%**
Total capital ratio		**116.24%**

16 Credit risk

At year end, the exposure for sovereigns, institutions and corporates amounts to EUR 13,255,689 (2016: EUR 13,094,911). The table below provides a breakdown of credit risk by type of issuer and geographic location. Derivatives are valued at their positive replacement cost and then increased with a potential future credit risk factor using the standardised approach. All other exposures are in nominal values inclusive of accrued interest. Total credit risk exposure deviates from the asset values shown in the statutory balance sheet due to the inclusion of counterparty credit risk. The type of issuer has been taken after applying credit risk mitigation. The maximum credit risk for the Bank at balance sheet date (in thousands of Euro) is EUR 182,773 (2016: EUR 376,149). This is higher than the above stated regulatory exposure value.

Credit Risk by Region	Sovereign	Institutions	Corporate	Total 2017
	EUR '000	EUR '000	EUR '000	EUR '000
Europe	**9,067,147**	**604,168**	**3,097**	**9,674,412**
Austria	671,636	0	0	671,636
Denmark	124,303	0	0	124,303
Finland	555,767	0	0	555,767
France	2,196,105	69,949	0	2,266,054
Germany	3,309,112	0	0	3,309,112
The Netherlands	2,090,099	313,048	0	2,403,147
Sweden	120,125	190,394	0	310,519
United Kingdom	0	30,777	3,097	33,874
North America	**0**	**608,961**	**0**	**608,961**
Canada	0	608,961	0	608,961
Asia and Oceania	**0**	**200,279**	**0**	**200,279**
Australia	0	99,704	0	99,704
Japan	0	57,811	0	57,811
Singapore	0	42,764	0	42,764
Supranat ional	**665,032**	**1,639,437**	**0**	**2,304,469**
Bonds Premium	0	0	0	311,261
Bonds Discount	0	0	0	(4,471)
Total	**9,732,179**	**3,052,845**	**3,097**	**13,094,911**
Risk Weighted Amounts	0	182,773	0	182,773
Capital Requirement	0	16,906	0	16,906

The table below provides a breakdown of credit risk by type of issuer and geographic location as at October 31, 2016.

Credit Risk by Region	Sovereign	Institutions	Corporate	Total 2016
	EUR '000	EUR '000	EUR '000	EUR '000
Europe	**9,334,950**	**1,078,732**	**4,459**	**10,418,141**
Austria	500,289	0	0	500,289
Denmark	112,197	32,438	0	144,635
Finland	712,678	0	0	712,678
France	2,240,524	126,204	0	2,366,728
Germany	3,363,491	0	0	3,363,491
The Netherlands	2,245,342	449,053	0	2,694,395
Sweden	160,429	118,674	0	279,103
Sweden	0	90,598	0	90,598
United Kingdom	0	261,765	4,459	266,224
North America	**0**	**692,183**	**0**	**692,183**
Canada	0	692,183	0	692,183
Asia and Oceania	**0**	**257,566**	**0**	**257,566**
Australia	0	113,413	0	113,413
Japan	0	110,092	0	110,092
Singapore	0	34,061	0	34,061
Supranat ional	**525,847**	**1,582,836**	**0**	**2,108,683**
Bonds Premium	0	0	0	372,763
Bonds Discount	0	0	0	(3,391)
Total	**9,860,797**	**3,611,317**	**4,459**	**13,845,945**
Risk Weighted Amounts	0	371,690	4,459	376,149
Capital Requirement	0	29,735	0	29,735

17 Liquidity risk

The table below provides an overview of the contractual cash flows from assets, liabilities and other financial instruments, including future interest receivable and payable with fixed interest rates at the time of this report, to provide a complete as possible picture of the Bank's going concern expected cash flows.

As a consequence the amounts, which include future interest cashflows, deviate from the amounts shown in the statutory balance sheet and also do not mirror the much higher regulatory liquidity, but provide a clear view on all maturing assets and liabilities in their respective periods. The Bank has no contracts with variable interest repricing periods - all contractual cash flows from assets, liabilities and other financial instruments are at payment or repayment date.

All amounts in EUR million

	Without term	Month <= 3	Month 3 < 6	Month 6 < 12	Years 1 < 2	Years 2 < 3	Years 3 < 5	Years > 5	2017 Total
Assets									
Cash in hand	-	4	-	-	-	-	-	-	4
Loans and advances to banks	-	215	9	9	-	-	-	-	233
Loans and advances to customers	-	3	-	-	-	-	-	-	3
Debt securities	-	368	544	1,612	2,910	2,153	3,527	1,186	12,300
Other assets	3	-	-	-	-	-	-	-	3
Net foreign exchange contracts	-	-	-	13	61	30	146	94	344
Net forward rate agreement	-	-	-	-	-	-	-	-	-
Interest rate swaps	1	-	-	-	-	-	-	-	1
	4	590	553	1,634	2,971	2,183	3,673	1,280	12,888
Liabilities									
Owed to banks and customers	-	243	3	99	106	238	109	11,552	12,350
Other liabilities	2	-	-	-	-	-	-	-	2
Net foreign exchange contracts	-	15	16	-	-	-	-	-	31
Net forward rate agreement	-	-	-	-	-	-	-	-	-
Interest rate swaps	-	-	-	-	1	2	3	-	6
Capital/retained earnings	-	-	-	-	-	-	-	476	476
	2	258	19	99	107	240	112	12,028	12,865
Gap	2	330	534	1,535	2,863	1,943	3,563	(10,748)	23
Cumulative gap	**2**	**332**	**866**	**2,401**	**5,264**	**7,207**	**10,770**	**22**	
Cumulative gap 2016	4	156	904	2,080	4,459	7,338	11,340	27	

With the exception of interest rate swaps, expected cashflows are always equal or later than the contractual interest rate change dates. For risk mitigation, the Bank makes use of forward starting interest rate swaps, which are liquidated at their start dates. The Bank has no margin call obligation for its derivatives.

The table below provides an overview of the contractual cash flows from assets, liabilities and other financial instruments as at October 31, 2016, all including future interest receivable and payable with fixed interest rates at the time of this report.

All amounts in EUR million

	Without term	Month <= 3	Month 3 < 6	Month 6 < 12	Years 1 < 2	Years 2 < 3	Years 3 < 5	Years > 5	2016 Total	2015 Total
Assets										
Cash in hand	-	4	-	-	-	-	-	-	4	4
Loans and advances to banks	-	585	108	117	-	-	-	-	809	1,068
Loans and advances to customers	-	4	-	-	-	-	-	-	4	16
Debt securities	-	429	742	1,198	2,515	2,905	3,962	691	12,442	12,630
Other assets	3	-	-	-	-	-	-	-	3	9
Net foreign exchange contracts	-	-	-	-	26	109	173	50	358	409
Net forward rate agreement	-	-	-	-	-	-	-	-	-	-
Interest rate swaps	2	-	-	-	-	-	-	-	2	3
	5	1,022	850	1,314	2,541	3,014	4,135	741	13,622	14,139
Liabilities										
Owed to banks and customers	-	858	44	101	160	134	132	11,578	13,008	13,453
Other liabilities	1	-	-	-	-	-	-	-	1	4
Net foreign exchange contracts	-	12	57	38	-	-	-	-	107	176
Net forward rate agreement	-	-	-	-	-	-	-	-	-	1
Interest rate swaps	-	-	-	-	1	1	1	-	3	3
Capital/retained earnings	-	-	-	-	-	-	-	476	476	473
	1	870	101	139	161	135	133	12,054	13,595	14,110
Gap	4	152	748	1,176	2,379	2,879	4,002	(11,313)	26	30
Cumulative gap	**4**	**156**	**904**	**2,080**	**4,459**	**7,338**	**11,340**	**27**		
Cumulative gap 2015	24	59	934	2,094	4,154	6,595	11,298	30		

18 Interest rate risk

Interest rate risk is the risk that changes in interest rates will negatively impact the Bank's income or net economic value. For the bank, the main risk is that the timing of changes in interest rates on our investment portfolio will not match the timing of interest rate changes on our funding.

The timing of repricing for our assets and liabilities is set out in the following table. All future contractual interest receivable and payable as fixed in time of this report has been included to provide a complete as possible picture of Bank's interest rate risk. As a consequence, the amounts, which are interest related, deviate from the ones shown in the statutory balance sheet. The Bank has no contracts with variable interest repricing periods. Therefore all contractual cash flows from assets, liabilities and other financial instruments are at payment or repayment date.

All amounts in EUR million

	Without term	Month <= 3	Month 3 < 6	Month 6 < 12	Years 1 < 2	Years 2 < 3	Years 3 < 5	Years > 5	2017 Total
Assets									
Cash in hand	-	4	-	-	-	-	-	-	4
Loans and advances to banks	-	215	9	9	-	-	-	-	233
Loans and advances to customers	-	3	-	-	-	-	-	-	3
Debt securities	-	368	544	1,612	2,910	2,153	3,527	1,186	12,300
Other assets	3	-	-	-	-	-	-	-	3
Net foreign exchange contracts	-	-	-	13	61	30	146	94	344
Net forward rate agreement	-	57	-	-	1	-	-	-	58
Interest rate swaps	1	41	-	31	24	-	-	-	97
	4	688	553	1,665	2,996	2,183	3,673	1,280	13,042
Liabilities									
Owed to banks and customers	-	655	463	1,568	2,838	2,107	3,510	1,209	12,350
Other liabilities	2	-	-	-	-	-	-	-	2
Net foreign exchange contracts	-	15	16	-	-	-	-	-	31
Net forward rate agreement	-	-	18	33	-	3	7	-	61
Interest rate swaps	-	-	-	-	-	2	96	4	102
Capital/retained earnings	-	-	-	-	-	-	-	476	476
	2	670	497	1,601	2,838	2,112	3,613	1,689	13,023
Gap	2	16	56	65	158	70	61	(409)	20
Cumulative gap	**2**	**18**	**74**	**139**	**297**	**367**	**428**	**19**	
Cumulative gap 2016	(504)	(177)	(57)	104	186	340	493	25	

The table below provides an overview of the interest rate risk as at October 31, 2016.

All amounts in EUR million

	Without term	Month <= 3	Month 3 < 6	Month 6 < 12	Years 1 < 2	Years 2 < 3	Years 3 < 5	Years > 5	2016 Total	2015 Total
Assets										
Cash in hand	-	4	-	-	-	-	-	-	4	4
Loans and advances to banks	189	396	108	117	-	-	-	-	809	1,068
Loans and advances to customers	-	4	-	-	-	-	-	-	4	16
Debt securities	-	429	742	1,198	2,515	2,905	3,962	691	12,442	12,630
Other assets	3	-	-	-	-	-	-	-	3	9
Net foreign exchange contracts	-	-	-	-	26	109	173	50	358	409
Net forward rate agreement	-	41	-	-	-	1	-	-	42	79
Interest rate swaps	2	71	-	-	-	-	-	-	73	48
	194	945	850	1,314	2,541	3015	4,135	741	13,734	14,263
Liabilities										
Owed to banks and customers	697	606	646	1,108	2,458	2,860	3,904	729	13,008	13,453
Other liabilities	1	-	-	-	-	-	-	-	1	4
Net foreign exchange contracts	-	12	57	38	-	-	-	-	107	176
Net forward rate agreement	-	-	26	7	1	-	7	2	44	82
Interest rate swaps	-	-	-	-	-	1	69	3	73	47
Capital/retained earnings	-	-	-	-	-	-	-	476	476	473
	698	618	730	1,153	2,459	2,861	3,981	1,210	13,710	14,236
Gap	(504)	327	120	161	81	154	153	(469)	25	28
Cumulative gap	**(504)**	**(177)**	**(57)**	**104**	**186**	**340**	**493**	**25**		
Cumulative gap 2015	8	(466)	(132)	45	149	239	489	28		

19 Currency risk

The total EUR equivalent of assets denominated in currencies other than EUR was EUR 861,694,892 (2016: EUR 1,109,487,540), while the total EUR equivalent of liabilities in foreign currencies other than EUR was EUR 12,367,340,706 (2016: EUR 12,472,644,832).

The total EUR equivalent of the net open exposures in foreign currencies, which is the net position of the assets and liabilities per applicable currency, inclusive of the impact of derivatives was as follows:

All amounts in EUR million

	CHF	USD	GBP	CAD
Net exposures at year-end 2017	**4,146**	**31,262**	**1,390**	**913,792**
Net exposures at year-end 2016	4,471	150,755	117,928	962,003

Forward foreign exchange contracts are used by the Bank to manage foreign exchange risk and are included on the balance sheet on a netted basis, including the unamortised part of interest.

The total euro equivalent of foreign exchange contracts entered into by the Bank was as follows:

Amounts are stated in EUR

	CAD
Total FX contracts October 31, 2017	**12,047,518,782**
of which with parent company	**12,047,518,782**
of which with third party	**0**
Total FX contracts October 31, 2016	12,074,151,498
of which with parent company	12,074,151,498
of which with third party	0

20 Rental commitments and other commitments

The Bank has a long-term commitment for premises until 31 July 2019 amounting to EUR 195,876 (2016: EUR 360,819) to the end of contract. Other commitments are for software until May 2019 amounting to EUR 276,807 (2016: EUR 98,424) and a car lease until December 2018 for a total of EUR 20,868 (2016: EUR 1,427).

Amounts are stated in EUR

Commitments	Year 1 <	Year 1 - 5	Year > 5	2017 Total	2016 Total
Premises	97,938	97,938	0	195,876	360,819
Software	206,985	69,822	0	276,807	98,424
Car lease	17,390	3,478	0	20,868	1,427
	322,313	**171,238**	**0**	**493,551**	**460,670**

21 Related parties

TD Bank has outsourcing agreements and related party transactions with group companies. A number of banking transactions with related parties are engaged by the Bank in the normal course of the business. These include loans, deposits and derivatives, all carried out on commercial terms and at market rates.

No allowances for loan losses have been recognised in respect of loans to related parties in 2017 and 2016.

As per balance sheet date the Bank has outstanding positions with the below stated group companies:

TD Canada Investments Limited

TD Canada Trustco International Limited

TD Grand Duché Luxembourg S.a.r.l.

TD Haddington Services B.V.

TD International Inc.

TD Luxembourg International Holdings S.a.r.l.

TD (Netherlands) Investments B.V.

22 Interest income

This includes income arising from the lending of funds and related transactions as well as commissions and other income, which have the character of interest. An amount of EUR 160,757,701 (2016: EUR 142,444,147) is allocated to group companies.

This item comprises interest income from:

	2017	2016
Debt securities including fixed-income securities	**194,364,548**	229,600,985
Amortisation of premiums and discount on debt securities	**(142,771,396)**	(153,629,270)
Amortisation of forward points	**161,333,374**	143,950,081
Loans and advances to banks	**3,972,033**	6,297,058
Loans and advances to customers	**707**	20,051
Forward Rate agreements	**243,026**	156,981
Interest rate swaps	**0**	(1,662,916)
	217,142,292	224,732,970

As of 2017, interest resulting from a negative effective interest rate on a financial asset is qualified as a decrease of interest income. Negative interest on financial assets is not material to the company.

In addition, and due to the current interest environment, the company paid an average premium of 5.2% (2016: 4.6%) on its total bond portfolio.

23 Segmentation of income

Interest income earned during the year are presented in EUR can be segregated according to geographic source as below. Interest income earned on supranational and development bank bonds is set out separately as it cannot be attributed to individual geographic segments.

All amounts in EUR million

	2017	Percentage	2016	Percentage
Interest income on debt securities including fixed income securities				
Australia	701,369	0.32%	1,020,357	0.45%
Austria	1,878,574	0.87%	1,927,241	0.86%
Canada	57,725	0.03%	32,385	0.01%
Denmark	724,530	0.33%	1,335,556	0.59%
Finland	3,895,508	1.79%	4,440,553	1.98%
France	5,593,084	2.58%	7,900,616	3.52%
Germany	16,947,213	7.80%	25,179,121	11.20%
The Netherlands	8,604,139	3.96%	12,163,031	5.41%
Sweden	1,707,367	0.79%	2,249,919	1.00%
United States	1,172,567	0.54%	7,264	0.00%
Supranational + development banks	10,311,075	4.75%	19,715,672	8.77%
	51,593,152	**23.76%**	**75,971,715**	**33.81%**
Interest income on loans and advances to banks and customers				
Australia	0	0.00%	115,089	0.05%
Denmark	86,392	0.04%	711,631	0.32%
France	389,890	0.18%	325,087	0.14%
Germany	0	0.00%	156,067	0.07%
Japan	414,147	0.19%	578,116	0.26%
The Netherlands	535,303	0.25%	696,376	0.31%
Singapore	756,106	0.35%	424,441	0.19%
Sweden	753,065	0.35%	829,699	0.37%
Switzerland	481,455	0.22%	688,238	0.31%
United Kingdom	556,383	0.26%	1,792,366	0.80%
	3,972,741	**1.83%**	**6,317,108**	**2.81%**
Interest income on derivatives hedging investments				
Canada	161,576,399	74.41%	142,444,147	63.38%
Total Interest Income	**217,142,292**	**100.00%**	**224,732,970**	**100.00%**

24 Interest expense

This includes costs arising from the borrowing of funds and related transactions totalling to EUR 206,240,287 (2016: EUR 210,938,975). An amount of EUR 203,476,777 (2016: EUR 210,807,604) relates to group companies.

25 Commission and other income

This includes fees from banking services supplied to third parties and administration services to group companies.

26 Commission expense

This includes fees from banking services received from third parties and administration services from group companies.

27 Result on financial operations

FX results on financial operations amounts to EUR 98,296 gain (2016: EUR 131,927 loss).

28 Realised gains (loss) financial assets and liabilities

There is no amount taken as provision for impairment on the debt securities.

In 2017 the Bank did not sell any debt securities (2016: no sale).

29 Staff cost

The staff costs comprise:

	2017	2016
Wages, salaries and benefits	**1,832,850**	2,161,124
Pension costs	**119,802**	115,750
Social security costs	**250,860**	164,378
	2,203,512	2,441,252

An amount of EUR 493,023 (2016: EUR 858,075) relates to the UK branch, and includes salary costs surcharged by the outsourced services provider for EUR 299,430 (2016: EUR 733,118). The average number of full time employees in 2017 was 17 (2016: 14) of which 1 is in the UK (2016: 1).

30 Other operating charges

The other operating charges comprise:

	2017	2016
General, office and administrative expenses	**731,387**	1,367,158
Single Resolution Fund	**4,824,411**	3,982,648
Custody Fees	**738,241**	650,161
Consulting and other external fees	**1,884,390**	1,323,402
Other	**246,205**	424,321
	8,424,634	7,747,690

Consulting and other external fees include audit fees for an amount of EUR 274,839 (2016: EUR 155,571) and audit related fees for an amount of EUR 156,515 (2016: EUR 160,758) paid or accrued to the Bank's auditors, EY Accountants LLP for the fiscal year 2016 and BDO Audit & Assurance B.V. for the fiscal year 2017.

The audit costs comprise:

	2017		2016
	BDO	EY	EY
Audit financial statements	**260,000**	**14,839**	96,729
Other assurance	**40,000**	**116,515**	219,600
Consultation	**0**	**0**	0
	300,000	**131,354**	316,329

31 Deposit guarantee Fund charges

The Deposit Guarantee Fund charges are as follows:

	2017	2016
Deposit Guarantee Fund contribution/ release	**52,721**	(53,412)
	52,721	(53,412)

32 Remuneration of directors and supervisory directors

The Supervisory Board is comprised of three members (2016: three). TDNV is not an open NV. The remuneration expensed by TDNV totaled to EUR 137,940 (2016: EUR 84,700). The current Management Board is comprised of four members, all of them male (2016: three). Remuneration including pension and other benefits paid by TDNV totaled EUR 884,184 (2016: EUR 918,612) and reflects the total remuneration of current members of the Management Board for the year. During the year, no changes took place to the Management Board composition.

33 Taxation

The current taxation amount relates to the taxes for the financial year on the operating result before taxation and amounts to EUR 33,872 (2016: EUR 854,313). The effective current tax rate for the operating result for the financial year was 25.0% (2016: 24.7%) versus an average statutory tax rate of 25.0% (2016: 25.0%).

The Bank's statement of income includes a deferred tax expense for EUR 24,672 (2016: EUR 42,800) from a remaining loss carry forward in the UK branch at a statutory rate of 18.0%. In 2016 the SNS resolution levy was mainly charged against the income of the UK branch in view of the major part of the customers under the Deposit Guarantee Scheme being registered there. The resolution levy was tax deductible in the UK however, needed to be added back to Dutch taxable income in view of previous years' losses in the UK branch which were then charged to the Dutch taxable income and are yet to be recaptured at a statutory rate of 25%. For this purpose, no deferred tax liability was set up resulting in a deferred tax income (2016: EUR 44,535).

Cash corporate tax effectively paid for the current fiscal year amounted to EUR 865,000 (2016: EUR 988,883). The net tax charge reported was EUR 203,472 (of which EUR 353,019 relates to NL and EUR (149,547) relates to the UK Branch). We expect to receive the excess of the corporate tax payment in the course of the following fiscal year.

Appropriation of net profit for the year

Awaiting the decision by the shareholder, the net profit for the year 2017 is separately included in the shareholder's equity as not appropriated net profit. Furthermore, the Supervisory Board recommend that the current year's result will be added to the retained earnings. This has already been reflected in Note 12 on page 28.

Post balance sheet events

There are no material events, favourable and unfavourable, that occured between the balance sheet date and the date when the accounts are authorised for issue.

Amsterdam, 30 January 2018

Management Board:

Y. Sawaya
Chairman

J. van Bokhorst

M. Schuster

H.J. van Eikenhorst

Supervisory Board:

J.H. Holsboer
Chairman

R.J. Meuter

R. Ahmed

Other information

Statutory rules concerning appropriation of net profit

The articles of association stipulate, in accordance with article 14, that disposal of the annual profit can be freely decided at the annual general meeting.