Bank Financial Group

THIRD QUARTER 2001 REPORT TO SHAREHOLDERS
Nine months ended July 31, 2001

News

TD BANK FINANCIAL GROUP DELIVERS SOLID THIRD QUARTER PERFORMANCE IN CHALLENGING MARKET CONDITIONS

THIRD QUARTER HIGHLIGHTS:

- **On an operating cash basis[1], earnings per share for the third quarter were $0.80, compared to $0.80 in the same period last year.**
- **On an operating cash basis, return on common equity for the quarter was 17.1%, compared to 18.1% for the same quarter last year.**
- **On an operating cash basis, net income for the quarter was $522 million, compared to $511 million the prior year.**
- **TD Canada Trust and TD Securities each had strong quarters with TD Canada Trust accounting for $275 million or 53% of total operating cash basis net income and TD Securities accounting for $217 million or 41%.**
- **TD achieved a major milestone in its integration with Canada Trust just after quarter-end: the successful completion of the retail branch conversion, which included moving customers to one common computer platform and a unified array of products. All points of interaction with our customers in branches, at ABMs, over the telephone or on the Internet are now operating in a consistent manner under the TD Canada Trust banner.**

TORONTO – TD Bank Financial Group today announced results for the third quarter of fiscal 2001, reporting an operating cash basis net income of $522 million or $0.80 per common share. This compares to an operating cash basis net income of $511 million or $0.80 per common share in the same quarter last year.

"A successful performance by TD Canada Trust and very solid earnings by TD Securities were strong contributors to our overall performance," said TD Chairman and Chief Executive Officer, A. Charles Baillie. "Although this was a flat quarter overall, we're especially pleased with these results in the context of the challenging markets that have affected many of our businesses, particularly TD Waterhouse. With the acquisition of Canada Trust 18 months ago, we now have retail and wholesale businesses which give us balanced and sustainable growth."

"We continue to focus on our strategic imperatives – achieving scale, maintaining momentum, being where banking is going and engaging in activities that are at least North American in scope – which we believe are critical to our ability to deliver consistent shareholder returns," he added.

Business Segment Highlights

"Building on its strong performance of past quarters, TD Canada Trust delivered solid results, with continued growth in mortgage volumes as well as in chequing and savings account balances. Despite the major integration effort in the quarter, TD Canada Trust contributed $275 million to the Bank's cash earnings this quarter, and we are meeting the targets set out in our merger business plan," said Baillie.

[1] Operating cash earnings referenced in this news release exclude restructuring costs (TD Waterhouse in the third quarter 2001, Newcrest in the first quarter 2001, and Canada Trust in the second quarter 2000), the effects of future tax rate reductions on future tax balances in the first and the third quarter 2001 and the net effect of real estate gains and general allowance increases in the first and second quarter 2001. Operating results are presented on this basis in order to provide a meaningful year-over-year comparison. These results also exclude the after tax impact of goodwill and other purchase-related intangible amortization. Financial results included in this Third Quarter Report to Shareholders consists of both operating cash earnings and earnings that include all these items.

"TD Securities delivered strong earnings and return on equity," noted Baillie. There was positive performance in derivatives, foreign exchange, fixed income and our public equity portfolio, as well as market share gains in corporate debt and equity underwritings, mergers and acquisitions and institutional equities. Increased provisions for credit losses and writedowns in our private equity portfolio resulted in an overall minor decrease in net income over last quarter, but ahead of last year. "With the diversity in its businesses, TD Securities is well positioned to manage the current weaker market conditions," he added.

TD Wealth Management saw assets under management grow to $117.4 billion in the quarter, despite flat markets. New institutional mandates and assets added $1.3 billion to the total, demonstrating competitive strength in TD Quantitative Capital. "We view this growth in our institutional business, given the current environment, as a sign of our strength," added Baillie.

TD Waterhouse continued its sharp focus on bringing its margins back to more normal levels. During the quarter, the self-directed brokerage announced a strategic business restructuring to improve its ability to face challenges in the industry's operating environment and to better position it for long-term growth. As part of this restructuring, TD Waterhouse will decrease its total workforce by 9% (approximately 600 employees) bringing it to less than 6,200 positions and close call centres in Chicago and in Bradford, United Kingdom and 17 branches in the U.S. These measures are expected to generate TD Waterhouse annual pre-tax savings of more than US$40 million, beginning in the fourth fiscal quarter, and a pre-tax charge of approximately US$35 million in the third quarter related to employee separation, facilities and other costs.

"We believe that this recently announced restructuring along with *Project 200*, the previously announced plan to reduce costs and increase revenues, will help bolster earnings that have continued to decrease as a result of substantial declines in North American equity markets which have in turn reduced trading activity and margin lending," indicated Baillie.

Also during the quarter, TD announced an increase to its provision for credit losses, for a full-year provision of $620 million, excluding increased general allowances of $300 million recorded during the first half of the year. TD recognized a charge of $190 million in the third quarter, with the remaining $190 million to be charged in the fourth fiscal quarter.

Integration of Canada Trust

TD achieved a major milestone in its integration with Canada Trust just after quarter-end: the successful completion of the retail branch conversion, which included moving customers to one common computer platform and a unified array of products. All points of interaction with our customers in branches, at ABMs, over the telephone or on the Internet are now operating in a consistent manner under the TD Canada Trust banner.

"The integration has proceeded on track, and we are meeting the targets set out in our merger business plan," said W. Edmund Clark, President and Chief Operating Officer of TD Bank Financial Group. "This is an exceptional achievement, and our employees deserve to be acknowledged for their unfailing support and impressive efforts that delivered these results. We continue to realize integration savings and our customer service results, as measured by our Customer Satisfaction Index, are tracking to expected levels," he added.

Other Achievements

"A continued focus on corporate priorities resulted in several successes for TD's businesses for the quarter," said Baillie, including:

- TD Securities led the successful $604 million secondary sale by Quebecor Inc. of Abitibi-Consolidated Inc. shares, and advised British Energy in its $3.2 billion lease transaction for Ontario Power Generation's nuclear plants. TD Securities also led a $650 million equity offering for Triax Inc., structured for the retail investing market, and completed a series of landmark cross-border offerings for Telus Corporation with total proceeds of $6.7 billion, the largest corporate financing ever completed for a Canadian issuer.

- TD Waterhouse Group, Inc. announced its intent to form a joint venture with Singapore's DBS Group Holdings Ltd., the largest banking group in Southeast Asia, to provide self-directed investors access to a broad range of global investment services through the Internet, call centres, kiosks and other distribution channels. Initially, the joint venture will serve customers in Hong Kong and Singapore with plans to expand into other Asian markets. Hong Kong will be the hub for North Asia and Singapore for Southeast Asia and both companies will transfer their current Asian online trading accounts to the joint venture.
- TD Waterhouse recently announced the acquisition of R.J. Thompson Holdings, Inc., subject to regulatory approval. The acquisition not only instantly increases TD Waterhouse's active trader customer base, it also allows the firm to acquire a technology platform that will form the basis of one of the industry's most robust offerings for active traders.
- TD Waterhouse successfully launched a U.K. fund supermarket, and entered the U.K. retail market with six of its own funds, managed by TD Asset Management Inc. In total, the supermarket provides customers with access to nearly 400 funds via telephone and the Internet.
- TD Waterhouse Canada launched an online fixed income centre that provides customers with access to more than 1,000 fixed income and money market products – more than any other Canadian self-directed broker.
- TD Capital's Canadian Private Equity Partners Fund purchased 100% of the shares of Harrowston Inc., a Canadian public merchant bank that has a number of high quality international businesses with excellent growth prospects.
- Continuing its online leadership, a Canadian Financial Monitor study released this quarter found that TD Canada Trust led its competitors with the highest penetration of its customer base using electronic banking.

Economic Outlook

"With no indication of an end to the economic slowdown, it appears now that growth will not pick up in North America until very late in 2001 or early in 2002," said Baillie. "Both the Federal Reserve and the Bank of Canada – but especially the Federal Reserve – may add to the aggressive monetary easing with additional interest rate cuts in the fall of 2001. The Canadian economy will likely continue to outperform that of the United States, but a longer than expected U.S. slowdown would have a greater effect on Canada's economic performance," noted Baillie.

(As reported on August 23, 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, interest rates, inflation and general economic conditions in geographic areas where TD operates. Differences between the forward-looking statements and the actual results could also be caused by risk factors related to TD Waterhouse Group, Inc. as set forth in its Annual Report on Form 10-K for the fiscal year ended October 31, 2000 as filed with the U.S. Securities and Exchange Commission. These and other factors should be considered carefully and undue reliance should not be placed on TD's forward-looking statements. TD does not undertake to update any forward-looking statement.

Management Discussion and Analysis of Operating Performance

Operating cash basis[1] net income for the quarter was $522 million, an increase of $11 million from the same quarter last year. Operating cash basis earnings per share were $.80 this quarter, the same level as a year ago. Operating cash basis return on total common equity was 17.1% for the quarter as compared to 18.1% last year.

Net Interest Income

Net interest income on a taxable equivalent basis was $1,147 million this quarter, a year-over-year increase of $188 million or 20%. This increase was partly attributable to an increased level of trading securities and trading-related income recorded by TD Securities. Also contributing to the growth in net interest income was TD Canada Trust, as personal loan volumes – excluding securitizations – increased by approximately $4 billion from a year ago and the TD Canada Trust margin improved by 16 basis points to 3.38%. Offsetting the increase in net interest income in TD Securities and TD Canada Trust was a decline in TD Waterhouse. Net interest income reported by TD Waterhouse – primarily related to margin loan balances – declined by $47 million due to significantly lower average loan volumes this quarter compared to a year ago.

Credit Quality and Provision for Credit Losses

The estimate for the 2001 full-year provision for credit losses is $620 million, excluding an increase of $300 million in the general allowance recorded earlier in the year. The estimate is $140 million higher than the Bank's estimate established in the first quarter and reflects the current corporate credit quality environment. In the third quarter, $190 million of the full-year estimate was expensed through provision for credit losses, reflecting half of the increase in the full-year estimate, versus $120 million in the first two quarters. The allowance for credit losses exceeded gross impaired loans by $218 million at the end of the quarter, compared to a $159 million excess at year end.

The Bank's total accumulated general allowance for credit losses amounted to $1,169 million at July 31, 2001, up from $862 million at year end. General allowances are maintained at a level adequate to absorb all credit-related losses not yet identified in our portfolio 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.

Other Income

Other income was $1,534 million for the quarter, a decrease of $98 million or 6% from the same quarter last year. The decline in other income reflects a year-over-year decrease in self-directed brokerage revenues from TD Waterhouse of $96 million or 30%, due to a drop in average trades per day from 157,000 to 102,000.

TD Securities continued to perform well, particularly in consideration of the current capital markets environment. Underwriting fees more than tripled to reach $64 million as compared to $19 million in the same quarter last year. This increase reflected additional income from bond and equity underwriting activities. 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 – more than doubled to reach $432 million as compared to $206 million a year ago. The increase in underwriting and trading revenues was offset by a decrease in net investment securities gains of $89 million or 77% and a decrease in corporate credit fees of $45 million or 49% as compared to a year ago. The market value surplus over book value of our equity investment securities portfolio was $577 million at the end of the fiscal quarter, compared to $736 million at October 31, 2000.

Retail banking also reported strong year-over-year growth in other income. Insurance revenues, service fees, card services and retail credit fees increased by $68 million or 24% as compared to the third quarter last year.

Non-Interest Expenses

Total cash expenses (excluding ongoing non-cash goodwill and intangible amortization and a one-time pre-tax restructuring charge of $54 million related to TD Waterhouse) increased by $103 million or 6% from a year ago to $1,726 million. Increased integration expenses at TD Canada Trust and growth at TD Securities contributed 8% to the overall growth in expenses. This increase was offset by lower operating expenses at TD Waterhouse resulting from reduced investment and trading activity among investors. During the quarter, TD Waterhouse announced a strategic business restructuring of its operations and consequently recorded a pre-tax restructuring cost of $54 million, primarily relating to severance and premises.

[1] Operating cash earnings referenced in this news release exclude restructuring costs (TD Waterhouse in the third quarter 2001, Newcrest in the first quarter 2001 and Canada Trust in the second quarter 2000), the effects of future tax rate reductions on future tax balances in the first and the third quarter 2001 and the net effect of real estate gains and general allowance increases in the first and the second quarter 2001. Operating results are presented on this basis in order to provide a meaningful year-over-year comparison. These results also exclude the after tax impact of goodwill and other purchase-related intangible amortization.

The expense growth exceeded total revenue growth and as a result, the Bank's overall efficiency ratio, on an operating cash basis, weakened to 64.4% from 62.6% 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 61% compared to 60% a year ago, after excluding non-cash items and funding costs for the acquisition of Canada Trust. This weakening of the efficiency ratio reflected increased expenses relating to the integration of our branch network.

Balance Sheet

Total assets were $296 billion at the end of the third quarter, $31 billion or 12% higher than at year end. The majority of this increase, $17 billion, reflects higher volumes of trading securities attributable to TD Securities. Personal loans, including securitizations, declined by $3 billion. This decrease is attributable to the drop in TD Waterhouse margin loans of $5 billion but is somewhat offset by the strong performance in the personal loan portfolio at TD Canada Trust which increased by $2.2 billion as compared to October 31, 2000. Residential mortgages, including securitizations, increased by $2.8 billion or 5% from year end.

Personal non-term deposits grew by $4.1 billion as compared to October 31, 2000, with TD Waterhouse accounting for $1.7 billion of this increase. Personal term deposits decreased by $1.3 billion, while wholesale deposits and securities sold short and under repurchase agreements increased by $29 billion in order to fund the increased level of trading activities.

Capital

As at July 31, 2001, our Tier 1 capital ratio increased to 7.9% from 7.2% at October 31, 2000. Risk-weighted assets grew by only $28 million, whereas our Tier 1 capital increased by $901 million as compared to October 31, 2000, thereby significantly improving our Tier 1 capital ratio.

Management Discussion and Analysis of TD's Businesses

TD Canada Trust

TD Canada Trust delivered strong quarterly cash earnings while focusing on the successful completion of the retail branch conversion, which included moving customers to one common computer platform and a unified array of products. Net income on a cash basis was $275 million, $45 million or 20% higher than last year, and $4 million or 1% higher than last quarter, reflecting three additional days in the current quarter. Operating cash basis return on equity was 29%, an increase of 5 percentage points from last year.

Total revenue increased 10% over last year mainly attributable to 8% growth in personal lending volumes, 3% growth in personal deposit volumes, a 16 basis point improvement in margins and 7% growth in other income. Expense growth of 10% over last year was impacted by the costs of preparing for and executing the retail branches' conversion, including increased staffing in the branches and call centres, training, customer communication, and re-branding. As a result of the conversion, the current operating efficiency ratio increased to 61% from 60% last year. A lower effective income tax rate also contributed to the growth in net income over last year and prior quarter.

Overall, we continued to deliver improved financial results this quarter, and remain on track to achieve our merger expense synergy targets.

TD Securities

TD Securities had third quarter net income on a cash basis of $ 217 million, $38 million or 21% higher than last year and $10 million or 4% lower than last quarter. Cash basis return on equity was 21%, an increase of 1 percentage point from last year.

Total revenue increased $120 million or 18% from last year. Overall, our derivatives, foreign exchange, and fixed income businesses continued to perform well during the quarter. In addition, our corporate debt and equity underwriting, mergers and acquisitions, and institutional equities businesses each gained market share. Gains in our public equity portfolio during the quarter were substantially offset by losses in our private equity portfolio. Current earnings were affected by the increased provisions for credit losses, partially offset by a lower effective income tax rate.

Overall, we were able to maintain solid momentum despite a challenging environment. We expect that new corporate and government financing, and advisory activity will be relatively slow over the next quarter. However, we believe that TD Securities' businesses are balanced and well positioned given their diversity across product, geographic and industry sector groups, combined with growing market share in many of our businesses.

TD Waterhouse

In the face of further deterioration of market conditions and a resulting decline in investor activity during the quarter, TD Waterhouse earned net income on a cash basis of $1 million, a decrease of $59 million or 98% from last year and $7 million or 88% from last quarter excluding the $34 million after-tax restructuring charge and before deducting the non-controlling interest. Cash basis return on equity declined from last year by 38 percentage points to 0%.

Average trades per day were 101,700, a decrease of 35% from last year, while online penetration at 77% increased by 3 percentage points versus last year and last quarter. Annualized trades per active account declined from 13.8 in the same quarter last year to 8.0. Active customer accounts grew 8% over last year, and now exceeds 3.25 million. Total customer assets ended the quarter at $210 billion, a decrease of 13% from last year.

Total revenue was $367 million, a decrease of $133 million or 27% from last year. The decrease was mainly attributed to lower commissions, as well as a decline in net interest revenue mainly due to a $6 billion or 46% decrease in average margin loan volumes, slightly offset by a 42 basis point improvement in the margin loan spread. Operating expenses decreased $38 million or 10% year-over-year, mainly due to lower personnel costs, processing costs, errors and marketing costs, partially offset by our continuing investment in infrastructure and technology.

Earnings by Business Segment

	TD Canada Trust		TD Securities	
For the three months ended	**July 31 2001**	July 31 2000	**July 31 2001**	July 31 2000
Net interest income (on a taxable equivalent basis)	**$ 992**	$ 893	**$ 240**	$ 18
Provision for credit losses	**92**	92	**119**	60
Other income	**440**	412	**530**	632
Non-interest expenses excluding non-cash goodwill/intangible amortization and restructuring costs	**897**	814	**337**	286
Restructuring costs	**–**	–	**–**	–
Net income before provision for income taxes and non-controlling interest	**443**	399	**314**	304
Provision for income taxes (TEB)	**168**	169	**97**	125
Non-controlling interest in net income of subsidiaries	**–**	–	**–**	–
Net income – cash basis	**$ 275**	$ 230	**$ 217**	$ 179
Non-cash goodwill/intangible amortization, net of income taxes				
Net income – accrual basis				
Total assets *(billions of dollars)* – balance sheet	**$ 111.3**	$ 103.9	**$ 153.4**	$ 131.3
– securitized	**25.6**	27.8	**.2**	.2
Cash basis return on equity[1,2]	**29%**	24%	**21%**	20%

	TD Canada Trust		TD Securities	
For the nine months ended	**July 31 2001**	July 31 2000	**July 31 2001**	July 31 2000
Net interest income (on a taxable equivalent basis)	**$ 2,905**	$ 2,343	**$ 490**	$ 339
Provision for credit losses	**288**	240	**201**	150
Other income	**1,287**	1,025	**1,840**	1,731
Non-interest expenses excluding non-cash goodwill/intangible amortization and restructuring costs	**2,559**	2,124	**1,049**	889
Restructuring costs	**–**	–	**–**	–
Net income before provision for income taxes and non-controlling interest	**1,345**	1,004	**1,080**	1,031
Provision for income taxes (TEB)	**532**	427	**405**	421
Non-controlling interest in net income of subsidiaries	**–**	–	**–**	–
Net income – cash basis	**$ 813**	$ 577	**$ 675**	$ 610
Non-cash goodwill/intangible amortization, net of income taxes				
Net income – accrual basis				
Cash basis return on equity[1,2]	**29%**	23%	**23%**	23%

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

[2] Excludes restructuring costs related to TD Waterhouse in Q3, 2001, the acquisition of Newcrest in Q1, 2001 and the acquisition of Canada Trust in Q2, 2000, the effects of future tax rate reductions on future tax balances in Q1 and Q3, 2001 and the net effect of real estate gains and general allowance increases in Q1 and Q2, 2001.

TD Wealth Management

As a result of soft equity markets and a slowed economic environment, TD Wealth Management's net income on a cash basis was $29 million, $9 million or 24% lower than last year, and $9 million or 45% higher than last quarter. Cash basis return on equity was 70%, a decrease of 4 percentage points from last year. Total revenue declined 2% year-over-year, attributable to lower full service commissions, and lower fees from equity mutual funds, partially offset by continued growth in institutional investment management.

Despite poor market returns, overall assets under management grew to $117 billion versus $107 billion last year and $116 billion last quarter. This represents year-over-year growth of 9%.

The current environment continues to create challenges for investors, impacting trading activity in full service brokerage, and sales efforts. Sales of longer-term mutual funds, and discretionary managed high-net-worth private client accounts continue to slow. Institutional sales activity remains buoyant, as institutional assets under management grew $1.3 billion over last quarter.

(unaudited, in millions of dollars)

TD Waterhouse		TD Wealth Management		Other		Total	
July 31 2001	July 31 2000	**July 31 2001**	July 31 2000	**July 31 2001**	July 31 2000	**July 31 2001**	July 31 2000
$ 91	$ 138	**$ 18**	$ 17	**$ (194)**	$ (107)	**$ 1,147**	$ 959
–	–	**–**	–	**(21)**	(17)	**190**	135
276	362	**167**	172	**121**	54	**1,534**	1,632
359	397	**133**	121	**–**	5	**1,726**	1,623
–	–	**–**	–	**54**	–	**54**	–
8	103	**52**	68	**(106)**	(41)	**711**	833
7	43	**23**	30	**(57)**	(67)	**238**	300
–	7	**–**	–	**6**	15	**6**	22
$ 1	$ 53	**$ 29**	$ 38	**$ (55)**	$ 11	**$ 467**	$ 511
						126	228
						$ 341	$ 283
$ 18.9	$ 24.4	**$ 4.8**	$ 4.6	**$ 7.4**	$ 8.5	**$ 295.8**	$ 272.7
–	–	**–**	–	**(7.0)**	(5.0)	**18.8**	23.0
–%	38%	**70%**	74%			**17%**	18%

TD Waterhouse		TD Wealth Management		Other		Total	
July 31 2001	July 31 2000	**July 31 2001**	July 31 2000	**July 31 2001**	July 31 2000	**July 31 2001**	July 31 2000
$ 308	$ 398	**$ 57**	$ 48	**$ (465)**	$ (357)	**$ 3,295**	$ 2,771
–	–	**–**	–	**241**	(45)	**730**	345
965	1,367	**466**	455	**601**	176	**5,159**	4,754
1,160	1,271	**394**	354	**28**	(8)	**5,190**	4,630
–	–	**–**	–	**109**	475	**109**	475
113	494	**129**	149	**(242)**	(603)	**2,425**	2,075
51	204	**55**	67	**(222)**	(334)	**821**	785
7	29	**–**	–	**30**	26	**37**	55
$ 55	$ 261	**$ 74**	$ 82	**$ (50)**	(295)	**$ 1,567**	1,235
						409	465
						$ 1,158	$ 770
10%	63%	**60%**	59%			**18%**	18%

Consolidated Interim Statement of Income

(unaudited, in millions of dollars)

	For the three months ended July 31 2001	*For the three months ended* July 31 2000	*For the nine months ended* July 31 2001	*For the nine months ended* July 31 2000
Interest income				
Loans	**$ 2,481**	$ 2,667	**$ 7,788**	$ 7,216
Securities				
Dividends	**120**	75	**349**	221
Interest	**836**	792	**2,475**	2,080
Deposits with banks	**69**	143	**237**	377
	3,506	3,677	**10,849**	9,894
Interest expense				
Deposits	**1,918**	2,413	**6,462**	6,376
Subordinated notes and debentures	**73**	72	**226**	169
Other obligations	**417**	272	**1,032**	715
	2,408	2,757	**7,720**	7,260
Net interest income	**1,098**	920	**3,129**	2,634
Provision for credit losses (Note 1)	**190**	135	**730**	345
Net interest income after credit loss provision	**908**	785	**2,399**	2,289
Other income				
Investment and securities services	**553**	615	**1,722**	2,026
Credit fees	**83**	123	**338**	418
Net investment securities gains	**26**	115	**79**	349
Trading income	**373**	328	**1,197**	862
Service charges	**158**	132	**431**	332
Loan securitizations	**65**	72	**204**	162
Card services	**66**	62	**189**	169
Insurance	**89**	56	**246**	132
Trust fees	**21**	22	**71**	51
Gains on sale of investment real estate	**–**	–	**350**	–
Other	**100**	107	**332**	253
	1,534	1,632	**5,159**	4,754
Net interest and other income	**2,442**	2,417	**7,558**	7,043
Non-interest expenses				
Salaries and staff benefits	**942**	887	**2,821**	2,531
Occupancy including depreciation	**143**	136	**449**	361
Equipment including depreciation	**173**	144	**483**	405
Amortization of intangible assets from business combinations	**312**	403	**999**	825
Restructuring costs **(Note 3)**	**54**	–	**109**	475
Other	**468**	456	**1,437**	1,333
Non-interest expenses excluding goodwill amortization	**2,092**	2,026	**6,298**	5,930
Net income before provision for income taxes	**350**	391	**1,260**	1,113
Provision (benefit) for income taxes (Note 4)	**(45)**	45	**(75)**	197
Net income before non-controlling interest in subsidiaries	**395**	346	**1,335**	916
Non-controlling interest in net income of subsidiaries	**6**	22	**37**	55
Net income before goodwill amortization	**389**	324	**1,298**	861
Goodwill amortization, net of tax	**48**	41	**140**	91
Net income	**341**	283	**1,158**	770
Preferred dividends	**20**	16	**61**	40
Net income applicable to common shares				
– including goodwill amortization	**$ 321**	$ 267	**$ 1,097**	$ 730
– excluding goodwill amortization	**$ 369**	$ 308	**$ 1,237**	$ 821
Earnings per common share				
– including goodwill amortization	**$ .51**	$ .42	**$ 1.75**	$ 1.17
– excluding goodwill amortization	**.58**	.49	**1.97**	1.32
Dividends per common share	**.28**	.25	**.81**	.67
Average number of common shares outstanding *(millions)*	**628.2**	621.8	**626.6**	621.3
Number of common shares outstanding	**628.3**	622.0	**628.3**	622.0
Number of options outstanding[1]	**22.7**	25.2	**22.7**	25.2

Certain comparative amounts have been reclassified to conform with current year presentation.
[1]Options are, or will be, exercisable for an equivalent number of common shares.

Consolidated Balance Sheet

(unaudited, in millions of dollars)

	As at	
	July 31 2001	Oct. 31 2000
Assets		
Cash resources		
Cash, deposits with Bank of Canada and non-interest-bearing deposits with other banks	**$ 1,648**	$ 1,522
Interest-bearing deposits with other banks	**4,044**	2,665
	5,692	4,187
Securities purchased under resale agreements	**24,560**	13,974
Securities		
Investment	**30,112**	27,090
Trading	**75,681**	58,297
	105,793	85,387
Loans (net of allowance for credit losses) (Note 1)		
Residential mortgages	**49,087**	44,400
Consumer instalment and other personal	**31,672**	34,876
Business and government	**39,415**	41,445
	120,174	120,721
Other		
Customers' liability under acceptances	**8,423**	9,812
Trading derivatives' market revaluation	**16,173**	14,258
Goodwill and intangible assets from business combinations	**6,918**	7,835
Land, buildings and equipment	**1,962**	2,791
Other assets	**6,142**	5,853
	39,618	40,549
Total assets	**$ 295,837**	$ 264,818
Liabilities		
Deposits		
Personal	**$ 95,323**	$ 92,488
Banks	**26,280**	25,324
Business and government	**75,764**	67,996
	197,367	185,808
Other		
Acceptances	**8,423**	9,812
Obligations related to securities sold short	**26,996**	19,007
Obligations related to securities sold under repurchase agreements	**18,115**	8,856
Trading derivatives' market revaluation	**16,616**	12,802
Other liabilities	**8,148**	9,644
	78,298	60,121
Subordinated notes and debentures	**5,686**	4,883
Non-controlling interest in subsidiaries	**1,261**	1,656
Shareholders' equity		
Capital stock		
Preferred	**1,479**	1,251
Common	**2,257**	2,060
Retained earnings	**9,489**	9,039
	13,225	12,350
Total liabilities and shareholders' equity	**$ 295,837**	$ 264,818

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

Consolidated Statement of Cash Flows

(unaudited, in millions of dollars)

	For the three months ended		*For the nine months ended*	
	July 31 2001	July 31 2000	**July 31 2001**	July 31 2000
Cash flows from (used in) operating activities				
Net income	**$ 341**	$ 283	**$ 1,158**	$ 770
Adjustments to determine net cash flows				
Provision for credit losses	**190**	135	**730**	345
Restructuring costs	**54**	–	**109**	475
Depreciation	**79**	69	**238**	188
Amortization of goodwill and intangible assets from business combinations	**362**	446	**1,146**	923
Net investment securities gains	**(26)**	(115)	**(79)**	(349)
Changes in operating assets and liabilities				
Future income taxes	**(136)**	(183)	**(975)**	(593)
Current income taxes payable	**269**	(356)	**333**	(339)
Interest receivable and payable	**(152)**	133	**(279)**	241
Trading securities	**(1,178)**	(2,796)	**(17,384)**	(8,470)
Unrealized gains and amounts receivable on derivatives contracts	**(1,900)**	604	**(1,915)**	(1,342)
Unrealized losses and amounts payable on derivatives contracts	**2,392**	(934)	**3,814**	1,087
Other	**(1,759)**	2,232	**(1,197)**	(1,030)
Net cash from (used in) operating activities	**(1,464)**	(482)	**(14,301)**	(8,094)
Cash flows from (used in) financing activities				
Deposits	**(1,059)**	1,588	**11,556**	11,347
Securities sold under repurchase agreements	**5,446**	1,315	**9,259**	(6,012)
Securities sold short	**1,589**	3,160	**7,976**	3,996
Debt of subsidiaries	**(24)**	(31)	**(496)**	136
Issuance of subordinated notes and debentures	**801**	502	**805**	1,252
Repayment of subordinated notes and debentures	**(6)**	1	**(27)**	(1)
Common shares issued on exercise of options	**3**	3	**16**	6
Common stock options settled in cash, net of income taxes	**(12)**	(7)	**(34)**	(23)
Issuance of preferred shares	**–**	11	**225**	403
Dividends paid on – preferred shares	**(20)**	(16)	**(61)**	(40)
– common shares	**(176)**	(155)	**(508)**	(416)
Proceeds on issuance of subsidiary shares	**–**	–	**–**	900
Other	**–**	(1)	**–**	(12)
Net cash from (used in) financing activities	**6,542**	6,370	**28,711**	11,536
Cash flows from (used in) investing activities				
Interest-bearing deposits	**(1,500)**	(1,356)	**(1,379)**	(165)
Activity in investment securities				
Purchases	**(4,362)**	(20,972)	**(11,247)**	(35,780)
Proceeds from maturities	**1,300**	12,429	**3,945**	27,403
Proceeds from sales	**2,037**	7,316	**4,701**	11,820
Loans	**(1,910)**	417	**(1,000)**	(11,596)
Proceeds from loan securitizations	**463**	346	**985**	6,315
Land, buildings and equipment – net	**(4)**	(51)	**593**	(147)
Securities purchased under resale agreements	**(1,223)**	(4,340)	**(10,586)**	6,181
Acquisitions less cash and cash equivalents acquired	**–**	–	**(296)**	(7,167)
Net cash from (used in) investing activities	**(5,199)**	(6,211)	**(14,284)**	(3,136)
Net changes in cash and cash equivalents	**(121)**	(323)	**126**	306
Cash and cash equivalents at beginning of period	**1,769**	2,093	**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	**$ 1,648**	$ 1,770	**$ 1,648**	$ 1,770
Supplementary disclosure of cash flow information				
Amount of interest paid during the period	**$ 2,999**	$ 2,670	**$ 7,976**	$ 6,727
Amount of income taxes paid during the period	**(61)**	695	**434**	1,118

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

Consolidated Statement of Changes in Shareholders' Equity

(unaudited, in millions of dollars)

	For the nine months ended	
	July 31 2001	July 31 2000
Preferred shares		
Balance at beginning of period	**$ 1,251**	$ 833
Proceeds from share issues	**225**	403
Translation adjustment on shares issued in a foreign currency	**3**	1
Balance at end of period	**1,479**	1,237
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	**16**	6
Balance at end of period	**2,257**	2,053
Retained earnings		
Balance at beginning of period	**9,039**	8,694
Net income	**1,158**	770
Preferred dividends	**(61)**	(40)
Common dividends	**(508)**	(416)
Foreign currency translation adjustments, net of income taxes	**28**	(47)
Stock options settled in cash, net of income taxes	**(34)**	(23)
Obligations arising from adoption of new accounting standard for employee future benefits **(Note 2)**	**(132)**	–
Other	**(1)**	(12)
Balance at end of period	**9,489**	8,926
Total common equity	**11,746**	10,979
Total shareholders' equity	**$ 13,225**	$ 12,216

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 2.

NOTE 1: ALLOWANCE FOR CREDIT LOSSES
During the quarter, the Bank increased its estimate of the full year's provision for credit losses excluding increases in general allowances to $620 million from its previous full year estimate of $480 million. 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.

NOTE 2: 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 3: RESTRUCTURING COSTS
During the quarter, TD Waterhouse Group, Inc., a subsidiary of the Bank, announced a restructuring of its operations and costs of $54 million were charged to income, primarily for employee separation and real estate costs.

As at July 31, 2001, the total unutilized balance of restructuring costs of $303 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	$ 103	$ 137	$ 25	$ 13	$ 278
Restructuring costs arising during the period	12	30	–	12	54
Amount utilized during the period	(19)	(3)	(5)	(2)	(29)
Balance at end of period	$ 96	$ 164	$ 20	$ 23	$ 303

Notes to Consolidated Interim Financial Statements (unaudited)

NOTE 4: FUTURE TAX RATE REDUCTIONS
Ontario income tax rate reductions were announced in the May 9, 2001 provincial budget and are considered substantively enacted. The Ontario income tax rate will be reduced by 6% between 2002 and 2005. British Columbia income tax rate reductions were announced on July 30, 2001 and are considered substantively enacted. The British Columbia income tax rate will be reduced by 3% on January 1, 2002. Consequently, the Bank has recognized the net impact of the future tax rate reductions in the third quarter of 2001. The future tax liability related to intangible assets was reduced by $106 million and the net amount of other future tax assets and liabilities was reduced by $25 million, for a net reduction of $81 million credited to the provision for income taxes.

NOTE 5: SEGMENTED INFORMATION
The Bank's operations and activities are organized around the following businesses: TD Canada Trust, TD Securities, TD Waterhouse and TD Wealth Management. Real estate investments, the effects of securitizations, transfer pricing differences, treasury management, general provisions for credit losses and any residual unallocated revenues and expenses are included in Other. Results for these segments for the 3 months and 9 months ended July 31, 2001 are presented in the tables on pages 6 and 7.

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 $373 million for the 12 months ended July 31, 2001. The Bank's net income before interest and income tax and after deducting non-controlling interest represented by TD Waterhouse Group, Inc. for the 12 months then ended was $1,785 million, which is 4.8 times the Bank's interest requirements for this period. On an operating cash basis, these figures were $373 million, $3,407 million, and 9.1 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.
World Trade and Convention Centre
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 August 23, 2001 at 10:30 a.m. EDT. The webcast is available via the TD Bank Financial Group website at www.td.com/investor/(Investor Information).

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 "Third Quarter Results, Live Webcast." Once you have submitted the sign-in page, you can then down load the Real Player software, if necessary.