

Note 18 – Share Capital and Other Equity Instruments

Authorized

Common Shares

An unlimited number of shares without par value.

First Preferred Shares

An unlimited number of shares, without par value, issuable for a maximum aggregate consideration of \$5 billion.

First Preferred Shares and Other Equity Instruments

As at October 31, 2023

	Redemption and conversion date ⁽¹⁾⁽²⁾	Redemption price per share or LRCN (\$) ⁽¹⁾	Convertible into preferred shares ⁽²⁾	Dividend per share (\$) or interest rate per LRCN ⁽³⁾	Reset premium of the dividend rate or interest rate
First preferred shares issued and outstanding					
Series 30 ⁽⁴⁾	May 15, 2024 ⁽⁵⁾⁽⁶⁾	25.00	Series 31	0.25156 ⁽⁷⁾	2.40 %
Series 32 ⁽⁴⁾	February 15, 2025 ⁽⁵⁾⁽⁶⁾	25.00	Series 33	0.23994 ⁽⁷⁾	2.25 %
Series 38 ⁽⁴⁾	November 15, 2027 ⁽⁵⁾⁽⁶⁾	25.00	Series 39	0.43919 ⁽⁷⁾	3.43 %
Series 40 ⁽⁴⁾	May 15, 2028 ⁽⁵⁾⁽⁶⁾	25.00	Series 41	0.36363 ⁽⁷⁾	2.58 %
Series 42 ⁽⁴⁾	November 15, 2023 ⁽⁵⁾⁽⁶⁾	25.00	Series 43	0.30938 ⁽⁸⁾	2.77 %
Other equity instruments issued and outstanding					
Limited Recourse Capital Notes (LRCN)					
Series 1 (LRCN – Series 1) ⁽⁹⁾⁽¹⁰⁾	October 15, 2025 ⁽⁵⁾	1,000.00	Series 44 ⁽⁹⁾	4.30 % ⁽¹¹⁾	3.943 %
Series 2 (LRCN – Series 2) ⁽⁹⁾⁽¹⁰⁾	July 15, 2026 ⁽⁵⁾	1,000.00	Series 45 ⁽⁹⁾	4.05 % ⁽¹¹⁾	3.045 %
Series 3 (LRCN – Series 3) ⁽⁹⁾⁽¹⁰⁾	October 16, 2027 ⁽⁵⁾	1,000.00	Series 46 ⁽⁹⁾	7.50 % ⁽¹¹⁾	4.281 %
First preferred shares authorized but not issued					
Series 31 ⁽⁴⁾	May 15, 2024 ⁽⁵⁾	25.00 ⁽¹²⁾	n.a.	Floating rate ⁽¹³⁾	2.40 %
Series 33 ⁽⁴⁾	February 15, 2025 ⁽⁵⁾	25.00 ⁽¹²⁾	n.a.	Floating rate ⁽¹³⁾	2.25 %
Series 39 ⁽⁴⁾	November 15, 2027 ⁽⁵⁾	25.00 ⁽¹²⁾	n.a.	Floating rate ⁽¹³⁾	3.43 %
Series 41 ⁽⁴⁾	May 15, 2028 ⁽⁵⁾	25.00 ⁽¹²⁾	n.a.	Floating rate ⁽¹³⁾	2.58 %
Series 43 ⁽⁴⁾	November 15, 2023 ⁽⁵⁾	25.50 ⁽¹⁴⁾	n.a.	Floating rate ⁽¹³⁾	2.77 %

n.a. Not applicable

- (1) Redeemable in cash at the Bank's option, in whole or in part, subject to the provisions of the *Bank Act* (Canada) and to OSFI approval. For the preferred shares, the redemption prices are increased by all the declared and unpaid dividends on the preferred shares to the date fixed for redemption. In the case of LRCN, the redemption prices are increased by interest accrued and unpaid up to the redemption date.
- (2) Convertible at the option of the holders of first preferred shares issued and outstanding, subject to certain conditions.
- (3) The dividends are non-cumulative and payable quarterly, whereas interest on the LRCN is payable semi-annually.
- (4) Upon the occurrence of a trigger event, as defined by OSFI, each outstanding preferred share will be automatically and immediately converted, on a full and permanent basis, without the consent of the holder, into a number of Bank common shares determined pursuant to an automatic conversion formula. This conversion will be calculated by dividing the value of the preferred shares, i.e., \$25.00 per share, plus all declared and unpaid dividends as at the date of the trigger event, by the value of the common shares. The value of the common shares will be the greater of a \$5.00 floor price or the current market price of the common shares. Current market price means the volume weighted average trading price of common shares for the ten consecutive trading days ending on the trading day preceding the date of the trigger event. If the common shares are not listed on an exchange when this price is being established, the price will be the fair value reasonably determined by the Bank's Board.
- (5) For the preferred shares, redeemable at the date fixed for redemption and on the same date every five years thereafter. In the case of LRCN, the redemption occurs automatically upon the redemption of the preferred shares issued by the Bank in conjunction with the LRCN and held in a limited recourse trust. The preferred shares issued and held in a limited recourse trust are redeemable for a period of one month from the date fixed for redemption and on the same dates every five years thereafter.
- (6) Convertible on the date fixed for conversion and on the same date every five years thereafter, subject to certain conditions.
- (7) The dividend amount is set for the five-year period commencing on May 16, 2019 for Series 30, on February 16, 2020 for Series 32, on November 16, 2022 for Series 38, and on May 16, 2023 for Series 40 and ending on the redemption date. Thereafter, these shares carry a non-cumulative quarterly fixed dividend in an amount per share determined by multiplying the rate of interest equal to the sum of the five-year Government of Canada bond yield on the applicable fixed-rate calculation date by \$25.00, plus the reset premium.
- (8) The dividend amount is set for the initial period ending on the date fixed for redemption. Thereafter, these shares carry a non-cumulative quarterly fixed dividend in an amount per share determined by multiplying the rate of interest equal to the sum of the five-year Government of Canada bond yield on the applicable fixed-rate calculation date by \$25.00, plus the reset premium.

Note 18 – Share Capital and Other Equity Instruments (cont.)

- (9) The LRCN – Series 1, LRCN – Series 2 and LRCN – Series 3 are notes for which recourse is limited to the assets held by an independent trustee in a consolidated limited recourse trust. The trust assets consist of Series 44, Series 45 and Series 46 preferred shares issued by the Bank in conjunction with the LRCN – Series 1, LRCN – Series 2 and LRCN – Series 3. In the event of (i) non-payment of interest on any of the interest payment dates, (ii) non-payment of the redemption amount upon redemption of the LRCN, (iii) non-payment of the principal amount upon maturity of the LRCN, or (iv) an event of default in respect of the LRCN, the noteholders will have recourse only to the assets of the trust, and each noteholder will be entitled to its pro rata share of the assets of the trust. In such circumstances, delivery of the assets of the trust will eliminate all of the Bank's obligations with respect to the LRCN. The LRCN – Series 1, LRCN – Series 2 and LRCN – Series 3 are redeemable at maturity or earlier to the extent that the Bank redeems the Series 44, Series 45 and Series 46 preferred shares from the date fixed for redemption, and subject to OSFI's consent and approval.
- (10) The Series 44, Series 45 and Series 46 preferred shares issued by the Bank in conjunction with the LRCN – Series 1, LRCN – Series 2 and LRCN – Series 3 are held by a consolidated limited recourse trust on the Bank's balance sheet and are therefore eliminated for financial reporting purposes. Upon the occurrence of a trigger event, as defined by OSFI; (i) each LRCN will be automatically redeemed and the redemption price will be covered by delivery of the trust's assets that consist of Series 44, Series 45 and Series 46 preferred shares; (ii) each outstanding preferred share will be automatically and immediately converted on a full and permanent basis, without the consent of the holder, into a number of Bank common shares determined pursuant to an automatic conversion formula. This conversion will be calculated by dividing the value of the preferred shares, i.e., \$1,000 per share, plus all accrued and unpaid interest as at the date of the trigger event, by the value of the common shares. The value of the common shares will be the greater of a \$5.00 floor price or the current market price of the common shares. Current market price means the volume weighted average trading price of common shares for the ten consecutive trading days ending on the trading day preceding the date of the trigger event. If the common shares are not listed on an exchange when this price is being established, the price will be the fair value reasonably determined by the Bank's Board.
- (11) The interest rate is set for the initial period ending on the date fixed for redemption. Every five years thereafter until November 15, 2075 for the LRCN – Series 1, until August 15, 2076 for the LRCN – Series 2 and until November 16, 2077 for the LRCN – Series 3, the interest rate on the notes will be adjusted and will be an annual interest rate equal to the five-year Government of Canada bond yield on the applicable interest rate calculation date, plus the interest rate reset premium.
- (12) As of the date fixed for redemption, and every five years thereafter, the redemption price will be \$25.00 per share.
- (13) The dividend period begins as of the date fixed for redemption. The amount of the floating quarterly non-cumulative dividend is determined by multiplying by \$25.00 the rate of interest equal to the sum of the 90-day Government of Canada treasury bill yield on the floating rate calculation date, plus the reset premium.
- (14) As of the date fixed for redemption, the redemption price will be \$25.50 per share. Thereafter, on the same date every five years, the redemption price will be \$25.00 per share.

Second Preferred Shares

15 million shares without par value, issuable for a maximum aggregate consideration of \$300 million. As at October 31, 2023, no shares had been issued or traded.

Shares and Other Equity Instruments Outstanding

As at October 31	2023		2022	
	Number of shares or LRCN	Shares or LRCN \$	Number of shares or LRCN	Shares or LRCN \$
First Preferred Shares				
Series 30	14,000,000	350	14,000,000	350
Series 32	12,000,000	300	12,000,000	300
Series 38	16,000,000	400	16,000,000	400
Series 40	12,000,000	300	12,000,000	300
Series 42	12,000,000	300	12,000,000	300
	66,000,000	1,650	66,000,000	1,650
Other equity instruments				
LRCN – Series 1	500,000	500	500,000	500
LRCN – Series 2	500,000	500	500,000	500
LRCN – Series 3	500,000	500	500,000	500
	1,500,000	1,500	1,500,000	1,500
Preferred shares and other equity instruments	67,500,000	3,150	67,500,000	3,150
Common shares at beginning of year	336,582,124	3,196	337,912,283	3,160
Issued pursuant to the Stock Option Plan	1,678,321	95	1,193,663	61
Repurchase of common shares for cancellation	–	–	(2,500,000)	(24)
Impact of shares purchased or sold for trading ⁽¹⁾	31,975	3	(18,295)	(1)
Other	(7,791)	–	(5,527)	–
Common shares at end of year	338,284,629	3,294	336,582,124	3,196

- (1) As at October 31, 2023, a total of 26,725 shares were sold short for trading, representing an amount of \$3 million (5,250 shares were held for trading, representing a negligible amount as at October 31, 2022).

Dividends Declared and Distributions on Other Equity Instruments

Year ended October 31	2023		2022	
	Dividends or interest \$	Dividends per share	Dividends or interest \$	Dividends per share
First Preferred Shares				
Series 30	14	1.0063	14	1.0063
Series 32	12	0.9598	12	0.9598
Series 38	28	1.7568	18	1.1125
Series 40	16	1.3023	14	1.1500
Series 42	14	1.2375	14	1.2375
	84		72	
Other equity instruments				
LRCN – Series 1 ⁽¹⁾	21		21	
LRCN – Series 2 ⁽²⁾	20		20	
LRCN – Series 3 ⁽³⁾	38		6	
	79		47	
Preferred shares and other equity instruments	163		119	
Common shares	1,344	3.9800	1,206	3.5800
	1,507		1,325	

(1) The LRCN – Series 1 bear interest at a fixed rate of 4.30% per annum.

(2) The LRCN – Series 2 bear interest at a fixed rate of 4.05% per annum.

(3) The LRCN – Series 3 bear interest at a fixed rate of 7.50% per annum.

Issuances of Other Equity Instruments

On September 8, 2022, the Bank had issued \$500 million of LRCN – Series 3 for which recourse of the noteholders is limited to the assets held by an independent trustee in a consolidated limited recourse trust. The trust's assets consist of \$500 million of Series 46 first preferred shares issued by the Bank in conjunction with the LRCN – Series 3. The LRCN – Series 3 sell for \$1,000 each and bear interest at a fixed rate of 7.50% per annum until November 16, 2027 exclusively and, thereafter, at an annual rate equal to the five-year Government of Canada bond yield plus 4.281% until November 16, 2077. The LRCN – Series 3 mature on November 16, 2082.

In the event of (i) non-payment of interest on any of the interest payment dates, (ii) non-payment of the redemption amount upon redemption of the LRCN, (iii) non-payment of the principal amount upon maturity of the LRCN, or (iv) an event of default in respect of the notes, the noteholders will have recourse only to the assets of the trust, and each noteholder will be entitled to its pro rata share of the assets of the trust. In such circumstances, delivery of the trust's assets will eliminate all of the Bank's obligations with respect to the LRCN. The LRCN – Series 3 are redeemable at maturity or earlier to the extent that the Bank redeems the Series 46 preferred shares on certain redemption dates specified in the terms and conditions of said preferred shares, and subject to OSFI's consent and approval.

Given that the LRCN – Series 3 satisfy the non-viability contingent capital requirements, they qualify for the purposes of calculating regulatory capital under Basel III.

Note 18 – Share Capital and Other Equity Instruments (cont.)

Repurchases of Common Shares

On December 12, 2022, the Bank began a normal course issuer bid to repurchase for cancellation up to 7,000,000 common shares (representing approximately 2.1% of its then outstanding common shares) over the 12-month period ending on December 11, 2023. On December 10, 2021, the Bank had begun a normal course issuer bid to repurchase for cancellation up to 7,000,000 common shares (representing approximately 2% of its then outstanding common shares) over the 12-month period ended December 9, 2022. Any repurchase through the Toronto Stock Exchange is done at market prices. The common shares may also be repurchased through other means authorized by the Toronto Stock Exchange and applicable regulations, including private agreements or share repurchase programs under issuer bid exemption orders issued by the securities regulators. A private purchase made under an exemption order issued by a securities regulator will be done at a discount to the prevailing market price. The amounts that are paid above the average book value of the common shares are charged to *Retained earnings*. During the year ended October 31, 2023, the Bank did not repurchase any common shares. During the year ended October 31, 2022, the Bank had repurchased 2,500,000 common shares for \$245 million, which had reduced *Common share* capital by \$24 million and *Retained earnings* by \$221 million.

Reserved Common Shares

As at October 31, 2023 and 2022, there were 15,507,568 common shares reserved under the Dividend Reinvestment and Share Purchase Plan. As at October 31, 2023, there were 20,063,688 common shares reserved under the Stock Option Plan (21,742,009 as at October 31, 2022).

Restriction on the Payment of Dividends

The Bank is prohibited from declaring dividends on its common or preferred shares if there are reasonable grounds for believing that the Bank would, by so doing, be in contravention of the regulations of the *Bank Act* (Canada) or OSFI's capital adequacy and liquidity guidelines. In addition, the ability to pay common share dividends is restricted by the terms of the outstanding preferred shares pursuant to which the Bank may not pay dividends on its common shares without the approval of the holders of the outstanding preferred shares, unless all preferred share dividends have been declared and paid or set aside for payment.

Dividend Reinvestment and Share Purchase Plan

The Bank has a Dividend Reinvestment and Share Purchase Plan for holders of its common and preferred shares under which they can acquire common shares of the Bank without paying commissions or administration fees. Participants acquire common shares through the reinvestment of cash dividends paid on the shares they hold or through optional cash payments of at least \$1 per payment, up to a maximum of \$5,000 per quarter. Common shares subscribed by participants are purchased on their behalf in the secondary market through the Bank's transfer agent, Computershare Trust Company of Canada, at a price equal to the average purchase price of the common shares during the three business days immediately following the dividend payment date.

Note 19 – Non-Controlling Interests

As at October 31	2023	2022
Flinks Technology Inc. ⁽¹⁾	2	2

(1) As at October 31, 2023 and 2022, the non-controlling interest in Flinks stood at 14.1%.