

## Consolidated statement of cash flows

\$ millions, for the year ended October 31	2016	2015	2014
<b>Cash flows provided by (used in) operating activities</b>			
Net income	\$ 4,295	\$ 3,590	\$ 3,215
Adjustments to reconcile net income to cash flows provided by (used in) operating activities:			
Provision for credit losses	1,051	771	937
Amortization and impairment <sup>(1)</sup>	462	435	813
Stock option expense	5	5	7
Deferred income taxes	(20)	(61)	57
AFS securities gains, net	(73)	(138)	(201)
Net losses (gains) on disposal of land, buildings and equipment	(72)	(2)	1
Other non-cash items, net	(692)	(257)	(637)
Net changes in operating assets and liabilities			
Interest-bearing deposits with banks	4,919	(4,731)	(6,685)
Loans, net of repayments	(27,464)	(22,610)	(16,529)
Deposits, net of withdrawals	28,440	40,510	10,213
Obligations related to securities sold short	532	(3,193)	(328)
Accrued interest receivable	(98)	(112)	79
Accrued interest payable	(72)	(77)	(32)
Derivative assets	(1,425)	(5,655)	(688)
Derivative liabilities	(232)	7,204	2,032
Trading securities	(3,734)	880	(2,991)
FVO securities	12	(14)	34
Other FVO assets and liabilities	807	327	(14)
Current income taxes	8	140	(27)
Cash collateral on securities lent	1,089	526	(1,196)
Obligations related to securities sold under repurchase agreements	2,780	(948)	4,975
Cash collateral on securities borrowed	(2,188)	144	28
Securities purchased under resale agreements	1,712	3,318	(8,096)
Other, net	169	(569)	(1,538)
	10,211	19,483	(16,571)
<b>Cash flows provided by (used in) financing activities</b>			
Issue of subordinated indebtedness	1,000	–	1,000
Redemption/repurchase/maturity of subordinated indebtedness	(1,514)	(1,130)	(264)
Issue of preferred shares	–	600	400
Redemption of preferred shares	–	(631)	(1,075)
Issue of common shares for cash	264	26	82
Purchase of common shares for cancellation	(270)	(11)	(315)
Net proceeds from treasury shares	1	3	(2)
Dividends paid	(1,917)	(1,753)	(1,654)
Share issuance costs	–	(7)	(5)
	(2,436)	(2,903)	(1,833)
<b>Cash flows provided by (used in) investing activities</b>			
Purchase of AFS securities	(31,625)	(41,145)	(27,974)
Proceeds from sale of AFS securities	10,750	9,264	29,014
Proceeds from maturity of AFS securities	12,299	15,451	14,578
Net cash used in acquisitions	–	–	(190)
Net cash provided by dispositions	1,363	185	3,611
Net purchase of land, buildings and equipment	(170)	(256)	(251)
	(7,383)	(16,501)	18,788
Effect of exchange rate changes on cash and non-interest-bearing deposits with banks	55	280	99
<b>Net increase (decrease) in cash and non-interest-bearing deposits with banks during year</b>	<b>447</b>	<b>359</b>	<b>483</b>
Cash and non-interest-bearing deposits with banks at beginning of year	3,053	2,694	2,211
<b>Cash and non-interest-bearing deposits with banks at end of year <sup>(2)</sup></b>	<b>\$ 3,500</b>	<b>\$ 3,053</b>	<b>\$ 2,694</b>
Cash interest paid	\$ 3,798	\$ 3,646	\$ 4,050
Cash income taxes paid	730	555	669
Cash interest and dividends received	11,994	11,371	11,556

(1) Comprises amortization and impairment of buildings, furniture, equipment, leasehold improvements, and software and other intangible assets. In addition, 2014 includes the goodwill impairment charge.

(2) Includes restricted balance of \$422 million (2015: \$406 million; 2014: \$324 million).

The accompanying notes and shaded sections in “MD&A – Management of risk” are an integral part of these consolidated financial statements.