



Bank Financial Group

SECOND QUARTER 2001 REPORT TO SHAREHOLDERS

Six months ended April 30, 2001

News

TD BANK FINANCIAL GROUP MAINTAINS ITS PERFORMANCE IN 2001 WITH SOLID SECOND QUARTER RESULTS

2ND QUARTER HIGHLIGHTS

- On an operating cash basis¹, earnings per share for the second quarter were \$.84 compared to \$.84 in the same period last year.
- On an operating cash basis, return on common equity for the quarter was 18.7%, compared to 19.5% the prior year.
- On an operating cash basis, net income for the quarter was \$546 million, compared to \$537 million the prior year.
- A \$200 million pre-tax gain was recorded on the sale of certain investment real estate assets this quarter, and a pre-tax increase of \$150 million in general reserves was also recorded. This represented \$67 million net income after tax or \$.11 per share in additional cash earnings.
- Total operating revenue of \$2,647 million for the quarter (excluding investment real estate gains of \$200 million) was down by 7% compared to the prior year.
- An excellent performance by TD Canada Trust contributed \$271 million or 50% of total operating cash basis net income for the quarter.

TORONTO – TD Bank Financial Group today announced results for the second quarter of fiscal 2001 and reported operating cash basis net income of \$546 million or \$.84 per common share. This compares to \$537 million or \$.84 per common share the prior year on the same basis.

“Strong performances by TD Canada Trust and TD Securities during the quarter provided solid results despite challenging markets. While TD Waterhouse experienced a weaker quarter, overall our businesses adapted to changing market conditions while maintaining their focus on achieving scale, maintaining momentum, being where banking is going, and engaging in activities that are at least North American in scope,” said TD Chairman and Chief Executive Officer, A. Charles Baillie.

Business Segment Highlights

“TD Canada Trust delivered outstanding results in the quarter, with our domestic retail banking business exceeding targets and building overall market share,” Baillie said. “We exceeded sales targets in mutual funds in the retail network, while robust sales during the RSP season enabled us to maintain our number one market share position in term deposits. We gained mortgage volume as applications doubled with a highly effective Deep Discount mortgage offering. And we continued to make gains in small business banking, where an intensified focus on customer service has paid off in market share gains of over 1% in the past year.”

At the same time, Baillie noted, TD Canada Trust continued to realize integration savings, while maintaining customer satisfaction levels as measured by the Customer Satisfaction Index.

¹ Operating results referenced in this news release exclude restructuring costs related to business combinations (the acquisition of Newcrest Capital Inc. in first quarter 2001, and Canada Trust in second quarter 2000), the effects of future tax rate reductions on future tax balances in first quarter 2001 and the net effect of real estate gains and general allowance increases in first and second quarter, 2001. Operating results are presented on this basis in order to provide a meaningful year-over-year comparison. Cash basis results exclude the after tax impact of goodwill and other purchase-related intangible amortization. Financial results included in this Second Quarter Report to Shareholders consists of both operating results and results that include special items.

“TD Securities had a solid quarter, as strong results from its derivative, fixed income, and foreign exchange businesses more than offset some reduction from new equity issuance, loan syndications, private equity and high yield bond financing,” Baillie said. “Despite challenging markets, TD Securities’ diversified mix of businesses has provided consistent earnings and a high return on equity.”

While adding over 169,000 new accounts during the quarter, revenues and earnings decreased significantly at TD Waterhouse from the same period last year, reflecting substantial declines in North American equity markets which reduced trading activity and margin lending.

TD Waterhouse recently announced comprehensive expense reduction and revenue augmentation initiatives designed to increase annualized pre-tax income by US\$200 million by the end of the 2001 calendar year. Expense reductions will be achieved largely through head count reduction resulting from attrition and increased operating efficiencies through deployment of technology enhancements.

TD Wealth Management had a successful quarter in building scale and market position, although revenues and earnings declined due to challenging market conditions. This resulted in lower transaction volumes in our full service brokerage, TD Evergreen, and a smaller proportion of equities in assets under management.

“TD Mutual Funds led the industry with the top sales in Canada for January, February and March 2001. Thanks in large part to our multi-channel distribution approach and exceptional branch-based sales efforts, we were able to achieve \$1.6 billion in new sales over that time,” Baillie said. He added that TD Quantitative Capital achieved solid asset growth of \$2.3 billion during the quarter.

Integration of Canada Trust

During the second quarter, the integration of Canada Trust proceeded on track with the successful completion of the first phase of branch systems conversion, as all TD and Canada Trust branches and ABMs in Atlantic Canada were relaunched under the TD Canada Trust banner.

“Atlantic branch conversion was an important milestone and we are grateful for the support of our employees and our customers,” said W. Edmund Clark, President and Chief Operating Officer of TD Bank Financial Group. “Overall, we are extremely pleased with how our plans were implemented. We know that although mistakes are inevitable during the conversion process, we are committed to making corrections as quickly and cheerfully as possible. We’ve paid close attention to what worked well in Atlantic Canada and have actively looked for opportunities to ensure that we incorporate improvements for the next conversion wave, scheduled for the May 19th weekend in Alberta and Pacific,” he noted. Branch conversions will then occur in Manitoba, Saskatchewan, Québec and Northern Ontario over the weekend of June 23rd with the remainder of Ontario slated for the August 4th weekend.

In addition to the Atlantic branch conversion, progress during the second quarter included:

- The national launch of integrated electronic banking under the TD Canada Trust brand, with EasyWeb internet banking and EasyLine telephone banking;
- The integration of the TD and Canada Trust Estates and Trust businesses;
- The conversion of TD customers to the existing Canada Trust personal and small business account selection, in keeping with the decision to adopt the Canada Trust customer service model; and
- The integration of TD and Canada Trust call centres.

Other Achievements

TD businesses remained focused on their strategic priorities during the quarter, said Baillie, who pointed to a number of significant achievements:

- TD Securities underwrote and successfully syndicated \$4.5 billion in new senior unsecured credit facilities for Telus Corporation, Canada’s second largest telecommunications company. The transaction is believed to be the largest underwriting of credit facilities ever completed by a single Canadian bank for a Canadian corporation. The facility was a refinancing of Telus’ credit facilities used in its acquisition of Clearnet Communications;
- TD Capital raised the largest private equity partnership in Canadian history, with a \$635 million Canadian Private Equity Partners Fund – increasing an important source of financing for growing Canadian enterprises seeking funds for expansion, buy-outs, acquisitions and restructuring;

- TD Securities ranked first in Canada in corporate debt underwriting, according to the Financial Post 2000 league rankings announced during the quarter. As well, TD Securities established a new U.S. Investment Grade Debt business in New York;
- TD Waterhouse expanded its Canadian wireless offering to include options and mutual funds, making it the first in Canada to offer options, mutual funds and equities all in one service; and
- TD Wealth Management launched two new exchange traded mutual funds – the TD TSE 300 Index Fund and the TD TSE 300 Capped Index Fund, as well as a new Real Return Bond Fund for institutional clients.

Online Leadership in Financial Services

During the quarter, TD Bank Financial Group built on its leadership in e-commerce and online delivery of financial services:

- A Canadian Facts Banking Service Delivery study shows that TD Canada Trust customers are leading all Canadians in the adoption and use of electronic banking services – one-half of TD Canada Trust customers used online or telephone banking services in the past month, 17 percentage points higher than the industry average;
- TD Waterhouse achieved the number one ranking for its U.S. website in the Winter 2000 Forrester Research Brokerage PowerRankings;

- TD Waterhouse became the first online broker to offer annuities online in the U.S., through AnnuityNet Inc.;
- TD announced its intention to provide online person-to-person payment services through CertaPay – a new venture slated to begin operations early in 2002; and
- TD piloted a new version of wireless delivery that will allow Bell Mobility and Rogers AT&T RIM pager users access to our wireless banking services.

Outlook

“As anticipated, economic growth has slowed in North America and market performance may continue to be less than hoped until the end of the year. However, there is still positive growth in our major markets,” said Baillie. “In particular, consumer spending and the housing market still have considerable momentum.”

“We believe that we are well positioned to deal with the shifting market conditions and we will be using our resources and energies to create innovative solutions for whatever challenges might lie ahead,” noted Baillie.

(As reported Thursday, May 17, 2001)

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.

Management Discussion and Analysis of Operating Performance

Operating cash basis¹ net income for the quarter was \$546 million, up \$9 million as compared to last year. Operating cash basis earnings per share were \$.84 this quarter, the same level as a year ago. Operating cash basis return on total common equity was 18.7% for the quarter as compared to 19.5% last year.

Net Interest Income

Net interest income on a taxable equivalent basis was \$1,088 million this quarter, a \$94 million or 9% increase as compared to the same quarter last year. Personal loan volumes – excluding securitizations – in TD Canada Trust increased by approximately \$4 billion from a year ago, and the TD Canada Trust margin also improved by 15 basis points to 3.39%, contributing to the growth in net interest income. Offsetting the increase in net interest income from TD Canada Trust was a decline at TD Waterhouse. Net interest income reported by TD Waterhouse – primarily related to its margin loan balances – declined by \$44 million due to the lower average loan volumes this quarter compared to a year ago.

Credit Quality and Provision for Credit Losses

During the quarter, the Bank strengthened its general allowance for credit losses by \$150 million. General allowances are maintained at a level adequate to absorb all credit-related losses not yet identified in a portfolio of items relating to both loans and off-balance sheet instruments and qualify as Tier 2 capital – to an amount equal to 75 basis points of risk-weighted assets – under guidelines issued by the Office of the Superintendent of Financial Institutions.

Excluding increases in the general allowance, the full-year estimate for the provision for credit losses in 2001 remains unchanged at \$480 million. One fourth, or \$120 million of the full-year estimate, was expensed this quarter which together with the increase in the general allowance, resulted in a total provision for credit losses of \$270 million this quarter. The allowance for credit losses exceeded gross impaired loans by \$286 million at the end of the quarter, compared to a \$174 million excess a year ago.

Other Income

Other income was \$1,559 million for the quarter, a decrease of \$284 million or 15% from the same quarter last year, after excluding real estate gains. As previously announced, the Bank completed the sale of certain investment real estate

assets during the quarter for a pre-tax gain, net of deferrals, of \$200 million. The decline in other income reflects a year-over-year decrease in self-directed brokerage revenues from TD Waterhouse of \$236 million or 48%, due to a drop in average trades per day from 255,000 to 124,000.

During the quarter, TD Securities performed well and was a strong contributor to other income. Trading related income – which is the total of trading income reported in other income and the net interest income on trading positions reported in net interest income – increased by \$65 million or 23% from a year ago to reach \$343 million. The increase in trading revenues was offset by lower net investment securities gains of \$13 million this quarter as compared to \$146 million a year ago. The market value surplus over book value of our equity investment securities portfolio was \$624 million at the end of the fiscal quarter, compared to \$482 million a year ago.

Non-Interest Expenses

Total cash expenses (excluding non-cash goodwill and intangible amortization and the \$475 million restructuring costs related to the acquisition of Canada Trust in the second quarter of 2000) decreased by \$47 million or 3% from a year ago to \$1,726 million. Lower operating expenses at TD Waterhouse resulting from reduced business activity contributed to a 5% reduction in total expenses, offset by increased expenses in TD Canada Trust and TD Securities.

The decline in total revenue was greater than the decline in expenses and as a result, the Bank's overall efficiency ratio, on an operating cash basis, weakened to 65.2% from 62.5% a year ago. The Bank's consolidated efficiency ratio is impacted by shifts in our business mix. The efficiency ratio is viewed as a more relevant measure for TD Canada Trust, which achieved an efficiency ratio of 58% compared to 62% a year ago, after excluding non-cash items and funding costs for the acquisition of Canada Trust.

Balance Sheet

Total assets were \$288 billion at the end of the second quarter, \$23 billion or 9% higher than at year end. Higher securities volumes, including securities purchased under resale agreements and trading securities, contributed \$26 billion to the increase. Personal loans, including securitizations, declined by \$4 billion. This decrease is attributable to the drop in TD Waterhouse margin loans of \$6 billion but is offset by the strong performance in the personal loan portfolio

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at TD Canada Trust which increased by \$2 billion as compared to October 31, 2000. Residential mortgages and real estate secured lending, including securitizations, increased by \$2 billion or 3% from year end.

Personal non-term deposits grew by \$4.7 billion as compared to October 31, 2000, with TD Waterhouse accounting for \$2 billion of this increase. Personal term deposits remained flat, while wholesale deposits and securities sold short and under repurchase agreements increased by \$24 billion in order to fund the increased level of trading activities.

Capital

As at April 30, 2001, our Tier 1 ratio increased to 7.9% from 7.2% at October 31, 2000. This improvement resulted from an increase in Tier 1 capital of \$689 million as compared to year end, while risk-weighted assets decreased. Risk-weighted assets were reduced primarily through the purchase of \$4 billion of mortgage insurance in the first quarter, and as a result of ongoing monitoring and control of risk-weighted asset levels.

Management Discussion and Analysis of TD's Businesses

TD Canada Trust

TD Canada Trust continued to deliver steady improvement in operating performance as both cash earnings and operating cash basis return on equity increased for the fourth consecutive quarter since the merger with Canada Trust. Net income on a cash basis was \$271 million, \$69 million or 34% higher than the same period last year, and \$4 million or 1% higher than last quarter, despite having three fewer days in the current quarter. Operating cash basis return on equity was 30%, an increase of 7 percentage points over last year and 2 percentage points over last quarter.

Total revenue increased 11% over last year mainly attributable to 7% growth in personal lending volumes, 4% growth in personal deposit volumes, a 15 basis point improvement in margins and 12% growth in other income. Expense growth was held to 3% over last year as we have achieved merger expense synergies faster than expected. As a result, the current operating efficiency ratio improved to 58% from 62% in the second quarter of 2000. With the focus now on executing the remaining retail distribution conversions and further systems enhancements, the efficiency ratio was unchanged from the last quarter.

We continued to deliver consistent financial results this quarter and remain focused on completing the integration of our systems, products and branches as a critical step towards building a better bank under the TD Canada Trust brand.

TD Securities

TD Securities posted solid results for the quarter. Net income on a cash basis was \$227 million, \$9 million or 4% lower than last year, and \$4 million or 2% lower than last quarter. Cash basis return on equity was 23%, a decrease of 4 percentage points over last year and equal to last quarter.

Total revenue decreased 3% over last year, mainly influenced by a slowdown in investment banking activity and weakening equity prices, particularly in media, telecommunications and technology, sectors of focus and strength for TD Securities. Compared to last quarter, total revenue decreased 4% as institutional equities, loan syndications, private equity and high yield bond financing businesses posted weaker operating results. However, offsetting the slowdown in those areas, we had strong operating results in derivative, fixed income and foreign exchange businesses, all of which experienced strong client demand. Expense growth was held to 2% over last year, and declined by 5% from last quarter.

TD Securities' current results, in market conditions generally recognized as challenging, reinforce the benefits of TD Securities' diversification across multiple businesses, and within its product or industry sector groups. We expect investment banking conditions to remain relatively weak through the current economic cycle. However, with the strength in our client-based capital markets activity together with continued disciplined expense management, we expect TD Securities to continue to deliver consistent and positive earnings.

TD Waterhouse

In the face of difficult market conditions that persisted during this quarter, TD Waterhouse earned net income on a cash basis of \$8 million, before deducting the non-controlling interest. This represents a decrease of \$109 million or 93% over last year, which was a record quarter excluding special items, and a decrease of \$45 million or 85% from last quarter. Cash basis return on equity declined year-over-year by 79 percentage points and declined from last quarter by 24 percentage points to 3%.

Average trades per day were 124,200, a decrease of 51% from last year, while online penetration – at 74% – remained stable versus last year and last quarter. Annualized trades per active account declined from 24.5 in the same quarter last year to 9.3. Active customer accounts grew 16% over last year, and now exceeds 3.2 million. Total customer assets ended the

quarter at \$211 billion, a decrease of 11% from last year (this compares to a year-over-year decline in the NASDAQ Composite Index of 45%).

Total revenue was \$409 million, a decrease of \$279 million or 41% from last year. The year-over-year decrease was primarily attributed to lower commissions, as well as a decline in net interest revenue, mainly due to a \$7 billion or 52% decrease in average margin loans, slightly offset by a 54 basis point improvement in the margin loan spread. Operating expenses decreased \$94 million or 19% year-over-year, mainly due to lower personnel, processing and marketing costs, partially offset by an increased spend on infrastructure and technology.

In response to these volatile market conditions, a comprehensive expense reduction and revenue augmentation plan has been implemented to increase annualized pre-tax earnings by US\$200 million.

Earnings by Business Segment

	TD Canada Trust		TD Securities	
	Apr. 30 2001	Apr. 30 2000	Apr. 30 2001	Apr. 30 2000
<i>For the three months ended</i>				
Net interest income (on a taxable equivalent basis)	\$ 955	\$ 863	\$ 149	\$ 160
Provision for credit losses	99	90	41	60
Other income	433	387	617	628
Non-interest expenses excluding non-cash goodwill/intangible amortization and restructuring costs	834	809	347	340
Restructuring costs	–	–	–	–
Net income before provision for income taxes and non-controlling interest	455	351	378	388
Provision for income taxes (TEB)	184	149	151	152
Non-controlling interest in net income of subsidiaries	–	–	–	–
Net income – cash basis	\$ 271	\$ 202	\$ 227	\$ 236
Non-cash goodwill/intangible amortization, net of income taxes				
Net income – accrual basis				
Total assets (<i>billions of dollars</i>) – balance sheet	\$ 109.3	\$ 109.5	\$ 148.7	\$ 120.9
– securitized	26.6	28.8	.2	.2
Cash basis return on equity ^{1,2}	30%	23%	23%	27%
<i>For the six months ended</i>				
Net interest income (on a taxable equivalent basis)	\$ 1,913	\$ 1,450	\$ 250	\$ 321
Provision for credit losses	196	148	82	90
Other income	847	613	1,310	1,099
Non-interest expenses excluding non-cash goodwill/intangible amortization and restructuring costs	1,662	1,310	712	603
Restructuring costs	–	–	–	–
Net income before provision for income taxes and non-controlling interest	902	605	766	727
Provision for income taxes (TEB)	364	258	308	296
Non-controlling interest in net income of subsidiaries	–	–	–	–
Net income – cash basis	\$ 538	\$ 347	\$ 458	\$ 431
Non-cash goodwill/intangible amortization, net of income taxes				
Net income – accrual basis				
Cash basis return on equity ^{1,2}	29%	22%	23%	25%

¹ TD Canada Trust cash basis return on equity excludes Canada Trust acquisition funding costs.

² Excludes restructuring costs related to the acquisitions in Q2, 2000 and Q1, 2001, the effects of future tax rate reductions on future tax balances in Q1, 2001 and the net effect of real estate gains and general allowance increases in Q2, 2001.

TD Wealth Management

TD Wealth Management's current results were significantly affected by challenging equity markets and the current economic environment. Net income on a cash basis was \$20 million, \$9 million or 31% lower than the same period last year, and \$5 million or 20% lower than last quarter. Cash basis return on equity was 50%, a decrease of 8 percentage points over last year and 9 percentage points lower than last quarter. Total revenue decreased 13% year-over-year, mainly attributable to lower full-service brokerage commissions, and higher sales commissions to TD Canada Trust netted against revenue in TD Wealth Management.

The current environment has resulted in uncertainty for investors, adversely affecting trading activity in full-service brokerage, and hampering sales efforts. Sales of longer-term mutual funds, and discretionary managed high net worth private client accounts were particularly affected. However, institutional sales activity remained brisk, as institutional assets under management (AUM) grew \$1.7 billion over last quarter.

During the current quarter, despite declines in equity markets and the slowing economy, overall AUM grew to \$116 billion versus \$113 billion at the end of last quarter. Money Market Fund sales were strong domestically and in the U.S., where TD Waterhouse Asset Management's AUM grew by \$1.5 billion.

(unaudited, in millions of dollars)

TD Waterhouse		TD Wealth Management		Other		Total	
Apr. 30 2001	Apr. 30 2000	Apr. 30 2001	Apr. 30 2000	Apr. 30 2001	Apr. 30 2000	Apr. 30 2001	Apr. 30 2000
\$ 98	\$ 142	\$ 21	\$ 17	\$ (135)	\$ (188)	\$ 1,088	\$ 994
–	–	–	–	130	(15)	270	135
311	546	143	172	255	110	1,759	1,843
392	486	131	136	22	2	1,726	1,773
–	–	–	–	–	475	–	475
17	202	33	53	(32)	(540)	851	454
9	85	13	24	(132)	(245)	225	165
1	12	–	–	12	11	13	23
\$ 7	\$ 105	\$ 20	\$ 29	\$ 88	\$ (306)	\$ 613	\$ 266
						233	225
						\$ 380	\$ 41
\$ 19.2	\$ 24.8	\$ 4.8	\$ 4.8	\$ 6.0	\$ 10.1	\$ 288.0	\$ 270.1
–	–	–	–	(7.3)	(5.0)	19.5	24.0
3%	82%	50%	58%			19%	20%
Apr. 30 2001	Apr. 30 2000	Apr. 30 2001	Apr. 30 2000	Apr. 30 2001	Apr. 30 2000	Apr. 30 2001	Apr. 30 2000
\$ 217	\$ 260	\$ 39	\$ 31	\$ (271)	\$ (250)	\$ 2,148	\$ 1,812
–	–	–	–	262	(28)	540	210
689	1,005	299	283	480	122	3,625	3,122
801	874	261	233	28	(13)	3,464	3,007
–	–	–	–	55	475	55	475
105	391	77	81	(136)	(562)	1,714	1,242
44	161	32	37	(165)	(267)	583	485
7	22	–	–	24	11	31	33
\$ 54	\$ 208	\$ 45	\$ 44	\$ 5	(306)	\$ 1,100	724
						283	237
						\$ 817	\$ 487
15%	75%	55%	51%			19%	18%

Consolidated Interim Statement of Income

(unaudited, in millions of dollars)

	For the three months ended		For the six months ended	
	Apr. 30 2001	Apr. 30 2000	Apr. 30 2001	Apr. 30 2000
Interest income				
Loans	\$ 2,537	\$ 2,578	\$ 5,307	\$ 4,549
Securities				
Dividends	110	68	229	146
Interest	822	787	1,639	1,288
Deposits with banks	60	103	168	234
	3,529	3,536	7,343	6,217
Interest expense				
Deposits	2,094	2,262	4,544	3,963
Subordinated notes and debentures	73	56	153	97
Other obligations	337	272	615	443
	2,504	2,590	5,312	4,503
Net interest income	1,025	946	2,031	1,714
Provision for credit losses (Note 1)	270	135	540	210
Net interest income after credit loss provision	755	811	1,491	1,504
Other income				
Investment and securities services	541	818	1,152	1,402
Credit fees	143	166	274	295
Net investment securities gains	13	146	53	234
Trading income	356	290	805	534
Service charges	141	124	273	200
Loan securitizations	70	67	139	90
Card services	59	55	123	107
Insurance	86	57	157	76
Other (Note 2)	350	120	649	184
	1,759	1,843	3,625	3,122
Net interest and other income	2,514	2,654	5,116	4,626
Non-interest expenses				
Salaries and staff benefits	915	982	1,879	1,644
Occupancy including depreciation	167	134	306	225
Equipment including depreciation	164	156	310	261
Amortization of intangible assets from business combinations	332	421	687	422
Restructuring costs (Note 4)	–	475	55	475
Other	480	501	969	877
Non-interest expenses excluding goodwill amortization	2,058	2,669	4,206	3,904
Net income before provision for income taxes	456	(15)	910	722
Provision (benefit) for income taxes (Note 5)	15	(118)	(30)	152
Net income before non-controlling interest in subsidiaries	441	103	940	570
Non-controlling interest in net income of subsidiaries	13	23	31	33
Net income before goodwill amortization	428	80	909	537
Goodwill amortization, net of tax	48	39	92	50
Net income	380	41	817	487
Preferred dividends	21	12	41	24
Net income applicable to common shares				
– including goodwill amortization	\$ 359	29	\$ 776	\$ 463
– excluding goodwill amortization	\$ 407	68	\$ 868	\$ 513
Earnings per common share				
– including goodwill amortization	\$.57	.05	\$ 1.24	\$.75
– excluding goodwill amortization	.65	.11	1.39	.83
Dividends per common share	.28	.21	.53	.42
Average number of common shares outstanding (millions)	627.9	621.6	625.8	621.1
Number of common shares outstanding	628.1	621.7	628.1	621.7
Number of options outstanding ¹	24.0	25.9	24.0	25.9

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

¹Options are, or will be, exercisable for an equivalent number of common shares.

Consolidated Balance Sheet

(unaudited, in millions of dollars)

	<i>As at</i>	
	Apr. 30 2001	Oct. 31 2000
Assets		
Cash resources		
Cash, deposits with Bank of Canada and non-interest-bearing deposits with other banks	\$ 1,769	\$ 1,522
Interest-bearing deposits with other banks	2,544	2,665
	4,313	4,187
Securities purchased under resale agreements	23,337	13,974
Securities		
Investment	29,061	27,090
Trading	74,503	58,297
	103,564	85,387
Loans (net of allowance for credit losses) (Note 1)		
Residential mortgages	46,583	44,400
Consumer instalment and other personal	30,995	34,876
Business and government	41,160	41,445
	118,738	120,721
Other		
Customers' liability under acceptances	8,913	9,812
Trading derivatives' market revaluation	14,273	14,258
Goodwill and intangible assets from business combinations	7,272	7,835
Land, buildings and equipment	2,037	2,791
Other assets	5,555	5,853
	38,050	40,549
Total assets	\$ 288,002	\$ 264,818
Liabilities		
Deposits		
Personal	\$ 97,338	\$ 92,488
Banks	28,102	25,324
Business and government	72,986	67,996
	198,426	185,808
Other		
Acceptances	8,913	9,812
Obligations related to securities sold short	25,407	19,007
Obligations related to securities sold under repurchase agreements	12,669	8,856
Trading derivatives' market revaluation	14,224	12,802
Other liabilities	9,079	9,644
	70,292	60,121
Subordinated notes and debentures	4,896	4,883
Non-controlling interest in subsidiaries	1,279	1,656
Shareholders' equity		
Capital stock		
Preferred	1,480	1,251
Common	2,254	2,060
Retained earnings	9,375	9,039
	13,109	12,350
Total liabilities and shareholders' equity	\$ 288,002	\$ 264,818

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

Consolidated Statement of Cash Flows

(unaudited, in millions of dollars)

	<i>For the three months ended</i>		<i>For the six months ended</i>	
	Apr. 30 2001	Apr. 30 2000	Apr. 30 2001	Apr. 30 2000
Cash flows from (used in) operating activities				
Net income	\$ 380	\$ 41	\$ 817	\$ 487
Adjustments to determine net cash flows				
Provision for credit losses	270	135	540	210
Restructuring costs	–	475	55	475
Depreciation	88	70	159	119
Amortization of goodwill and intangible assets from business combinations	383	463	784	477
Net investment securities gains	(13)	(146)	(53)	(234)
Changes in operating assets and liabilities				
Future income taxes	(289)	(318)	(839)	(410)
Current income taxes payable	(250)	93	64	17
Interest receivable and payable	(175)	39	(127)	108
Trading securities	(6,867)	(1,466)	(16,206)	(5,674)
Unrealized gains and amounts receivable on derivatives contracts	(1,357)	(209)	(15)	(1,946)
Unrealized losses and amounts payable on derivatives contracts	842	288	1,422	2,021
Other	1,179	(42)	562	(3,262)
Net cash used in operating activities	(5,809)	(577)	(12,837)	(7,612)
Cash flows from (used in) financing activities				
Deposits	3,787	(7,332)	12,615	9,759
Securities sold under repurchase agreements	(4,833)	(4,161)	3,813	(7,327)
Securities sold short	4,523	(2,937)	6,387	836
Debt of subsidiaries	(385)	167	(472)	167
Issuance of subordinated notes and debentures	4	750	4	750
Repayment of subordinated notes and debentures	(9)	–	(21)	(2)
Common shares issued on exercise of options	6	3	13	3
Common stock options settled in cash, net of income taxes	(8)	(5)	(22)	(16)
Issuance of preferred shares	–	289	225	392
Dividends paid on – preferred shares	(21)	(12)	(41)	(24)
– common shares	(176)	(131)	(332)	(261)
Proceeds on issuance of subsidiary shares	–	900	–	900
Other	1	(4)	–	(11)
Net cash from (used in) financing activities	2,889	(12,473)	22,169	5,166
Cash flows from (used in) investing activities				
Interest-bearing deposits	3,220	3,435	121	1,191
Activity in investment securities				
Purchases	(3,926)	(9,047)	(6,885)	(14,808)
Proceeds from maturities	1,683	8,824	2,645	14,974
Proceeds from sales	1,769	3,634	2,664	4,504
Loans	413	(4,128)	910	(12,013)
Proceeds from loan securitizations	–	5,969	522	5,969
Land, buildings and equipment – net	496	(54)	597	(96)
Securities purchased under resale agreements	(566)	11,711	(9,363)	10,521
Acquisitions less cash and cash equivalents acquired	–	(7,167)	(296)	(7,167)
Net cash from (used in) investing activities	3,089	13,177	(9,085)	3,075
Net changes in cash and cash equivalents	169	127	247	629
Cash and cash equivalents at beginning of period	1,600	1,966	1,522	1,464
Cash and cash equivalents at end of period represented by cash, deposits with Bank of Canada and non-interest-bearing deposits with other banks	\$ 1,769	\$ 2,093	\$ 1,769	\$ 2,093
Supplementary disclosure of cash flow information				
Amount of interest paid during the period	\$ 2,280	\$ 2,207	\$ 4,977	\$ 4,057
Amount of income taxes paid during the period	370	6	495	423

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

Consolidated Statement of Changes in Shareholders' Equity

(unaudited, in millions of dollars)

	<i>For the six months ended</i>	
	Apr. 30 2001	Apr. 30 2000
Preferred shares		
Balance at beginning of period	\$ 1,251	\$ 833
Proceeds from share issues	225	392
Translation adjustment on shares issued in a foreign currency	4	–
Balance at end of period	1,480	1,225
Common shares		
Balance at beginning of period	2,060	2,006
Issued on acquisition of subsidiaries	181	41
Proceeds from shares issued on exercise of options	13	3
Balance at end of period	2,254	2,050
Retained earnings		
Balance at beginning of period	9,039	8,694
Net income	817	487
Preferred dividends	(41)	(24)
Common dividends	(332)	(261)
Foreign currency translation adjustments, net of income taxes	47	(42)
Stock options settled in cash, net of income taxes	(22)	(16)
Obligations arising from adoption of new accounting standard for employee future benefits (Note 3)	(132)	–
Other	(1)	(12)
Balance at end of period	9,375	8,826
Total common equity	11,629	10,876
Total shareholders' equity	\$ 13,109	\$ 12,101

Notes to Consolidated Interim Financial Statements (unaudited)

These consolidated interim financial statements should be read in conjunction with the Bank's most recent annual consolidated financial statements as they do not conform in all respects to the requirements of Canadian generally accepted accounting principles for annual financial statements. The consolidated interim financial statements follow the same accounting policies and methods of application as the most recent annual consolidated financial statements except for employee future benefits as discussed in Note 3.

NOTE 1: ALLOWANCE FOR CREDIT LOSSES

During the second quarter of 2001, the Bank increased its general allowance for credit losses by \$150 million. The general allowance was increased by \$150 million in the first quarter of 2001. The Bank maintains an allowance for loan losses which is considered adequate to absorb all credit-related losses in a portfolio of items which are both on and off the consolidated balance sheet. The level of general allowances depends upon an assessment of business and economic conditions, historical and expected loss experience, loan portfolio composition and other relevant indicators.

NOTE 2: SALE OF REAL ESTATE PROPERTIES

During the second quarter of 2001, the Bank recognized a gain of \$200 million before tax, net of deferrals, from the sale of real estate investments which occurred during the quarter. A gain of \$150 million before tax from the sale of real estate was recognized in the first quarter of 2001.

NOTE 3: EMPLOYEE FUTURE BENEFITS

As of November 1, 2000, the Bank has adopted the new accounting standard – *Employee Future Benefits* on a retroactive basis without restatement. As a result, an after tax amount of \$132 million has been charged to retained earnings.

NOTE 4: RESTRUCTURING COSTS

As at April 30, 2001, the total unutilized balance of restructuring costs of \$278 million shown below was included in other liabilities in the consolidated balance sheet.

(millions of dollars)	Human Resources	Real Estate	Technology	Other	Total
Balance at beginning of period	\$ 141	\$ 141	\$ 26	\$ 14	\$ 322
Amount utilized during the period	(38)	(4)	(1)	(1)	(44)
Balance at end of period	\$ 103	\$ 137	\$ 25	\$ 13	\$ 278

Notes to Consolidated Interim Financial Statements (unaudited)

NOTE 5: FUTURE TAX RATE REDUCTIONS

Alberta income tax rate reductions were announced in the April 24, 2001 provincial budget and are now considered substantively enacted. The Alberta income tax rate will be reduced by 7.5% between 2001 and 2004. Consequently, the Bank has recognized the net impact of the future tax rate reductions in the second quarter of 2001. The future tax liability related to intangible assets was reduced by \$(12) million and the net amount of other future tax assets and liabilities was reduced by \$2 million, for a net reduction of \$(10) million credited to the provision for income taxes.

In the first quarter of 2001, the Bank recognized the impact of future federal income tax rate reductions that were announced in the October 18, 2000 budget and were considered substantively enacted. The federal income tax rate will be reduced by 6% between 2002 and 2004. The future tax liability related to intangible assets was reduced by \$(199) million and the net amount of other future tax assets and liabilities was reduced by \$50 million, for a net reduction of \$(149) million credited to the provision for income taxes.

NOTE 6: INTEREST COVERAGE ON SUBORDINATED NOTES AND DEBENTURES

The Bank is required to disclose certain information to its noteholders. The Bank's interest requirements on all subordinated notes and debentures, after adjustment for new issues and retirement of subordinated debt, amounted to \$325 million for the 12 months ended April 30, 2001. The Bank's adjusted earnings before interest and income tax for the 12 months then ended was \$2,054 million, which is 6.3 times the Bank's interest requirements for this period. On an operating cash basis, these figures were \$325 million, \$3,523 million, and 10.8 times, respectively.

Shareholder and Investor Information

Shareholder Services

Call the Shareholders Relations department:
1-866-756-8936

Call toll free in Canada or the United States:
1-800-4NEWS-TD (1-800-463-9783). In Toronto, call:
(416) 982-NEWS [(416) 982-6397]. Outside of Canada,
1-866-756-8936

Internet website: www.td.com
Internet e-mail: customer.service@td.com

General Information

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

Products and services: Contact TD Canada Trust,
24 hours a day, seven days a week:
1-866-567-8888
French: 1-800-895-4463
Cantonese/Mandarin: 1-800-387-2828
Telephone device for the deaf: 1-800-361-1180

Annual Meeting

Thursday, April 11, 2002, 10:30 a.m.
Halifax, Nova Scotia

Online investor presentation: Full financial statements and a presentation to investors and analysts are available on the TD Bank Financial Group website, www.td.com/investor/earnings.html (Earnings Reports) and www.td.com/investor/analyst.html (Analysts Presentations).

Webcast: A live internet webcast of TD Bank Financial Group's quarterly conference call with investors and analysts took place on May 17, 2001 at 10:30 a.m. EDT. The webcast is available via the TD Bank Financial Group website at www.td.com.

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. To download Real Player, go to www.td.com and click on "Second Quarter Results, Live Webcast." Once you have submitted the sign-in page, you can then download the Real Player software, if necessary.

Conference call: An instant replay of the conference call will be available to investors and analysts by telephone until June 14, 2001. Please call 1-877-289-8525 toll free, in Toronto (416) 640-1917, passcode 109789#.