

Note 15: Deposits

(Canadian \$ in millions)	Payable on demand				Payable after notice		Payable on a fixed date		Total	
	Interest bearing		Non-interest bearing		2008	2007	2008	2007	2008	2007
Deposits by:										
Banks	\$ 823	\$ 349	\$ 365	\$ 298	\$ 2,619	\$ 1,001	\$ 26,539	\$ 32,452	\$ 30,346	\$ 34,100
Businesses and governments	8,101	7,155	20,777	9,719	20,376	19,783	86,857	85,091	136,111	121,748
Individuals	4,705	3,405	6,802	5,824	34,880	31,114	44,826	35,859	91,213	76,202
Total	\$ 13,629	\$ 10,909	\$ 27,944	\$ 15,841	\$ 57,875	\$ 51,898	\$ 158,222	\$ 153,402	\$ 257,670	\$ 232,050
Booked in:										
Canada	\$ 12,864	\$ 10,346	\$ 15,427	\$ 13,762	\$ 38,564	\$ 36,579	\$ 91,439	\$ 81,690	\$ 158,294	\$ 142,377
United States	303	174	10,696	2,078	18,879	14,750	50,316	41,824	80,194	58,826
Other countries	462	389	1,821	1	432	569	16,467	29,888	19,182	30,847
Total	\$ 13,629	\$ 10,909	\$ 27,944	\$ 15,841	\$ 57,875	\$ 51,898	\$ 158,222	\$ 153,402	\$ 257,670	\$ 232,050

Included in deposits as at October 31, 2008 and 2007 are \$112,614 million and \$94,911 million, respectively, of deposits denominated in U.S. dollars, and \$7,763 million and \$11,778 million, respectively, of deposits denominated in other foreign currencies.

Change in Accounting Policy

On November 1, 2006, we adopted the CICA's new accounting requirements which allow management to elect to measure financial instruments that would not otherwise be accounted for at fair value as trading instruments, with changes in fair value recorded in income provided they meet certain criteria. Financial instruments must have been designated on November 1, 2006, when the new standard was adopted, or when new financial instruments were acquired, and the designation is irrevocable.

We issue structured notes that include embedded interest rate or equity options. We enter into derivatives which manage our exposure to changes in the structured note fair value caused by changes in interest rates or equity prices. The structured notes are designated as trading under the fair value option, which better aligns the accounting result with the way the portfolio is managed. These notes are classified as deposits. The fair value and amount due at contractual maturity of these notes as at October 31, 2008 were \$1,070 million and \$1,197 million, respectively (\$762 million and \$791 million, respectively, in 2007). The impact of recording these notes as trading was an increase in non-interest revenue, trading revenues (losses) of \$84 million for the year ended October 31, 2008 (\$8 million in 2007). The portion of the change related to the embedded interest rate or equity options was offset by a change in the fair value of the derivatives. The portion of the change in fair value attributable to changes in credit risk was an unrealized gain of \$108 million both for the year ended October 31, 2008 and since inception. We isolate the impact of changes in our credit risk by determining both the change in fair value due to changes in risk-free interest rates and the change due to market interest rates, which includes a premium for our credit. The difference between these two changes in fair value represents the change in fair value due solely to changes in our credit risk.

When we initially elected the fair value option for our structured notes on November 1, 2006, we remeasured the portfolio of structured notes at fair value. The net unrealized loss of less than \$1 million was recorded in opening retained earnings.

Deposits

Deposits payable on demand are comprised primarily of our customers' chequing accounts, some of which we pay interest on. Our customers need not notify us prior to withdrawing money from their chequing accounts.

Deposits payable after notice are comprised primarily of our customers' savings accounts, on which we pay interest.

Deposits payable on a fixed date are comprised of:

- Various investment instruments purchased by our customers to earn interest over a fixed period, such as term deposits and guaranteed investment certificates. The terms of these deposits can vary from one day to 10 years.
- Federal funds purchased, which are overnight borrowings of other banks' excess reserve funds at a United States Federal Reserve Bank. As at October 31, 2008, we had purchased \$2,382 million of federal funds (\$1,937 million in 2007).
- Commercial paper, which totalled \$269 million as at October 31, 2008 (\$685 million in 2007).

Included in our deposits payable on a fixed date as at October 31, 2008 were \$132,296 million of individual deposits greater than one hundred thousand dollars, of which \$66,394 million were booked in Canada, \$49,435 million were booked in the United States and \$16,467 million were booked in other countries. We had \$132,501 million of such deposits as at October 31, 2007, of which \$61,312 million were booked in Canada, \$41,301 million were booked in the United States and \$29,888 million were booked in other countries.