

Note 24: Earnings Per Share

Basic earnings per share is calculated by dividing net income attributable to our shareholders, after deducting preferred share dividends, by the daily average number of fully paid common shares outstanding throughout the year.

Diluted earnings per share is calculated in the same manner, with further adjustments made to reflect the dilutive impact of instruments convertible into our common shares.

The following table presents our basic and diluted earnings per share:

| Basic Earnings per Share (Canadian \$ in millions, except as noted) | 2017 | 2016 | 2015 |
|---|----------------|---------|---------|
| Net income attributable to bank shareholders | 5,348 | 4,622 | 4,370 |
| Dividends on preferred shares | (184) | (150) | (117) |
| Net income available to common shareholders | 5,164 | 4,472 | 4,253 |
| Weighted-average number of common shares outstanding (in thousands) | 649,650 | 644,049 | 644,916 |
| Basic earnings per share (Canadian \$) | 7.95 | 6.94 | 6.59 |
| Diluted Earnings per Share | | | |
| Net income available to common shareholders adjusted for impact of dilutive instruments | 5,164 | 4,472 | 4,253 |
| Weighted-average number of common shares outstanding (in thousands) | 649,650 | 644,049 | 644,916 |
| Effect of dilutive instruments | | | |
| Stock options potentially exercisable (1) | 6,859 | 8,706 | 9,470 |
| Common shares potentially repurchased | (4,548) | (6,629) | (7,245) |
| Weighted-average number of diluted common shares outstanding (in thousands) | 651,961 | 646,126 | 647,141 |
| Diluted earnings per share (Canadian \$) | 7.92 | 6.92 | 6.57 |

(1) In computing diluted earnings per share, we excluded average stock options outstanding of 1,330,564, 1,353,464 and 1,909,518 with weighted-average exercise prices of \$182.70, \$238.45 and \$226.11 for the years ended October 31, 2017, 2016 and 2015, respectively, as the average share price for the period did not exceed the exercise price.

Certain comparative figures have been reclassified to conform with the current year's presentation.