REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS

Reports

119 Management's Responsibility for Financial Reporting

119 Management's Report on Internal Control over Financial Reporting

120 Independent Auditor's Report

124 Report of Independent Registered Public Accounting Firm

Consolidated Financial Statements

127 Consolidated Balance Sheets

128 Consolidated Statements of Income

129 Consolidated Statements of Comprehensive Income

130 Consolidated Statements of Changes in Equity

131 Consolidated Statements of Cash Flows

Notes to Consolidated Financial Statements

132	Note 1	General information
132	Note 2	Summary of significant accounting policies, estimates and judgments
148	Note 3	Fair value of financial instruments
161	Note 4	Securities
165	Note 5	Loans and allowance for credit losses
172	Note 6	Derecognition of financial assets
173	Note 7	Structured entities
177	Note 8	Derivative financial instruments and hedging activities
187	Note 9	Premises and equipment
188	Note 10	Goodwill and other intangible assets
190	Note 11	Significant dispositions
190	Note 12	Joint ventures and associated companies
191	Note 13	Other assets
191	Note 14	Deposits
192	Note 15	Insurance
194	Note 16	Segregated funds
195	Note 17	Employee benefits – Pension and other post-employment benefits
199	Note 18	Other liabilities
200	Note 19	Subordinated debentures
200	Note 20	Equity
203	Note 21	Share-based compensation
205	Note 22	Income taxes
207	Note 23	Earnings per share
208	Note 24	Guarantees, commitments, pledged assets and contingencies
210	Note 25	Legal and regulatory matters
211	Note 26	Related party transactions
212	Note 27	Results by business
214	Note 28	Nature and extent of risks arising from financial instruments segment
215	Note 29	Capital management
216	Note 30	Offsetting financial assets and financial liabilities
218	Note 31	Recovery and settlement of on-balance sheet assets and liabilities
219	Note 32	Parent company information
220	Note 33	Subsequent events

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Royal Bank of Canada were prepared by management, which is responsible for the integrity and fairness of the information presented, including the many amounts that must of necessity be based on estimates and judgments. These consolidated financial statements were prepared in accordance with the *Bank Act* (Canada) and International Financial Reporting Standards as issued by the International Accounting Standards Board. Financial information appearing throughout our Management's Discussion and Analysis is consistent with these consolidated financial statements.

Our internal controls are designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained. These controls include quality standards in hiring and training of employees, policies and procedures manuals, a corporate code of conduct and accountability for performance within appropriate and well-defined areas of responsibility.

The system of internal controls is further supported by a compliance function, which is designed to ensure that we and our employees comply with securities legislation and conflict of interest rules, and by an internal audit staff, which conducts periodic audits of all aspects of our operations.

The Board of Directors oversees management's responsibilities for financial reporting through an Audit Committee, which is composed entirely of independent directors. This Committee reviews our consolidated financial statements and recommends them to the Board for approval. Other key responsibilities of the Audit Committee include reviewing our existing internal control procedures and planned revisions to those procedures, and advising the directors on auditing matters and financial reporting issues. Our Chief Compliance Officer and Chief Internal Auditor have full and unrestricted access to the Audit Committee.

The Office of the Superintendent of Financial Institutions Canada (OSFI) examines and inquires into our business and affairs as deemed necessary to determine whether the provisions of the *Bank Act* are being complied with, and that we are in sound financial condition. In carrying out its mandate, OSFI strives to protect the rights and interests of our depositors and creditors.

PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm appointed by our shareholders upon the recommendation of the Audit Committee and Board, has performed an independent audit of the consolidated financial statements in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board as stated in their Independent Auditor's Report and Report of Independent Registered Public Accounting Firm, respectively. The auditors have full and unrestricted access to the Audit Committee to discuss their audit and related findings.

David I. McKay
President and Chief Executive Officer

Rod Bolger
Chief Financial Officer

Toronto, December 1, 2020

Management's Report on Internal Control over Financial Reporting

Management of Royal Bank of Canada is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the President and Chief Executive Officer and Chief Financial Officer and effected by the Board of Directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. It includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions related to and dispositions of our assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and our receipts and expenditures are made only in accordance with authorizations of our management and directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our financial statements.

Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis. Also, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management evaluated, under the supervision of and with the participation of the President and Chief Executive Officer and Chief Financial Officer, the effectiveness of our internal control over financial reporting as of October 31, 2020, based on the criteria set forth in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, management concluded that, as of October 31, 2020, internal control over financial reporting was effective based on the criteria established in the *Internal Control – Integrated Framework (2013)*.

The effectiveness of our internal control over financial reporting as of October 31, 2020, has been audited by PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm, as stated in their Report of Independent Registered Public Accounting Firm, which appears herein.

David I. McKay
President and Chief Executive Officer

Rod Bolger
Chief Financial Officer

Toronto, December 1, 2020

To the Shareholders and Board of Directors of Royal Bank of Canada

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Royal Bank of Canada and its subsidiaries (together, the Bank) as at October 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Bank's consolidated financial statements comprise:

- the consolidated balance sheets as at October 31, 2020 and 2019;
- the consolidated statements of income for the years then ended;
- the consolidated statements of comprehensive income for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Management's Discussion and Analysis, rather than in the notes to the consolidated financial statements. These disclosures are cross-referenced from the consolidated financial statements and are identified as audited.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended October 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter

Allowance for Credit Losses (ACL)
Refer to Note 2, Summary of significant accounting policies, estimates and judgments, Note 4, Securities and Note 5, Loans and allowance for credit losses to the consolidated financial statements.
 	
The Bank's ACL for financial assets was $6,262 million as at October 31, 2020 and represents management's estimate of expected credit losses on financial assets as at the balance sheet date. Performing financial assets are categorized as Stage 1 from initial recognition to the date on which the asset has experienced a significant increase in credit risk relative to its initial recognition. Performing financial assets transfer into Stage 2 following a significant increase in credit risk relative to the initial recognition. Financial assets are categorized as Stage 3 when considered to be credit-impaired. As disclosed by management, the measurement of expected credit losses is a complex calculation that involves a large number of interrelated inputs and assumptions such as the financial asset's probability of default, loss given default and exposure at default, which are modelled based on macroeconomic variables, and discounted to the reporting date.
 	
Management's estimation of expected credit losses in Stage 1 and Stage 2 considers five distinct future macroeconomic scenarios, each of which includes a forecast of all relevant macroeconomic variables, designed to capture a wide range of possible outcomes, and which are probability-weighted according to management's expectation of the relative likelihood of the range of outcomes that each scenario represents at the reporting date. As disclosed in Note 5, the
	Our approach to addressing the matter involved the following procedures, amongst others:
	
	• testing the effectiveness of controls relating to the estimation of the ACL, incorporating consideration of the economic disruption caused by COVID-19, including controls over: (i) the probability of default, loss given default and exposure at default models, (ii) the design of multiple future macroeconomic scenarios, the forecasting of macroeconomic variables, and the probability-weighting of these scenarios, (iii) the completeness and accuracy of the data inputs underlying the ACL calculation, and (iv) the application of expert credit judgment;
	• testing management's process for estimating the Stage 1 and Stage 2 ACL, including their consideration of the economic disruption caused by COVID-19:
	  ○ evaluating the appropriateness of the probability of default, loss given default and exposure at default models used in the estimation of the Stage 1 and Stage 2 ACL;
	  ○ testing the completeness, accuracy, and relevance of underlying data;
	  ○ evaluating the reasonableness of significant inputs and assumptions used in the estimation of the ACL, including: a) the design of future macroeconomic scenarios, b) the forecasted macroeconomic variables, c) the probability-weights assigned to the scenarios; and
	  ○ evaluating management's application of expert credit judgment;
	• evaluating the reasonableness of management's inputs and assumptions used in the design of the future macroeconomic scenarios and the forecasted

Key audit matter (continued)	How our audit addressed the key audit matter
COVID-19 global pandemic significantly impacted management's determination of the ACL and required the application of heightened judgment. As a result, the ACL has a higher than usual degree of uncertainty and the inputs used are inherently subject to change, which may materially change the estimate of Stage 1 and Stage 2 ACL in future periods. To address the uncertainties inherent in the current and future environment and to reflect all relevant risk factors not captured in the Bank's modelled results, management applied expert credit judgment; management applied quantitative and qualitative adjustments for the impacts of the unprecedented macroeconomic scenarios arising from the pandemic, the temporary effects of the bank and government led payment support programs, which may not completely mitigate future losses, and the impacts to particularly vulnerable sectors affected by COVID-19. We determined that this is a key audit matter due to: (i) the significant judgment required by management when a) designing future macroeconomic scenarios, b) forecasting macroeconomic variables, c) probability-weighting scenarios and d) applying expert credit judgment to reflect characteristics not already considered in the models; (ii) a high degree of estimation uncertainty due to the economic impacts of COVID-19 which led to a high degree of auditor judgment; (iii) significant audit effort necessary to evaluate audit evidence as the estimation of the ACL is a complex calculation that involves a large volume of data, interrelated inputs and assumptions, some of which are model based; and (iv) the audit effort included the use of professionals with specialized skill and knowledge.	macroeconomic variables included evaluating the consistency of these assumptions with external market and industry data; and • using professionals with specialized skill and knowledge to assist in testing (i) the appropriateness of the ACL calculation, (ii) evaluating the interrelated inputs and assumptions used in the ACL calculation, some of which are model-based, including: a) the future macroeconomic scenarios, b) the forecasted macroeconomic variables and c) the probability-weights assigned to the scenarios, and (iii) evaluating the reasonableness of expert credit judgment applied.

Goodwill Impairment Assessment of Certain Cash Generating Units (CGUs)
Refer to Note 2, Summary of significant accounting policies, estimates and judgments, and Note 10, Goodwill and other intangible assets to the consolidated financial statements.
 	
Management conducts a goodwill impairment test as of August 1 of each year by comparing the carrying value of each CGU to its recoverable amount. Management calculates the recoverable amount of each CGU using a discounted cash flow model that projects future cash flows based on management forecasts. The discount rates used to determine the present value of each CGU's projected future cash flows are based on the bank-wide cost of capital, adjusted for the risks to which each CGU is exposed. For each of the CGUs, cash flows beyond the initial cash flow forecast period are assumed by management to increase at a constant terminal growth rate.
 	
As disclosed by management, as a result of the economic disruptions triggered by COVID-19, the recoverable amount of the Caribbean Banking CGU has declined. The goodwill allocated to the Caribbean Banking CGU as at October 31, 2020 was $1,719 million and management determined in the impairment test that the recoverable amount approximates the carrying amount. The recoverable amount of a CGU is represented by its value in use, except in circumstances where the carrying amount of a CGU exceeds its value in use. In such cases, the greater of the CGU's fair value less costs of disposal and its value in use is the recoverable amount. Management estimated the recoverable amount of the Caribbean Banking CGU as the fair value less costs of disposal, and future cash flows were adjusted to approximate the considerations of a prospective third-party buyer. In determining the recoverable amount of the Caribbean Banking CGU, management discounted forecast future cash flows using a pre-tax rate of 11.4% in 2020, reflecting a lower interest rate environment, and the terminal growth rate used was 3.7%, reflecting uncertainty due to the pandemic. Management also considered reasonably possible alternative scenarios, including market comparable transactions, which yielded valuations of the Caribbean Banking CGU ranging from an immaterial surplus to an immaterial deficit.
	Our approach to addressing the matter involved the following procedures, amongst others:
	• testing the effectiveness of controls relating to management's goodwill impairment test, including controls over the determination of the recoverable amount of the Caribbean Banking, Capital Markets and U.S. Wealth Management (including City National) CGUs;
	• testing management's process for determining the recoverable amount of each of these CGUs:
	  ○ evaluating the appropriateness of the discounted cash flow models;
	  ○ testing the completeness, accuracy, and relevance of underlying data used in the models; and
	  ○ evaluating the significant assumptions used by management, including a) discount rates, b) terminal growth rates, c) future cash flows, and d) adjustments made thereto to approximate the considerations of a prospective third-party buyer for the Caribbean Banking CGU, including evaluating consistency with market comparable transactions for the Caribbean Banking CGU;
	• evaluating management's assumptions related to future cash flows involved assessing whether the assumptions used by management were reasonable considering the consistency with (i) current and past performance of each CGU, (ii) external market data and industry data, and (iii) evidence obtained in other areas of the audit; and
	• using professionals with specialized skill and knowledge to assist in evaluating (i) the appropriateness of management's discounted cash flow models, and (ii) the reasonableness of certain significant assumptions, including a) discount rates, b) terminal growth rates, and c) evaluating consistency of the recoverable amount of the Caribbean Banking CGU with market comparable transactions.

Key audit matter (continued)	How our audit addressed the key audit matter
As management has also disclosed, as a result of the economic disruptions triggered by COVID-19, the recoverable amounts of certain CGUs, including Capital Markets and U.S. Wealth Management (including City National), which are more sensitive to economic uncertainties, including interest rate movements, have declined, but continue to exceed carrying amounts despite impacts from the COVID-19 pandemic. As at October 31, 2020 the goodwill allocated to the Capital Markets and U.S. Wealth Management (including City National) CGUs was $1,078 million and $2,978 million, respectively. The recoverable amounts of the Capital Markets and U.S. Wealth Management (including City National) CGUs are represented by each CGU's value in use, estimated using a discounted cash flow method. As disclosed by management, the estimation of the recoverable amount of each CGU requires the use of significant judgment; and the models are most sensitive to changes in future cash flows, discount rates, and terminal growth rates. The environment is rapidly evolving and as a result, management's economic outlook has a higher than usual degree of uncertainty, which may, in future periods, materially change the expected future cash flows of the CGUs and result in an impairment charge. Actual experience may differ materially from current expectations, including in relation to the duration and severity of the economic contraction and the ultimate timing and extent of a future recovery. We determined that performing procedures relating to goodwill impairment assessment of the Caribbean Banking, Capital Markets and U.S. Wealth Management (including City National) CGUs is a key audit matter due to: (i) the significant judgment required by management when determining the recoverable amount of each CGU, including a) future cash flows, b) discount rates, c) terminal growth rates, and d) for the Caribbean Banking CGU where the fair value less costs of disposal was estimated, 1) adjustments made to the cash flows to approximate the considerations of a prospective third-party buyer and 2) consideration of market comparable transactions; (ii) a high degree of auditor judgment and subjectivity in performing procedures over management's calculation of the recoverable amount of each CGU, and evaluating audit evidence, especially in light of the decline in recoverable amounts; and (iii) the audit effort included the use of professionals with specialized skill and knowledge.	

Uncertain Tax Positions
Refer to Note 2, Summary of significant accounting policies, estimates and judgments, and Note 22, Income taxes to the consolidated financial statements.
 	
The Bank is subject to income tax laws in various jurisdictions where it operates and the complex tax laws are potentially subject to different interpretations by management and the relevant taxation authorities. As disclosed by management, significant judgment is required in the interpretation of the relevant tax laws, and in assessing the probability of acceptance of the Bank's tax positions to determine tax provisions, which includes management's best estimate of uncertain tax positions that are under audit or appeal by the relevant taxation authorities. Management performs a review on a quarterly basis to incorporate its best assessment based on information available, but additional liability and income tax expense could result based on the acceptance of the Bank's tax positions by the relevant tax authorities.
 	
In some cases, the Bank has received reassessments denying the tax deductibility of dividends from transactions including those with Tax Indifferent Investors.
 	
We determined that this is a key audit matter due to:
(i) the significant judgment required by management, including a high degree of estimation uncertainty, when a) interpreting the relevant tax laws, and b) assessing the probability of acceptance of the Bank's tax positions, which includes management's best estimate of tax positions that are under audit or appeal by relevant taxation authorities;
(ii) a high degree of auditor judgment and subjectivity in performing procedures to evaluate the uncertain tax positions; and
(iii) the audit effort included the use of professionals with specialized skill and knowledge.
	Our approach to addressing the matter involved the following procedures, amongst others:
	• testing the effectiveness of controls relating to the evaluation of uncertain tax positions and the impact on tax provisions;
	• testing management's process used in (i) assessing the probability of acceptance of the Bank's tax positions, which includes management's best estimate of tax positions that are under audit or appeal by relevant taxation authorities and (ii) estimating provisions relating to uncertain tax positions;
	  ○ evaluating the appropriateness of the methods used;
	  ○ testing the completeness, accuracy, and relevance of underlying data used;
	  ○ reviewing correspondence with relevant taxation authorities;
	  ○ inquiring of the Bank's internal and external legal counsel; and
	  ○ evaluating the reasonableness of significant assumptions used by management; and
	• using professionals with specialized skill and knowledge to assist in evaluating the significant assumptions, including a) the application of relevant tax laws, b) whether it is probable that the relevant tax authorities will accept the tax positions, and c) evidence used by management.

Other information
Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Samuel May.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada
December 1, 2020

To the Shareholders and Board of Directors of Royal Bank of Canada

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Royal Bank of Canada and its subsidiaries (together, the Bank) as of October 31, 2020 and 2019, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the years then ended, including the related notes (collectively referred to as the consolidated financial statements). We also have audited the Bank's internal control over financial reporting as of October 31, 2020, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Bank as of October 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Bank maintained, in all material respects, effective internal control over financial reporting as of October 31, 2020, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Bank's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Bank's consolidated financial statements and on the Bank's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Bank in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. An entity's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and directors of the entity; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Allowance for Credit Losses (ACL)

As described in Notes 2, 4 and 5 to the consolidated financial statements, the Bank's ACL for financial assets was $6,262 million as at October 31, 2020 and represents management's estimate of expected credit losses on financial assets as at the balance sheet date. Performing financial assets are categorized as Stage 1 from initial recognition to the date on which the asset has experienced a significant increase in credit risk relative to its initial recognition. Performing financial assets transfer into Stage 2 following a significant increase in credit risk relative to the initial recognition. Financial assets are categorized as Stage 3 when considered to be credit-impaired. As disclosed by management, the measurement of expected credit losses is a complex calculation that involves a large number of interrelated inputs and assumptions such as the financial asset's probability of default, loss given default and exposure at default, which are modelled based on macroeconomic variables, and discounted to the reporting date. Management's estimation of expected credit losses in Stage 1 and Stage 2 considers five distinct future macroeconomic scenarios, each of which includes a forecast of all relevant macroeconomic variables, designed to capture a wide range of possible outcomes, and which are probability-weighted according to management's expectation of the relative likelihood of the range of outcomes that each scenario represents at the reporting date. As disclosed in Note 5, the COVID-19 global pandemic significantly impacted management's determination of the ACL and required the application of heightened judgment. As a result, the ACL has a higher than usual degree of uncertainty and the inputs used are inherently subject to change, which may materially change the estimate of Stage 1 and Stage 2 ACL in future periods. To address the uncertainties inherent in the current and future environment and to reflect all relevant risk factors not captured in the Bank's modelled results, management applied expert credit judgment; management applied quantitative and qualitative adjustments for the impacts of the unprecedented macroeconomic scenarios arising from the pandemic, the temporary effects of the bank and government led payment support programs, which may not completely mitigate future losses, and the impacts to particularly vulnerable sectors affected by COVID-19.

The principal considerations for our determination that performing procedures relating to the estimation of the ACL is a critical audit matter are: (i) there was significant judgment required by management when a) designing future macroeconomic scenarios, b) forecasting macroeconomic variables, c) probability-weighting scenarios and d) applying expert credit judgment to reflect characteristics not already considered in the models; (ii) there was a high degree of estimation uncertainty due to the economic impacts of COVID-19, which also led to a high degree of auditor judgment; (iii) there was significant audit effort necessary to evaluate audit evidence as the estimation of the ACL is a complex calculation that involves a large volume of data, interrelated inputs and assumptions, some of which are model-based; and (iv) the audit effort included the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the estimation of the ACL, incorporating consideration of the economic disruption caused by COVID-19, including controls over: (i) the probability of default, loss given default and exposure at default models, (ii) the design of multiple future macroeconomic scenarios, the forecasting of macroeconomic variables, and the probability-weighting of these scenarios, (iii) the completeness and accuracy of the data inputs underlying the ACL calculation, and (iv) the application of expert credit judgment. These procedures also included testing management's process for estimating the Stage 1 and Stage 2 ACL, including their consideration of the economic disruption caused by COVID-19, which consisted of, among others: (i) evaluating the appropriateness of the probability of default, loss given default and exposure at default models used in the estimation of the Stage 1 and Stage 2 ACL, (ii) testing the completeness, accuracy, and relevance of underlying data, and (iii) evaluating the reasonableness of significant inputs and assumptions used in the estimation of the ACL, including: a) the design of future macroeconomic scenarios, b) the forecasted macroeconomic variables, c) the probability-weights assigned to the scenarios, and iv) evaluating management's application of expert credit judgment. Evaluating the reasonableness of management's inputs and assumptions used in the design of the future macroeconomic scenarios and the forecasted macroeconomic variables included evaluating the consistency of these assumptions with external market and industry data. Professionals with specialized skill and knowledge were used to assist in (i) testing the appropriateness of the ACL calculation, (ii) evaluating the interrelated inputs and assumptions used in the ACL calculation, some of which are model-based, including: a) the future macroeconomic scenarios, b) the forecasted macroeconomic variables and c) the probability-weights assigned to the scenarios, and (iii) evaluating the reasonableness of expert credit judgment applied.

Goodwill Impairment Assessment of Certain Cash Generating Units (CGUs)
As described in Notes 2 and 10 to the consolidated financial statements, management conducts a goodwill impairment test as of August 1 of each year by comparing the carrying value of each CGU to its recoverable amount. Management calculates the recoverable amount of each CGU using a discounted cash flow model that projects future cash flows based on management forecasts. The discount rates used to determine the present value of each CGU's projected future cash flows are based on the bank-wide cost of capital, adjusted for the risks to which each CGU is exposed. For each of the CGUs, cash flows beyond the initial cash flow forecast period are assumed by management to increase at a constant terminal growth rate. As disclosed by management, as a result of the economic disruptions triggered by COVID-19, the recoverable amount of the Caribbean Banking CGU has declined. As described in Note 10, as at October 31, 2020, the goodwill allocated to the Caribbean Banking CGU was $1,719 million and management determined in the impairment test that the recoverable amount approximates the carrying amount. The recoverable amount of a CGU is represented by its value in use, except in circumstances where the carrying amount of a CGU exceeds its value in use. In such cases, the greater of the CGU's fair value less costs of disposal and its value in use is the recoverable amount. Management estimated the recoverable amount of the Caribbean Banking CGU as the fair value less costs of disposal, and future cash flows were adjusted to approximate the considerations of a prospective third-party buyer. In determining the recoverable amount of the Caribbean Banking CGU, management discounted forecast future cash flows using a pre-tax rate of 11.4% in 2020, reflecting a lower interest rate environment, and the terminal growth rate used was 3.7%, reflecting uncertainty due to the pandemic. Management also considered reasonably possible alternative scenarios, including market comparable transactions, which yielded valuations of the Caribbean Banking CGU ranging from an immaterial surplus to an immaterial deficit. As management has also disclosed, as a result of the economic disruptions triggered by COVID-19, the recoverable amounts of certain CGUs, including Capital Markets and U.S. Wealth Management (including City National), which are more sensitive to economic uncertainties, including interest rate movements, have declined, but continue to exceed carrying amounts despite impacts from the COVID-19 pandemic. As at October 31, 2020 the goodwill allocated to the Capital Markets and U.S. Wealth Management (including City National) CGUs was $1,078 million and $2,978 million, respectively. The recoverable amounts of the Capital Markets and U.S. Wealth Management (including City National) CGUs are represented by each CGU's value in use, estimated using a discounted cash flow method. As disclosed by management, the estimation of the recoverable amount of each CGU requires the use of significant judgment; and the models are most sensitive to changes in future cash flows, discount rates, and terminal growth rates. The environment is rapidly evolving and as a result, management's economic outlook has a higher than usual degree of uncertainty, which may, in future periods, materially change the expected future cash flows of the CGUs and result in an impairment charge. Actual experience may differ materially from current expectations, including in relation to the duration and severity of the economic contraction and the ultimate timing and extent of a future recovery.

The principal considerations for our determination that performing procedures relating to the goodwill impairment assessment of the Caribbean Banking, Capital Markets and U.S. Wealth Management (including City National) CGUs is a critical audit matter are: (i) there was significant judgment required by management when determining the recoverable amount of each CGU, including a) future cash flows, b) discount rates, c) terminal growth rates, and d) for the Caribbean Banking CGU where the fair value less costs of disposal was estimated, 1) adjustments made to the cash flows to approximate the considerations of a prospective third-party buyer and 2) consideration of market comparable transactions; (ii) there was a high degree of auditor judgment and subjectivity in performing procedures over management's calculation of the recoverable amount of each CGU, and evaluating audit evidence, especially in light of the decline in recoverable amounts; and (iii) the audit effort included the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill impairment test, including controls over the determination of the recoverable amount of the Caribbean Banking, Capital Markets and U.S. Wealth Management (including City National) CGUs. These procedures also included testing management's process for determining the recoverable amount of each of these CGUs, which consisted of, among others: (i) evaluating the appropriateness of the discounted cash flow models, (ii) testing the completeness, accuracy, and relevance of underlying data used in the models, and (iii) evaluating the significant assumptions used by management, including a) discount rates, b) terminal growth rates, c) future cash flows, and d) adjustments made thereto to approximate the considerations of a prospective third-party buyer for the Caribbean Banking CGU, including evaluating consistency with market comparable transactions for the Caribbean Banking CGU. Evaluating management's assumptions related to future cash flows involved assessing whether the assumptions used by management were reasonable considering the consistency with (i) current and past performance of each CGU, (ii) external market data and industry data, and (iii) evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating (i) the appropriateness of management's discounted cash flow models, and (ii) the reasonableness of certain significant assumptions, including a) discount rates, b) terminal growth rates, and c) evaluating consistency of the recoverable amount of the Caribbean Banking CGU with market comparable transactions.

Uncertain Tax Positions
As described in Note 2 to the consolidated financial statements, the Bank is subject to income tax laws in various jurisdictions where it operates and the complex tax laws are potentially subject to different interpretations by management and the relevant taxation authorities. As disclosed by management, significant judgment is required in the interpretation of the relevant tax laws, and in assessing the probability of acceptance of the Bank's tax positions to determine tax provisions, which includes management's best estimate of uncertain tax positions that are under audit or appeal by the relevant taxation authorities. Management performs a review on a quarterly basis to incorporate its best assessment based on information available, but additional liability and income tax expense could result based on the acceptance of the Bank's tax positions by the relevant tax authorities. In some cases, as described in Note 22, the Bank has received reassessments denying the tax deductibility of dividends from transactions including those with Tax Indifferent Investors.

The principal considerations for our determination that performing procedures relating to the uncertain tax positions is a critical audit matter are that: (i) there was significant judgment required by management, including a high degree of estimation uncertainty, when a) interpreting the relevant tax laws, and b) assessing the probability of acceptance of the Bank's tax positions, which includes management's best estimate of tax positions that are under audit or appeal by relevant taxation authorities; (ii) there was a high degree of auditor judgment and subjectivity in performing procedures to evaluate the uncertain tax positions; and (iii) the audit effort included the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the evaluation of uncertain tax positions and the impact on tax provisions. These procedures also included, among others, testing management's process used in (i) assessing the probability of acceptance of the Bank's tax positions, which includes management's best estimate of tax positions that are under audit or appeal by relevant taxation authorities and (ii) estimating provisions relating to uncertain tax positions, if applicable. This involved: (i) evaluating the appropriateness of the methods used, (ii) testing the completeness, accuracy, and relevance of underlying data used, (iii) reviewing correspondence with relevant taxation authorities, (iv) making inquiries of the Bank's internal and external legal counsel, and (v) evaluating the reasonableness of significant assumptions used by management. Professionals with specialized skill and knowledge were used to assist in evaluating the significant assumptions, including a) the application of relevant tax laws, b) whether it is probable that the relevant tax authorities will accept the tax positions, and c) evidence used by management.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Canada
December 1, 2020

We have served as the Bank's auditor since 2016.

Consolidated Balance Sheets

(Millions of Canadian dollars)	As at October 31 2020	October 31 2019
Assets		
Cash and due from banks	$ 118,888	$ 26,310
Interest-bearing deposits with banks	39,013	38,345
Securities (Note 4)		
Trading	136,071	146,534
Investment, net of applicable allowance	139,743	102,470
	275,814	249,004
Assets purchased under reverse repurchase agreements and securities borrowed	313,015	306,961
Loans (Note 5)		
Retail	457,976	426,086
Wholesale	208,655	195,870
	666,631	621,956
Allowance for loan losses (Note 5)	(5,639)	(3,100)
	660,992	618,856
Segregated fund net assets (Note 16)	1,922	1,663
Other		
Customers' liability under acceptances	18,507	18,062
Derivatives (Note 8)	113,488	101,560
Premises and equipment (Note 9)	7,934	3,191
Goodwill (Note 10)	11,302	11,236
Other intangibles (Note 10)	4,752	4,674
Other assets (Note 13)	58,921	49,073
	214,904	187,796
Total assets	$ 1,624,548	$ 1,428,935
Liabilities and equity		
Deposits (Note 14)		
Personal	$ 343,052	$ 294,732
Business and government	624,311	565,482
Bank	44,522	25,791
	1,011,885	886,005
Segregated fund net liabilities (Note 16)	1,922	1,663
Other		
Acceptances	18,618	18,091
Obligations related to securities sold short	29,285	35,069
Obligations related to assets sold under repurchase agreements and securities loaned	274,231	226,586
Derivatives (Note 8)	109,927	98,543
Insurance claims and policy benefit liabilities (Note 15)	12,215	11,401
Other liabilities (Note 18)	69,831	58,137
	514,107	447,827
Subordinated debentures (Note 19)	9,867	9,815
Total liabilities	1,537,781	1,345,310
Equity attributable to shareholders		
Preferred shares and other equity instruments (Note 20)	5,945	5,707
Common shares (Note 20)	17,499	17,587
Retained earnings	59,806	55,981
Other components of equity	3,414	4,248
	86,664	83,523
Non-controlling interests	103	102
Total equity	86,767	83,625
Total liabilities and equity	$ 1,624,548	$ 1,428,935

The accompanying notes are an integral part of these Consolidated Financial Statements.

David I. McKay
President and Chief Executive Officer

Frank Vettese
Director

Consolidated Statements of Income

(Millions of Canadian dollars, except per share amounts)	For the year ended October 31 2020	October 31 2019
Interest and dividend income (Note 3)		
Loans	$ 23,420	$ 24,863
Securities	6,488	6,827
Assets purchased under reverse repurchase agreements and securities borrowed	4,668	8,960
Deposits and other	307	683
	34,883	41,333
Interest expense (Note 3)		
Deposits and other	8,783	12,988
Other liabilities	4,985	8,231
Subordinated debentures	280	365
	14,048	21,584
Net interest income	20,835	19,749
Non-interest income		
Insurance premiums, investment and fee income (Note 15)	5,361	5,710
Trading revenue	1,239	995
Investment management and custodial fees	6,101	5,748
Mutual fund revenue	3,712	3,628
Securities brokerage commissions	1,439	1,305
Service charges	1,842	1,907
Underwriting and other advisory fees	2,319	1,815
Foreign exchange revenue, other than trading	1,012	986
Card service revenue	969	1,072
Credit fees	1,321	1,269
Net gains on investment securities	90	125
Share of profit in joint ventures and associates (Note 12)	77	76
Other	864	1,617
	26,346	26,253
Total revenue	47,181	46,002
Provision for credit losses (Notes 4 and 5)	4,351	1,864
Insurance policyholder benefits, claims and acquisition expense (Note 15)	3,683	4,085
Non-interest expense		
Human resources (Note 17 and 21)	15,252	14,600
Equipment	1,907	1,777
Occupancy	1,660	1,635
Communications	989	1,090
Professional fees	1,330	1,305
Amortization of other intangibles (Note 10)	1,273	1,197
Other	2,347	2,535
	24,758	24,139
Income before income taxes	14,389	15,914
Income taxes (Note 22)	2,952	3,043
Net income	$ 11,437	$ 12,871
Net income attributable to:		
Shareholders	$ 11,432	$ 12,860
Non-controlling interests	5	11
	$ 11,437	$ 12,871
Basic earnings per share (in dollars) (Note 23)	$ 7.84	$ 8.78
Diluted earnings per share (in dollars) (Note 23)	7.82	8.75
Dividends per common share (in dollars)	4.29	4.07

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

(Millions of Canadian dollars)	For the year ended October 31 2020	October 31 2019
Net income	$ 11,437	$ 12,871
Other comprehensive income (loss), net of taxes (Note 22)		
Items that will be reclassified subsequently to income:		
Net change in unrealized gains (losses) on debt securities and loans at fair value through other comprehensive income		
Net unrealized gains (losses) on debt securities and loans at fair value through other comprehensive income	(24)	192
Provision for credit losses recognized in income	13	(14)
Reclassification of net losses (gains) on debt securities and loans at fair value through other comprehensive income to income	(161)	(133)
	(172)	45
Foreign currency translation adjustments		
Unrealized foreign currency translation gains (losses)	810	65
Net foreign currency translation gains (losses) from hedging activities	(397)	5
Reclassification of losses (gains) on foreign currency translation to income	(21)	2
Reclassification of losses (gains) on net investment hedging activities to income	21	1
	413	73
Net change in cash flow hedges		
Net gains (losses) on derivatives designated as cash flow hedges	(1,145)	(559)
Reclassification of losses (gains) on derivatives designated as cash flow hedges to income	72	(135)
	(1,073)	(694)
Items that will not be reclassified subsequently to income:		
Remeasurements of employee benefit plans	(68)	(942)
Net fair value change due to credit risk on financial liabilities designated at fair value through profit or loss	(263)	51
Net gains (losses) on equity securities designated at fair value through other comprehensive income	28	25
	(303)	(866)
Total other comprehensive income (loss), net of taxes	(1,135)	(1,442)
Total comprehensive income (loss)	$ 10,302	$ 11,429
Total comprehensive income attributable to:		
Shareholders	$ 10,295	$ 11,419
Non-controlling interests	7	10
	$ 10,302	$ 11,429

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statements of Changes in Equity

	For the year ended October 31, 2020											
						Other components of equity						
(Millions of Canadian dollars)	Preferred shares and other equity instruments	Common shares	Treasury – preferred shares and other equity instruments	Treasury shares – common	Retained earnings	FVOCI securities and loans	Foreign currency translation	Cash flow hedges	Total other components of equity	Equity attributable to shareholders	Non-controlling interests	Total equity
Balance at beginning of period	$ 5,706	$ 17,645	$ 1	$ (58)	$ 55,981	$ 33	$ 4,221	$ (6)	$ 4,248	$ 83,523	$ 102	$ 83,625
Transition adjustment (Note 2)	–	–	–	–	(107)	–	–	–	–	(107)	–	(107)
Adjusted balance at beginning of period	$ 5,706	$ 17,645	$ 1	$ (58)	$ 55,874	$ 33	$ 4,221	$ (6)	$ 4,248	$ 83,416	$ 102	$ 83,518
Changes in equity												
Issues of share capital and other equity instruments	1,750	80	–	–	(5)	–	–	–	–	1,825	–	1,825
Common shares purchased for cancellation	–	(97)	–	–	(717)	–	–	–	–	(814)	–	(814)
Redemption of preferred shares and other equity instruments	(1,508)	–	–	–	–	–	–	–	–	(1,508)	–	(1,508)
Sales of treasury shares and other equity instruments	–	–	110	4,668	–	–	–	–	–	4,778	–	4,778
Purchases of treasury shares and other equity instruments	–	–	(114)	(4,739)	–	–	–	–	–	(4,853)	–	(4,853)
Share-based compensation awards	–	–	–	–	(3)	–	–	–	–	(3)	–	(3)
Dividends on common shares	–	–	–	–	(6,111)	–	–	–	–	(6,111)	–	(6,111)
Dividends on preferred shares and distributions on other equity instruments	–	–	–	–	(268)	–	–	–	–	(268)	(6)	(274)
Other	–	–	–	–	(93)	–	–	–	–	(93)	–	(93)
Net income	–	–	–	–	11,432	–	–	–	–	11,432	5	11,437
Total other comprehensive income (loss), net of taxes	–	–	–	–	(303)	(172)	411	(1,073)	(834)	(1,137)	2	(1,135)
Balance at end of period	$ 5,948	$ 17,628	$ (3)	$ (129)	$ 59,806	$ (139)	$ 4,632	$ (1,079)	$ 3,414	$ 86,664	$ 103	$ 86,767

	For the year ended October 31, 2019											
						Other components of equity						
(Millions of Canadian dollars)	Preferred shares and other equity instruments	Common shares	Treasury – preferred shares and other equity instruments	Treasury shares – common	Retained earnings	FVOCI securities and loans	Foreign currency translation	Cash flow hedges	Total other components of equity	Equity attributable to shareholders	Non-controlling interests	Total equity
Balance at beginning of period (Note 2)	$ 6,306	$ 17,635	$ 3	$ (18)	$ 51,018	$ (12)	$ 4,147	$ 688	$ 4,823	$ 79,767	$ 94	$ 79,861
Changes in equity												
Issues of share capital and other equity instruments	350	136	–	–	–	–	–	–	–	486	–	486
Common shares purchased for cancellation	–	(126)	–	–	(904)	–	–	–	–	(1,030)	–	(1,030)
Redemption of preferred shares and other equity instruments	(950)	–	–	–	–	–	–	–	–	(950)	–	(950)
Sales of treasury shares and other equity instruments	–	–	182	5,340	–	–	–	–	–	5,522	–	5,522
Purchases of treasury shares and other equity instruments	–	–	(184)	(5,380)	–	–	–	–	–	(5,564)	–	(5,564)
Share-based compensation awards	–	–	–	–	(23)	–	–	–	–	(23)	–	(23)
Dividends on common shares	–	–	–	–	(5,840)	–	–	–	–	(5,840)	–	(5,840)
Dividends on preferred shares and distributions on other equity instruments	–	–	–	–	(269)	–	–	–	–	(269)	(2)	(271)
Other	–	–	–	–	5	–	–	–	–	5	–	5
Net income	–	–	–	–	12,860	–	–	–	–	12,860	11	12,871
Total other comprehensive income (loss), net of taxes	–	–	–	–	(866)	45	74	(694)	(575)	(1,441)	(1)	(1,442)
Balance at end of period	$ 5,706	$ 17,645	$ 1	$ (58)	$ 55,981	$ 33	$ 4,221	$ (6)	$ 4,248	$ 83,523	$ 102	$ 83,625

The accompanying notes are an integral part of these Consolidated Financial Statements.

Consolidated Statements of Cash Flows

(Millions of Canadian dollars)	For the year ended October 31 2020	October 31 2019
Cash flows from operating activities		
Net income	$ 11,437	$ 12,871
Adjustments for non-cash items and others		
Provision for credit losses	4,351	1,864
Depreciation	1,333	627
Deferred income taxes	(586)	(519)
Amortization and impairment of other intangibles	1,315	1,307
Net changes in investments in joint ventures and associates	(73)	(74)
Losses (Gains) on investment securities	(218)	(213)
Losses (Gains) on disposition of business	8	(158)
Adjustments for net changes in operating assets and liabilities		
Insurance claims and policy benefit liabilities	814	1,401
Net change in accrued interest receivable and payable	(142)	199
Current income taxes	18	(26)
Derivative assets	(11,928)	(7,521)
Derivative liabilities	11,384	8,305
Trading securities	10,377	(18,276)
Loans, net of securitizations	(45,639)	(42,672)
Assets purchased under reverse repurchase agreements and securities borrowed	(6,054)	(12,359)
Obligations related to assets sold under repurchase agreements and securities loaned	47,645	19,772
Obligations related to securities sold short	(5,784)	2,822
Deposits, net of securitizations	126,826	49,808
Brokers and dealers receivable and payable	2,301	(480)
Other	(8,566)	(2,413)
Net cash from (used in) operating activities	138,819	14,265
Cash flows from investing activities		
Change in interest-bearing deposits with banks	(676)	(1,874)
Proceeds from sales and maturities of investment securities	113,286	65,377
Purchases of investment securities	(149,516)	(72,435)
Net acquisitions of premises and equipment and other intangibles	(2,629)	(2,261)
Proceeds from dispositions	–	173
Cash used in acquisitions	(22)	(106)
Net cash from (used in) investing activities	(39,557)	(11,126)
Cash flows from financing activities		
Issuance of subordinated debentures	2,750	1,500
Repayment of subordinated debentures	(3,000)	(1,100)
Issue of common shares, net of issuance costs	70	105
Common shares purchased for cancellation	(814)	(1,030)
Issue of preferred shares and other equity instruments, net of issuance costs	1,745	350
Redemption of preferred shares and other equity instruments	(1,508)	(950)
Sales of treasury shares	4,778	5,522
Purchases of treasury shares	(4,853)	(5,564)
Dividends paid on shares and distributions paid on other equity instruments	(6,333)	(6,025)
Dividends/distributions paid to non-controlling interests	(6)	(2)
Change in short-term borrowings of subsidiaries	13	(263)
Repayment of lease liabilities	(588)	
Net cash from (used in) financing activities	(7,746)	(7,457)
Effect of exchange rate changes on cash and due from banks	1,062	419
Net change in cash and due from banks	92,578	(3,899)
Cash and due from banks at beginning of period (1)	26,310	30,209
Cash and due from banks at end of period (1)	$ 118,888	$ 26,310
Cash flows from operating activities include:		
Amount of interest paid	$ 13,058	$ 19,984
Amount of interest received	33,244	39,500
Amount of dividends received	2,753	2,209
Amount of income taxes paid	2,880	2,977

(1) We are required to maintain balances with central banks and other regulatory authorities. The total balances were $2.5 billion as at October 31, 2020 (October 31, 2019 – $2.6 billion; October 31, 2018 – $2.4 billion).

The accompanying notes are an integral part of these Consolidated Financial Statements.