TD BANK FINANCIAL GROUP
SECOND QUARTER 2000 REPORT TO SHAREHOLDERS
Six months ended April 30, 2000

BANK FINANCIAL GROUP *News* GROUPE FINANCIER BANQUE *Communiqué*

TD Bank Financial Group reports continued momentum with record growth in second quarter

SECOND QUARTER HIGHLIGHTS

- **On a cash basis, operating earnings per share for the second quarter were $.84, up 45% from the same period last year, with all our businesses reporting record operating results.**
- **On a cash basis, return on common equity for the quarter was 19.5%, compared to 18.2% the prior year.**
- **On a cash basis, operating net income for the quarter was $537 million, up by 50% from the prior year.**
- **TD becomes Canada's leading retail bank with the acquisition of Canada Trust, with integration proceeding on schedule.**
- **Total revenue grew 58% over last year or 28% when excluding the acquisition of Canada Trust.**
- **TD, in terms of online customers, ranks among the world's top three online financial services firms, with more than 2.5 million, over 500,000 added in the last quarter alone.**

TORONTO – TD Bank Financial Group today announced results for the second quarter, reporting record cash basis operating net income of $537 million or $.84 per common share, compared to $358 million or $.58 per share for the same period last year. This is the first quarter to reflect the acquisition of CT Financial Services Inc., which contributed approximately $.08 to this quarter's cash basis operating earnings.

"Each of our core businesses maintained exceptional momentum and delivered outstanding results, contributing to a tremendous overall performance," said A. Charles Baillie, Chairman and Chief Executive Officer.

He noted that TD's retail banking business – TD Canada Trust – maintained market share, built revenues in all key business lines, reduced expenses ahead of schedule and delivered strong gains in operating income during the quarter.

"These are significant achievements as we successfully manage the integration of the largest financial services acquisition in Canadian history," said Baillie.

"TD Waterhouse surpassed its own records yet again, maintaining a blistering growth pace and delivering strong gains in profitability," Baillie added. "This was achieved while managing the service challenges that emerged due to unprecedented growth in volumes and while proceeding with global expansion."

"TD Securities delivered record revenues and income with exceptional increases in trading revenues and merchant banking gains," said Baillie.

"TD Asset Management has also achieved record asset levels with the addition of CT Investment Management Group," Baillie said. "We are now the fifth largest mutual fund company in Canada, with a market share of over 7%. In total, we now manage more than $97 billion in assets for retail and institutional clients."

CANADA TRUST INTEGRATION

Baillie noted that the Canada Trust integration is proceeding on plan and on schedule.

"Our main priority has been to maintain high customer satisfaction levels during the transition, and it is a credit to the employees of our combined organization that we have achieved our customer service goals during this period of change," Baillie said. "A clear reflection of our success is the growth in business at both TD and Canada Trust branch networks during the quarter – growth which was higher than anticipated. As well, due to expense controls established prior to the acquisition, we have achieved some of our targeted profit enhancements sooner than we expected."

COMPETITION BUREAU REMEDIES UPDATE

Just after the quarter end, in accordance with the undertaking given to the Competition Bureau on the acquisition of Canada Trust, TD announced the sale of the retail banking business of 13 TD Bank and Canada Trust branches in Southern Ontario for proceeds of approximately $51 million. As part of the sale, all active employees in the affected branches will be offered employment by the purchasers.

"We are proceeding with the sale process for the Canada Trust MasterCard merchant and issuing business, also required as a condition by the Competition Bureau, and expect to complete this during the third quarter," Baillie said.

E-COMMERCE LEADERSHIP

TD built on its leadership in e-commerce and online financial services during the quarter, developing delivery channels and services that benefit customers while opening up new growth opportunities for TD businesses.

"We ended the second quarter with over 2.5 million online customers worldwide, with the significant contribution of TD Waterhouse's strong growth during the quarter," Baillie said. "In terms of online customers, that makes us one of the three largest online financial services firms in the world, and we have the strategies to build profitably on that advantageous position. Our leadership is adding value to customers in all our markets – and in all our businesses."

Baillie pointed to a range of e-commerce developments and achievements during the quarter:

- <u>Online roadshow:</u> TD Securities scored a global first with the successful completion of a US$1.2 billion Rural Cellular Corporation debt financing transaction – the first loan syndication marketed through the internet. This innovative approach to leveraging the internet resulted in a financing with lower marketing costs for the issuer, greater convenience to the investor and faster execution.

- <u>B-to-B e-commerce</u>: We launched TD MarketSite, Canada's first business-to-business (B2B) electronic marketplace and trading portal, and went live with TD's internal procurement as planned on March 31. We are on track to begin extending B2B e-commerce services through TD MarketSite to business customers during the third quarter.

- <u>Wireless delivery channels</u>: We moved forward with the development of wireless internet access delivery on several fronts. In the U.S., TD Waterhouse joined Microsoft Corp. in a strategic development relationship to offer wireless online investing with "WebBroker Wireless for Pocket PC". In the U.K., TD Waterhouse joined with BT Cellnet's Genie Internet service to launch a market information service using Wireless Application Protocol (WAP)-enabled mobile phones, via Genie's Internet WAP platform; this service will extend to full trading by the fourth quarter. In Canada, we joined with NBS Transaction Systems and Bell Nexxia to introduce the "TD Green Key Wireless Terminal" for debit and credit cards – offering TD business customers the latest innovation in portable point-of-sale payment technology.

- <u>Interactive TV</u>: In the U.K., TD Waterhouse launched "TV Broker" – the first interactive television equity information service. By the end of the year, TV Broker will be available to over one million cable TV customers with digital set top boxes in the U.K. By the end of the third quarter, TV Broker will offer full share dealing as well as share and market information.

- <u>Online insurance information</u>: TD Insurance launched Canada's first internet one-stop life insurance shopping service, featuring an online quotation facility, price comparison shopping, and online sales of term insurance up to $5 million.

- <u>Web-based cash management:</u> We joined with BROKAT, a global market leader in e-finance solutions, to develop an innovative new suite of internet-based cash management services for TD's small, mid-sized and corporate business customers.

OTHER ACHIEVEMENTS

TD's core businesses moved forward on other key strategic fronts. Among the highlights:

- TD Waterhouse continued its industry-leading global expansion by negotiating the acquisition of Dealwise Limited, a leading discount brokerage firm in the U.K., with a customer base of 230,000 accounts. When the acquisition is completed later this month, TD Waterhouse will be #1 in retail market share in the U.K., strengthening its platform for expansion to the European continent. As well, in Canada, TD Waterhouse completed the acquisition of CT Securities Inc., adding approximately 130,000 accounts and about $3 billion in customer assets.

- TD Securities established a $300 million mezzanine fund and specialized mezzanine finance team to increase the level of financing available to clients to help them fund organic growth, acquisitions and buy-outs.

- TD Securities made the decision to expand its media and telecom financing franchise by establishing high yield and merchant banking teams in London to further service this expanding sector in Europe.

- During the quarter, Bloomberg cited TD Securities as the #1 dealer in Canadian domestic new issue activity.

- TD Securities built on its market position by taking the lead on some of the largest and most innovative deals in recent Canadian capital markets history. For example, TD Securities led the largest BBB+ public issue ever offered in Canada for Shaw Communications and the largest structured medium-term note ever done in Canada for Bell Canada.

- TD and Canada Trust jointly announced a 3% cash-back mortgage – the first joint product offering available through both branch networks.

OUTLOOK

"Although central banks may raise interest rates during the next several months, the economic environment remains positive in Canada, the United States and our other global markets," Baillie said. "We aim to outpace the market yet again through 2000 and build shareholder value with further progress by our core businesses."

(As reported Thursday, May 18, 2000)

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Online investor presentation: Full financial statements and a presentation to investors and analysts are available on the TD Bank Financial Group web site at http://www.tdbank.ca/tdtoday/share.html.

Earnings conference call: Instant replay of the teleconference will be available from May 18 to June 18, 2000. Please call 1-877-289-8525 toll free, in Toronto (416) 647-1917, passcode 8310.

Webcast of call: An internet webcast of TD Bank Financial Group's quarterly conference call with analysts is available via the TD Bank Financial Group web site at http://www.tdbank.ca/tdtoday/share.html.

Software required for webcast: A Netscape 3.0 browser or better is required to access the broadcast via the internet. To access the webcast, Real Player is required. Those who wish to can download Real Player via the web site at http://quarterlybroadcasting.com.nexx.com/tdbank/index.cfm.

This press release may contain forward-looking statements, including statements regarding the business and anticipated financial performance of TD. These statements are subject to a number of risks and uncertainties that may cause actual results to differ materially from those contemplated by the forward-looking statements. Some of the factors that could cause such differences include legislative or regulatory developments, competition, technological change, global capital market activity, changes in government monetary and economic policies, changes in prevailing interest rates, inflation levels and general economic conditions in geographic areas where TD operates.

Review of Operating Performance

This quarter's results include our acquisition of Canada Trust, which closed February 1, 2000, the first day of the quarter. Net income on a cash basis (excluding amortization of goodwill and intangibles and one-time restructuring costs related to Canada Trust) was $537 million, 50% or $179 million higher than the same quarter a year ago. Our very strong growth in net income was broad based, with all business segments contributing to our financial performance. Our results reflect the changing financial needs of our customers and our strategic investment in growth businesses that meet those needs. Other income continues to be the primary factor behind our revenue growth, increasing 77% or $799 million to $1,843 million powered by strong performance from TD Waterhouse, TD Asset Management and TD Securities. Net interest income grew 32% or $242 million to $994 million reflecting both the addition of Canada Trust and growth in our underlying personal and commercial banking businesses. Total revenue growth of 58% modestly exceeded expense growth of 57%, excluding the one-time restructuring charge of $475 million related to Canada Trust, resulting in a slight improvement in our efficiency ratio to 62.5% from 62.7% last year.

Earnings per share on a cash basis were $.84 this quarter compared to $.58 a year ago, adjusting for the one-time restructuring charge. Canada Trust contributed approximately $.08 per share to this record result. Excluding the restructuring charge, cash return on total common equity was 19.5% compared to 18.2% last year.

NET INTEREST INCOME

Net interest income on a taxable equivalent basis was $994 million this quarter, $242 million or 32% higher than the same quarter last year, as average earning assets grew 38% to $251 billion. While this growth was largely due to the addition of Canada Trust, underlying lending activities in both personal and commercial banking and TD Waterhouse also experienced solid growth during the past year. Compared to the second quarter last year, net interest margin declined 9 basis points to 1.61%. The lower margin is attributable to our securitization of loan assets, which reduced net interest income while increasing other income.

CREDIT QUALITY AND PROVISION FOR CREDIT LOSSES

The estimate for the 2000 full-year provision for credit losses is $480 million. This estimate is $180 million higher than our estimate established in the first quarter. The increase reflects an amount of $90 million for the addition of Canada Trust and a $90 million increase in the estimated credit losses in TD Securities. In the second quarter, $135 million of the full-year estimate was expensed. The allowance for credit losses exceeded gross impaired loans by $174 million at the end of the quarter, compared to a $104 million excess at January 31, 2000.

The Bank's total accumulated general allowance for credit losses, which relates to both loans and off-balance sheet instruments, increased to $849 million at April 30, 2000 from $744 million at the end of the prior quarter, reflecting the addition of Canada Trust. These general allowances qualify as Tier 2 capital under guidelines issued by the Office of the Superintendent of Financial Institutions.

OTHER INCOME

Other income continues to be very strong and, at $1,843 million this quarter, is $799 million or 77% higher than the same quarter last year. While the addition of Canada Trust this quarter is a contributing factor, the majority of the increase was from our investment banking and wealth management businesses. TD Securities had a very strong quarter, contributing $258 million to the growth in other income. Most businesses within TD Securities experienced year-over-year increases. Mergers and acquisition revenue more than doubled and trading revenue increased 58%. Corporate banking activity was also robust with corporate credit fees increasing 51% over the same quarter last year. Benefiting from strong merchant banking gains, net investment securities gains were $146 million this quarter compared to $80 million last year. The surplus over book value of our investment securities portfolio was $432 million at April 30, 2000, compared to $332 million at the end of the last quarter.

TD Waterhouse contributed $179 million to the increase in other income. Average trades per day at TD Waterhouse more than doubled this quarter to 255,000 compared to 118,000 a year ago. TD Evergreen, our full service broker, also experienced very strong other income growth of 77% this quarter.

TD Asset Management continued to benefit from strong mutual fund demand in Canada through our Green Line family of mutual funds and in the United States through our TD Waterhouse family of funds. That increased demand, coupled with the addition of CT Investment Management Group Inc., resulted in a 70% increase in other income from TD Asset Management from the second quarter last year.

Retail banking also contributed to the strong growth in other income. After including Canada Trust, trust fees increased over fourfold, insurance revenue more than tripled, and income from securitizations more than doubled compared to a year ago.

NON-INTEREST EXPENSES

Total cash expense growth from a year ago – excluding one-time restructuring charges – was 57%, with the addition of Canada Trust this quarter contributing 27% of the growth. The percentage growth in total revenue at 58% is modestly higher than expense growth and as such our efficiency ratio, excluding non-cash goodwill and intangible charges and one-time restructuring charges, improved 20 basis points to 62.5%.

Within wealth management, higher business activity in both TD Waterhouse and TD Asset Management contributed 13% and 3% respectively to our underlying expense growth. Higher revenue generation at TD Securities added 8% while personal and commercial banking contributed 6% to the overall growth in expenses.

BALANCE SHEET

Total assets as at April 30, 2000 were $270 billion, $62 billion or 30% higher than a year ago. The majority of this increase, $48 billion, is from Canada Trust, however the growth in retail banking continues to be strong. Underlying personal loans increased 43% or $7.7 billion year-over-year, of which TD Waterhouse contributed $5.6 billion. Underlying growth in residential mortgages including securitizations increased by 5.3% or $1.9 billion.

Personal non-term deposits grew $14 billion or 56% over last year, with Canada Trust contributing $10.1 billion of the increase. TD Waterhouse continued to be a major source of growth, contributing an additional $2.9 billion, while underlying growth in personal non-term deposits accounted for the remaining $1 billion. Personal term deposits increased $28 billion; while Canada Trust contributed $26 billion of the increase, underlying growth in personal term deposits has also been strong, rising 8% or $2 billion.

CAPITAL

At the end of January 31, 2000, our Tier 1 and total capital ratios – 10.2% and 13.2% respectively – were very high, reflecting our increased capital position ahead of the closing of the Canada Trust transaction on February 1, 2000. As at April 30, 2000, our Tier 1 and total capital ratios are 7.2% and 10.2% respectively and are comparable to our ratios a year ago of 7.0% and 10.6%.

Review of TD's Businesses[1]

TD CANADA TRUST

The personal and commercial banking business of the Bank is now reported under the name TD Canada Trust. Collectively, these businesses are developing more integrated retail banking solutions to meet customer needs.

On a cash basis, TD Canada Trust's net income at $211 million for this quarter was $110 million or 109% higher than the same quarter last year, and was $64 million or 44% higher than last quarter. These results reflect the inclusion of Canada Trust's retail banking operations effective February 1, 2000. In addition, these earnings reflect the strong underlying core earnings performance of each of TD Bank and Canada Trust when compared to their respective results a year ago.

We had solid revenue momentum as focus was placed on maintaining "business as usual" for all of our customers during the initial stages of the integration. Strong growth in business volumes resulted in a 15% increase in revenues over the same quarter last year on a comparable basis. Strong volumes from personal loans and deposits, as well as sharp increases in TD Evergreen trading volume, contributed to revenue growth. This revenue momentum, together with expense restraint and the early impact of integration synergies, led to an improvement in the efficiency ratio from 71% a year ago to 67% this quarter.

Return on total common equity declined from 17% a year ago to 14% for this quarter, as the significant increase in earnings was more than offset by the increase in common equity capital for the purchase of Canada Trust.

TD WATERHOUSE

TD Waterhouse's growth momentum continued in the second fiscal quarter with cash net income of $105 million, an increase of $53 million or 100% over the same quarter last year excluding the prior year securities gains. These results reflect strong growth in both commission revenue and net interest revenue. On a cash basis, return on total common equity improved year-over-year by 13 percentage points to 31%, excluding the prior year securities gains.

New records were once again set in key financial indicators including average trades per day of 255,000; 418,000 new accounts opened, and online penetration of 74%. Average trades per day of 255,000 represents an increase of 116% over a year ago. The number of active customer accounts now exceeds 2.8 million, a one-year increase of 49%, while assets under administration grew to over $237 billion, a year-over-year increase of 51%.

Total revenue for TD Waterhouse amounted to $688 million, an increase of $322 million or 88% from the same quarter last year excluding the prior year securities gains, and is largely a result of the increased market activity, most notably online trading and margin loan growth.

[1] See table on page 8 and 9.

TD ASSET MANAGEMENT

Cash net income for the quarter increased $9 million or 82% versus last year, and increased $7 million or 54% versus last quarter. This quarter represents the first period to include the results of Canada Trust's mutual funds group in TD Asset Management's results. The addition of Canada Trust significantly increases the mutual fund operations of TD Asset Management, as well as money management operations for high net worth individuals. Second quarter revenues have also been enhanced by the first full quarter of results from Greydanus, Boeckh & Associates and Harbour Capital Management Inc. Both companies were acquired in the first quarter and amalgamated with TD Asset Management at the beginning of this quarter. At the end of the second quarter, TD Asset Management had over $97 billion in assets under management, 53% increase over the prior year, driven primarily by strong growth in institutional, high net worth, and mutual fund assets.

Earnings by Business Segment

	TD Canada Trust			**TD Waterhouse**		
For the three months ended	**Apr. 30 2000**	Jan. 31 2000	Apr. 30 1999	**Apr. 30 2000**	Jan. 31 2000	Apr. 30 1999
Net interest income (on a taxable equivalent basis)	**$ 804**	$ 557	$ 507	**$ 142**	$ 118	$ 67
Provision for credit losses	**75**	45	46	**–**	–	–
Other income	**552**	313	272	**546**	459	367
Non-interest expenses excluding non-cash goodwill/intangible charges and restructuring costs	**914**	567	554	**486**	388	274
Restructuring costs	**–**	–	–	**–**	–	–
Net income before provision for income taxes and non-controlling interest	**367**	258	179	**202**	189	160
Provision for income taxes (TEB)	**156**	111	78	**85**	76	67
Non-controlling interest in net income of subsidiaries	**–**	–	–	**12**	10	–
Net income – cash basis	**$ 211**	$ 147	$ 101	**$ 105**	$ 103	$ 93
Non-cash goodwill/intangible charges, net of tax						
Net income – accrual basis						
Average assets *(billions of dollars)*	**$ 115.9**	$ 61.5	$ 61.3	**$ 28.3**	$ 21.9	$ 14.2
Return on total common equity – cash basis[1]	**14%**	21%	17%	**31%**	28%	31%

For the six months ended	**Apr. 30 2000**	Apr. 30 1999	**Apr. 30 2000**	Apr. 30 1999
Net interest income (on a taxable equivalent basis)	**$ 1,361**	$ 1,032	**$ 260**	$ 127
Provision for credit losses	**120**	91	**–**	–
Other income	**865**	536	**1,005**	632
Non-interest expenses excluding non-cash goodwill/intangible charges and restructuring costs	**1,481**	1,102	**874**	514
Restructuring costs	**–**	–	**–**	–
Net income before provision for income taxes and non-controlling interest	**625**	375	**391**	245
Provision for income taxes (TEB)	**267**	164	**161**	103
Non-controlling interest in net income of subsidiaries	**–**	–	**22**	–
Net income – cash basis	**$ 358**	$ 211	**$ 208**	$ 142
Non-cash goodwill/intangible charges, net of tax				
Net income – accrual basis				
Average assets *(billions of dollars)*	**$ 88.3**	$ 60.3	**$ 25.0**	$ 12.3
Return on total common equity – cash basis[1]	**18%**	18%	**30%**	23%

[1]Excludes restructuring costs in 2000

TD SECURITIES

TD Securities' cash net income was a record $236 million, excluding special gains in prior quarters, compared with $195 million in the first quarter this year and $162 million in the second quarter last year. Return on total common equity was a record 27%.

TD Securities' businesses are developing more integrated solutions to meet client needs. Capital is managed at the consolidated level and TD Securities has been very effective at reducing lower yielding loans and reallocating capital to those businesses generating high returns.

Second quarter results reflect exceptional performance in foreign exchange, equity products, loan and domestic debt underwriting and advisory businesses. In addition, in the second quarter, merchant banking reported substantial gains on global media and telecom investments. The record results in these businesses more than offset a $30 million increase in the provision for credit losses.

TD Securities continued to emphasize strong cost controls. The increase in non-interest expenses in this quarter reflects incentive compensation relating directly to increases in revenue.

(unaudited, in millions of dollars)

TD Asset Management			TD Securities			Other			Total		
Apr. 30 2000	Jan. 31 2000	Apr. 30 1999	**Apr. 30 2000**	Jan. 31 2000	Apr. 30 1999	**Apr. 30 2000**	Jan. 31 2000	Apr. 30 1999	**Apr. 30 2000**	Jan. 31 2000	Apr. 30 1999
$ 5	$ 6	$ 6	**$ 160**	$ 161	$ 199	**$ (117)**	$ (24)	$ (27)	**$ 994**	$ 818	$ 752
–	–	–	**60**	30	30	**–**	–	(1)	**135**	75	75
63	49	37	**628**	471	370	**54**	(13)	(2)	**1,843**	1,279	1,044
31	31	23	**340**	263	252	**2**	(15)	23	**1,773**	1,234	1,126
–	–	–	**–**	–	–	**475**	–	–	**475**	–	–
37	24	20	**388**	339	287	**(540)**	(22)	(51)	**454**	788	595
17	11	9	**152**	144	125	**(245)**	(22)	(42)	**165**	320	237
–	–	–	**–**	–	–	**11**	–	–	**23**	10	–
$ 20	$ 13	$ 11	**$ 236**	$ 195	$ 162	**$ (306)**	$ –	$ (9)	**$ 266**	$ 458	$ 358
									225	12	10
									$ 41	$ 446	$ 348
$ 4.7	$ 4.6	$ 4.3	**$ 133.0**	$ 128.9	$ 119.7	**$ 9.8**	$ 10.0	$ 9.2	**$ 291.7**	$ 226.9	$ 208.7
62%	80%	67%	**27%**	22%	16%				**20%**	16%	18%

Apr. 30 2000	Apr. 30 1999	**Apr. 30 2000**	Apr. 30 1999	**Apr. 30 2000**	Apr. 30 1999	**Apr. 30 2000**	Apr. 30 1999
$ 11	$ 10	**$ 321**	$ 479	**$ (141)**	$ (58)	**$ 1,812**	$ 1,590
–	–	**90**	60	**–**	99	**210**	250
112	81	**1,099**	717	**41**	15	**3,122**	1,981
62	49	**603**	492	**(13)**	27	**3,007**	2,184
–	–	**–**	–	**475**	–	**475**	–
61	42	**727**	644	**(562)**	(169)	**1,242**	1,137
28	19	**296**	276	**(267)**	(106)	**485**	456
–	–	**–**	–	**11**	–	**33**	–
$ 33	$ 23	**$ 431**	$ 368	**$ (306)**	$ (63)	**$ 724**	$ 681
						237	21
						$ 487	$ 660
$ 4.7	$ 4.2	**$ 131.0**	$ 123.7	**$ 10.0**	$ 9.8	**$ 259.0**	$ 210.3
71%	71%	**25%**	18%			**18%**	17%

Consolidated Interim Statement of Income

(unaudited, in millions of dollars)

	For the three months ended			For the six months ended	
	Apr. 30 2000	Jan. 31 2000	Apr. 30 1999	**Apr. 30 2000**	Apr. 30 1999
Interest income	**$ 3,600**	$ 2,760	$ 2,653	**$ 6,360**	$ 5,346
Interest expense	**2,654**	1,992	1,949	**4,646**	3,849
Net interest income	**946**	768	704	**1,714**	1,497
Provision for credit losses	**135**	75	75	**210**	250
Net interest income after credit loss provision	**811**	693	629	**1,504**	1,247
Other income					
Investment and securities services	**818**	584	448	**1,402**	857
Credit fees	**166**	129	118	**295**	218
Net investment securities gains	**146**	88	80	**234**	212
Trading income	**290**	244	184	**534**	283
Service charges	**124**	76	69	**200**	137
Card services	**55**	52	43	**107**	89
Insurance	**57**	19	16	**76**	30
Other	**187**	87	86	**274**	155
	1,843	1,279	1,044	**3,122**	1,981
Net interest and other income	**2,654**	1,972	1,673	**4,626**	3,228
Non-interest expenses					
Salaries and staff benefits	**982**	662	606	**1,644**	1,183
Occupancy	**134**	91	93	**225**	183
Equipment	**156**	105	99	**261**	192
Intangible amortization	**421**	1	–	**422**	–
Restructuring costs	**475**	–	–	**475**	–
Other	**501**	376	328	**877**	626
Non-interest expenses excluding goodwill expense	**2,669**	1,235	1,126	**3,904**	2,184
Net income (loss) before provision (benefit) for income taxes	**(15)**	737	547	**722**	1,044
Provision (benefit) for income taxes	**(118)**	270	189	**152**	363
Net income before non-controlling interest in subsidiaries	**103**	467	358	**570**	681
Non-controlling interest in net income of subsidiaries	**23**	10	–	**33**	–
Net income before goodwill expense	**80**	457	358	**537**	681
Goodwill expense, net of tax	**39**	11	10	**50**	21
Net income	**41**	446	348	**487**	660
Preferred dividends	**12**	12	11	**24**	22
Net income applicable to common shares					
– including goodwill expense	**$ 29**	$ 434	$ 337	**$ 463**	$ 638
– excluding goodwill expense	**$ 68**	$ 445	$ 347	**$ 513**	$ 659
Earnings per common share[1]					
– including goodwill expense	**$ .05**	$ .70	$ .56	**$ .75**	$ 1.07
– excluding goodwill expense	**.11**	.72	.58	**.83**	1.11
Average number of common shares outstanding *(millions)*	**621.6**	620.6	594.4	**621.1**	594.4
Number of common shares outstanding	**621.7**	621.5	594.5	**621.7**	594.5
Number of options outstanding[2]	**25.9**	25.3	24.2	**25.9**	24.2

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

[1]The per share figures have been adjusted to reflect the one-for-one stock dividend paid on July 31, 1999.

[2]Options are, or will be, exercisable for an equivalent number of common shares.

Condensed Consolidated Balance Sheet

(unaudited, in millions of dollars)

	As at		
	Apr. 30 2000	Jan. 31 2000	Apr. 30 1999
Assets			
Cash resources	**$ 5,664**	$ 8,972	$ 7,596
Securities purchased under resale agreements	**16,406**	26,898	20,536
Securities			
Investment	**27,676**	16,858	16,188
Trading	**56,738**	55,272	47,635
	84,414	72,130	63,823
Loans (net of allowance for credit losses)			
Residential mortgages	**46,446**	31,921	33,343
Consumer instalment and other personal	**34,232**	25,259	18,819
Business and government	**40,998**	38,107	38,235
	121,676	95,287	90,397
Customers' liability under acceptances	**8,099**	8,247	8,861
Other assets	**33,824**	22,381	16,828
	$ 270,083	$ 233,915	$ 208,041
Liabilities			
Deposits			
Personal	**$ 92,758**	$ 54,805	$ 50,783
Business and government	**98,801**	102,672	90,482
	191,559	157,477	141,265
Acceptances	**8,099**	8,247	8,861
Obligations related to securities sold short	**16,110**	18,817	16,034
Obligations related to securities sold under repurchase agreements	**13,013**	16,075	15,207
Other liabilities	**23,251**	17,853	14,552
Subordinated notes and debentures	**4,327**	3,181	3,411
Non-controlling interest in subsidiaries	**1,623**	339	–
Shareholders' equity			
Preferred	**1,225**	931	830
Common	**10,876**	10,995	7,881
	$ 270,083	$ 233,915	$ 208,041

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

Condensed Consolidated Statement of Shareholders' Equity

(unaudited, in millions of dollars)

	For the six months ended	
	Apr. 30 2000	Apr. 30 1999
Balance at beginning of period	**$ 11,533**	$ 8,533
Issue of common shares	**44**	4
Issue of preferred shares	**392**	–
Net income	**487**	660
Dividends	**(285)**	(224)
Unrealized net foreign currency translation losses, net of income taxes	**(42)**	(232)
Other	**(28)**	(30)
Balance at end of period	**$ 12,101**	$ 8,711

Condensed Consolidated Statement of Cash Flows

(unaudited, in millions of dollars)

	For the six months ended	
	Apr. 30 2000	Apr. 30 1999
Cash flows from (used in) operating activities		
Net income	**$ 487**	$ 660
Adjustments to determine net cash flows	**(8,011)**	(8,657)
	(7,524)	(7,997)
Cash flows from (used in) financing activities		
Deposits	**9,759**	20,588
Securities sold short or under repurchase agreements	**(6,491)**	9,786
Subordinated notes and debentures and share capital	**1,132**	(61)
Dividends paid	**(285)**	(224)
Proceeds on issuance of subsidiary shares	**900**	–
Other items, net	**151**	(20)
	5,166	30,069
Cash flows from (used in) investing activities		
Investment securities	**4,582**	(3,464)
Loans	**(6,044)**	(5,720)
Securities purchased under resale agreements	**10,521**	(8,245)
Interest-bearing deposits	**1,191**	(4,209)
Acquisition of CT Financial Services Inc., less cash and cash equivalents acquired **(Note 1)**	**(7,167)**	–
Other items	**(96)**	(126)
	2,987	(21,764)
Net changes in cash and cash equivalents	**629**	308
Cash and cash equivalents at beginning of period	**1,464**	1,379
Cash and cash equivalents at end of period	**$ 2,093**	$ 1,687

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

NOTE 1:

ACQUISITION OF CT FINANCIAL SERVICES INC.

On February 1, 2000, the Bank acquired substantially all of the common shares of CT Financial Services Inc. (CT), a holding company for a group of companies which together operate as a Canadian financial services company under the name Canada Trust. The total consideration in respect of this purchase amounted to $7,998 million, paid in cash. The acquisition was accounted for by the purchase method and the results of CT's operations have been included in the consolidated statement of income from the date of acquisition. In accordance with remedies agreed to with the Competition Bureau relating to the acquisition of CT, the Bank is proceeding with the sale of the CT MasterCard business and 13 branches – 7 CT and 6 TD – in three Southern Ontario markets. The assets to be sold amount to approximately $2,299 million at April 30.

Details of the consideration given and the fair values of the net assets acquired are as follows:

(millions of dollars)	
Fair value of assets acquired	
Cash and cash equivalents	$ 831
Identifiable intangible assets	6,860
Other tangible assets	48,505
	56,196
Less:	
Liabilities	48,956
Non-controlling interest in subsidiaries	364
	49,320
Fair value of identifiable net assets acquired	6,876
Goodwill	1,122
Total purchase consideration	$ 7,998

Goodwill arising from the transaction is being amortized on a straight-line basis over the expected period of benefit of 10 years. Identifiable intangibles are being amortized on a double declining basis over eight years, based upon their estimated useful lives. The final allocation of the purchase price will be determined following the sale of the MasterCard business and the 13 branches.

During the quarter, the Bank recorded a pre-tax restructuring charge of $475 million in connection with the integration of CT. As part of the restructuring plan, the Bank anticipates staff reductions of 4,900 full-time equivalent positions over a three year period, of which 2,900 positions will represent actual job losses and 2,000 positions will be absorbed through normal staff turnover. Of the $475 million restructuring charge, an amount of $251 million has been accrued for severance and employee support costs directly related to this plan. The Bank anticipates that approximately 275 branches will be closed under the restructuring plan, together with rationalization of regional and head office space requirements. Lease termination costs and other premises related expenses of $171 million have been recognized as part of the restructuring charge. The remainder of the restructuring charge of $53 million relates to expenses directly related to the restructuring, primarily for professional advisory and consulting fees. As of April 30, 2000, $60 million of incurred costs had been charged against the restructuring accrual.