

TORONTO DOMINION BANK
Form 6-K
February 23, 2006

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
450, 5th Street
Washington, D.C. 20549

REPORT OF FOREIGN PRIVATE ISSUER
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of February, 2006.

The Toronto-Dominion Bank

(Translation of registrant's name into English)

c/o General Counsel's Office
P.O. Box 1, Toronto Dominion Centre,
Toronto, Ontario, M5K 1A2

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

This Form 6-K is incorporated by reference into all outstanding Registration Statements of The Toronto-Dominion Bank and its affiliates filed with the U.S. Securities and Exchange Commission and the Private Placement Memoranda of Toronto Dominion Holdings (U.S.A.), Inc. dated February 24, 2005.

FORM 6-K

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE TORONTO-DOMINION BANK

DATE: February 23, 2006

By: /s/ Rasha El Sissi
Name: Rasha El Sissi
Title: Associate Vice President, Legal

Bank Financial Group

1st Quarter 2006 • Report to Shareholders • Three months ended January 31, 2006

TD Bank Financial Group Delivers Very Strong
First Quarter 2006 Results,
Raises Dividend

FIRST QUARTER FINANCIAL HIGHLIGHTS compared with the first quarter a year ago:

- Reported diluted earnings per share¹ were \$3.20, up 237% from \$.95.
- Adjusted diluted earnings per share² were \$1.15, up 11% from \$1.04.
- Reported net income was \$2,307 million, compared with \$630 million.
- Adjusted net income was \$835 million, compared with \$685 million.
- Return on common equity was 55.4%, compared with 19.5%.

FIRST QUARTER ADJUSTMENTS (ITEMS OF NOTE)

The first quarter reported diluted earnings per share figures above include the following items of note:

- Amortization of intangibles of \$82 million ((11) cents per share) compared with \$87 million ((13) cents per share) in the first quarter last year.
- Dilution gain of U.S. \$1.45 billion (CDN \$1.67 billion) after-tax on the Ameritrade transaction net of costs (\$2.32 per share).
- Dilution loss of \$72 million after-tax on the acquisition of Hudson United Bancorp by TD Banknorth ((10) cents per share).
- TDBFG's share of TD Banknorth's balance sheet restructuring charge of U.S. \$16 million (CDN \$19 million) after-tax ((3) cents per share).
- Restructuring charge in connection with the previously announced decision to reposition the Bank's global structured products businesses of \$35 million after-tax ((5) cents per share).
- The impact of hedging relationships accounting guideline (AcG-13) resulting in a gain of \$10 million after-tax (2 cents per share), compared with a loss \$11 million after-tax ((2) cents per share).

All dollar amounts are expressed in Canadian currency unless otherwise noted.

- 1 Reported results are prepared in accordance with Canadian generally accepted accounting principles (GAAP).
- 2 Adjusted earnings and reported results referenced in this Press Release and the Report to Shareholders are explained in detail on page 5 under "How the Bank Reports." Previously, the Bank described adjusted earnings as earnings before amortization of intangibles and items of note. Commencing this quarter, the items of note include the Bank's amortization of intangible assets.

TORONTO, February 23, 2006 - TD Bank Financial Group (TDBFG) today announced its financial results for the first quarter ended January 31, 2006. The quarter was marked by strong results across the Bank's businesses. The Bank also announced an increase in the quarterly dividend of 2 cents to 44 cents, representing an increase of 5% per fully paid common share for the quarter ended April 30, 2006, payable on or after April 30, 2006.

"I am very pleased with our earnings performance this quarter. With the TD Ameritrade and Hudson United transactions closed, we believe we have significantly enhanced our position in the United States and have a strong complement to our domestic businesses," said W. Edmund Clark, TD Bank Financial Group President and Chief

Executive Officer. “We executed well against our strategies and this translated into strong growth in earnings and economic profit - key measures of shareholder value.”

FIRST QUARTER BUSINESS SEGMENT PERFORMANCE**Canadian Personal and Commercial Banking**

TD Canada Trust delivered strong results again for the quarter, showing continued earnings momentum. Earnings were up 12% compared with the first quarter last year. Robust results from business banking, insurance and real estate secured lending contributed to earnings strength this quarter.

“Canadian Personal and Commercial Banking has once again delivered an impressive start to the year,” said Clark. “We have emphasized the importance of operational excellence for some time now and TD Canada Trust continues to deliver on this promise as evidenced by their sustained double digit earnings growth for the 13th consecutive quarter, while delivering record highs in customer service.”

U.S. Personal and Commercial Banking

TD Banknorth’s contribution was consistent with its fourth quarter performance. Considering the challenging U.S. interest rate environment, TD Banknorth achieved solid results this quarter that were attributable to consumer loan growth, improved deposit growth and expense control. This increase was partially offset by lower margins.

“TD Banknorth is performing as expected given the current challenging business climate in the United States,” said Clark. “With the acquisition of Hudson United closed, TD Banknorth is well positioned to continue executing on strategy.”

Wholesale Banking

Wholesale Banking generated exceptional results this quarter on broad-based strength within the capital markets businesses. TD Securities took advantage of continuing favourable market conditions producing strong trading and solid origination revenues. TD Securities recorded a restructuring charge of \$35 million after-tax. The charge relates to the repositioning of the Bank's global structured products business, which was announced in 2005.

“We saw extremely robust earnings performance from Wholesale Banking this quarter, as all of the product lines within the segment generated strong results. This earnings level does not reflect our view on the full year run rate as such strong trading results will likely not be repeated,” said Clark. “However the quarter includes a solid performance from the domestic businesses, which bodes well for TD Securities' strategy to grow its core domestic businesses while maintaining what we believe is an industry-leading risk profile.”

Wealth Management

The Wealth Management segment generated very strong results in the first quarter with an increase in earnings of 41% compared with the first quarter last year. Improved profitability in discount brokerage, record net sales results of long term funds in TD Mutual Funds and significant asset growth in the advice-based businesses contributed to earnings this quarter.

“We are extremely pleased with the broad-based earnings performance delivered by Wealth Management this quarter. This earnings growth is especially impressive in light of our continued investment in growing the number of customer-facing advisors,” said Clark. “With the completion of the TD Ameritrade transaction, we have significantly enhanced our position in the U.S. online brokerage market and are well positioned for future growth.”

Corporate

The Ameritrade transaction closed January 24, 2006, resulting in a 32.5% ownership interest in TD Ameritrade. As a result, the Bank had a U.S. \$1.45 billion (CDN \$1.67 billion) after-tax gain on the transaction in this quarter. The Bank also realized a dilution loss of \$72 million, related to the purchase of Hudson United by TD Banknorth, and a

gain of \$10 million after-tax this quarter as a result of the impact of hedging relationships accounting guideline (AcG-13), which requires management to mark-to-market the value of credit protection on the corporate lending portfolio among other things.

Conclusion

“This is a strong start to the year for TD Bank Financial Group and demonstrates that we are successfully executing on strategy and delivering sustainable value for shareholders,” said Clark.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

From time to time, the Bank makes written and oral forward-looking statements, including in this report, in other filings with Canadian regulators or the U.S. Securities and Exchange Commission (SEC), and in other communications. All such statements are made pursuant to the “safe harbour” provisions of the United States Private Securities Litigation Reform Act of 1995 and in any applicable Canadian securities legislation. Forward-looking statements include, among others, statements regarding the Bank’s objectives and targets and strategies to achieve them, the outlook for the Bank’s business lines, and the Bank’s anticipated financial performance. Forward-looking statements are typically identified by words such as “believe”, “expect”, “anticipate”, “intend”, “estimate”, “plan”, “may” and “could”. By their very nature, these statements require us to make assumptions and are subject to inherent risks and uncertainties, general and specific, which may cause actual results to differ materially from the expectations expressed in the forward-looking statements. Some of the factors that could cause such differences include: the credit, market, liquidity, interest rate, operational, reputational and other risks discussed in the management discussion and analysis section in other regulatory filings made in Canada and with the SEC, including the Bank’s 2005 Annual Report; general business and economic conditions in Canada, the United States and other countries in which the Bank conducts business, as well as the effect of changes in monetary policy in those jurisdictions and changes in the foreign exchange rates for the currencies of those jurisdictions; the degree of competition in the markets in which the Bank operates, both from established competitors and new entrants; legislative and regulatory developments; the accuracy and completeness of information the Bank receives on customers and counterparties; the timely development and introduction of new products and services in receptive markets; expanding existing distribution channels; developing new distribution channels and realizing increased revenue from these channels, including electronic commerce-based efforts; the Bank’s ability to execute its growth and acquisition strategies including those of its subsidiaries; changes in accounting policies and methods the Bank uses to report its financial condition, including uncertainties associated with critical accounting assumptions and estimates; the effect of applying future accounting changes; global capital market activity; consolidation in the Canadian financial services sector; the Bank’s ability to attract and retain key executives; reliance on third parties to provide components of the Bank’s business infrastructure; technological changes; change in tax laws; unexpected judicial or regulatory proceedings; continued negative impact of the United States securities litigation environment; unexpected changes in consumer spending and saving habits; the possible impact on the Bank’s businesses of international conflicts and terrorism; acts of God, such as earthquakes; the effects of disease or illness on local, national or international economies; the effects of disruptions to public infrastructure, such as transportation, communications, power or water supply; and management’s ability to anticipate and manage the risks associated with these factors and execute the Bank’s strategies. A substantial amount of the Bank’s business involves making loans or otherwise committing resources to specific companies, industries or countries. Unforeseen events affecting such borrowers, industries or countries could have a material adverse effect on the Bank’s financial results, businesses, financial condition or liquidity. The preceding list is not exhaustive of all possible factors. Other factors could also adversely affect the Bank’s results. For more information see the discussion starting on page 56 of the 2005 Annual Report. All such factors should be considered carefully when making decisions with respect to the Bank, and undue reliance should not be placed on the Bank’s forward-looking statements. The Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by or on its behalf.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATING PERFORMANCE

Management's Discussion and Analysis should be read in conjunction with our interim consolidated Financial Statements and related Notes included in this Report to Shareholders and with our 2005 Annual Report. This Management's Discussion and Analysis is as of February 22, 2006. Unless otherwise indicated, all amounts are expressed in Canadian dollars and have been derived from Financial Statements prepared in accordance with Canadian generally accepted accounting principles (GAAP). Certain comparative amounts have been restated. Additional information relating to the Bank is on the Bank's website www.td.com, as well as on SEDAR at www.sedar.com.

FINANCIAL HIGHLIGHTS

(unaudited)

(millions of Canadian dollars, except as noted)	<i>For the three months ended</i>		
	Jan. 31 2006	Oct. 31 2005	Jan. 31 2005
Results of operations			
Total revenues	\$ 3,404	\$ 3,083	\$ 2,806
Dilution gain, net (pre-tax)	1,564	-	-
Provision for (reversal of) credit losses	114	(15)	10
Non-interest expenses	2,290	2,203	1,945
Net income - reported	2,307	589	630
Net income - adjusted	835	765	685
Economic profit	353	279	280
Return on common equity	55.4%	14.8%	19.5%
Return on invested capital	16.5	15.9	17.1
Financial position			
Total assets	\$ 384,377	\$ 365,210	\$ 333,317
Total risk-weighted assets	135,883	129,982	102,994
Total shareholders' equity	18,473	15,866	13,203
Financial ratios - reported (percent)			
Efficiency ratio	46.1%	71.5%	69.3%
Tier 1 capital to risk-weighted assets	11.9	10.1	13.0
Tangible common equity as a % of risk-weighted assets	8.8	7.4	9.3
Provision for credit losses as a % of net average loans	.29	(.04)	.03
Common share information - reported (Canadian dollars)			
Per share			
Basic earnings	\$ 3.23	\$.83	\$.96
Diluted earnings	3.20	.82	.95
Dividends	.42	.42	.36
Book value	25.25	22.29	20.06
Closing share price	60.65	55.70	48.15
Shares outstanding (millions)			

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Average basic	712.5	710.0	656.6
Average diluted	718.9	716.1	661.9
End of period	714.7	711.8	658.3
Market capitalization (billions of Canadian dollars)	\$ 43.3	\$ 39.6	\$ 31.7
Dividend yield (%)	2.8%	2.8%	2.9%
Dividend payout ratio	13.0	50.6	37.5
Price to earnings multiple	11.1	17.4	14.0
Common share information - adjusted (Canadian dollars)			
Per share			
Basic earnings	\$ 1.16	\$ 1.08	\$ 1.04
Diluted earnings	1.15	1.06	1.04
Dividend payout ratio	36.1%	39.0%	34.5%
Price to earnings multiple	14.3	13.5	12.6

HOW WE PERFORMED**Corporate Overview**

The Toronto-Dominion Bank and its subsidiaries are collectively known as TD Bank Financial Group. TD Bank Financial Group serves more than 14 million customers in four key businesses operating in a number of locations in key financial centres around the globe: Canadian Personal and Commercial Banking including TD Canada Trust; U.S. Personal and Commercial Banking through TD Banknorth; Wealth Management including TD Waterhouse Canada, TD Waterhouse U.K. and the Bank's investment in TD Ameritrade; and Wholesale Banking, including TD Securities. TD Bank Financial Group also ranks among the world's leading on-line financial services firms, with more than 4.5 million on-line customers. TD Bank Financial Group had \$384 billion in assets, as of January 31, 2006. The Bank is headquartered in Toronto, Canada. The Bank's common stock is listed on the Toronto Stock Exchange and on the New York Stock Exchange under symbol: TD, as well as on the Tokyo Stock Exchange.

How the Bank Reports

The Bank's financial results, as presented on pages 17 to 29 of this Report to Shareholders, are prepared in accordance with Canadian generally accepted accounting principles (GAAP). The Bank refers to results prepared in accordance with GAAP as "reported" results. The Bank also utilizes "adjusted" earnings to assess each of its businesses and to measure overall Bank performance. To arrive at adjusted earnings, the Bank removes "items of note" from reported earnings. The items of note are listed in the tables below. The items of note relate to items which management does not believe are indicative of underlying business performance. Commencing this quarter, the items of note include the Bank's amortization of intangible assets which relates to the TD Banknorth acquisition in March 2005 and the Canada Trust acquisition in fiscal 2000. Previously, the Bank described adjusted earnings as earnings before the amortization of intangibles and items of note. The Bank believes that adjusted earnings provide the reader with a better understanding of how management views the Bank's performance. As explained, adjusted earnings are different from reported results determined in accordance with GAAP. Adjusted earnings and related terms used in this report are not defined terms under GAAP, and therefore may not be comparable to similar terms used by other issuers. The tables below provide a reconciliation between the Bank's adjusted earnings and its reported results.

Reconciliation of non-GAAP measures¹ (unaudited)**Adjusted net income to reported results**

(millions of Canadian dollars)	Jan. 31 2006	<i>For the three months ended</i>	
		Oct. 31 2005 ³	Jan. 31 2005 ⁴
Net interest income	\$ 1,607	\$ 1,654	\$ 1,411
Other income	1,834	1,539	1,412
Total revenues	3,441	3,193	2,823
Provision for (reversal of) credit losses	114	94	80
Non-interest expenses	2,112	2,062	1,811
Income before provision for income taxes and non-controlling interest	1,215	1,037	932
Provision for income taxes	328	219	247
Non-controlling interest	52	53	-
Net income - adjusted	835	765	685
Preferred dividends	5	-	-
Net income available to common shareholders - adjusted	830	765	685

Items of note impacting income, net of income taxes

Amortization of intangibles	(82)	(86)	(87)
Dilution gain on Ameritrade transaction, net of costs	1,670	(138)	-
Dilution loss on the acquisition of Hudson United by TD Banknorth	(72)	-	-
Balance sheet restructuring charge in TD Banknorth	(19)	-	-
Wholesale Banking restructuring charge	(35)	(4)	-
Hedging impact due to AcG-13	10	7	(11)
Other tax items	-	68	-
Non-core portfolio loan loss recoveries (sectoral related)	-	60	20
Loss on structured derivative portfolios	-	(70)	-
Preferred share redemption	-	(13)	-
General allowance release	-	-	23
Total items of note	1,472	(176)	(55)
Net income available to common shareholders - reported	\$ 2,302	\$ 589	\$ 630

Adjusted earnings per share (EPS) to reported²

(Canadian dollars)						
Diluted - adjusted	\$	1.15	\$	1.06	\$	1.04
Items of note impacting income (as above)		2.05		(.24)		(.09)
Diluted - reported		3.20		.82		.95
Basic - reported	\$	3.23	\$.83	\$.96

1. Certain comparative amounts have been restated.
2. Earnings per share (EPS) is computed by dividing income by the weighted average number of shares outstanding during the period. As a result, the sum of the quarterly EPS figures may not equal year to date EPS.
3. Items of note included in the fourth quarter 2005 are as follows: amortization of intangibles-\$86 million; the impact of a \$138 million tax charge related to the TD Waterhouse reorganization which precedes the transaction with Ameritrade; favourable tax items of \$68 million, which includes the impact of a recent court decision; non-core portfolio loan loss recoveries (sectoral related)-\$60 million; two charges in connection with the previously announced decision to reposition the Bank's global structured products businesses: a loss of \$70 million due to a reduction in the estimated value and the exit of certain structured derivative portfolios and a restructuring charge of \$4 million; preferred share redemption premium resulting in a charge of \$13 million; hedging impact due to AcG-13-\$7 million.
4. Items of note included in the first quarter 2005 are as follows: amortization of intangibles-\$87 million; non-core portfolio loan loss recoveries (sectoral related)-\$20 million; hedging impact due to AcG-13-(\$11) million; and \$23 million relating to general allowance release.

Economic Profit and Return on Invested Capital

The Bank utilizes economic profit as a tool to measure shareholder value creation. Economic profit is adjusted net income available to common shareholders less a charge for average invested capital. Average invested capital is equal to average common equity for the period plus the average cumulative after-tax goodwill and intangible assets amortized as of the reporting date. The rate used in the charge for capital is the equity cost of capital calculated using the capital asset pricing model. The charge represents an assumed minimum return required by common shareholders on the Bank's invested capital. The Bank's goal is to achieve positive and growing economic profit.

Return on invested capital (ROIC) is adjusted net income available to common shareholders divided by average invested capital. ROIC is a variation of the economic profit measure that is useful in comparison to the equity cost of capital. Both ROIC and the cost of capital are percentage rates, while economic profit is a dollar measure. When ROIC exceeds the equity cost of capital, economic profit is positive. The Bank's goal is to maximize economic profit by achieving ROIC that exceeds the equity cost of capital.

Economic profit and ROIC are not defined terms under GAAP. Securities regulators require that companies caution readers that earnings and other measures adjusted to a basis other than GAAP do not have standardized meanings under GAAP and therefore may not be comparable to similar terms used by other issuers.

The following table reconciles between the Bank's economic profit, return on invested capital and adjusted net income. Adjusted earnings and related terms are discussed in the "How the Bank Reports" section.

**Reconciliation of Economic Profit, Return on Invested Capital
and Adjusted Net Income**

(millions of Canadian dollars)	<i>For the three months ended</i>		
	Jan. 31 2006	Oct. 31 2005	Jan. 31 2005
Average common equity	\$ 16,476	\$ 15,755	\$ 12,846
Average cumulative goodwill/intangible assets amortized, net of income taxes	3,432	3,348	3,080
Average invested capital	\$ 19,908	\$ 19,103	\$ 15,926
Rate charged for invested capital	9.5%	10.1%	10.1%
Charge for invested capital	\$ (477)	\$ (486)	\$ (405)
Net income available to common shareholders - reported	2,302	589	630
Items of note impacting income, net of income taxes	(1,472)	176	55
Net income available to common shareholders - adjusted	830	765	685
Economic profit	\$ 353	\$ 279	\$ 280
Return on invested capital	16.5%	15.9%	17.1%
Return on common equity	55.4%	14.8%	19.5%

FINANCIAL RESULTS OVERVIEW

Performance Summary

The following is an analysis of the Bank's performance on an adjusted basis for the first quarter of 2006 against the shareholder indicators the Bank included in the 2005 Annual Report. Shareholder performance indicators help guide and benchmark the Bank's accomplishments. For the purpose of this analysis, the Bank excludes items of note from the reported results that are prepared in accordance with Canadian GAAP. Adjusted earnings and reported results referenced in the Report to Shareholders are explained in detail on page 5 under "How the Bank Reports."

Economic profit increased by \$73 million or 26% from a year ago.

The total shareholder return was 29.4%, for the twelve months ended January 31, 2006. The result was driven primarily by appreciation of the Bank's share price as the closing price of \$60.65 on January 31, 2006 was \$12.50 higher than a year earlier.

Adjusted diluted earnings per share growth was 11% from a year ago and 8% from the prior quarter. The increase was the result of strong adjusted earnings growth across the Bank's domestic businesses.

Revenue growth exceeded expense growth on an adjusted basis in each of our businesses in the first quarter.

Adjusted return on risk-weighted assets was 2.48%.

Net Income

Year-over-year comparison

Reported net income amounted to \$2,307 million for the first quarter, up \$1,677 million or 266% from a year ago primarily due to the dilution gain recorded on the transaction with TD Ameritrade. Adjusted net income was \$835 million, up \$150 million or 22% from a year ago, reflecting the inclusion of TD Banknorth's results and strong results across all our businesses.

Compared to the previous quarter

Reported net income increased by \$1,718 million or 292% primarily due to the TD Ameritrade transaction, and adjusted net income increased by \$70 million or 9%, reflecting stronger trading revenues in Wholesale Banking.

Net Interest Income

Year-over-year comparison

Reported net interest income was \$1,607 million for the first quarter, an increase of \$196 million or 14% compared with the same quarter last year. Adjusted net interest income was the same as reported. Average earning assets totalled \$308 billion, up \$41 billion or 15%. The net interest margin as a percent of average earning assets declined by 3 basis points, reaching 2.07% compared with 2.10% a year ago.

The increase in net interest income was entirely a result of the inclusion of TD Banknorth results, which reported net interest income of \$284 million. Net interest income in Canadian Personal and Commercial Banking increased \$88 million or 8%, largely driven by volume growth across most banking products, particularly in real estate secured lending, core banking, business deposits and credit cards, as improvement in margins was partially offset by a continued product mix shift into lower margin deposit products. There was also an increase of \$33 million or 23% in net interest income in Wealth Management due to growth in discount brokerage deposit spreads and margin balances. These increases were partially offset by a decrease of \$140 million or 50% in Wholesale Banking due to reduced trading-related net interest income within the credit and equity businesses. Net interest income also decreased by \$69 million or 68% in the Corporate segment.

Compared to the previous quarter

Reported and adjusted net interest income decreased by \$34 million or 2%. Average earning assets were \$4 billion or 1% higher. The net interest margin as a percent of average earning assets declined by 7 basis points.

Net interest income was primarily impacted by lower income in Wholesale Banking due to reduced trading-related net interest income within the credit and equity businesses and in U.S. Personal and Commercial Banking due to margin compression. These declines were partly offset by net interest income growth in Canadian Personal and Commercial Banking that was evenly split between volume growth and higher margins, and in Wealth Management primarily reflecting higher margin loans in discount brokerage.

Other Income

Year-over-year comparison

Reported other income increased \$402 million or 29% from the same quarter last year to \$1,797 million, driven by increases in trading revenues, service charges and insurance revenues. There was also growth in full service brokerage and other securities services, card services and mutual fund management revenues. These increases were partially offset by lower net investment securities gains and credit fees. TD Banknorth contributed \$73 million to other income this quarter. Adjusted other income amounted to \$1,834 million for the first quarter, up \$422 million or 30% from a year ago.

Investment and securities services revenues were \$642 million, up \$42 million or 7% compared with the same quarter last year. Investment management fees were up \$16 million or 42%. Mutual fund management fees were up \$16 million or 11% due to continued solid growth in mutual fund assets under management. Self-directed brokerage fees decreased by \$8 million or 3% and full service brokerage increased by \$2 million or 3% compared with the same quarter last year. Although average trades per day increased by 6% to 121,000 compared with 114,000 in the same quarter last year, revenues were lower due to the sale of TD Waterhouse U.S.A. on January 24, 2006, resulting in six fewer revenue days included in the U.S. results. Capital market fee revenue (which includes revenues from mergers and acquisitions, underwriting and equity sales commissions) rose by \$11 million or 11% mainly due to higher equity trading commissions.

Trading revenues were \$292 million, up \$216 million or 284% from the same quarter last year. Trading-related income (which is the total of trading income reported in other income and net interest income on trading positions reported in net interest income) amounted to \$308 million, up \$73 million or 31% compared with the same quarter last year primarily due to improved trading results in credit and interest rate, equity and foreign exchange.

Insurance revenues, net of claims, increased by \$40 million or 22%, compared with the same quarter last year due to the inclusion of results from the TD Banknorth acquisition and increased penetration of existing domestic customers. Insurance revenues also improved as a result of better loss and claims experience.

Service charges increased by \$51 million or 30%, largely reflecting inclusion of the TD Banknorth results and an increase in domestic branches revenues.

Credit fees decreased by \$12 million or 12% primarily due to a decrease in corporate fees, partially offset by higher retail fees.

Card services increased by \$29 million or 56%, largely due to the inclusion of results from TD Banknorth and increased volume.

Net investment securities gains were \$23 million, down by \$29 million or 56% compared with the same quarter last year, reflecting TD Banknorth's balance sheet restructuring charge of \$52 million.

The Bank also recognized income of \$15 million in the current quarter, related to derivatives not afforded hedge accounting as a result of the adoption of the hedging relationships accounting guideline (AcG-13).

Compared to the previous quarter

Reported other income increased by \$355 million or 25%, primarily due to higher trading revenues. The increase was offset by decline in net investment securities gains. Adjusted other income rose by \$295 million or 19%.

Investment and securities services revenues were up \$8 million or 1%. Discount brokerage fees rose \$8 million or 4%. Average trades per day increased by 14% from 106,000. Mutual fund management fees were up \$9 million or 6% and were offset by an \$8 million or 7% decrease in capital market fees revenue due to lower underwriting revenues and a \$3 million or 4% decline in full service brokerage.

Trading revenues increased by \$380 million or 432%. Trading-related income increased by \$302 million due to improved trading performance as well as a \$107 million loss recorded in the fourth quarter last year due to a reduction in the estimated value and the exit of certain structured derivatives portfolios in connection with the repositioning of the global structured products businesses.

Insurance revenues, net of claims, increased by \$14 million or 7% reflecting organic volume growth and better loss and claims experience.

Securitization income decreased by \$28 million or 23% due to lower securitization activity during the quarter.

Credit fees increased by \$2 million or 2% mainly reflecting higher corporate fees.

Net investment securities gains decreased by \$53 million or 70% reflecting TD Banknorth's balance sheet restructuring charge of \$52 million.

Provision for (Reversal of) Credit Losses

Year-over-year comparison

In the first quarter, the Bank recorded a provision for credit losses of \$114 million, compared with a provision of \$10 million in the same quarter last year. The increase of \$104 million was mainly attributable to a \$35 million general allowance release and a \$35 million recovery in the non-core lending portfolio related to amounts previously provided for under sectoral provisions in the first quarter last year that did not recur, a \$17 million provision in the Wholesale Banking merchant banking portfolio in the current quarter, a \$4 million increase in Canadian Personal and Commercial Banking and a \$7 million provision for credit losses in U.S. Personal and Commercial Banking.

The total provision for credit losses was comprised of total specific provisions of \$120 million and a reversal in TD Banknorth's general provisions of \$6 million. Specific provisions were up \$75 million or 167% from a year ago. The increase was due to higher provisions for personal credit lines and credit cards portfolios. The change in general provisions was entirely due to a reversal of \$6 million in TD Banknorth.

Compared to the previous quarter

Provision for credit losses was up \$129 million, from a reversal of credit losses of \$15 million due to a \$109 million recovery in the non-core lending portfolio for amounts previously provided for under sectoral provisions.

Provision for Credit Losses

(millions of Canadian dollars)	<i>For the three months ended</i>		
	Jan. 31 2006	Oct. 31 2005	Jan. 31 2005
Net new specifics (net of reversals)	\$ 151	\$ 60	\$ 99
Recoveries	(31)	(82)	(54)
Provision for (reversal of) credit losses - specifics	120	(22)	45
Change in general allowance			
TD Bank	-	-	(35)
TD Banknorth	(6)	7	-
Total	\$ 114	\$ (15)	\$ 10

Non-Interest Expenses and Efficiency RatioYear-over-year comparison

Reported expenses for the first quarter were \$2,290 million, an increase of \$345 million or 18% from the same quarter last year. Adjusted expenses amounted to \$2,112 million for the first quarter, up \$301 million or 17% from a year ago. The increase in expenses was largely due to inclusion of TD Banknorth and a restructuring charge of \$50 million in Wholesale Banking in connection with the previously announced decision to reposition the Bank's global structured products businesses. TD Banknorth contributed \$225 million to the total non-interest expenses and is not included in the comparable quarter. Restructuring costs were primarily comprised of employee severance costs.

Reported efficiency ratio improved to 46.1% from 69.3% in the same quarter last year. The Bank's adjusted efficiency ratio was 61.4% compared with 64.2% a year ago.

Compared to the previous quarter

Reported non-interest expenses were up \$87 million or 4% as compared to \$2,203 million last quarter, reflecting the restructuring charge of \$50 million compared to \$6 million in the fourth quarter, higher salaries and employee benefits expenses and marketing and business development. These increases were offset by substantially lower professional and advisory services expenses and equipment expenses. Adjusted expenses increased by \$50 million or 2%.

Reported efficiency ratio improved to 46.1% from 71.5%. The Bank's adjusted efficiency ratio improved to 61.4% from 64.6%.

TaxesYear-over-year comparison

As discussed in the "How the Bank Reports" section, the Bank adjusts its reported earnings to assess each of its businesses and to measure overall Bank performance. As such, the provision for income taxes is stated on reported and adjusted basis.

Reported effective tax rate of 8.6% for the first quarter, was significantly lower than 26.0% in the same quarter last year. The decline was mainly due to the fact that there was a minimal tax impact on the TD Ameritrade dilution gain. The provision for income taxes, on a reported and adjusted basis, was \$220 million and \$328 million, respectively.

Compared to the previous quarter

The Bank's reported effective tax rate dropped significantly from 28.3% in the previous quarter as discussed above.

Indicated below are the statutory income tax rates and income taxes reconciled to the effective income tax rates and provisions for income taxes that we have recorded in the Consolidated Statement of Income.

(millions of Canadian dollars)	Jan. 31		For the three months ended			
	2006	2005	Oct. 31	Jan. 31	2005	2005
Income taxes at Canadian statutory income tax rate	\$ 897	35.0%	\$ 314	35.0%	\$ 298	35.0%
Increase (decrease) resulting from:						
Dividends received	(62)	(2.4)	(61)	(6.8)	(48)	(5.6)
Rate differentials on international operations	(53)	(2.1)	(53)	(5.9)	(36)	(4.2)

Federal large corporations tax	2	.1	-	-	-	-
Items related to dilution gains and losses	(584)	(22.8)	138	15.4	-	-
Other - net	20	.8	(85)	(9.4)	7	.8
Provision for income taxes and effective income tax rate - reported	\$ 220	8.6%	\$ 253	28.3%	\$ 221	26.0%

Certain comparative amounts have been restated.

Reconciliation of non-GAAP provision for income taxes

(millions of Canadian dollars)	Jan. 31 2006	For the three months ended	
		Oct. 31 2005	Jan. 31 2005
Provision for income taxes- reported	\$ 220	\$ 253	\$ 221
Increase (decrease) resulting from items of note:			
Amortization of intangibles	46	49	47
Dilution gain on Ameritrade, net of costs	34	(138)	-
Balance sheet restructuring charge in TD Banknorth	18	-	-
Wholesale Banking restructuring charge	15	2	-
Hedging impact due to AcG-13	(5)	(3)	6
Other tax items	-	68	-
Non-core loan loss recoveries (sectoral related)	-	(49)	(15)
Loss on structured derivative portfolios	-	37	-
General allowance release	-	-	(12)
Tax effect - items of note	108	(34)	26
Provision for income taxes - adjusted	\$ 328	\$ 219	\$ 247

HOW OUR BUSINESSES PERFORMED

For management reporting purposes, the Bank's operations and activities are organized around the following operating business segments: Canadian Personal and Commercial Banking, U.S. Personal and Commercial Banking, Wholesale Banking and Wealth Management. Canadian Personal and Commercial Banking comprises the Bank's personal and business banking in Canada as well as the Bank's global insurance operations (excluding the U.S.). Results of each business segment reflect revenues, expenses, assets and liabilities generated by the business in that segment. The Bank measures and evaluates the performance of each segment based on adjusted earnings where applicable, and for those segments the Bank notes that the measure is adjusted. For further details see the "How the Bank Reports" section on page 5. For information concerning the Bank's measures of economic profit and return on invested capital, see page 6. Segmented information also appears in Note 12 on page 26.

Net interest income, primarily within Wholesale Banking is calculated on a taxable equivalent basis (TEB), which means that the value of non-taxable or tax-exempt income including dividends is adjusted to its equivalent before tax value. Using TEB allows the Bank to measure income from all securities and loans consistently and makes for more meaningful comparison of net interest income with similar institutions. The TEB adjustment reflected primarily in the Wholesale Banking segment's results is eliminated in the Corporate segment.

Canadian Personal and Commercial Banking

Canadian Personal and Commercial Banking net income for the first quarter was \$476 million, an increase of \$52 million or 12% from the same quarter last year and up \$33 million or 7% from the previous quarter. This quarter represents the thirteenth consecutive quarter of year over year double-digit earnings growth. Return on invested capital increased to 25% this quarter compared to 23% a year ago and 23.4% in the previous quarter. Economic profit grew by \$56 million or 22% compared with the same quarter last year and \$41 million or 15% compared with the previous quarter.

Revenue grew by \$141 million or 8% compared with the same quarter last year and \$75 million or 4% from the last quarter on strong growth across all major business lines. Volume growth continued across most banking products and was the main contributor to the revenue increase, particularly in personal and business deposits and real estate secured lending. Higher service and transaction fees and insurance revenue also contributed to the higher revenue growth compared with the first quarter last year.

Compared with the same quarter last year, real estate secured lending volume (including securitizations) grew by \$11 billion or 10%, personal deposit volume grew \$4 billion or 4% while other personal loans remained relatively flat. Business deposits grew by \$4 billion or 13% and business loans and acceptances increased by \$1 billion or 6%. Gross originated insurance premiums grew by \$30 million or 7%. As of November 2005, personal deposit market share was 21.4% up .2% compared to last year and unchanged from last quarter. Personal lending market share was 20.1% down .3% from last year and unchanged from last quarter. Small business lending (credit limits of less than \$250,000) market share as of September 2005 was 16.9%, up .9% from last year and up .3% from last quarter.

Margin on average earning assets remained relatively unchanged (decreasing from 3.02% last year to 3.01% this quarter) as improved deposit margins from the rising interest rate environment were more than offset by continued product mix shift into lower margin deposit and real estate secured lending products. Margins improved .05% from last quarter on the higher deposit margins and lower mortgage prepayment costs.

Expenses increased by \$61 million or 7% compared with the same quarter last year and \$17 million or 2% from the previous quarter. Employee compensation, marketing and system infrastructure costs were the main factors contributing to the increase in expenses. The full time equivalent (FTE) staffing levels increased by 944 or 3% as compared with the same quarter last year, due to the addition of sales and service personnel in branches and call

centres as well as continued growth in insurance business. Positive spread between revenue and expense growth of 2% resulted in a 1.0% improvement in the efficiency ratio from last year to 54.6%.

Provision for credit losses (PCL) for the quarter increased by \$4 million or 4% compared with the same quarter last year and \$2 million or 2% from the previous quarter. Personal PCL of \$94 million was up \$9 million from \$85 million in the same quarter last year, primarily due to lower recoveries and volume growth in credit cards. Business Banking PCL of \$5 million was down \$5 million compared with \$10 million in the same quarter last year. Annualized PCL as a percent of credit volume was .25%, improving .01% from the same quarter last year.

The outlook for revenue continues to be strong for both personal and business banking products as recent increases in interest rates continue to improve margins and fee growth remains strong as a result of marketing initiatives. PCL rates on personal loans are expected to remain stable, however Business Banking PCL is likely to increase moderately going forward. Current expense growth reflects investments in systems development and infrastructure, as well as increased marketing efforts. The future expense impact of these initiatives will be offset as much as possible by savings from continual process improvements and expense growth will be managed to deliver a positive gap to revenue growth in keeping with TD Canada Trust's commitment to deliver continuing double-digit earnings growth over time.

U.S. Personal and Commercial Banking

The U.S. Personal and Commercial Banking segment was established March 1, 2005, as a result of the acquisition of a majority interest in TD Banknorth. The results of TD Banknorth are on a one-month lag basis.

U.S. Personal and Commercial Banking reported net income and adjusted net income for the first quarter of \$46 million and \$65 million, respectively. The annualized return on invested capital was 5.4% and the economic loss was \$43 million. These amounts were relatively flat compared with fourth quarter results for the segment. The item of note was the Bank's majority share of a \$34 million after-tax loss on \$3 billion of investment securities to be sold as part of a balance sheet restructuring designed to mitigate the interest rate risk associated with the investment portfolio.

Total adjusted revenues were \$357 million, including a \$52 million pre-tax loss recorded on the balance sheet restructuring. Excluding this item, total revenues were \$409 million compared to \$417 million in the fourth quarter. The decline was due to margin compression. The margin on average earning assets was 3.96% compared to 4.09% in the fourth quarter, a decline of 13 basis points due primarily to higher short-term rates. It is expected that the balance sheet restructuring (when completed in March 2006) will help steady margins in the future. Compared to the previous quarter, commercial loans and consumer loans increased at annualized rates of 4% and 14%, respectively, while residential mortgage loans have continued to decline as more loans are being sold into the secondary market. Compared to the fourth quarter, deposits increased at an annualized rate of 3% with strongest growth in term deposits. Provision for credit losses was \$7 million, consistent with the fourth quarter, reflecting continued strong asset quality. Non-performing loans declined during the quarter and represented .30% of total loans.

Expenses were \$225 million, including \$6 million of merger related charges. Excluding merger related charges, expenses were 1% higher than the fourth quarter. The average FTE staffing level for the quarter was approximately 7,300. The adjusted efficiency ratio was 55.0%.

On January 31, 2006, TD Banknorth closed on the acquisition of Hudson United for approximately U.S. \$1.9 billion in stock and cash. Hudson United has 200 banking offices located in 4 Mid-Atlantic states, total loans of approximately \$6 billion and total deposits of approximately \$8 billion.

TD Banknorth's management is focused on stabilizing the net interest income during this extended period of a flattening yield curve, the integration and development of the Hudson United franchise, and organic growth of loans and deposits. Net interest income is expected to continue to be under pressure from short term rates, although the balance sheet restructuring will help mitigate this. Results of Hudson United will be included starting February 1st, and revenue growth is expected to accelerate later in 2006 after the systems conversion and name change in May 2006. Investments in infrastructure and increased marketing will result in added expenses that are also expected to fuel future revenue growth from the Hudson franchise.

Wholesale Banking

Wholesale Banking reported net income of \$164 million in the first quarter, \$23 million higher than the first quarter of last year and \$123 million higher than in the previous quarter. Wholesale Banking adjusted net income was \$199 million in the first quarter, \$58 million more than the same quarter last year and \$84 million higher than the adjusted net income in the fourth quarter of last year. The return on invested capital for the quarter was 34%, compared with 23% in the same quarter of last year and 19% last quarter. Economic profit was \$132 million in the quarter compared to \$61 million in the same quarter of last year and \$38 million last quarter.

Adjusted earnings exclude the impact of a restructuring charge of \$35 million after-tax (\$50 million before tax) in the current quarter. Additionally, last quarter's adjusted earnings exclude a \$74 million after-tax impact which is made up of a restructuring charge of \$6 million before tax and a \$107 million before tax loss due to a reduction in the estimated value and the exit of certain structured derivatives portfolios. All of the noted items relate to the repositioning of the global structured products businesses, which was announced in 2005. No further restructuring charges are anticipated in respect of this re-alignment of our businesses.

Wholesale Banking revenue is derived primarily from capital markets, investing and corporate lending activities. Adjusted revenue for the quarter was \$661 million, compared to \$570 million in the same quarter of last year and \$478 million last quarter. The increase represents strength within our capital markets businesses this quarter, due largely to strong trading results in credit and interest rate, equity and foreign exchange along with continued strength from equity commissions and investment banking. Corporate lending revenues were relatively flat on both a quarter over quarter and year over year basis, while the equity investment portfolios were also relatively flat as security gains were higher than last year, but partially offset by lower interest income.

Provision for credit losses are comprised of allowances for credit losses and the accrual costs for credit protection. The change in the market value of the credit protection, in excess of the accrual cost, is reported in the Corporate segment.

Provisions for credit losses were \$29 million in the quarter, compared to \$13 million in the same quarter of last year and \$13 million last quarter. The current provision includes a specific allowance of \$17 million related to a single credit exposure in our merchant banking business. The remainder of the provision relates to the cost of credit protection.

Wholesale Banking continues to proactively manage its credit risk and currently holds \$3.0 billion in notional credit default swap protection, a decrease of \$1.1 billion from the same quarter last year and a decrease of \$.2 billion from last quarter. The decrease from the same quarter last year is largely a result of rebalancing within the protection portfolio, whereas the decrease from last quarter is mainly related to the strengthening of the Canadian dollar relative to the U.S. dollar, as most of the protection is denominated in U.S. currency.

Adjusted expenses were \$345 million, an increase of \$13 million compared to the same quarter last year and \$19 million higher than last quarter. The increases are a result of higher variable compensation related to the strong performance this quarter, partially offset by lower operating expenses.

Overall, Wholesale Banking had an exceptional quarter, achieving excellent earnings while continuing to implement the repositioning of the Bank's global structured products businesses. The strong earnings reflect TD Securities' ability to capitalize on positive market conditions this quarter, but are not indicative of expected earnings in the remainder of 2006. However, the solid performance of the domestic businesses reinforces management's confidence in our strategy to grow this portion of the business while continuing to prudently manage our market, credit and operational risk profile.

Wealth Management

Wealth Management's net income for the first quarter of 2006 was \$138 million, an increase of \$40 million or 41% from the same quarter last year and \$2 million or 1% from the previous quarter. The return on invested capital for the quarter was 21%, up 6% from the same quarter last year and flat compared to the previous quarter. The economic profit for the quarter was \$64 million, an increase of \$46 million or over 100% year over year and \$6 million or 10% quarter over quarter.

Total revenue increased \$79 million or 12% from the same quarter last year and \$20 million or 3% from the previous quarter to \$742 million. Interest revenue rose due to an increase in discount brokerage margin balances and deposit spreads. Other revenue growth was achieved through a combination of strong trading volumes in discount brokerage, an increase in net sales of mutual funds and robust asset growth in the advice-based channels. In discount brokerage, trades per day grew by 6% over the prior year and 14% over the prior quarter to 121,000. While trades per day were up, discount brokerage revenues were impacted by the sale of TD Waterhouse U.S.A. on January 24, 2006, resulting in six fewer days' worth of revenues included in the U.S. results for the segment. Mutual fund management fees were higher due to growth in mutual fund assets under management of 8% compared to the prior quarter and 23% compared to the first quarter in 2005. Assets under administration in advice-based businesses was up by 27% over the same quarter last year. Offsetting these gains against both comparative periods was the impact of foreign exchange fluctuations on U.S. revenues.

Expenses were \$525 million in the first quarter, an increase of \$17 million or 3% compared with the same quarter last year and \$11 million or 2% compared to the prior quarter. The increases resulted from higher variable compensation due to growth in mutual funds and the advice-based businesses. These increases were partially offset by the favourable impact of foreign exchange fluctuations on U.S. expenses and by cost efficiencies in all businesses. The efficiency ratio improved by 6% from the same quarter last year and was flat compared to the prior quarter.

Assets under management of \$137 billion at January 31, 2006 increased \$7 billion or 5% from October 31, 2005 due to strong sales of mutual funds, growth in institutional assets and market appreciation. Assets under administration totaled \$147 billion at the end of the quarter, decreasing \$167 billion or 53% from October 31, 2005 due to the sale of TD Waterhouse U.S.A. to Ameritrade. Excluding TD Waterhouse U.S.A., assets under administration increased \$14 billion or 10% due to the addition of new assets in discount brokerage, private investment advice and financial planning combined with market appreciation.

Wealth Management continues to benefit from earnings diversification as evidenced by the strong growth this quarter from both the discount brokerage and advice-based asset management segments. In particular, the advice-based asset management businesses continued to benefit from a combination of strong asset growth and a significant increase in the number of client facing advisors.

Corporate

During the first quarter 2006, the Corporate segment reported net income of \$1,483 million. The results include \$1,670 million after-tax dilution gain on the Ameritrade transaction. The segment also realized a dilution loss of \$72 million after-tax related to the purchase of Hudson United by TD Banknorth, and a gain of \$15 million (\$10 million after-tax) this quarter as a result of the impact of hedging relationships accounting guideline (AcG-13), which requires management to mark-to-market the value of credit protection on the corporate lending portfolio among other economic hedges. The results also include the Bank's amortization of intangibles of \$128 million (\$82 million after-tax) in the quarter.

The net loss reported in the first quarter last year was \$33 million. Prior year results included income relating to a \$35 million (\$23 million after-tax) general allowance release, and a \$35 million (\$20 million after-tax) recovery in the non-core lending portfolio related to amounts previously provided for under sectoral provisions.

Compared to the preceding quarter, the net income increase was largely due to the \$1,670 million dilution gain on the Ameritrade transaction, as previously discussed. The prior quarter included a \$138 million reorganization tax charge relating to the TD Ameritrade transaction, and income relating to a \$109 million (\$60 million after-tax) recovery in the non-core lending portfolio related to amounts previously provided for under sectoral provisions. Also included in prior quarter was \$68 million one-time tax benefits and \$13 million preferred share redemption costs.

BALANCE SHEET REVIEW

Total assets were \$384 billion at the end of the first quarter 2006, \$19 billion higher than October 31, 2005. The increase in assets was partially driven by the acquisition of Hudson United by TD Banknorth which contributed \$12 billion of the increase. Hudson United contributed \$3 billion in investment securities to the increase in total assets. Growth in trading securities of \$9 billion mainly within Wholesale Banking, also contributed to the increase. Business and government loans increased by \$5 billion compared with October 31, 2005, mainly due to the acquisition of Hudson United. Personal loans, including securitizations, decreased by \$1 billion compared with October 31, 2005, primarily due to the sale of TD Waterhouse U.S.A. and partially offset by the acquisition of Hudson United. Residential mortgages, including securitizations, decreased by \$1 billion. Bank-originated securitized assets not included on the balance sheet amounted to \$24 billion, unchanged from October 31, 2005.

Total deposits were \$256 billion at the end of the first quarter 2006, an increase of \$9 billion compared with October 31, 2005 of which \$8 billion was attributable to Hudson United. Personal deposits increased by \$4 billion primarily due to the Hudson United acquisition as well as organic growth within the Bank's retail businesses. This was partially offset by the sale of TD Waterhouse U.S.A.. Business and government deposits, including deposits with banks, increased by \$5 billion compared with October 31, 2005 partially due to funding a higher level of assets within Wholesale Banking as well as the Hudson United acquisition.

The Bank enters into structured transactions on behalf of clients which results in assets recorded on the Bank's Consolidated Interim Balance Sheet for which market risk has been transferred to third parties via total return swaps. As at January 31, 2006, assets under such arrangements amounted to \$15 billion, compared with \$14 billion as at October 31, 2005. The Bank also acquires market risk on certain assets via total return swaps, without acquiring the cash instruments directly. Assets under such arrangements amounted to \$5 billion as at January 31, 2005 unchanged from October 31, 2005. Market risk for all such positions is tracked and monitored, and regulatory market risk capital is maintained.

CREDIT PORTFOLIO QUALITY

Gross impaired loans were \$365 million at January 31, 2006, a decrease of \$148 million from \$513 million at January 31, 2005. The decline is primarily due to lower corporate gross impaired loans in the non-core lending portfolio that is being wound down. As compared with the prior quarter, gross impaired loans increased by \$16 million. Net impaired loans totalled \$993 million, compared with \$625 million in the same quarter last year and \$944 million in the previous quarter.

The total allowance for credit losses of \$1,358 million at the end of the first quarter was comprised of total specific allowances of \$155 million and a general allowance of \$1,203 million. Specific allowances decreased by \$101 million from a year ago and increased by \$2 million from the previous quarter. General allowance for credit losses rose by \$321 million from a year ago and \$63 million from the previous quarter due to inclusion of TD Banknorth/Hudson United. The Bank establishes general allowances to recognize losses that management estimates to have occurred in the portfolio at the balance sheet date for loans or credits not yet specifically identified as impaired.

Changes in Gross Impaired Loans and Acceptances

(millions of Canadian dollars)	Jan. 31	<i>For the three months ended</i>				
		2006	Oct. 31 2005	Jan. 31 2005		
Balance at beginning of period	\$	349	\$	452	\$	537

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Additions		263		214		211
Return to performing status, repaid or sold		(95)		(173)		(129)
Write-offs		(152)		(138)		(111)
Foreign exchange and other adjustments		-		(6)		5
Balance at end of period	\$	365	\$	349	\$	513

Allowance for Credit Losses

(millions of Canadian dollars)		<i>For the three months ended</i>		
		Jan. 31	Oct. 31	Jan. 31
		2006	2005	2005
Specific allowance	\$	155	\$ 153	\$ 256
General allowance		1,203	1,140	882
Total allowance for credit losses	\$	1,358	\$ 1,293	\$ 1,138
Total net impaired loans	\$	(993)	\$ (944)	\$ (625)

Net impaired loans as a percentage of net loans