

Consolidated Statement of Cash Flows

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

	2006	2005	2004
Cash Flows from Operating Activities			
Net income	\$ 2,663	\$ 2,396	\$ 2,295
Adjustments to determine net cash flows provided by (used in) operating activities			
Write-down of investment securities	9	11	63
Net gain on investment securities	(154)	(176)	(238)
Net (increase) in trading securities	(8,565)	(9,848)	(619)
Provision for credit losses	176	179	(103)
Gain on sale of securitized loans	(69)	(82)	(127)
Change in derivative financial instruments – (Increase) decrease in derivative asset – Increase in derivative liability	31 3,700	(6,567) 5,520	(3,606) 2,879
Amortization of premises and equipment	360	377	365
Amortization of intangible assets	44	94	104
Net increase (decrease) in future income taxes	(153)	91	161
Net increase (decrease) in current income taxes	144	(367)	(1,093)
Change in accrued interest – (Increase) in interest receivable – Increase in interest payable	(468) 303	(255) 162	(55) 13
Changes in other items and accruals, net	2,595	1,423	601
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	616	(7,120)	640
Cash Flows from Financing Activities			
Net increase in deposits	13,108	20,643	6,974
Net increase (decrease) in securities sold but not yet purchased	(708)	5,701	2,253
Net increase (decrease) in securities lent or sold under repurchase agreements	9,987	1,737	(1,810)
Net increase (decrease) in liabilities of subsidiaries	(94)	(195)	555
Proceeds from issuance of securities of a subsidiary	–	447	595
Repayment of subordinated debt (Note 17)	(425)	(899)	(400)
Proceeds from issuance of subordinated debt (Note 17)	700	1,000	–
Redemption of preferred share liability	–	–	(400)
Proceeds from issuance of common shares	258	217	240
Proceeds from sales of treasury shares	–	–	149
Common shares repurchased for cancellation (Note 20)	(376)	(390)	(333)
Dividends paid	(1,163)	(955)	(829)
Net Cash Provided by Financing Activities	21,287	27,306	6,994
Cash Flows from Investing Activities			
Net (increase) decrease in interest bearing deposits with banks	901	(3,901)	1,449
Purchases of investment securities	(20,433)	(14,827)	(24,773)
Maturities of investment securities	9,494	8,402	12,699
Proceeds from sales of investment securities	7,920	8,294	16,334
Net (increase) in loans, customers' liability under acceptances and loan substitute securities	(20,184)	(16,191)	(11,324)
Proceeds from securitization of loans	4,994	3,130	1,382
Net (increase) in securities borrowed or purchased under resale agreements	(3,723)	(5,900)	(2,347)
Proceeds from sales of land and buildings (Note 10)	–	347	–
Premises and equipment – net purchases	(583)	(487)	(365)
Acquisitions (Note 11)	(76)	(194)	(385)
Proceeds from sale of Harrisdirect LLC (Note 12)	–	827	–
Net Cash Used in Investing Activities	(21,690)	(20,500)	(7,330)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(167)	120	(213)
Net Increase (Decrease) in Cash and Cash Equivalents	46	(194)	91
Cash and Cash Equivalents at Beginning of Year	2,412	2,606	2,515
Cash and Cash Equivalents at End of Year	\$ 2,458	\$ 2,412	\$ 2,606
Represented by:			
Cash and non-interest bearing deposits with Bank of Canada and other banks	\$ 1,154	\$ 1,309	\$ 1,558
Cheques and other items in transit, net	1,304	1,103	1,048
	\$ 2,458	\$ 2,412	\$ 2,606
Supplemental Disclosure of Cash Flow Information			
Amount of interest paid in the year	\$ 7,873	\$ 5,222	\$ 3,852
Amount of income taxes paid in the year	\$ 630	\$ 1,065	\$ 1,947

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.