Q1 2006 EARNINGS CONFERENCE CALL
THURSDAY FEBRUARY 23, 2006

DISCLAIMER

FORWARD-LOOKING INFORMATION

From time to time, the Bank makes written and oral forward-looking statements, including in this presentation, 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 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 forwardlooking statements. Some of the factors that could cause such differences include: the credit, market, liquidity, interest rate, operational, reputational, insurance 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 integration, growth and acquisition strategies, including those of its subsidiaries, particularly in the U.S.; 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 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.

CORPORATE PARTICIPANTS

Ed Clark	President & CEO, TD Bank Financial Group
Colleen Johnston	EVP, TD Bank Financial Group
Bob Dorrance	Chairman & CEO, TD Securities
Tim Hockey	Co-Chair, TD Canada Trust
Bernie Dorval	Co-Chair, TD Canada Trust
Bill Hatanaka	Chairman & CEO, TD Waterhouse
Bharat Masarani	Chief Risk Officer, TD Bank Financial Group
Bill Ryan	CEO, TD Banknorth

CONFERENCE CALL PARTICIPANTS

Michael Goldberg	Desjardins Securities - Analyst
Steve Cawley	TD Newcrest - Analyst
Rob Wessel	National Bank Financial - Analyst
Darko Mihelic	Blackmont Capital – Analyst
Ian DeVerteuil	BMO Nesbitt Burns – Analyst
Chris Witty	Lazard Freres – Analyst
Jamie Keating	RBC Capital Markets – Analyst
Mario Mendonca	Genuity Capital Markets – Analyst
Andre-Phillipe Hardy	Merrill Lynch – Analyst
Quentin Broad	CIBC World Markets – Analyst

PRESENTATION

Colleen Johnston – CFO, TD Bank Financial Group

Good afternoon and welcome to the TD Bank Financial Group's first quarter, 2006 investor presentation. My name is Colleen Johnston, and I am the CFO of the bank. With us today Ed Clark, the bank's CEO, who will give an overview of the quarter. Following Ed's remarks, I will cover our operating performance in more depth. After my presentation, we will entertain questions from those present, as well as pre-qualified analysts and investors on the phones.

Also, present today to answer your convention are Bob Dorrance, Chairman and CEO of TD Securities, Tim Hockey and Bernie Dorval, Co-Chairs of TD Canada Trust, Bill Hatanaka, Chairman and CEO of TD Waterhouse, Bharat B. Masrani , Chief Risk Officer, and Bill Ryan, CEO, TD Banknorth.

I know that this presentation contains forward-looking statements, and actual results could differ materially from what is discussed. Certain material factors or assumptions were applied in making these statements. For additional information, we refer you to our press release and presentation material. These documents include a description of factors that could cause actual results to differ, and can be found on our website at TD.com.

Over to Ed.

Ed Clark – CEO, TD Bank Financial Group

Thanks, Colleen, and thanks for all of you joining us this afternoon.

We are obviously here to find out how we did in our first quarter, and I know that we always tell you to focus on our underlying earnings, but I think I would be remiss if I didn't at least mention the fact that we had $2.3 billion in reported earnings this quarter, but whether or not you look at the reported earnings or the underlying earnings, I think the message is pretty clear: We had a great quarter. Our adjusted diluted earnings per share were $1.15, up 11% from the first quarter last year. Our adjusted net income is up 22%. We were able to strengthen our capital position and our efficiency ratio is excellent.

Also this quarter, we were able to conclude some important strategic initiatives. First, we closed successfully the TD Waterhouse/Ameritrade deal, and TD Banknorth's acquisition of Hudson United together these two transactions provide TD in the United States with a great platform and the opportunity to build a powerful brand in the U.S. market place.

Colleen is going to take you through the items of note, but do I want to mention the fact that I think in business it's hard to do a deal that is both great strategically and financially. The TD/Ameritrade deal is just that. Strategically, it has positioned us to be a long-term winner in the on-line brokerage space, financially, it strengthened our capital position, and increased our sustainable earnings. Hudson United was also a great deal for us in the U.S. retail market place. It extended the Banknorth franchise into key growth areas.

Domestically, we also saw an opportunity and took it. Announcing last week that Toronto Dominion will offer to acquire VFC, a leading providers of automotive purchase financing and consumer installment loans. I'll talk more about that in a moment. So it's been a busy and successful quarter, based on the strength and sustainability of our earnings, today we announced an increase in our dividend by $0.02 to $0.44 per share. Colleen is going to take you through the numbers in detail, but let me share my thoughts on the operating performance of each segment.

On the personal and commercial side, let me start with the announcement made last week that TD will offer to acquire VFC. Why did we do this transaction, particularly given our very measured approach to growing our unsecured lending business? Well, as you know, we do have a clear path to grow that business. We're executing on that strategy while building the infrastructure we need to increase our share of unsecured lending, but that strategy envisions an increase in our share only in the prime market in Canada, and as Tim told you last week, we've been studying the non-prime market, and have come to the conclusion that we expect the non-prime market in Canada to become material over time, mirroring somewhat what we've seen in the United States. We believe we should participate in that growth.

But we took the same strategic approach and thought process that we've taken in the past. With Meloche Monnex or Banknorth, we saw an opportunity in an area that was new to us, and found a company with a proven track record and a strong management team that TD could leverage to grow in this new market. VFC is no exception to this tradition. VFC knows their customer base, they know their business and have a great dealer network. They're experts in risk-based pricing with sound infrastructure, sound management, and great people, and we intend to leverage VFC's expertise to learn more about the non-prime market, and apply that learning to determine if we're going to go after a bigger piece of the nonprime business. Overall the bank has clearly shown that the momentum it had in the past has carried into 2006. It had a strong quarter, with earnings up 12% compared with the first quarter last year.

PNC's strong performance this quarter comes from across the board both in personal and business banking We've seen robust results, from business banking, insurance, Visa, and real estate lending, all areas that we focused on growing. Clearly their strategy is working. We also have a great story to tell about our efficiency ratio. It's the best level yet at 54.6%. And we achieved this efficiency level while we continued to invest. We added 21 new branches last year, adding more customer-facing employees, upgrading our systems, and growing our points of presence in business banking.

Our strong revenue growth has allowed to us invest for the future. I'll be up front and say that across the Company, we're all watching expenses closely. We don't want to build a culture of expense growth that's too dependent on rapid revenue growth. We remain committed to having expense growth that's less than revenue growth. In terms of PCLs, I've said it before, and it bears repeating, I continue to worry that in the medium term, there will be a credit cycle turn as a result of the impact of the strong Canadian dollar on small business in the commercial sectors, but for the moment, the environment remains benign, and on the personal side, PCL growth basically reflects net growth in the portfolio. So in summary, the PNC Bank has a lot to be proud of this quarter. They've shown again that their results are sustainable, and I believe it's realistic to think that we'll continue to deliver double digit earnings growth in this business throughout 2006

Turning now to domestic wealth management. This is a continuing good news story. $105 million in earnings this quarter, up 35% year over year. We're aggressively growing our franchise, sticking to our strategy, and investing in people and infrastructure, and its working. We've seen the best net sales and long-term mutual funds we've seen in 12 years. We continue to see asset growth and [device baked business] and improved profitability in discount brokerage.

These results are especially impressive considering how much we're investing in this business. We've added 147 net new client facing advisers last year, and we're on track to add at least another is 130 this year. We continue to protect our leadership position in discount brokerage. While our primary focus is superior customer service, we also have upped the ante on both price and technology. We've recently introduced a new platform on pricing structure for the active trader segment and in discount brokerage. While this investment may put some down ward pressure on our revenue in the short term, it positions us well to grow our share of the active trader market. Assuming market conditions remain stable, we expect that wealth management will have a very strong showing this year.

It appears that the industry as a whole is now moving to report on the basis of domestic retail operations. While it's useful for us to step back and look at our overall picture in the same way. When we do so, frankly, it looks great. Over the last three years, we've delivered earnings growth in the 15 to 18% range each year, and we're on track to do it again this year. That's a remarkable achievement. In doing so, we've also managed to achieve an industry-leading efficiency ratio. We believe the sustained level of performance is based on the strength of our integrated customer focused business model, and our resulting ability to take advantage of our great distribution systems in all our businesses.

Turning now to wholesale. Well, they really jumped out of the gate this year, delivering for us truly excellent results. Adjusted earnings within the wholesale banking this quarter were $199 million, up 41% from what was a very strong first quarter of 2005. There's no doubt TD securities was key contributor to TD's banks overall performance this quarter. Revenue as up across the board, with strong results across all areas of trading, and continued strength from equity commissions and investment banking.

Now, we remain very committed to our strategic goal is of being a top three dealer in Canada. The strength we're building in TD Securities domestic core business is gradually becoming more and more evident. In 2005, we were number one in institutional equity trading. We were number one in M&A deals, based on completed transactions with community involvement. We were number two in fixed income trading and government origination, and number three in underwritings for all financings.

Operating expenses are down, despite the fact that we continue to invest in building our domestic franchise by adding people. Now, as you know, Q1 has historically been for the wholesale its strongest quarter, and we would expect this year to be no exception. There is apparent seasonality in this business, and I can't see any chance that this is going to change this year. But while we can and should celebrate how TD Securities has performed, it's only realistic to think that we are not likely to see another quarter this year where all of our trading businesses at the same time perform at the high level they did in the first quarter.

I also believe that it's prudent to recognize that when you're exiting books of businesses, as we are in the structured product areas, there's always the risk that it may end up costing you more than you anticipated. So we could see some impact from that on our trading revenues later in the year. We continue to make progress in winding down our global structure product businesses. Last time we met, I said we expected restructuring charges in the first quarter mainly because of people costs associated with exiting this business. You will see that charge this quarter mounted to $35 million after tax. We do not expect there will be any further restructuring charges associated with this decision.

At this point, we now believe we have a stronger derivatives business that will make a positive contribution in TD Security's ability to generate 20%-plus rates return, and indeed to do so with significantly less risk. To sum up, I'm very pleased with whole sale's strong start to the year, but that performance hasn't changed our fundamental view of the earnings power of this business. We would expect to see 2006 results in line with what we saw in 2005 on an adjusted basis.

Turning to our U.S. operations, TD Waterhouse had another good quarter, driven primarily by higher interest rate income as short term rates continue to rise. Excellent cost control reflecting decisions made last year were also an important factor. Rising short term interest rates were positive for TD Waterhouse continue to a negative factor for TD Banknorth, and for the U.S. banking market generally. As I've said previously, there are two impacts, a direct impact to the extent that banks have a carry trade, and an indirect impact as spreads have narrowed due to competitive pressures.

Now, as you are aware, TD Banknorth has moved to virtually eliminate its interest rate risk position, producing earnings which are of very high quality. The question has arisen to why we did so in steps rather than just one restructuring. Frankly, together, Bill and take responsibility for that decision. Historically, Banknorth has had a carry trade, and initially, we were reluctant to fully eliminate it, for fear of putting them at a competitive disadvantage. So initially we kept a small duration position. But over time, it became clear to Bill and I that it just didn't make sense to play the interest game in Banknorth, and with the acquisition of Hudson, it seemed that was the property time to maybe this final shift.

Let me turn to the second impact. Clearly, operating a bank in the United States is tough today. Bill, in his call has already said that the EPS outlook for his first quarter, our second quarter, was $0.60 a share. Bill's team is looking at everything they can do to respond to this challenging environment. The advantage that we have as a large diversified organization is that we can make these longer term plays to build competitive advantage for the future. We have done this before in a number of places in the bank, and we are committed to doing this in terms of our U.S. strategy. We have other businesses that are outperforming, which will allow us to work through the challenges that the interest rate environment is creating for all banks, including TD Banknorth in the United States, and shill achieve TD Bank's performance goals.

Finally, turning to our ownership position in TD/Ameritrade and TD Banknorth and our overall capital position, let me comment on what we've done and what we're doing. On TD Banknorth, we announced our intense to by on the open market. TD Banknorth has bought back approximately 8 million shares. We have bought back approximately half a million shares, restoring our ownership to 55.6%, which is approximately the same we had prior to the Hudson United deal. We will continue to buy opportunistically, depending on market conditions, but frankly we're in no hurry. On TD Ameritrade, as you know, when we originally entered into the deal, we agreed to a ten year offer for TD Ameritrade stock at a price of not less than $16 per share following the closing.

At the time, the price was a premium to the market. It is now below the current market price for TD Ameritrade common stock which closed yesterday at 19.81. While we were prepared to honor our obligation to proceed with the 10-year offered $16, those members of the board of directors of TD Ameritrade that are not related to TD agreed to waive the tender obligation in exchange for us committing to purchase at least 50 million shares of TD Ameritrade in the next six months in the open market, including through block purchases. Yesterday announced that we will commence a purchase program under U.S. security rules. we also restated our current intention to reach an ownership level of 37.5% through January of 2007, which would require the purchase of approximately 30 million shares in total.

Overall, to sum up, I would say this is a remarkably strong quarter, launching us into the year, which we have every reason to believe will be an extremely successful year. We're delivering on our strategy, and we're doing exactly what we told you we would do. We continue to perform and deliver even more value to our shareholders year in and year out. Our path is clear, we're not going to deviate from it. We're building TD into a leading, Canadian-based growth company.

With that I'll turn things over to Colleen.

Colleen Johnston ***- Toronto Dominion Bank - CFO***

SLIDE 4
Thanks, Ed. So turning to slide 4, let's start with the Q1 EPS. Reported net income for the quarter was $2.3 billion, or $3.20 per share. Starting with this quarter, we will now reference a non-GAAP measure called adjusted basis, which excluded amortization of intangibles and items of note. This gets you to what management views as underlying results. On this basis, EPS was $1.15 for the quarter.

The table takes you between the reported and the adjusted view. The items of note are the same ones we told you about after Q4, plus the impact of the TD Banknorth balance sheet restructuring, which was announced in early January. The first item is amortization of intangibles. This is now being shown as an item of note. The charge in the quarter was 82 million, or $0.11 per share. Please note that there is no TD Ameritrade or Hudson amortization in Q1. While our balance sheet at January 31st includes the impact of Hudson and TD Ameritrade because they were material, we report the ongoing P&L for both TD Banknorth and TD Ameritrade on a one month lag basis. Going forward, on a full quarter basis, amortization of intangibles will increase by 13 million per quarter after tax, as a result of TD Ameritrade and Hudson.

Second item is the TD Ameritrade dilution gain of U.S. $1.45 billion, or Canadian 1.67 billion, which contributed $2.32 per share this quarter. Net of the TD Waterhouse reorganization tax charge taken last charge quarter, the net dilution gain Canadian 1.5 billion, or U.S. 1.3 billion. The gain represents 60.1% of the fair market value of TD Ameritrade shares less this book value of TD Waterhouse USA, less transaction costs and adjusted for tax.

In our post close presentation for TD Ameritrade, we took you through the calculation methodology. To reiterate, because this is a non-monetary transaction, the accounting rules allow us to take the gain only to the extent we've sold to outside parties. We've assumed our share at 39.9%, which reflects the legal structure of the deal. If we assumed our ownership at 32.5% only, which is our current level, the gain would be larger, because we recognize 67.5 percent of the amount. Hence we've been conservative.

The next item is the Hudson United dilution loss which is a charge of Canadian 27 million after tax, or $0.10 per share. TD participated at 49% in the Hudson transaction, hence resulting in a 2% dilution of ownership, but this dilution was temporary. TD Banknorth has now bought back approximately 8.1 million shares, and we've also bought 500,000 shares. At today's date we own 55.6% of TD Banknorth.

Next is the TD Banknorth balance sheet restructuring of U.S. $16 million, Canadian 19 after tax and non-controling interest, which amounts to $0.03 per share. The objective of the restructuring was to mitigate interest rate risk. The next item is the wholesale bank restructuring charge of 35 million after tax, or $0.05 per share. TDS has worked hard to finalize their plans related to the runoff of these books, and they dealt with the people, systems, and real estate side of our infrastructure during the first quarter. There will be no further items of note related to this restructuring. And finally, hedge relationship accounting ACG13.

This was a $10 million gain in the quarter after tax, or $0.02 per share. This primarily relates to the mark to market of credit default swaps.

So a number of adjusting items, all of which you've known about, which translates into an adjusted EPS of $1.15 for the quarter, an excellent quarter on both an adjusted basis and a reported basis. Next slide shows you an overview of our business performance for the quarter. As you can see, adjusted net income was $835 million for the quarter, up 22% from last year. Adjusted EPS of $1.15 was up 11% from last year, and 8% from last quarter.

SLIDE 5

Looking at the businesses, Canadian P&C bank had a very strong quarter at $476 million, up 12% from last year. US PMC bank, TD Banknorth contributed $65 million this quarter, which was down from the fourth quarter. Growth management had an excellent quarter, up 41% from last year, and the wholesale bank had an impressive quarter at 199 million, up 41% from last year. We don't generally talk about the corporate segment, but it did show a loss of 43 million, compared with net income of 22 million last year. The supplemental package shows you the reasons for the decline. One of the larger ones is a 20 million decline in non-core lending profitability. Various other items impact this segment.

What you're probably interested in is a run rate going forward. You can probably assume a loss in the 20 million to 40 million range per quarter. Capital ratios, great capital ratios at January 31st. Tier 1 is at 11.9%, and now will be at the top end of the Canadian banks. As we advised previously, the combined impact of TD Ameritrade and Hudson, and the new preferred shares was to add 140 basis points to our Q4 ratio with the remaining basis points reflecting the quarterly addition of retained earnings. Tangible common equity ratio was 8.8% at quarter end, up from 7.4% at the end of last quarter, 110 basis points of the increase is was due to the combined impact of TD Ameritrade and Hudson.

Post TD Ameritrade close, we continue to consider 7.5% as a more appropriate lower level range for our net tangible common equity in order to accommodate the differing views as the to the capital implications of this transaction by rating agencies and possible changes to regulatory treatment under BASIL 2 rules. What's impressive, is that we've been to close both TD Ameritrade and Hudson United, and our excess capital levels have remained relatively constant from Q4 of '05 to Q1 of '06. However, I would caution that you could look for lower reported return level going forward due though the of the large TD Ameritrade gain to our shareholder's equity.

SLIDE 6 & 7

So let's move on to Canadian personal and commercial bank. TD Canada Trust. This first slide shows you net income and return on invested capital for the last five quarters. This was another record quarter for TD Canada Trust in terms of earnings, revenues, return on invested capital, and efficiency ratio. While the growth rate of 12% has moderated somewhat, compared with prior quarters, this does represent 16 out of 20 quarters of double digit year over year earnings growth since the merger of TD Canada Trust.

SLIDE 8

Next slide shows you revenues for Canadian personal and commercial banking. Revenues were 1.8 billion, up 141 million, or 8.5% from last year. This represented the second highest percentage growth in the last 13 quarters, and the good news is the increase was broad based.

Well over half the increase was due to strong volume growth, in both retail and business banking. With margins being relatively stable compared with last year, this kind of volume growth translates into strong revenue growth. In retail, we had strong growth in real estate secured lending, which was up 10%, and very good growth in core deposits term deposits. One of our under-penetrated businesses is Visa. Revenues were up strongly in this business, due to 12% volume growth and higher fees.

On the business banking side, we had a very -- we had very strong growth in both commercial and small business banking deposits, and in small business lending. notes, and in small business lending. Fee income was also a contributor. Another strong contributor this quarter was insurance revenue. Both TD

Life and Meloche Monnex posted strong results due to lower claims and good premium growth. The outlook for revenue continues to be strong for both personal and business banging products as increases in interest rates continue to support margins and fee growth remains strong as a result of marketing initiatives.

SLIDE 9
Next slide shows you the net interest margin for Canadian P & C Bank. As you can see, the margin at 3.01, went down 1 basis point from last year, but up 5 basis points since Q4 of '05. The decrease from last year was primarily due to higher deposit margins from the rising interest rate environment, being offset by continued product mix shift into lower margin deposit and real estate secured lending products. margins improved from last quarter on higher deposit margins and lower mortgage prepayment costs. We expect the margin to be stable going forward at around 3%.

SLIDE 10
Next slide shows you the provision for credit losses, as you can see, losses have remained relatively constant and at historically low levels. Details for the quarter were 99 million, which consisted of 94 million in personal and 5 million in business banking. Personal PCL increased by 9 million, compared with last year, which was mainly due to volume growth in Visa and lower recoveries. Delinquencies were down compared with last year.

Business banking PCL was down 5 million compared with last year, due to higher recovers this quarter in commercial banking. We do expect PCLs to increase going forward. Personal PCLs will remain relatively constant. However, business banking PCL is likely to increase moderately going forward.

SLIDE 11
Turning to the next slide, expenses for Canadian and personal and commercial banking. Expenses of 985 million were up 61 million, or 7% compared with last year. We achieved record productivity at 54.9%, with a 1.9% gap between revenue and expense growth. We're taking advantage of the current strong revenue growth to invest in the business.

We would not look to 7% growth as a long-term growth rate in a large mature business like this. Roughly half the increase was due to salary and benefits, reflecting merit increases, higher benefit cost, and higher staffing levels. We added net 944 staff, reflecting the addition of customer facing positions, including staffing for new branches and call centers, partially offset by back office staffing reductions associated with process improvement initiatives. Current expense levels reflect investments in systems development and infrastructure, as well as increased marketing expenses.

SLIDE 12
Finally market share. Both personal lending and deposit share have remained stable since last quarter, and the good news in small business banking, an area of significant focus for us, market share continues to increase with shares up 33 basis points since last quarter, and 90 basis points since last year. Overall, a very strong start to the year Canadian, personal, and commercial banking.

SLIDE 13 & 14
Let's turn to wealth management. An excellent quarter for wealth management. Net income of 138 million, which was up 41% from last year, and strong return on invested capital at 21%. This is the last quarter of TD Waterhouse USA results, which was 33 million to January 24th, up from 20 million last year. The net income impact of the shorter quarter due to the TD Ameritrade close was roughly 3 million. The key driver of the increase, compared with last year, was higher spread income combined with lower expenses associated with productivity improvements implemented early last year.

We noted last quarter that earnings in Q4 were strong on lower than expected marketing expenses, and at a normalized run rate with likely in the 30 to 35 million range, helping to explain the quarter over quarter variance. Going forward, our quarterly reporting will include TD Ameritrade most recent quarter which ends one month prior to our own. Our Q2 '06 will include TD Ameritrade Q2 '06 results ending March 31st, but only from January 25th. This shortened quarter from TD Ameritrade will reduce earnings by roughly 14 million or $0.02 per share. We will disclose this as an item of note.

The impact of the lag in reporting is only this closing period, and will not have any effect after Q2 '06. Starting in Q2 '06, you'll see wealth management segment results for domestic wealth, and the contribution of TD Ameritrade will show as a one line equity pick up. So let's move on now and talk about the results in more detail for domestic wealth. As you can see from this chart, domestic wealth contributed 105 million this quarter, up 35% from last year, and up 24% from last quarter.

SLIDE 15

This slide shows you the domestic wealth numbers for the last five quarters, both revenues and expenses. The revenue now includes a breakdown of net interest income, transaction revenue, and fee income. The schedule does not line up with any disclosure in our supplementary package, but has been included to provide continuity between the disclosure beginning next quarter in Q2 '06, when as I said we'll exclude TD Waterhouse and show TD Ameritrade with an equity pick up line. Domestic revenues for the quarter 491 million, up 72 million, or 17% from last year. The majority of the increase came from fee-based revenues.

The increase in return was largely driven by higher advice based and asset management revenues, which is reflected in the growth of the fee and other category. These revenues were up 20% compared with last year. Excellent performance in mutual funds with volume growth of 23% was a key contributor. In addition, we've continued to see very good growth in assets in the financial planning, private client, and investment advice businesses.

Compared to Q1 last year, while trades per day in discount brokerage were higher, up 20%, transaction-based revenue growth was muted due to lower commissions in our investment advice channel on reduced new equity issues. Expenses were 332 million, up 10% from last year. Costs were up in the advice-based and asset management businesses, which reflected higher volumes, and the addition of client facing advisors. Despite the higher trades per day, expenses in discount brokerage were relatively constant versus last year, contributing to strong bottom line growth. It really was a great start to the year for domestic wealth.

SLIDE 16

Next slide shows you the market share numbers for mutual funds. We've steadily gained share of both the bank market and the industry market. The gain in share for long term funds is 97 basis point, and the bank market -- and for the bank market, and 70 basis points versus the industry. This improvement continues to be a great story, and a leading indicator of success for our domestic wealth management business. These results clearly represent the success of our integrated approach to managing our domestic retail businesses. We view this partnership between TD Canada Trust, and TD wealth management as a competitive advantage.

SLIDE 17

I'm not foreshadowing any changes in our disclosures here just so you can rest assured, but to better compare with the disclosure to our peers, we have included a basic P & L for TD Domestic Retail, and the domestic wealth results based on the TD schedule we've also provided. Given the strong performance in both Canadian PNC & domestic wealth, it is not surprising that our domestic retail business is doing well, producing year over year and quarter over quarter growth numbers of 16% and 10% respectively.

SLIDE 19 & 20

Let's move on to U.S. personal and commercial banking, TD Banknorth. TD Banknorth contributed 65 million to our evening this quarter which was down 4 million from Q4 '05. There isn't much new information here for the market. As you've seen, cash net operating earnings for their quarter were U.S. 108 million, down from U.S. 110 million in the prior quarter, due largely to lower net interest income associated with the flatter yield curve. Their cash net operating earnings don't include their restructuring charges, but those charges do flow through to our earnings. US restructuring costs increased by U.S. $2 million, versus prior year.

Other smaller negatives were due to higher price for charges and foreign exchange impact from the stronger Canadian dollar. Our Q2 will include ongoing earnings from TD Banknorth, as Ed mentioned they'll continue to face some challenges in terms of organic growth, but you'll see two months of Hudson earnings which will add to our earnings.

SLIDE 21 & 22

Moving to wholesale. It was a huge quarter for wholesale, with a reported number of 164 million, which includes 35 million after tax of restructuring costs, excluding restructuring net income was 199 million, up 41% from the same quarter last year. Return on invested capital of 34.4% was well above our target range of 18 to 22%. Revenues of 661 million were up 91 million, 16%, global derivatives accounts for about 61% of the growth in revenues, Due to strong perform innocence credit products, equity derivatives, equity options and energy. Our reserves for our discontinued businesses remain in line with Q4 levels and we continue to feel that our valuation judgments last quarter were adequate.

SLIDE 23

Our domestic franchise businesses accounted for about 40% of our growth, with revenues up by 10%. In the quarter, we had strong foreign exchange trading gains, fixed income trading and underwriting, and institutional equity performance was very strong, driven in part by our number one ranking in block trading. Expenses of 345 million, excluding restructuring costs, were up 13 million, or 4%, which is well below revenue growth of 16%. The increase was due entirely to higher variable compensation reflecting strong performance in the quarter.

Excluding variable comp, expenses were down. Head count is down in whole sale due to reductions in the global derivatives businesses, partially offset by additions in our domestic franchise business, consistent with our strategy. Also we reported a loan loss of 17 million this quarter in addition to our cost of credit production. The first loss since 2002. Due to a merchant banking loss in our mezzanine portfolio. Because of the structure of the deal, we were required to treat this as a loan loss as opposed to a securities loss. Overall, a great quarter for the wholesale bank, although clearly not sustainable, as Ed has mentioned.

SLIDE 24

Turning corporate lending and market risk. Our total credit exposure was up modestly due to M&A activity, credit protection was down modestly from Q4 from last quarter and as you can see, our bar has remained relatively flat. In summary, in closing we've had a very strong start to the year with reported net income of 2.3 billion,, and adjusted net income of 835 million, up 22% from last year. Adjusted EPS of $1.15 was up 11% from last year. We've increased the dividend by $0.02 reflecting the strength and sustainability of earnings. Our domestic businesses had a great quarter, another record quarter in Canadian personal and commercial banking, and excellent growth in both the wholesale bank and wealth management. And finally the completion of two major transactions in the quarter. TD Banknorth closed the Hudson United deal, supporting continued growth of our U.S personal and commercial bank, as we build long-term value, and we closed the landmark TD Ameritrade deal with its significant economics and strategic value.

And with that, I'll open up for your questions.

QUESTION AND ANSWER

Operator

Your first question comes from Robert Wessel from National Bank Financial. Please go ahead.

Robert Wessel ***- National Bank Financial - Analyst***

Hi, good afternoon. Thank you. I had a quick question. I wanted to take you page 8 of the supplemental. There's a bit of an echo and so I hope you can hear me okay. To line 13, where it has average invested capital for the wholesale banking segment of basically flat to down modestly, and if you look at page 13 of the balance sheet, line 4, which is trading securities, it's up 10 billion, and then if you follow further to slide 21 in risk-related assets, related to market risk, it's down significantly. So I guess what I'm trying to figure out, or think about, is how trading went up so much when it looks like capital and -- the capital allocated to that activity or part of that activity as well as the investment bank went down. Is this mostly client activity, so are there any way you can help me understand those interrelationships?

Bob Dorrance ***- Chairman and CEO, TD Securities***

I'll take a shot at that. The trading securities increase is a -- there's hedge positions in there, so you shouldn't read that as --

Robert Wessel ***- National Bank Financial - Analyst***

More exposure?

Bob Dorrance ***- Chairman and CEO, TD Securities***

Yeah, as more exposure.

Robert Wessel ***- National Bank Financial - Analyst***

Okay.

Bob Dorrance ***- Chairman and CEO, TD Securities***

Capital in the businesses, as you've noticed, is relatively flat, compared to where it was a year ago, and where it was in the previous quarter. We had a lot of trading activity in client business. We have had an ongoing project in our market risk to get a reduced multiplier effect, which we realized the final benefit of in the quarter ended January 31st. So I don't know whether you can get it from the numbers, necessarily, what capital activities explain the trading results. I would say that's, in our client activities, we had a lot of volume, and therefore by definition, probably more capital being used on a daily basis.

Robert Wessel ***- National Bank Financial - Analyst***

Sure. And I probably didn't ask the question very well, I guess what I was trying to get at, in a not very articulate way, is to get a sense for whether you had generated a much higher level of trading revenues off of sort of a similar level of commitment of resources and capital and so on, or that you had actually expanded your trading operations such that perhaps we should think about at least part of the incremental trading revenues as sustainable. I guess that's sort of what I was trying to ask.

Bob Dorrance ***- Chairman and CEO, TD Securities***

Sorry. I think more of the former. We have not employed more capital in the business around -- or significantly more capital, other than what the market gave you on a daily basis in the trading businesses. We are growing our energy business, and we are growing our equity options business, and those two businesses, I would expect that there's an undergrowing growth rate in. The other trading businesses, obviously we have growth ambitions, but we don't have new strategies or new capital up against them.

Robert Wessel ***- National Bank Financial - Analyst***

Okay. Great. And then two quick ones on the balance sheet page, on page 13. Basically, the loans section lines 7 to 10, it looks like residential mortgages are down, consumer installment and other personal is down. Credit cards is up, then business and government is up, I guess, certainly at a dollar basis quite a bit more. Is there any -- can anyone shed any light on what's going on here, if market shares are staying stable, and maybe address the effects of government in particular?

Bob Dorrance ***- Chairman and CEO, TD Securities***

That's the total bank. think your underlying question is what's happening with market share, so for Canadian PNC we're essentially flat form the quarter. We were down I think one basis point quarter over quarter. That's actually reversal of a trend. In fact, if you look at our ICBC portfolio I talked about last quarter, that see equivalent to about three basis points, so we're slightly up on the quarter.

Robert Wessel ***- National Bank Financial - Analyst***

Okay. And business and government? sorry. It didn't know if someone wanted to mention, if anything going on in the corporate loan side? are corporate loans up, or -- -- I guess they're up a little bit.

Ed Clark ***- CEO, TD Bank Financial Group***

I think that includes commercial banks, and we've had some growth in our commercial banking business.

Robert Wessel ***- National Bank Financial - Analyst***

Okay. And I had a very easy one, on non-interest expense schedule on page 12. The other -- other line on line 22 is up sharply. Can anyone shed any light as to what might be creating those incremental expenses? Are there some lumpy items there we hope don't recur?

Colleen Johnston ***- CFO, TD Bank Financial Group***

It terms of the variance of Q4, I could cite our accrual methodologies, but overall all I think probably the better way to look at the expenses is on a segment basis, but I don't think is anything going on that line.

Robert Wessel ***- National Bank Financial - Analyst***

Just basically more representative of a current run rate?

Colleen Johnston - CFO, TD Bank Financial Group

Yeah, it would tend to come down a little bit the next quarter.

Robert Wessel ***- National Bank Financial - Analyst***

Okay. Great. Thank you very much.

Ed Clark - CEO, TD Bank Financial Group

We will go to the far -- Ian?

Ian DeVerteuil – ***BMO Nesbitt Burns - Analyst***

The $17 million is from the merchant banking position. There seems to be some other things that created noise. When I look at the formation, I look at it as a $17 million formation in the wholesale bank. So is it -- you were up 100% of the loan? there was zero loss given before it was 100%

Ed Clark ***- CEO, TD Bank Financial Group***

We've written off 100% of the loan.

Ian DeVerteuil – ***BMO Nesbitt Burns - Analyst***

The second question I have is for Bill. I saw that you had bought 8.1 million shares, in looks like about 15 trading days, so you're a very active trader.

Bill Ryan ***- CEO, TD Banknorth***

yeah, that's true, that's exactly what happened.

Ian DeVerteuil – ***BMO Nesbitt Burns - Analyst***

Is there any reason to proceed at that pace? I mean, you have -- I think you committed about 8.5 million under the assured by. I was surprised after, you know, it to be here before the end of February, to have most of the buyback already used. Is there an environment where your curve is where it is sort of an uncertain world? I mean, isn't there potential the stock could drop lower?

Bill Ryan ***- CEO, TD Banknorth***

It was looked at us a couple of different ways. Your logic is there. but we were able to buy those shares at an average base of $30, and we're trading today at $30.80, so we normally probably would have gone slower, but we thought we were getting these shares at a very good price, so we didn't want to miss that opportunity and window up purchasing the 8.1 million shares.

Ian DeVerteuil – ***BMO Nesbitt Burns - Analyst***

What's your tangible ratio after the purchase?

Bill Ryan ***- CEO, TD Banknorth-***

About 6.3%.

Ian DeVerteuil – BMO Nesbitt Burns - Analyst

Thanks.

Chris Witty ***- Lazard Freres - Analyst***

Thanks, Ed. Chris Witty, just a couple of questions for Bill. The margin, as we talked about, what extent was that margin affected by the repositioning? was that full 15 basis point drop, market conditions, or was that affected by the repositioning?

Bill Ryan ***- CEO, TD Banknorth***

About three-quarters of it were the repositioning and a quarter of it was market.

Chris Witty ***- Lazard Freres - Analyst***

Got it. Where did you see that margin settle out when Hudson United is combined with the company in the next quarter.

Bill Ryan ***- CEO, TD Banknorth***

I had said, and I'll call it year-end, I was hoping we'd maintain a 4% margin, we're now a month and a half, almost two months into the quarter, and I don't know what's going to happen, but I know we had to pay up on the deposit slide more than we expected, and deposit rates as you've probably seen in the ads are higher than we anticipated. So I don't know where we're going to go, think it will be hard to maintain that 4% margin, but that's certainly what we are shooting for.

Chris Witty ***- Lazard Freres - Analyst***

And just a question for Bob on the trading side to follow up with that again. You had a tough Q4, and it kind of rebounded in Q1, but how much of the rebound in this quarter, Bob, was related to -- you talked bout hedged activities where positions were kind of offside in Q4 that came on side in Q1. I'm just trying to get a sense of the uptick in revenues related to that versus client volumes.

Bob Dorrance ***- Chairman and CEO, TD Securities***

Yeah, I don't think that's what I would -- would -- that's not what I meant by the position being hedged. I mean, Q4 was a very tough quarter for a variety of reasons. And then, the flip side of that, the trading results in the first quarter, as Ed mentioned in his speech, were such that we had -- we had gains in all areas of our business, which very rarely happens when you have, you know, a diverse business with a lot of markets. We had just good performance in all areas, so clearly, I think, that's the unsustainable part of the first quarter. I don't think it's a rebound from the fourth quarter of last year, and I think the better way to look at this more is on an annual basis what one might expect to earn from trading on an annual basis that quarterly results are going to be fairly volatile.

Chris Witty ***- Lazard Freres - Analyst***

In thank you.

Ed Clark ***- CEO, TD Bank Financial Group***

Michael?

Michael Goldberg ***- Desjardins Securities - Analyst***

Michael Goldberg, Desjardins Securities. Why was the incentive comp so high in the first quarter? Is it simply the high level of trading revenue, or was there anything else in there?

Ed Clark ***- CEO, TD Bank Financial Group***

No, incentive comp what we do is accrue to the results of the quarter, which was very strong, as we progress during -- through the year, running on an accrual basis will true up the comp, relative to what we think is appropriate as we get farther into the year and we have more visibility with respect to our --

Michael Goldberg ***- Desjardins Securities - Analyst***

So nothing unusual?

Ed Clark ***- CEO, TD Bank Financial Group***

Nothing unusual.

Michael Goldberg ***- Desjardins Securities - Analyst***

Okay. And if I -- if I look at overall non-interest expenses on a consolidated basis, by taking out the restructuring charges, 102 million altogether, and the incentive comp, it looks like your first quarter non-interest expense were lower than they were in the fourth quarter. Was the first quarter unusually low on that basis, or was the fourth quarter unusually high?

Ed Clark ***- CEO, TD Bank Financial Group***

Everybody's looking at me. [laughter] I'm not sure we've ever looked at it, Michael, the way -- I think we should probably take that question and sort of do the arithmetic. You mean as to the bank as a whole?

Michael Goldberg ***- Desjardins Securities - Analyst***

Yes.

Ed Clark ***- CEO, TD Bank Financial Group***

To be honest, we run a set of businesses here, and the efficiency ratio for the, you know, just gets moved around by how the mix of business is, so we do this business by business, as opposed as look at the efficiency ratio of the bank. I just don't find it, frankly, meaningful. I know that's heresy, and that you look at the overall bank, but the mix could cause the number to be anything. Why don't we take this offline. Maybe Colleen can say that in a more intelligent manner. I've babbled long enough.

Colleen Johnston ***- CFO, TD Bank Financial Group***

If you normalize for both of those items, we're pretty much flat to Q4.

Michael Goldberg ***- Desjardins Securities - Analyst***

Yes, I -- we'll talk about it offline. Okay. I had one other question, maybe for -- for Bill or Ed, or combined. Are you seeing evidence that valuations are becoming more realistic in the U.S., now that the U.S. yield curve is actually inverted?

Bill Ryan ***- CEO, TD Banknorth-***

No doubt about it. I think the valuations s are becoming a little more realistic. I don't know yet if the earnings numbers that are being projected by the American banks are as realistic just yet. I think you'll have to wait a quarter or two to really see what the real earnings of the American banks are with the margin pressures continuing, and really an inverted yield curve for several days in the last two months. My sense is the earnings numbers for the banks potentially could come in even lower.

Michael Goldberg ***- Desjardins Securities - Analyst***

Okay.

Ed Clark ***- CEO, TD Bank Financial Group***

Quentin?

Quentin Broad ***- CIBC World Markets - Analyst***

Quentin Broad, CIBC World Markets. I have three questions. First, for Bernie. Just in terms of the insurance. How much -- or was there anyone positive reserve releases from prior periods that might have come in more heavily this quarter than previous quarters?

Bernie Dorval ***- TD Canada Trust - co-Chair***

There was no such thing happening, but we do did have the benefit of a milder winter than we had last year, and the same period, which caused the frequency to be lower for automobile insurance.

Quentin Broad ***- CIBC World Markets - Analyst***

Okay. On the wealth side, Bill, in terms of your advisor count, can you give us perhaps a gross ad, net ad, and perhaps, I guess over the last year, assets per advisor migration that you've been able to achieve?

Bernie Dorval ***- Co-Chair, TD Canada Trust***

The broad strokes is our goal for this year is to add a net of 130, so net new client facing advisors, so that's net of attrition. That would include 65 in financial planning, which would take us to 505, and 65 in investment advice, which would take us to about 550, so our goal is to make sure that we print an advisory force that's over 1,000 for the first time. We assume industry attrition of about 6 to 8%. We try to make sure that we're under that. And in terms of assets per advisor, our modeling is basically 9 to 10 million in growth in assets per advisor on an annual basis.

Quentin Broad ***- CIBC World Markets - Analyst***

And gross and net ads in the quarter?

Bernie Dorval ***- Co-Chair, TD Canada Trust***

35 net.

Quentin Broad ***- CIBC World Markets - Analyst***

Gross?

Bernie Dorval ***- Co-Chair, TD Canada Trust***

Net. Oh, growth? I don't have that number off hand, but attrition was minimal.

Quentin Broad ***- CIBC World Markets - Analyst***

Okay. And then finally just back to you, Bill, on the U.S. and the competitive environment, and what I do not have got in front of you on Hudson. Obviously with the challenge on the deposit rates, the challenge with the yield curve, and the challenge with that particular organization as a selling or not great selling organization, you talked about trying to ramp that up. In this kind of environment, how tough is that going to be in order to maybe this successful acquisition?

Bill Ryan ***- CEO, TD Banknorth***

I don't think it will make Hudson any tougher. Their problems were well documented and well known. We've now had six months of planning and training working with their people to get their ready for the occasion of taking over their company. We'll have a number of very aggressive marketing campaigns. So I think it normally was going to be hard, but I don't think it's any harder because of the competitive environment.

If you'll look at those 19 million people in that greater metropolitan area, we have a 0.6 market share of that market, so I think it's terrific to go into a market where you have less than 1% market share, because you can be very aggression in bringing on new deposits, you're not paying up for existing deposits so I think the challenges are there, but we're very optimistic that given everything that's going on, we'll be okay, and I tonight think the recent pricing increases will be negatively affected in where we think we'll be in the next year or two in that bank.

Ed Clark ***- CEO, TD Bank Financial Group***

All right. we'll go to the phones.

Operator

Your next question comes from Jamie Keating from RBC Capital Markets. Please proceed.

Jamie Keating ***- RBC Capital Markets - Analyst***

Good afternoon. I've got a short laundry list, so I appreciate short answers, I guess. First on insurance for Bernie, following up Quentin's comment. If not releases, it looks like you did pretty well. Market share, or rates, Bernie, or a bit of both?

Bernie Dorval ***- Co-Chair, TD Canada Trust***

Well, we've got two businesses, the life insurance business and the PNC, and on the life insurance side, I would say it's primarily volume related. On the PNC insurance side, I think we'll be able to maintain sort of a good experience because of the mild winter. We're still gaining market share in terms of units, but there is pressure on the premium to reduce, so that's sort of the -- kind of the offsetting factor, so on the bottom line, I would say PNC insurance, good performance this quarter, but pretty much leveling off, but our life insurance business is gaining quite a bit of momentum.

Jamie Keating ***- RBC Capital Markets - Analyst***

On -- for probably Tim, I guess, on unsecured, I was wondering if we could get an update on what the portfolio outlook is there on the adjudication module and timing and so on that. I'm also hoping to understand more about the Visa market here.

It looks like you guys have some momentum there. Could you just advise us as to what products you're picking up on there?

Tim Hockey ***- Co-Chair,TD Canada Trust***

I think you're referring to the technical infrastructure?

Jamie Keating ***- RBC Capital Markets - Analyst***

Right.

Tim Hockey ***- Co-Chair,TD Canada Trust***

So in the past quarter, we had three implementations. I would say two of them were relatively minor, one was fairly major. The major one was something we call customer management triad, which allowed us to actually for the first time use customer level adjudication into our models, and that allows us into the mid-risk band buy a little deeper into the book, but that's not even reflecting yet.

As I said that was in the January time frame, so wouldn't be reflected yet in the market share or our results. On the Visa side, we've had strong growth year over year, and that's more a reflection or a later implementation last year, which allowed us to do a better job of pre-approving and offering Visa cards in both our electronic channels and branch, as well as the fact that we stepped up the marketing spend in that same time frame.

Jamie Keating ***- RBC Capital Markets - Analyst***

And sort of across the board on Visa products, or getting it all in Gold Travel, or where are you getting it?

Tim Hockey ***- Co-Chair,TD Canada Trust***

It's broad-based, but I would say Gold Travel, mostly because of some of the marketing initiatives that we've been able to do, but mostly in our green and Emerald guard as well.

Jamie Keating ***- RBC Capital Markets - Analyst***

Last quickie if I can, just on the deposit, Tim, I see 4% consumer deposit growth. Curious about checking versus term. If you could just help us on that if it's handy. Actually checking versus guarantee investment account ask what I meant. My apologies.

Tim Hockey ***- Co-Chair,TD Canada Trust***

Checking is up nicely. We had extremely strong net active checking growth in the quarter. To put that in perspective, the first quarter in net active checking accounts grew 41% more than it did in the first quarter last year, so that's not 41% on the entire base, but that's a 41% increase in growth, growth on growth, so we're quite comfortable and confident that our core account growth was -- is improving. On the savings side, obviously lots of interest in high-interest savings accounts, and some -- probably most heated activity competitively, and on the term side we're up in market share over that same period.

Jamie Keating *- RBC Capital Markets - Analyst*

So on the TIA, sort of holding or losing a bit?

Tim Hockey *- Co-Chair,TD Canada Trust*

Tough to tell, but we think we're basically holding our own.

Jamie Keating *- RBC Capital Markets - Analyst*

Thanks very much.

Tim Hockey *- Co-Chair,TD Canada Trust*

Thanks, Tim.

Darko Mihelic *- Blackmont Capital - Analyst*

I wanted to start off the questions with maybe a clarification, Ed, from your opening remarks with regards to the wholesale banking segment. You said that you would expect the earnings to sort of drop off and perhaps you're sort of targeting the same level of adjusted earnings as last year? would that be correct, in other words, about 551 million?

Ed Clark *- CEO, TD Bank Financial Group*

That's what I said was in line with last year. I gave myself some wiggle room, but, I tend to be - think you have to recognize that this is a business that it can swing both ways, and so this is pretty early in the year to start declaring that you're going to do significantly better. I think our message generally, on the whole sale, and we were trying to say last year that if you were getting discouraged by this bids, we weren't getting discouraged. we could see that the underlying business was strong.

We see this as a very profitable business, and we can see that we managed to take dramatic amounts of risk out of this business and building much stronger franchise, and that the franchise businesses are increasingly taking and giving real power to this business. Then, we get a quarter like this that, you know, frankly happens probably once in your career, maybe, but where everything comes together for you, so you don't go and declare victory here.

I think you say, fundamentally do we think we've got a -- relative to our competitors, a much lower risk, better franchise, higher quality play that can deliver consistent 20% earnings, yes. Do I believe that suddenly the wholesale business has turned into a 30% rate of return business? I'm probably a bit from Missouri, I think that's probably a bit unrealistic, given the risk profile that we're prepared to take, so I'm not prepared to move off what we're trying to get out of this business at this stage in the year.

Darko Mihelic *- Blackmont Capital - Analyst*

Fair enough, and I can understand that there's obviously a great quarter, but another angle to look at this is that over the last four quarters you've taken restructuring charges of $93 million in this division. I'm wondering if there's any operating leverage that can come out of this.

ED Clark *- CEO, TD Bank Financial Group - Analyst*

I would hope so.

Darko Mihelic *- Blackmont Capital - Analyst*

Okay. Fair enough. The next question is regards to the U.S. wholesale business. Sorry -- U.S. personal and commercial. And I guess the question is, maybe this is for Colleen, but the average invested capital that we see on line 12 on page 6 of in the supplemental, is that reflective of Hudson?

Colleen Johnston *- CFO, TD Bank Financial Group*

Well, that's average for the quarter.

Darko Mihelic *- Blackmont Capital - Analyst*

Right. So the average for next -- if you can just give us an idea of what that would look like. That year-end, what -- or at quarter end, what would the invested capital be?

Colleen Johnston *- CFO, TD Bank Financial Group*

I don't have the ad at this point, but I think you can expect [rolex] in the similar territory going forward.

Darko Mihelic *- Blackmont Capital - Analyst*

Okay. Great. Thank you.

Andre Hardy *- Merrill Lynch - Analyst*

Question for Bob. When I look at your trading income and compare it to the average of, say, the last 8 quarters, it looks really good, but just how much better -- like I suspect it's even better in reality, since you've sold or wound down some businesses. How much have those structured businesses contributed over the last two years?

Bob Dorrance *- Chairman and CEO, TD Securities*

I don't really have that as an answer, Andre. The structure product businesses that we have currently and that we're winding down still exist, and we have costs associated with those, both operating costs and trading costs, so if you look at sort of year over year, the drag on those businesses overall is less than the quarter, but it's not meaningfully less at this stage.

Have to get out of the businesses, Andre, before we really see, what quarter over or previous year impact is going to be. And we're out in out of the businesses as of yet.

Andre Hardy ***- Merrill Lynch - Analyst***

So you're not willing to share past profitability or revenue for those businesses?

Bob Dorrance ***- Chairman and CEO, TD Securities***

No.

Andre Hardy ***- Merrill Lynch - Analyst***

Okay. Thanks.

Mario Mendonca ***- Genuity Capital Markets - Analyst***

Just a quick question for Colleen. When you made reference to holding it at about 3% domestic retail, what environment do you contemplate in providing an outlook like that?

Colleen Johnston ***- CFO, TD Bank Financial Group***

We do expect that rates are -- short rates are going to continue to rise. We see a Bank of Canada rate at about 4% by mid-year.

Mario Mendonca ***- Genuity Capital Markets - Analyst***

So you're factoring in a little bit more of what we've seen?

Colleen Johnston ***- CFO, TD Bank Financial Group***

Yes.

Mario Mendonca ***- Genuity Capital Markets - Analyst***

Sort of same topic. ING. ING Direct's behavior. So what extent does that really matter to TD, either in the short term or long term? When you watch the bank, when you watch ING Direct, that is, does it really matter to TD?

Bill Ryan ***- CEO, TD Banknorth***

Sure it does. All competitors matter, so we watch everybody like a hawk every single day, and they are -- and they have been active in this space, and so we price off them, and we watch what they do.

Mario Mendonca *- Genuity Capital Markets - Analyst*

How old you characterize their behavior in '06 relative to 2005?

Bill Ryan *- CEO, TD Banknorth*

I would suggest it's probably not appropriate for me to comment on that.

Mario Mendonca *- Genuity Capital Markets - Analyst*

That's about it. Thank you very much.

Ed Clark *- CEO, TD Bank Financial Group*

Your next question comes from Jamie Keating from RBC Capital Markets. Please go ahead.

Jamie Keating *- RBC Capital Markets - Analyst*

One last outstanding one. Might be back to Bernie. Small business market share is popping. Can you just give us a quick explanation of whether you're picking that up on products or customer reps in branch, what sort of mousetraps working for you on that business, or Tim, I apologize. Whoever.

Bernie Dorval *- Co-Chair, TD Canada Trust*

We're picking that up actually in units, and so we're -- as we mentioned before, this is one of the businesses where we have started to invest more aggressively, about two years ago, and we're starting to see the benefits of that through the result that you mentioned. We -- just to give you an order of magnitude, we used to have about less than 100 small business advisers in the branches, and we've more than doubled that.

I mentioned that a number of times last year, over the -- over the last 18 months, and we keep growing that, depending on the markets, and the availability of space or of the branch level, so we're finally starting to get some traction, at the beginning, it takes some time before these people get effective, but they're doing good job, so that's essentially the source for the -- our market share gains over the last 12 months.

Jamie Keating *- RBC Capital Markets - Analyst*

Are you -- how many advisors are you adding over the next year?

Bernie Dorval *- Co-Chair, TD Canada Trust*

We're now we're now about 200, and we're planning to add about 30, I would say 30, 40.

Jamie Keating *- RBC Capital Markets - Analyst*

Okay. Thanks.

Ed Clark *- CEO, TD Bank Financial Group*

Ian?

Ian DeVerteuil – *BMO Nesbitt Burns - Analyst*

Ed. The announcement of the VFC acquisition, I think back to your description of creating a high-quality, low-risk Canadian-based franchise, and I look at the VFC, and it's -- it looked like very talented people and good track record, but, how do you put those two together, and where would it -- I mean, where would it stop, I guess, what would -- what wouldn't fit the TD Bank?

Ed Clark *- CEO, TD Bank Financial Group*

Don't tell me we surprised you, Ian. I think the first point is you don't put them together. I think our conclusion is that given the fundamentals of our franchise, to try to take that business model and amorph it into also being very successful in the nonprime space wouldn't be a highly successful strategy, and so we're forced in this particular space to say do you want to play or don't you want to play? And so I think the strategic dilemma that we had was, well, we could see what had happened in the United States, and the extent of that, and so if -- as you know, what do I think establishes our businesses model is we spend equal time worrying about 2008 as 2006, and you don't win around here by just mining short term earnings, and not telling me how you're going to do the stuff that will get me kind of the double digit growth I want for 2008.

So when you look at that and say we have a set of strategies that have been terrific at getting growth, do we think we can sustainably out control our competition and miss completely the nonprime market? So that's the strategic dilemma. The debate we had was good healthy debate, because it did mean go into a business, into a whole area that's not your natural space. Just like in the sense when we went with Meloche did we think we could add value to that business model, because there's no point just buying it if you couldn't add value.

We think we can add value appropriately to VFC, but we needed a loan and contributed a very measured to its success, so I think it gave us two things. One is we think we can get a good rate of return on this as investment, and we can make money and grow earnings in it, and then I think we think that there will some spillover impact to say, okay, so now we're going to learn a little bit more about the nonprime business and decide whether or not is there another way of getting in and participating and maybe we'll decide this was a one-off and that's all we can get, but it will be a good rate of return for our shareholders.

Ian DeVerteuil – *BMO Nesbitt Burns - Analyst*

Do you -- looking at the short term numbers out of domestic retail banking, do you think that -- do you think the domestic PNC business, the growth rates, medium term, look as good as they've been in the past couple of years. I know you always caution us not to extrapolate, but given asset growth, given spreads -- your expenses looked as if you accrued heavily in the quarter.

Ed Clark *- CEO, TD Bank Financial Group*

We would never do that. We would invest heavily in the quarter. Well, as you know, I -- I've always had a view that it's hard to see particularly how TDCT could grow outgrow the GNP growth on a permanent basis, didn't make intuitive business sense that we could have -- maybe a point one time or something like that. We always said we thought we could outgrow it for while because of these weaknesses that we had, we're able to exploit, and I think we're doing an outstanding job.

Just look at small businesses. It's typical. You look at the insurance numbers. Every place we picked, these actually are working, and they too give us just a tremendous lift, relative to other people. Because if you take 100 basis points of market share from somebody, you're going to grow faster, as long as you do it in a sensible fashion, and we're doing it in a sensible fashion.

The negative that I keep looking at is PCL's, because there's no question that the commercial bank and the small business bank has benefited from this benign credit environment, so if I thought there was a big barrier, it's when is that going to start to bite us, as soon as that starts to bite, doesn't matter how good you are, you're going to slow your growth rate down, but I would have to say our -- as you can feel in our remarks, we've crept out, maybe that means I'm about to get whacked across the head, but we've increasingly become more optimistic bout how long we can do this, and I think we've got down our game better and better at saying, okay, I know you're doing great in 2006, tell me, as I say, tell me how I'm getting my 2008 number now, and what you're doing today, and how you are investing in the future, and spending money today, because we could afford it, to make sure that we can outperform in 2008.

So I think we -- I probably have a more optimistic view, a little longer how long we can play this out, but I would say the biggest think that will bring it all to the end is a major credit cycle. I think that comes -- we're still a balance sheet company that's producing an income statement, and when your balance sheet starts to go against you, you can't outrun that, I think that's reality.

Michael?

Michael Goldberg ***- Desjardins Securities - Analyst***

A couple of questions still. How much goodwill and net intangibles at quarter end is related to Banknorth, including Hudson?

Colleen Johnston ***- CFO, TD Bank Financial Group***

I'll have to get back to you on that Michael. I think have a schedule the supplemental that shows you the ads.

Michael Goldberg ***- Desjardins Securities - Analyst***

Okay. And the tangible comes in at 8.8% at the end of the quarter, but Ed you've talked about a floor or something like that of 7.5% based on Basil 2 or whatever. What do you really mean by the 7.5% ratio?

Ed Clark ***- CEO, TD Bank Financial Group***

I think we're -- what we're worried about is that you're going to run off and exaggerate how much excess capital we have, because it's not clear to us that all of the gain that we're getting from Ameritrade will ultimately be recognized either by Basil 2 or the rating agencies, and as Colleen alluded to, so you have to say, well if it doesn't, all it really does is depress your reported ROE's, because you've stepped up your equity, but you really don't have it to spend, so your reported ROE goes down.

The truth is that this is not a precise science. The world doesn't know where Basil 2 is going to end up and the rating agencies don't sit there and say I've got one number and that's how I decide. They look at a variety of factors to decide how aggressively you can redeploy capital and the nature of the capital that you've ended up acquiring. So it isn't a precise science. So I'm answering your question, just trying to make sure you get the bigger context.

So historically we've kind of said that 6% is a number we would shoot for in terms of net tangible common equity. Didn't mean we wouldn't ever go below 6%, but that's when we think about our surplus capital. We start with the 6% number and then say, okay. That's the number you should use. We're saying use 7.5 for that purpose, is what we say, but, we could have a circumstance, the nature of a deal where we say we might go through 7.5%, but maybe for some deals, we would say let's not go down all the way to 7.5%, because I think it depends on the riskiness of the deal, what you're actually investing, at least from my point of view you should look at how strong your capital base is, depending on what the nature of your environment is.

Michael Goldberg ***- Desjardins Securities - Analyst***

If I could just follow up. You have $3.3 billion equity investment in TD Ameritrade, and you've got your insurance businesses, also, and other two-odd billion dollars in total, but notionally when you look at your capital indicators, are funded with subordinated debt, and that doesn't really make any sense that you would fund those investments just with subordinated debt. So how much equity would you notionally put against that $5.4 billion of other equity and un-included investments?

Ed Clark ***- CEO, TD Bank Financial Group***

Well, I think you've gone to the heart of what -- the issue that we're -- it probably doesn't matter entirely what I would put. It probably matters a lot what the regulatory agencies would put, and the rating agencies would put. I can have my view, but if they don't buy that view, they're going to govern my behavior, and so it's exactly in that territory of discussions that we're still having.

Michael Goldberg ***- Desjardins Securities - Analyst***

What are you hearing from them?

Ed Clark ***- CEO, TD Bank Financial Group***

We don't have a definitive view. What we're saying or reading is, use 7.5%, which means, in effect, there's 1.5 points times $133 billion of risk-related assets against $1.8 billion of equity, that we're saying you toot put against those types of investments.

Michael Goldberg ***- Desjardins Securities - Analyst***

So if I treated that $5.4 billion, rather than being funded with subordinated debt as being the equivalent of marginal investments, so let's say you had 2.9 billion of common equity notionally allocated against them, then it would indicate that your tangible common would be down at 6.8%. Is that enough?

Ed Clark ***- CEO, TD Bank Financial Group***

I think you're leaping to -- I think what we should do is sit down with go you and work through that math. I'll not sure all of your entire chain of logic, but rather than take the whole conference, we can go through that.

I think what we're saying is, do we believe that we can spend down to 7.5%, and ourselves be comfortable, the regulatory agencies be comfortable, and the rating agencies be comfortable, we're saying yes. We can then have a theoretical debate as to whether all of these people are wrong or not, but we're saying the reality is in the business world, that's what's going to constrain us, and generally those are conservative constrains, as opposed to liberal constraints, so think that's where we've ended up.

Michael Goldberg ***- Desjardins Securities - Analyst***

Okay. Thanks.

Ed Clark ***- CEO, TD Bank Financial Group***

Brian, I hope you've given me an easier question than Michael has.

Brian Unidentified ***Analyst***

Probably. Just in terms of the internal comp, a couple of the comments, the level of incentive comp this quarter, vis-a-vis your comment expense to Darko, the statement you made, which, we don't think the investment bank looks much different with wiggle room to last year, and yet the incentive comp accrual is obviously materially different. So what does that lead us to believe with respect to, -- I mean, this incentive comp line then looks well out of whack to what you might expect your earning capability is.

Ed Clark ***- CEO, TD Bank Financial Group***

No, think the simple answer, as Bob said, from a process point of view, we accrue incentive comp in line with what the income is. So obviously if next quarter the income came down, then we would accrue less incentive comp.

It would be imprudent to say let's only accrue a portion of the incentive comp betting that it is going to go down. We have a set of pools, as you know, in this business, and we essentially mechanically accrue, and then as the year goes on, you then start shoring it up, because as you also know, you don't just pay out in a mechanical fashion, you start to see some qualitative things how the year is going, but that's start of the year, you accrue on a mechanical fashion.

Brian Unidentified ***Analyst***

Okay. The other thing, and just correct me if I heard it wrong, you suggested either TD was, or you wanted to be a leading Canadian-based growth company. What does that mean, Ed? What is your definition of that definition?

Ed Clark ***- CEO, TD Bank Financial Group***

Ours was quite clear. We set out a set of targets to try to grow EPS at 7 to 10% a year, on a consistent basis, which means and in a manner that says that the return for risk weighted assets, or return on risk, but the best measure, the only measure that we can get across to the industry is risk weighted assets, that are returned, and generating that 7% growth is clearly superior to our competitors. That's what we're trying to do.

Brian Unidentified *Analyst*

But Canadian-based growth company, you didn't define that as bank, but you're now defining it as bank?

Ed Clark *- CEO, TD Bank Financial Group*

I said financial services, yeah. Okay. Go back on the phones.

Jamie Keating *- RBC Capital Markets - Analyst*

Hello again. Quick question for Bill if I may.

Ed Clark *- CEO, TD Bank Financial Group*

I thought you had to pay extra to get three questions in, Jamie.

Jamie Keating *- RBC Capital Markets - Analyst*

I can't believe my luck, I'm going to use it, too, get a lottery ticket. The sub-prime business in Canada, I can see the argument. Bill, can you give us a yea or nay as to whether that will pose a lot of interest in your area in the U.S.?

Bill Ryan *- CEO, TD Banknorth*

We haven't looked ate net the U.S., and we'll look closely at what's been done in Canada, and that's certainly a model we'll want to follow, but we've never discussed it from a l U.S. standpoint, and I probably couldn't comment on it now until we see how the model works here in Canada.

Jamie Keating *- RBC Capital Markets - Analyst*

Thanks, Bill.

Ed Clark *- CEO, TD Bank Financial Group*

If there are no more questions, thank you very much.