

Consolidated Statement of Cash Flows

For the Year Ended October 31 (Canadian \$ in millions)

	2005	2004	2003
Cash Flows from Operating Activities			
Net income	\$ 2,400	\$ 2,306	\$ 1,781
Adjustments to determine net cash flows provided by (used in) operating activities			
Write-down of investment securities	11	63	153
Net gain on investment securities	(176)	(238)	(112)
Net (increase) in trading securities	(8,865)	(449)	(12,692)
Provision for credit losses	179	(103)	455
Gain on sale of securitized loans	(82)	(127)	(157)
Change in derivative financial instruments – (Increase) decrease in derivative asset	(6,069)	(4,232)	892
– Increase (decrease) in derivative liability	4,895	3,258	(1,380)
Amortization of premises and equipment	377	365	375
Amortization of intangible assets	94	104	116
Future income tax expense (benefit)	91	157	(37)
Net increase (decrease) in current income taxes	(369)	(1,096)	401
Change in accrued interest – (Increase) decrease in interest receivable	(230)	(30)	87
– Increase (decrease) in interest payable	155	7	(141)
Changes in other items and accruals, net	1,382	2,287	986
Gain on sale of Harrisdirect LLC (Note 12)	(49)	–	–
Gain on sales of land and buildings (Note 10)	(29)	–	–
Net Cash Provided by (Used in) Operating Activities	(6,285)	2,272	(9,273)
Cash Flows from Financing Activities			
Net increase in deposits	17,851	2,205	9,713
Net increase in securities sold but not yet purchased	5,701	2,186	601
Net increase (decrease) in securities lent or sold under repurchase agreements	1,312	(2,722)	(788)
Net increase (decrease) in liabilities of subsidiaries	(231)	491	(157)
Proceeds from issuance of securities of a subsidiary	447	595	–
Repayment of subordinated debt (Note 17)	(899)	(400)	(752)
Proceeds from issuance of subordinated debt (Note 17)	1,000	–	–
Redemption of preferred share liability	–	(400)	–
Proceeds from issuance of common shares	217	240	175
Proceeds from sales of treasury shares	–	149	–
Common shares repurchased for cancellation (Note 20)	(390)	(333)	(12)
Dividends paid	(955)	(829)	(704)
Net Cash Provided by Financing Activities	24,053	1,182	8,076
Cash Flows from Investing Activities			
Net (increase) decrease in interest bearing deposits with banks	(2,885)	1,974	(1,741)
Purchases of investment securities	(14,600)	(24,773)	(29,348)
Maturities of investment securities	8,335	12,699	18,999
Proceeds from sales of investment securities	8,246	16,334	9,298
Net (increase) decrease in loans, customers' liability under acceptances and loan substitute securities	(15,025)	(8,678)	189
Proceeds from securitization of loans	3,130	1,382	–
Net (increase) decrease in securities borrowed or purchased under resale agreements	(5,671)	(1,611)	2,959
Proceeds from sales of land and buildings (Note 10)	347	–	–
Premises and equipment – net purchases	(472)	(305)	(254)
Acquisitions (Note 11)	(194)	(385)	(91)
Proceeds from sale of Harrisdirect LLC (Note 12)	827	–	–
Net Cash Provided by (Used in) Investing Activities	(17,962)	(3,363)	11
Net Increase (Decrease) in Cash and Cash Equivalents	(194)	91	(1,186)
Cash and Cash Equivalents at Beginning of Year	2,606	2,515	3,701
Cash and Cash Equivalents at End of Year	\$ 2,412	\$ 2,606	\$ 2,515
Represented by:			
Cash and non-interest bearing deposits with Bank of Canada and other banks	\$ 1,309	\$ 1,558	\$ 1,693
Cheques and other items in transit, net	1,103	1,048	822
	\$ 2,412	\$ 2,606	\$ 2,515
Supplemental Disclosure of Cash Flow Information			
Amount of interest paid in the year	\$ 5,222	\$ 3,852	\$ 4,291
Amount of income taxes paid in the year	\$ 1,065	\$ 1,947	\$ 324

The accompanying notes to consolidated financial statements are an integral part of these statements. Certain comparative figures have been reclassified to conform with the current year's presentation.