

Consolidated statement of cash flows

Millions of Canadian dollars, for the year ended October 31	2018	2017	2016
Cash flows provided by (used in) operating activities			
Net income	\$ 5,284	\$ 4,718	\$ 4,295
Adjustments to reconcile net income to cash flows provided by (used in) operating activities:			
Provision for credit losses	870	829	1,051
Amortization and impairment ⁽¹⁾	657	542	462
Stock options and restricted shares expense	31	7	5
Deferred income taxes	69	21	(20)
Losses (gains) from debt securities measured at FVOCI and amortized cost (2017 and 2016: AFS debt and equity securities (gains), net)	35	(143)	(73)
Net losses (gains) on disposal of land, buildings and equipment	(14)	(305)	(72)
Other non-cash items, net	(292)	(15)	(692)
Net changes in operating assets and liabilities			
Interest-bearing deposits with banks	(2,599)	394	4,919
Loans, net of repayments	(16,155)	(30,547)	(27,464)
Deposits, net of withdrawals	20,770	18,407	28,440
Obligations related to securities sold short	69	3,375	532
Accrued interest receivable	(341)	(34)	(98)
Accrued interest payable	205	90	(72)
Derivative assets	2,780	3,588	(1,425)
Derivative liabilities	(2,084)	(5,549)	(232)
Securities measured at FVTPL (2017 and 2016: Trading and FVO securities)	(647)	(657)	(3,722)
Other assets and liabilities designated at fair value (2017 and 2016: Other FVO assets and liabilities)	(380)	1,071	807
Current income taxes	(301)	(1,063)	8
Cash collateral on securities lent	707	(494)	1,089
Obligations related to securities sold under repurchase agreements	2,869	16,277	2,780
Cash collateral on securities borrowed	(453)	398	(2,188)
Securities purchased under resale agreements	(1,195)	(10,556)	1,712
Other, net	(18)	2,103	169
	9,867	2,457	10,211
Cash flows provided by (used in) financing activities			
Issue of subordinated indebtedness	1,534	–	1,000
Redemption/repurchase/maturity of subordinated indebtedness	(638)	(55)	(1,514)
Issue of preferred shares, net of issuance cost	445	792	–
Issue of common shares for cash	186	194	100
Purchase of common shares for cancellation	(417)	–	(270)
Net sale (purchase) of treasury shares	6	(7)	1
Dividends paid	(2,109)	(1,425)	(1,753)
	(993)	(501)	(2,436)
Cash flows provided by (used in) investing activities			
Purchase of securities measured/designated at FVOCI and amortized cost (2017 and 2016: Purchase of AFS securities)	(33,011)	(37,864)	(31,625)
Proceeds from sale of securities measured/designated at FVOCI and amortized cost (2017 and 2016: Proceeds from sale of AFS securities)	12,992	18,787	10,750
Proceeds from maturity of debt securities measured at FVOCI and amortized cost (2017 and 2016: Proceeds from maturity of AFS securities)	12,402	19,368	12,299
Cash used in acquisitions, net of cash acquired	(315)	(2,517)	–
Net cash provided by dispositions of investments in equity-accounted associates and joint ventures	200	60	1,363
Net sale (purchase) of land, buildings and equipment	(255)	201	(170)
	(7,987)	(1,965)	(7,383)
Effect of exchange rate changes on cash and non-interest-bearing deposits with banks	53	(51)	55
Net increase (decrease) in cash and non-interest-bearing deposits with banks during year	940	(60)	447
Cash and non-interest-bearing deposits with banks at beginning of year	3,440	3,500	3,053
Cash and non-interest-bearing deposits with banks at end of year⁽²⁾	\$ 4,380	\$ 3,440	\$ 3,500
Cash interest paid	\$ 7,235	\$ 4,526	\$ 3,798
Cash interest received	16,440	12,611	10,961
Cash dividends received	724	949	1,033
Cash income taxes paid	1,654	2,204	730

(1) Comprises amortization and impairment of buildings, furniture, equipment, leasehold improvements, and software and other intangible assets.

(2) Includes restricted balance of \$438 million (2017: \$436 million; 2016: \$422 million).

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