FIRST QUARTER REPORT TO SHAREHOLDERS

Three Months Ended

January 31, 1999

TD BANK FINANCIAL GROUP

WE'RE HERE TO HELP MAKE IT EASIER.®

Letter to Shareholders

The people of TD Bank Financial Group remained focused on our business goals and achieved record results in the first quarter of 1999. In a very competitive marketplace, we saw significant improvements in revenues in both our retail and wholesale segments – with particularly strong year-over-year gains in our wealth management businesses. Net income for the quarter reached the record level of $312 million and earnings per share rose to $1.01, up 6% from the prior year.

During the quarter, we realized an exceptional one-time capital gain and we utilized this in conjunction with other securities gains to increase our general allowance for credit losses by $100 million. Beyond this special addition to our general allowance, we increased our estimated provision for credit losses for 1999 to $300 million from $250 million in 1998 to reflect the possible impact of slower economic growth, the continuation of low commodity prices, and our desire to increase further our general allowance.

Improving the business balance

As we have stated previously, we intend to invest TD's capital in those businesses that generate the highest returns for shareholders. Over time, this will lead to a greater share of capital being allocated to retail rather than wholesale businesses. Our target is to achieve an allocation of 60% of shareholders' capital to retail businesses by 2001, up from 48% last year. We also intend to generate higher returns to shareholders on the capital invested in our wholesale businesses.

Recognizing the value of wealth management

Several years ago, we targeted the accelerated growth of TD's wealth management businesses as a strategic priority. We are now #2 worldwide in discount brokerage – a business which is delivering rapidly growing returns. We believe our discount brokerage business has exceptional value that may not be fully recognized by the marketplace. During the quarter, we decided to explore the potential of executing a limited public offering of shares in the discount brokerage business. This would establish the market value of the business and create a currency to pursue strategic initiatives and acquisitions going forward, through using the shares of the publicly quoted discount brokerage business as capital in a transaction. We expect to complete our comprehensive review of the implications of such an offering during the second quarter and we will make a public announcement should we decide to proceed.

Among the highlights of the quarter:

• For the *fourth* year in a row, TD branch people were ranked #1 among 11 major Canadian financial institutions for the quality of their mutual fund advice. As well, for the *third* year in a row, TD branches were ranked #1 for personal customer service.

• Waterhouse, our U.S. discount brokerage, moved into the #2 position in market share in on-line trading in the United States – the fastest growing segment of the brokerage industry in the largest market in the world.

• TD was one of three leading corporations in North America to win the 1999 Catalyst Award for "exemplary initiatives to advance women into leadership." This award recognizes our "Advancing Together" program, which benefits all TD people and makes us a stronger company.

• We opened seven new TD In-Store branches and saw strong continued growth in our Web Banking service.

• *International Financing Review* named TD "Loan House of the Year" for U.S. media and telecommunications lending in 1998, citing TD's leadership in providing clients with

Financial Highlights

	Three months ended		
	Jan. 31 1999	Oct. 31 1998	Jan. 31 1998
Net income *(millions of dollars)*	**$ 312**	$ 234	$ 293
Per common share			
Net income	**1.01**	.74	.95
Dividends	**.34**	.34	.32
Return on common equity	**15.5%**	11.7%	16.3%
Return on assets	**.58**	.45	.67
Total assets *(billions of dollars)* – at end of quarter	**$ 213.5**	$ 181.8	$ 177.0

informed and innovative financing solutions. As well, the *Review* singled out TD Securities for "Deal of the Year" in the Canadian, Australian and New Zealand dollar categories.
• TD Asset Management and TD Life Insurance joined forces to launch TD Guaranteed Investment Funds – eight managed portfolios and eight managed funds which combine many benefits of insurance products, including a guarantee of up to 100% of deposit principal, with the growth opportunities and versatility similar to mutual funds.
• We gained share in the competitive mutual fund market, reaching a record level of assets under management while introducing important initiatives, including the launch of TD FutureLink Registered Education Savings Plans and the Green Line Managed Assets Program, an innovative mutual fund and portfolio management service using the latest in asset allocation technology.

Year 2000 readiness

TD's Information Technology experts have completed the remediation phase of our Year 2000 computer-readiness program and expect to complete internal testing of our systems by March 31st. External testing with merchants, customers, suppliers and industry organizations will proceed during the second quarter. As shareholders are undoubtedly aware, the impact of Year 2000 issues will depend on the readiness of these entities and others with dealings with the Bank, as well as on TD's own readiness. It is not possible to be certain that all aspects of the Year 2000 issue will be resolved and that the problems will not adversely affect the Bank. We are committed to maintaining the integrity of customer records and ensuring that there is no interruption to customer service and we are confident that we are on track.

Outlook

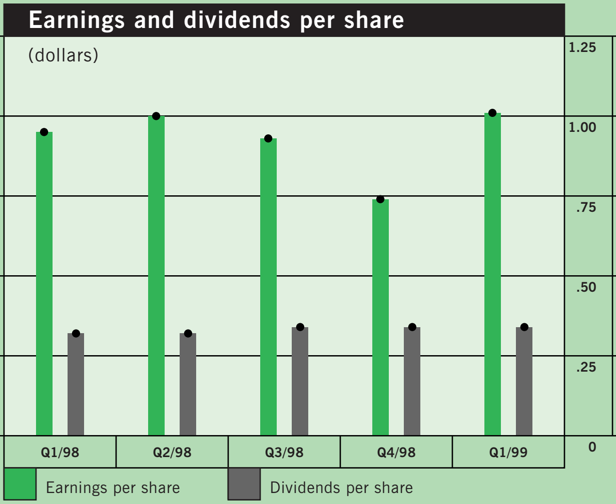
Economic growth has slowed in Canada and low commodity prices have had a particularly negative impact on the economies of the Western provinces. While capital markets have recovered and stabilized since the fourth quarter of 1998, we anticipate volatility to continue in the year ahead. We also expect increased competitive pressures in all our major markets. However, we believe TD people are responding well to these challenging conditions and we expect to make further progress toward our goals in 1999.

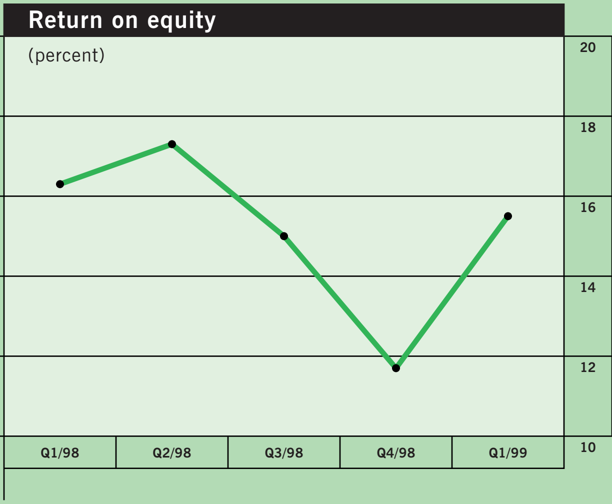
A. Charles Baillie
Chairman and
Chief Executive Officer

William T. Brock
Deputy Chairman

Toronto
February 25, 1999

We believe it is important to pause and reflect on a tragedy that has touched all of us at TD. On January 11, 1999, Nancy Kidd, a Customer Service Representative with 18 years of service at TD, was killed in an armed robbery at our Sandalwood Plaza branch in Brampton, Ontario. On behalf of the people of TD, we wish to convey our heartfelt appreciation to the many shareholders, customers and members of the Canadian banking community who joined us in expressing deepest sympathies and support to Mrs. Kidd's family, friends and co-workers. Through this tragedy, we have been vividly reminded that people are indeed the most important asset of this and every organization. Nancy Kidd was a valued member of our TD family and we mourn her passing.





Review of TD's Businesses

(unaudited, in millions of dollars)

Net income	Jan. 31 1999	Oct. 31 1998	Jan. 31 1998
	For the three months ended		
Retail			
Personal and commercial banking	**$ 107**	$ 126	$ 130
Wealth management services	**49**	43	(3)
Total retail	**156**	169	127
Wholesale			
Investment banking	**80**	(36)	56
Corporate banking	**135**	87	119
Total wholesale	**215**	51	175
Retail and wholesale	**371**	220	302
Other	**(59)**	14	(9)
Total	**$ 312**	$ 234	$ 293

Personal and Commercial Banking

Net income for Personal and Commercial Banking declined $23 million from the same quarter last year. This, together with an increase in allocated equity, led to an 8 percentage point decline in return on equity to 18%. Net interest income declined $13 million or 2% due to the impact of asset securitizations and a flatter yield curve. Securitizations provided offsetting favourable impacts on other income and the provision for credit losses, and reduced the growth in our capital requirements.

The expense increase from a year ago was driven by a 6% growth in earning assets and investments in our in-store and electronic banking networks to improve customer convenience and respond to a 24% increase in electronic banking transactions. Personal loans, residential mortgages, and commercial loans and bankers' acceptances continued to show strong growth of 12%, 10% and 10% respectively. Expenses have now declined for two consecutive quarters.

Compared to the prior quarter, net income decreased by $19 million primarily due to the negative impact of narrower interest margins and a higher effective tax rate. Market share continues to improve in mortgages, personal loans, and personal term deposits.

Wealth Management Services

Wealth Management net income in the quarter more than doubled over prior year levels, increasing $27 million or 120% after adjusting for the $25 million cost of acquiring Rivkin Croll Smith in the first quarter last year. Net income at Waterhouse was up $19 million or 251% in the year. Net income for Green Line Canada was up $6.5 million or 91% in the year. Return on equity on a cash basis improved 19 percentage points to 41% due to significant earnings contributions from our discount brokerage operations in Canada and the United States.

Driven by the increasing trend towards on-line trading and active markets, Waterhouse trade volumes grew 180% over the prior year, reaching 100,000 trades per day in January. In addition to the significant growth in trading volumes, Waterhouse active accounts have grown by 499,000 accounts or 68%. Assets under administration of $89 billion have increased more than $38 billion or 75% over the same period last year.

Wealth Management total revenue of $422 million improved $65 million or 18% from the prior quarter. This substantial revenue growth can be attributed to increased trading activity in both the discount brokerage operations and TD Evergreen, as market conditions improved in the quarter. Net income at $49 million, a record quarter, grew $6 million or 14% over the previous quarter.

(unaudited)

Return on equity	Jan. 31 1999	Oct. 31 1998	Jan. 31 1998
	For the three months ended		
Retail			
Personal and commercial banking	**18%**	22%	26%
Wealth management services	**14**	12	(2)
Total retail	**17**	18	15
Wholesale			
Investment banking	**26**	(13)	20
Corporate banking	**18**	12	17
Total wholesale	**20**	4	18
Retail and wholesale	**18**	11	17
Total	**16%**	12%	16%

Investment Banking

Improved market conditions and an increased concentration on our core businesses allowed TD's Investment Banking operations to increase revenue and net income by 35% and 43%, respectively, compared to the same quarter last year. Trading revenue increased by 53% compared to last year.

While all areas of the business contributed to the growth in revenue, the interest rate products group was particularly strong as a result of the businesses being well positioned to take advantage of rate cutting by the world's central banks and a general tightening of credit spreads during the quarter. Revenue increased in this group by 33% from a year ago.

The Institutional Equities group was able to increase its revenue by 264% from a year ago as a result of resurgent capital markets and a sharper focus on a few key industries. This business has recently taken strategic action to reduce costs and improve profitability.

The segment return on equity increased by six percentage points to 26% as the increased profitability was achieved with a minimal increase in capital requirements.

Corporate Banking

Corporate Banking's net income increased by $16 million or 13% compared to the same quarter a year ago.

Net interest income in the lending business increased by 23% largely as a result of re-negotiating existing facilities and writing new deals at more attractive rates of return. The total fees earned by the Lending and Syndication business increased by 25% from a year ago due to continued success in arranging new loans both for the Bank's portfolio and for syndication. While the Bank sharpened its focus on exiting marginally profitable relationships, increased new business at attractive risk-adjusted returns resulted in an increase in capital required to support the segment of $.2 billion or 7%.

The strong expense controls that were implemented during the latter half of fiscal 1998 have been very effective as total expenses have decreased by 16% since the fourth quarter of 1998.

Review of Operating Performance

TD earned record net income this quarter of $312 million. This performance is $19 million or 6% higher than the same quarter last year. Total revenue increased $258 million or 17% on record net interest income of $838 million and strong other income of $937 million. Expense growth matched revenue growth with a 17% increase over last year.

Earnings per share also reached a record $1.01, versus $.95 in the same quarter last year. On a cash basis (that is, not including goodwill charges), earnings per share are $1.05. Return on common equity is 15.5% this quarter compared to 16.3% last year. On a cash basis, return on equity is 17.8% this quarter compared to 20.2% last year.

Net interest income

Net interest income, on a taxable equivalent basis, is $838 million this quarter, which is $28 million or 3% higher than first quarter last year. Average earning assets grew 25% from last year to $181 billion, with margin declining 37 basis points to 1.84%. The majority of growth in earning assets related to increases in trading securities, which support our investment banking businesses. This increase lowers our overall margin because trading securities have a lower interest margin than other intermediation products. The margin has also been reduced by our asset securitization activities and a flatter yield curve.

Credit quality and provision for credit losses

Credit quality continues to be high. The allowance for credit losses exceeded gross impaired loans by $431 million at the end of the quarter, whereas gross impaired loans exceeded the allowance by $84 million a year ago.

Excluding a $100 million special provision taken this quarter, the estimated full-year provision for credit losses for 1999 is $300 million. This estimate is $50 million higher than our 1998 provision for credit losses, excluding the $200 million special general provision taken last year. It is expected that this increase over 1998 will contribute to additional general provisions and is based on establishing the total provision for credit losses at the estimated annual average over a credit cycle. One fourth or $75 million of the full-year estimate was expensed this quarter, bringing the quarter's total provision for credit losses to $175 million.

The Bank's total accumulated general allowance for credit losses, which relates to both loans and off-balance sheet instruments, was $744 million at January 31, 1999, versus $425 million last year. General allowances qualify as Tier 2 capital under guidelines issued by the Office of the Superintendent of Financial Institutions Canada.

Other income

Driven by our wealth management and corporate and investment banking businesses, other income was $937 million – the second best quarter on record. This performance includes a $61 million one-time security gain related to corporate banking. Excluding this one-time gain and a one-time gain last year related to the sale of our payroll business, other income is up $215 million or 33% over last year.

TD's wealth management businesses, which include our global discount brokerage businesses (Green Line Investor Services in Canada, Australia, Europe and Hong Kong, and Waterhouse Investor Services in the U.S.), our full service brokerage, TD Evergreen, and our Green Line and Waterhouse mutual funds, all had a strong quarter. Compared to the same quarter last year, global discount brokerage revenue increased $111 million or 87%, of which Waterhouse contributed $97 million. Revenue at Green Line Canada increased 35% on 24% higher trading activity and our full service brokerage, TD Evergreen, experienced a 12% increase in revenue. Mutual fund revenue grew $15 million or 36% over last year, reflecting growth in assets under administration in Canada of $2.1 billion and the U.S. of $4.7 billion.

Following the severe decline in the fourth quarter of last year, capital markets activity rebounded sufficiently this quarter to allow our wholesale corporate and investment banking businesses to experience very good revenue growth compared to the same quarter last year. Driven by improved equity and foreign exchange trading, total trading income this quarter is $34 million or 53% higher than the first quarter of 1998. Revenue from mergers and acquisitions and equity sales more than doubled year over year. Corporate credit fees were $15 million or 24% higher than the same quarter last year.

Including the $61 million one-time corporate banking security gain, we realized $132 million in investment portfolio securities gains this quarter versus $36 million in the first quarter of last year. The market value surplus over book value of the portfolio at the end of January 1999 was $900 million compared to $753 million a year ago.

Non-interest expenses

Base expenses declined 1% from last year although total expenses increased $157 million or 17% over last year. The percentage growth in expenses equaled revenue growth, leaving our efficiency ratio unchanged at 60.3%. Compared to the same quarter last year, expenses related to the higher business activity in our global discount brokerage business increased expenses by 10%. Expenses directly related to revenue generation in our corporate and investment bank added another 7% to our expense growth.

Balance sheet

Total assets as at January 31, 1999 were $213 billion, which is $36 billion or 21% higher than a year ago. Trading securities increased $22 billion and are the main reason for our strong asset growth. Total residential mortgage loans, gross of securitizations, grew 7% or $2.3 billion over last year, and our market share continued to increase. Personal loans increased 24% or $3 billion, benefiting from higher market share in Canada and growth in the U.S. Waterhouse experienced personal loan growth of $1.8 billion to $4.3 billion. Credit card loans grew 13% over last year, gross of $1.7 billion in securitizations.

Growth in personal non-term deposits continued, increasing 12% or $2.6 billion over last year. Once again, Waterhouse was the main driver of this increase with an 84% or $2.7 billion increase over last year. Personal term deposits continued last quarter's trend, recording a healthy 10% increase over last year. Wholesale deposits increased 32% or $17 billion, in line with the growth in investment banking assets. Other business and government deposits increased 21% or $4 billion over last year.

Capital

At January 31, 1999, common equity was $7.8 billion, an increase of $117 million from last quarter. This increase was a result of $200 million net income after dividends, which was partially offset by a decrease from foreign currency translation of $84 million. This decrease was the result of the strengthening of the Canadian dollar, relative to other currencies, at the end of the quarter.

During the quarter our risk-weighted assets increased 5% as the Bank took advantage of good market opportunities. As a result, our net common equity to risk-weighted assets ratio at January 31, 1999 was 6.2%, a decline of 20 basis points from October 31, 1998. At the end of the quarter, our Tier 1 and total capital ratios were 7.0% and 10.6% versus 7.2% and 11.0% last quarter.

Consolidated Interim Statement of Income

(unaudited, in millions of dollars)

	For the three months ended		
	Jan. 31 1999	Oct. 31 1998	Jan. 31 1998
Interest income	**$ 2,693**	$ 2,829	$ 2,270
Interest expense	**1,900**	2,101	1,510
Net interest income	**793**	728	760
Provision for credit losses	**175**	62	63
Net interest income after credit loss provision	**618**	666	697
Other income			
Investment and securities services	**409**	287	264
Credit fees	**100**	97	82
Net investment securities gains	**132**	60	36
Trading income	**99**	(15)	65
Service charges	**68**	72	69
Card services	**46**	49	44
Other	**83**	107	147
	937	657	707
Net interest and other income	**1,555**	1,323	1,404
Non-interest expenses			
Salaries and staff benefits	**577**	568	480
Occupancy	**90**	95	80
Equipment	**93**	88	76
Other	**311**	273	278
	1,071	1,024	914
Income before provision for income taxes	**484**	299	490
Provision for income taxes	**172**	65	197
Net income	**312**	234	293
Preferred dividends	**11**	12	11
Net income applicable to common shares	**$ 301**	$ 222	$ 282
Per common share			
Net income	**$ 1.01**	$ .74	$ .95

Certain comparative amounts have been reclassified to conform with current year presentation.

Condensed Consolidated Balance Sheet

(unaudited, in millions of dollars)

	Jan. 31 1999	Oct. 31 1998	Jan. 31 1998
	As at		
Assets			
Cash resources	**$ 8,531**	$ 3,079	$ 5,743
Securities purchased under resale agreements	**23,377**	12,291	26,771
Securities			
Investment	**17,499**	12,512	13,151
Trading	**46,928**	37,207	24,695
	64,427	49,719	37,846
Loans (net of allowance for credit losses)			
Residential mortgages	**32,388**	32,255	30,632
Consumer instalment and other personal	**16,442**	15,160	14,872
Business and government	**39,011**	37,511	39,871
	87,841	84,926	85,375
Customers' liability under acceptances	**10,267**	9,948	7,125
Other assets	**19,042**	21,868	14,179
	$ 213,485	$ 181,831	$ 177,039
Liabilities			
Deposits			
Personal	**$ 49,441**	$ 47,693	$ 44,541
Business and government	**94,995**	72,984	73,543
	144,436	120,677	118,084
Acceptances	**10,267**	9,948	7,125
Obligations related to securities sold short	**16,482**	13,034	9,153
Obligations related to securities sold under repurchase agreements	**15,849**	8,421	19,055
Other liabilities	**14,248**	17,612	12,238
Subordinated notes	**3,559**	3,606	3,464
Shareholders' equity			
Preferred	**839**	845	905
Common	**7,805**	7,688	7,015
	$ 213,485	$ 181,831	$ 177,039

Certain comparative amounts have been reclassified to conform with current year presentation.

Condensed Consolidated Statement of Shareholders' Equity

(unaudited, in millions of dollars)

	Jan. 31 1999	Jan. 31 1998
	For the three months ended	
Balance at beginning of period	**$ 8,533**	$ 7,303
Issue of common shares	**2**	1
Issue of preferred shares	**–**	350
Net income	**312**	293
Dividends	**(112)**	(106)
Unrealized net foreign currency translation gains (losses), net of income taxes	**(90)**	85
Other	**(1)**	(6)
Balance at end of period	**$ 8,644**	$ 7,920

Condensed Statement of Changes in Financial Position

(unaudited, in millions of dollars)

	For the three months ended	
	Jan. 31 1999	Jan. 31 1998
Cash flows provided by (used in) operating activities		
Net income	**$ 312**	$ 293
Adjustments to determine net cash flows	**(10,127)**	(3,478)
	(9,815)	(3,185)
Cash flows provided by (used in) financing activities		
Deposits	**23,759**	7,458
Securities sold short or under repurchase agreements	**10,876**	3,369
Subordinated notes and share capital	**(52)**	431
Dividends paid	**(112)**	(106)
Other items, net	**(41)**	(28)
	34,430	11,124
Cash flows provided by (used in) investing activities		
Investment securities	**(4,855)**	(504)
Loans	**(3,175)**	(5,744)
Securities purchased under resale agreements	**(11,086)**	(3,450)
Interest-bearing deposits with banks	**(4,177)**	1,920
Other items	**(47)**	(85)
	(23,340)	(7,863)
Net increase in cash	**1,275**	76
Cash at beginning of period	**1,379**	1,200
Cash at end of period	**$ 2,654**	$ 1,276

Certain comparative amounts have been reclassified to conform with current year presentation.

Statistical Review

	1999				1998
	1	4	3	2	1
Key measurements					
Net income *(millions of dollars)*	**$ 312**	234	287	307	293
Per common share					
Net income	**1.01**	.74	.93	1.00	.95
Dividends	**.34**	.34	.34	.32	.32
Book value	**26.26**	25.87	25.19	24.12	23.62
Closing market price	**63.00**	45.90	59.65	65.30	53.60
Return on common equity	**15.5%**	11.7	15.0	17.3	16.3
Return on assets	**.58**	.45	.58	.68	.67
Efficiency ratio	**60.3**	71.5	57.8	61.6	60.3
Net interest margin					
(billions of dollars)					
Average earning assets	**$ 181.1**	178.4	165.4	155.2	145.8
Average total assets	**212.0**	208.3	196.7	184.2	172.9
Net interest income (TEB)					
as a % of:					
Average earning assets	**1.84%**	1.72	1.88	2.04	2.21
Average total assets	**1.57**	1.47	1.58	1.72	1.86
Credit quality *(millions of dollars)*					
(At quarter end)					
Gross impaired loans	**$ 636**	617	579	590	728
Less: allowance for credit losses	**1,067**	876	900	668	644
Net impaired loans	**$ (431)**	(259)	(321)	(78)	84
Net impaired loans as a % of net loans[1]	**(.4)%**	(.3)	(.3)	(.1)	.1
Provision for credit losses					
(millions of dollars)	**$ 175**	62	263	62	63
Provision as a % of net average loans[1]	**.71%**	.25	1.11	.28	.27
Capital measurements					
Capital *(millions of dollars)*					
Tier 1	**$ 7,716**	7,575	7,482	7,331	7,164
Total	**11,703**	11,536	11,496	11,067	10,928
Total risk-weighted assets *(billions of dollars)*	**$ 110.6**	105.1	102.9	103.7	100.8
Tier 1 capital ratio	**7.0%**	7.2	7.3	7.1	7.1
Total capital ratio	**10.6**	11.0	11.2	10.7	10.8
Common equity to total assets	**3.7**	4.2	3.6	3.8	4.0
Net common equity to risk-weighted assets	**6.2**	6.4	6.4	6.2	6.2
Other information					
Number of full-time equivalent employees	**29,394**	29,236	29,920	29,445	28,582
Number of retail bank outlets	**920**	922	909	911	913
Number of Green Machines	**2,149**	2,124	2,116	2,086	2,067
Number of common shares outstanding *(millions)*					
At end of quarter	**297.2**	297.1	297.1	297.0	297.0
Average for quarter	**297.2**	297.1	297.1	297.0	297.0

[1]Includes customers' liability under acceptances.

THE TORONTO-DOMINION BANK

A. Charles Baillie
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Deputy Chairman

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Michael P. Mueller
Thomas R. Spencer

Head Office

The Toronto-Dominion Bank
P.O. Box 1
Toronto-Dominion Centre
Toronto, Ontario
Canada
M5K 1A2

General Information

Financial:
Contact Corporate &
Public Affairs
(416) 982-8578

Products and services:
Contact TD Access
Telephone Banking:
Toll Free, in Canada
and the United States:
1-800-9TD-BANK
(1-800-983-2265)
Toronto: (416) 983-2265
French: 1-800-895-4463
Cantonese/Mandarin:
1-800-387-2828
Telecommunication devices
for the deaf, call collect:
(416) 982-4258

Shareholder Information

Call toll free in Canada:
1-800-4NEWS-TD
(1-800-463-9783)
In Toronto, call:
982-NEWS (982-6397)
Outside of Canada,
call **collect:**
(416) 944-5743

Internet address:*
http://www.tdbank.ca
E-mail address:
tdinfo@tdbank.ca

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