Be...

TD BANK FINANCIAL GROUP 145TH ANNUAL REPORT 2000

TD Bank Financial Group offers a full range of financial products and services to over 13 million customers in Canada and around the world. We've organized our company into four businesses, each of which contributes to our overall success.

TD Canada Trust

Personal and commercial banking

Retail

A leader in personal and commercial banking in Canada, with about 10 million personal customers.

Provides a wide range of financial products and services to personal customers, including telephone banking, web banking, insurance, and access to more than 2,800 automated banking machines.

Provides lending, cash management and treasury services, and business planning support to Canadian businesses.

Provides a full range of products and services through electronic channels to U.S. customers through TD Waterhouse Bank, N.A. and TD Bank U.S.A., F.S.B., our U.S. based electronic banks, both wholly-owned subsidiaries of TD.

TD Securities

Investment banking

Wholesale

The second largest wholesale bank-owned securities dealer in Canada in terms of revenues and earnings.

Provides a wide range of capital market products and services to corporate, government and institutional clients around the world in five key areas of finance:

- investment banking
- merchant banking
- equities
- debt capital markets
- foreign exchange.

TD Waterhouse

Self-directed brokerage

Retail

The world's second largest broker to the self-directed investor, with more than 4.4 million customer accounts worldwide.

Provides integrated brokerage, mutual fund, banking and other financial products and services to customers around the world, on the web, by telephone, through wireless technology, and through our network of over 230 branches worldwide.

88.6% owned by TD Bank, TD Waterhouse Group, Inc. trades on the NYSE and TSE under the symbol TWE.

TD Asset Management

Asset management

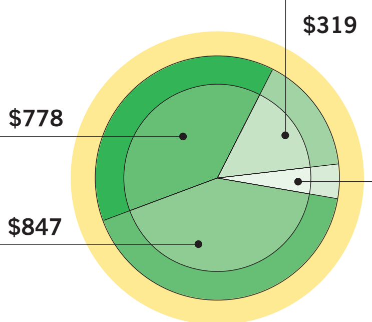
Retail and wholesale

The largest investment manager in Canada with over $112 billion in assets under management.

Provides investment management services for mutual funds, pension funds, corporations, institutions, endowments, foundations and high net worth individuals.

TD Mutual Funds is the sixth largest mutual fund manager in Canada, managing approximately $29 billion for more than 1.4 million investors in 67 mutual funds and 30 managed portfolios.

TD Quantitative Capital, which manages $44 billion in indexed, quantitative and structured assets for institutional, high net worth and retail customers, is the largest index manager in Canada.



Operating cash basis net income by major business segment (millions of dollars)

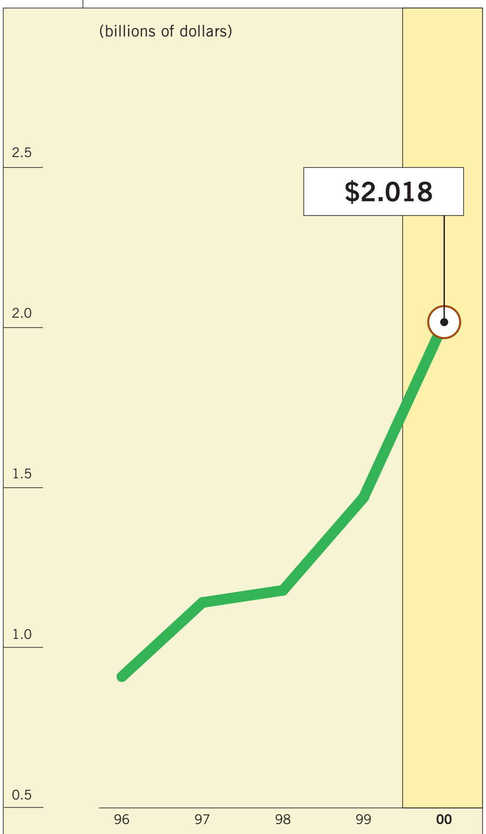
Total: $2,018 million[1]

[1] Includes $(19) million for other.

where
banking
is going...

Financial highlights

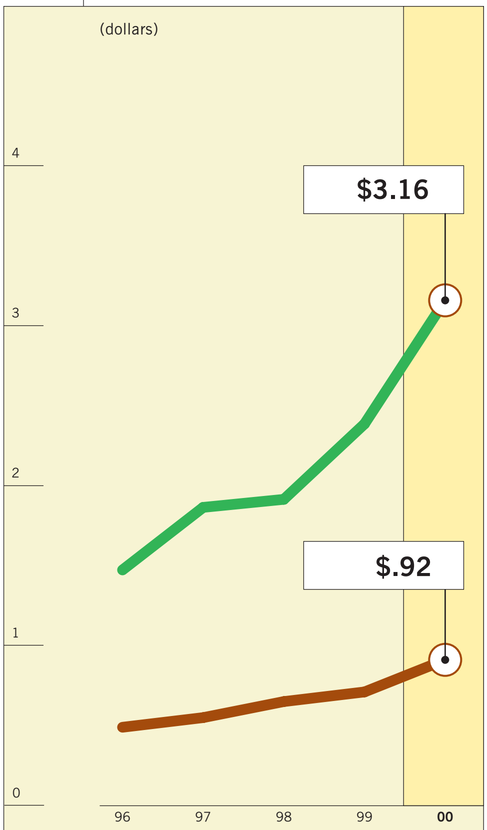
Net income



Operating cash basis net income[1]

Net income is the "bottom line" on our income statement, and a key measure of our performance. Operating cash basis net income increased by 37% this year, and each of our businesses had record performance.

Earnings and dividends per share



Operating cash basis earnings per share[1]

Dividends per share

Earnings per share tells us how much money shareholders would receive for each share if we distributed all of our cash basis earnings to shareholders. This year, operating cash basis earnings per share increased by 32% to $3.16, reflecting higher earnings in all of our businesses. This allowed us to increase the dividends we paid out to shareholders by 28%.

Key performance measures and goals

Operating cash basis return on equity

Goal 2000:	**16% to 18%**
Result 2000:	**18%**
Average of four other major Canadian banks	**18%**
Goal 2001:	**17% to 20%**

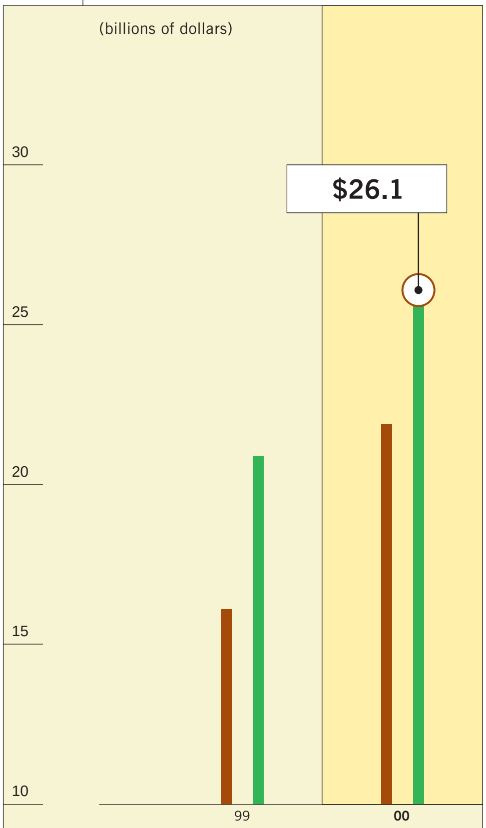
Operating cash basis return on equity, or ROE, broadly measures how effectively we use the money our shareholders invest in us. Our ROE goal takes into consideration our outlook for economic business conditions in each of the markets in which our businesses operate. We've increased the goal for 2001 because we have a positive outlook for the economy and for our business.

Operating cash basis efficiency ratio

Goal 2000:	**58%**
Result 2000:	**61.8%**
Average of four other major Canadian banks	**64%**
Goal 2001:	**61%** for TD Canada Trust

The efficiency ratio measures how much in non-interest expenses we spend to generate one dollar of revenue, which tells us how efficiently we're operating. The lower the percentage, the greater our efficiency. But because the efficiency ratio is a more relevant measure of retail operations, for this year we have established a goal of 61% for TD Canada Trust. However, after completion of integration in 2003, our goal for TD Canada Trust is 58% on an operating basis.

Market capitalization

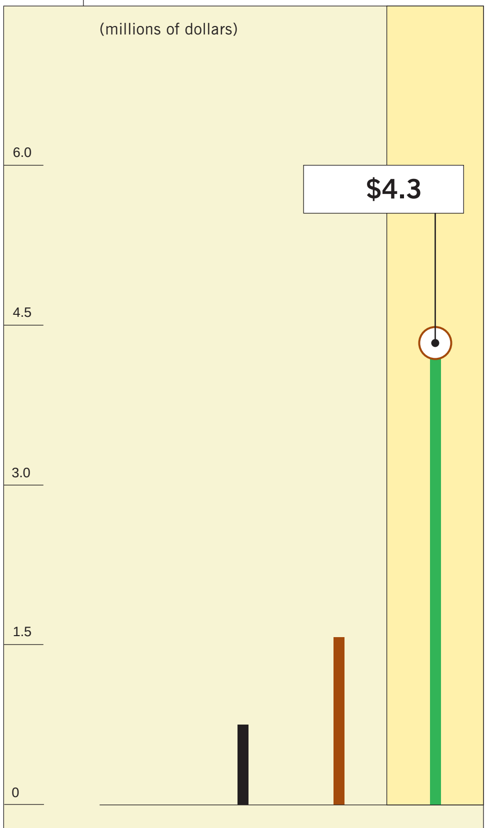


TD Bank

Average of four other major Canadian banks

Market capitalization is a measure of the size of a company. It's calculated by multiplying the current share price by the number of shares outstanding. Our market capitalization increased by 25% over last year, outperforming the average of our peers of 19%.

Total shareholder return



TD Bank

Average of four other major Canadian banks

TSE 300

A $10,000 investment in TD shares on October 31, 1960, with dividends reinvested quarterly, was worth $4,346,000 at the end of October, 2000. That's 176% better than the average of our peers, and 479% better than the performance of the TSE 300.

Source: BMO Nesbitt Burns, Total Return Performance: The World Series Among the "Big 5", November 10, 2000.

Provision for credit losses[2]

Goal 2000:	**.30%**
Result 2000:	**.39%**
Average of four other major Canadian banks	**.46%**
Goal 2001:	**.35%**

The provision for credit losses ratio measures how much money we set aside from our earnings to cover loan losses, in relation to total loans. The higher the ratio, the more we're setting aside. We've raised our goal for 2001 to reflect an increase in personal loans outstanding, which generally have higher losses, as a result of the acquisition of Canada Trust.

[1] To provide a meaningful year-over-year comparison of our performance, operating cash basis results referenced in this Annual Report don't include the gain on sale of TD Waterhouse Group, Inc. and Knight/Trimark in 1999, and restructuring costs relating to the integration of Canada Trust in 2000. Cash basis net income excludes the after tax impact of goodwill and other purchase related intangible amortization.

[2] As a percentage of net average loans including customers' liability under acceptances.

We are… where banking is going

TD Bank Financial Group is one of the top three online financial services firms in the world. We serve more than three million customers over the internet, we're an acknowledged leader in online banking in North America, and we're ranked #1 in electronic banking in Canada.

This success is very encouraging as we continue our steady transformation from a traditional bank to a multi-channel e-commerce company. This multi-channel world very much includes our retail branches because, for many customers, going to a branch is still the most comfortable way to deal with us.

Our results make it clear that we've had a very good year. Net operating[1] cash basis income is up 37%, earnings per share increased 32% and total revenue climbed by 28% to a record $10.2 billion.

Each of our four businesses has made significant headway this year – TD Canada Trust, a leader in personal and commercial banking in Canada, TD Securities, a leading investment bank in Canada, the U.S. and abroad, TD Waterhouse, the world's second largest broker to the self-directed investor, and TD Asset Management, Canada's largest investment manager.

We take an integrated view of the customer across the entire organization, looking for ways to build on the synergies of our businesses – but always letting our customers lead the way. It's why we're offering customers a full range of investments by selling third-party mutual funds and term deposits in our branches, why we're investing in technology to allow our customers to do business with us when and how they choose, and why we're building integrated financial services to better serve our corporate and investment banking clients.

We're building a better bank

The integration of Canada Trust has been a major focus for us since the transaction closed in the second fiscal quarter. We're pleased to say that, so far, we've achieved all of our integration targets. We've successfully merged most head office functions, as well as our self-directed brokerage and our mutual fund operations, while achieving our revenue and expense targets. Our next task is the integration of branches and the consolidation of our telephone and web banking services, which we'll be carrying out in phases beginning in March of 2001.

But that's just part of our story

While the integration has been a major focus, we have a very clear strategy for each of the businesses that make up TD. Our overall plan includes four key strategic imperatives:

- to achieve scale
- to maintain momentum
- to be where banking is going
- to engage in activities that are at least North American in scope.

You'll read about how we've been implementing these in the review of each business that follows. But here's a summary of what they mean to our overall strategy.

Scale

Scale is becoming more critical in the world of banking. Banks with scale can invest more in technology, can better meet the borrowing needs of customers, and can outspend on branding. At TD, we build, buy and borrow in order to achieve scale.

[1] To provide a meaningful year-over-year comparison of our performance, operating results don't include the gain on sale of TD Waterhouse Group, Inc. and Knight/Trimark in 1999, and restructuring costs relating to the integration of Canada Trust in 2000. Cash basis results exclude the after tax impact of goodwill and other purchase related intangible amortization.

Historically TD has built scale – our self-directed brokerage in Canada is an example. We've also bought scale – the purchase of Waterhouse in 1996 and Canada Trust this year were defining acquisitions. Our purchase of two self-directed brokers in the U.K. this year has taken us to the number one spot in that market. Our acquisition of Newcrest Capital Inc., announced late in the year, has also given our institutional equities and investment banking business a strong competitive platform in Canada. And our purchase of Canada Life's property and casualty insurance business has made TD's Meloche Monnex the second largest direct response property and casualty insurer in the country.

We also successfully borrow scale through outsourcing to enable us to deliver a wider range of products or to gain access to specialized expertise. With joint ventures, we're borrowing scale to lower our costs while generating profits. With third-party funding, we're leveraging our capital through initiatives like TD Capital's venture capital fund. By selling third-party products, we're giving our customers a broader choice of investment vehicles.

Momentum

When we completed the TD Waterhouse initial public offering in 1999, the capital gave us the financial flexibility to acquire Canada Trust. That acquisition has allowed us to take dramatic steps forward in increasing shareholder value. We've strengthened the foundation for our future growth by building a strong retail bank and taking the lead in delivering financial services online. On the wholesale side, our acquisition of Newcrest will further strengthen our institutional equities and investment banking business in Canada. We'll be continuing to buy and build new businesses that will help us keep this momentum going.

Where banking is going

With our focus on e-commerce, TD is already a leader among financial services firms. Some of the things we've done this year include introducing fully integrated wireless banking and brokerage services for our customers, being the first bank to offer instant term insurance online, and launching TD MarketSite, which streamlines the buying and selling of goods both between Canadian businesses and around the world.

Our e-commerce strategies touch the entire organization. Our ultimate goal is to deliver a fully integrated range of products and services to all customers anywhere, from any channel they choose – online, on the telephone or in person. We'll accomplish this by giving our customers a common look, feel, log-on and password experience.

North American in scope

The Canadian market, while attractive, is not of sufficient size to enable us to realize the economies of scale required to compete effectively with major foreign-based financial services companies. Accordingly, our activities must be North American in scope. We're already well positioned in the U.S. TD Waterhouse is the second largest broker to the self-directed investor in the world. TD Waterhouse Bank is an integrated North American electronic bank, and through our alliance with software provider Commerce One, TD MarketSite links to other Commerce One MarketSite portals around the world. TD Securities is one of North America's leading banks to media and telecommunications companies, acting as lender, capital markets underwriter and financial advisor to many of the top companies in the industry. We are a leading participant in derivative markets in the U.S. and Europe. And our acquisition of Newcrest provides us with the opportunity for further growth in our institutional equities and investment banking businesses.

The next few pages of this report tell you about the strategies, successes and challenges of each of our businesses this year.

TD Canada Trust

Be... comfortable

TD Canada Trust is our personal and commercial bank. It offers services to customers and businesses in Canada and the U.S. through branches, on the internet, over the telephone, and most recently through wireless devices like pagers and cell phones. TD Canada Trust represented 42% of our net income on a cash basis in 2000.

With the acquisition of Canada Trust, we now serve about 10 million retail and electronic banking customers across Canada. We're working hard to keep all of our customers – and attract new ones – by delivering outstanding customer service, by using technology to integrate the products and services we offer, and by building a strong line-up of banking products and services for our customers in the U.S. through TD Waterhouse Bank.

The businesses of TD Canada Trust

TD Canada Trust – provides a broad array of financial services and products including telephone banking, web banking, and access to over 2,800 automated banking machines. Serves about 10 million personal customers across Canada. Some of its businesses include:
- TD VISA
- TD Evergreen
- TD Insurance

TD Waterhouse Bank – the largest electronic bank in the U.S. offering a full suite of products and services.

TD Commercial Banking – meets the needs of Canadian businesses with financial products and services that include a full range of lending and structured finance products, cash management solutions, treasury services and business planning support.

Building a better bank

This merger is about people – our employees and our customers. We're building a better bank by focusing on informing and motivating our employees, who in turn deliver excellent service to our customers.

At our branches, it's been business as usual this year. With most non-retail banking aspects of the integration completed successfully, we're now focusing on ensuring a successful combination of the two retail branch networks.

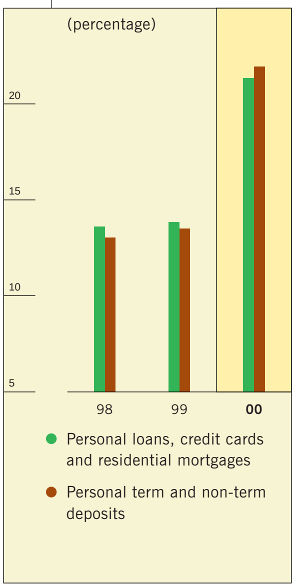
We've spent much of the year carefully planning the integration of our branches and the consolidation of our telephone and web banking services, to make the process as comfortable as possible for customers and employees. The systems conversion in our branches will take place in a series of four waves starting in March of 2001. We know we won't be perfect in everything we do, so we've put considerable time and effort into anticipating the bumps and making sure we're prepared to deal with them quickly and fairly.

Our ultimate goal in bringing the two branch networks together is to build a better bank for our customers. By the fall of 2001, all TD Canada Trust branches will offer 'paperless banking', which means that deposit and withdrawal slips will be a thing of the past. Our combined small business sales teams will give the nation's burgeoning small business sector a new level of service. We've also introduced the TD Commercial Services Plan for mid-size businesses, which offers preferred interest rates on chequing accounts and discounts on cash management services.

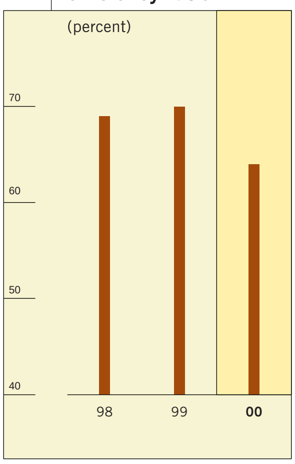
Throughout this process, we've remained focused on our customers. We've conducted extensive customer research to make sure everything we're doing is designed to make our customers as comfortable as possible. And we'll be keeping daily track of customer satisfaction through our *TD Canada Trust customer satisfaction index*.

For segmented financial results for TD Canada Trust, please see page 19.

Market share



Operating cash basis efficiency ratio[1]



[1] Excludes Canada Trust acquisition funding costs and intangibles in common equity.

Succeeding online

We see the shift to online banking as part of a larger movement, where our customers can get all of our products and services through any channel they want – at a branch, online, or over the telephone – and can switch between channels easily as their needs or circumstances change. This integration of services makes it easier and more comfortable for customers to do business with us – and it helps us deliver on our promise of outstanding customer service.

TD Canada Trust already has a leadership position in electronic financial services. We were rated as best online banker by Gomez Canada in September 2000, we won Quicken.ca's 2000 Award for Best Online Banking Product, and we were the only bank in the e25, Bain and Company's June 2000 survey of the top 25 e-businesses in Canada. According to Media Metrix Canada, the TD and Canada Trust websites combined are visited by more Canadians than any other individual financial site in Canada.

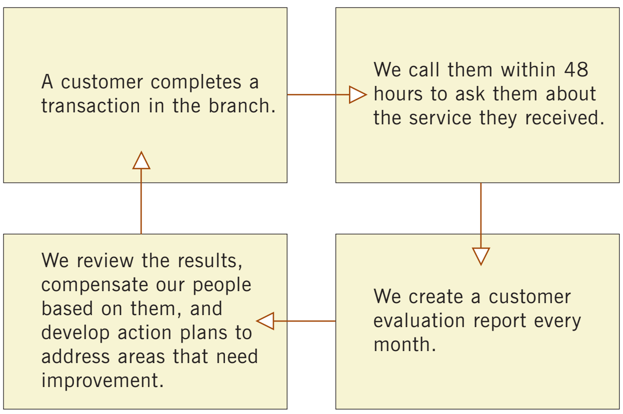
And we're not just leading in Canada. The combination of TD Waterhouse Bank and TD Waterhouse self-directed brokerage has created a powerful vehicle for online banking in the U.S. TD Waterhouse Bank averaged almost 100 new accounts a day. And in June, Kiplinger's *Personal Finance* magazine gave us five stars (their highest ranking) for our integrated banking and brokerage services.

We're also excited about a new online service we launched for our Canadian business customers this year. TD MarketSite – a TD initiative powered by Commerce One software – is Canada's premier business-to-business e-commerce portal. Designed as a trading resource for Canadian businesses, it offers our customers convenience and cost savings. And because it's linked to the global network of Commerce One MarketSite portals, our customers have access to business-to-business e-commerce around the world.

TD Canada Trust customer satisfaction index

We talk to over 850 branch customers every day, and use the information to constantly improve the level of service we're providing to our customers.

Here's how it works:



The TD branch target of 79.6 was established by interviewing more than 76,000 customers from February to April.

We measure the results using our *TD Canada Trust customer satisfaction index*. Here's how we were doing on October 31:

TD branches
- target: 79.6
- actual: 79.7

Canada Trust branches
- target: 85.0
- actual: 86.8

TD Securities

Be... a trusted advisor

TD Securities is our wholesale business. It provides capital markets products and advice to corporate, government and institutional clients. In 2000, TD Securities ranked second in terms of revenues and earnings among the top five Canadian wholesale banks. TD Securities represented 39% of our net income on a cash basis in 2000.

Our goal is to offer integrated financial solutions to a wide range of clients in Canada, the U.S. and abroad. We provide products and advice to clients, seeking to add value to their financing and risk management strategies. We also have a highly disciplined evaluation process that helps us identify and develop products and businesses that meet client needs.

Focusing on the needs of our clients

By focusing on the needs of our clients, this year we've further strengthened areas such as leveraged finance, equity and credit derivatives, money markets, foreign exchange and merchant banking.

Our acquisition of Newcrest, announced late in the year, will substantially strengthen our equities business and improve our capabilities in investment banking, and mergers and acquisitions to supplement our existing businesses.

The businesses of TD Securities

Investment banking – provides debt and capital markets execution, mergers and acquisitions advice, and corporate banking and syndication expertise to clients in Canada, the U.S., Europe, Asia and Australia

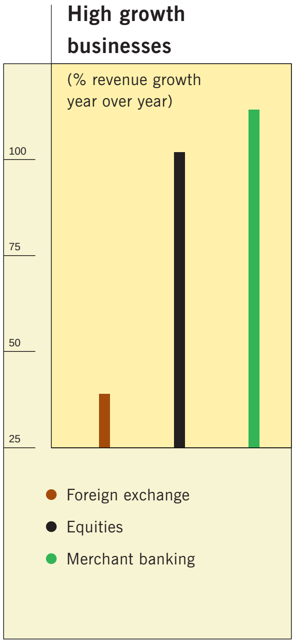
Merchant banking – provides equity and mezzanine capital to growing mid-market businesses, with an emphasis on media, telecommunications and technology companies in Canada, the U.S. and Europe

Equities – provides sales, trading, research, underwriting and distribution in Canada, the U.S. and Europe

Debt capital markets – provides trading, sales and origination of money market, investment and non-investment grade fixed income products, and interest rate and credit derivatives to clients in Canada, the U.S., Europe, Asia and Australia

Foreign exchange – provides foreign exchange trading and sales through offices in Canada, U.S., Europe, Asia and Australia

For segmented financial results for TD Securities, please see page 19.



Almost 60% of our revenues came from outside Canada in 2000, with the U.S. bringing in just under 40%. Our strategy is very focused. We've built one of the top media and telecommunications franchises in the world, providing leading advice and financing in this growing and competitive industry sector. We provide financial advice, credit products, debt and equity financing and merger and acquisition services to leading communications companies around the world.

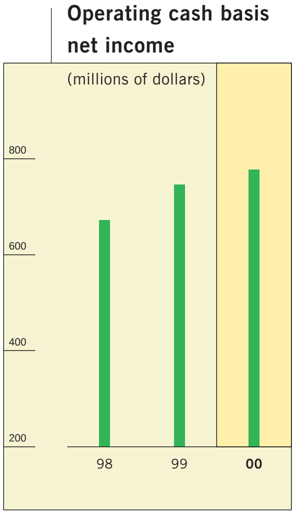
Our correspondent banking and trade finance businesses round out the services we offer to clients.

Giving clients more choice

We're leading in the use of technology and innovative funding strategies to transform our business. The internet and e-commerce are changing how we deal with clients, the nature of our competition and how we deliver our products and advice. And we've formed alliances with other financial institutions so we can deliver the capital commitment necessary for major financial transactions.

TD Securities is working aggressively to web-enable the distribution of our products and services through all of TD's channels – corporate, commercial, institutional and retail. This year we've been a leader in the distribution of products over the internet. We launched TDwebFX, which allows clients to trade foreign exchange online on a stand-alone basis or integrated with other TD web platforms, and are developing systems which will allow retail clients to trade fixed-income securities online.

We're also creating innovative financing approaches and techniques for our clients. This year, TD Capital, our merchant banking group, teamed up with TD Waterhouse to launch TDiCapital, a New York-based venture capital fund focused on online financial services providers. We also raised a private equity fund of approximately $600 million in commitments from pension funds and other institutions which will allow us to further leverage our successful merchant banking business.



TD Waterhouse

Be... as easy as this

The industry is taking notice

- Top U.S. brokerage firm for do-it-yourself investors from *SmartMoney* magazine, August 2000
- #1 for customer confidence from Gomez, Fall 2000 rankings of internet brokers
- Canada's best discount broker from *Canadian Business* magazine, October 16, 2000
- Australia's online broker of the year from yourbroker.com.au, July 2000
- Top broker in Australia from a *Personal Investor* magazine survey of Australian investors, August 2000

TD Waterhouse is a leading global online financial services firm and the world's second largest broker to the self-directed investor. It provides integrated brokerage, mutual fund, banking and other financial products and services to customers around the world – with more than 4.4 million customer accounts. TD Waterhouse represented 16% of our net income on a cash basis in 2000.

At TD Waterhouse, our strategy is to offer more choice and convenience to attract a broader range of customers. We help our customers achieve their financial goals – *and* make money for our shareholders – by working with other TD businesses to give customers a wide range of products and services anytime, anywhere, at a great price.

Meeting our customers face to face

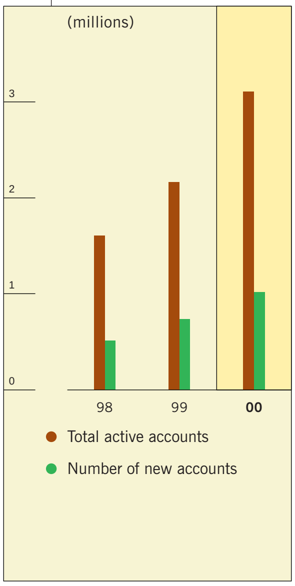
For many customers, just knowing they have the option of talking to us face to face is enough. For others, establishing personal contact by going to a branch is important – so much so that when they do, they're more likely to open an account, and tend to have larger balances.

This year we opened 17 new branches around the world, and TD Bank's integration with Canada Trust means that Bank representatives are now able to offer TD Waterhouse services to TD Canada Trust customers through more than 1,350 retail bank outlets across Canada (48% more than last year).

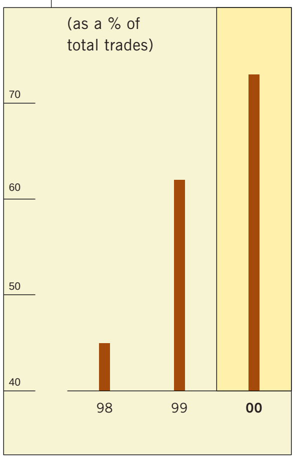
We recognize that some of our customers want the advice and support of an advisor. Through TD Waterhouse Institutional Services, we now provide brokerage execution and operational support to over 3,000 independent, fee-based registered investment advisors who work with our U.S. customers.

For segmented financial results for TD Waterhouse, please see page 20.

Active and new accounts



Online trades



Providing top quality customer service remains one of our highest priorities. We've taken action on many fronts, including investing in technology, staffing and service support to make sure that, even during periods of high volume or market volatility, we continue to give our customers the high level of service they've come to expect from us.

Making it easier to do more online

In the U.S., we redesigned our website to improve navigation, expanded access to free real-time quotes, and added better tools and a new earnings calendar.

We're increasing the banking products and services we offer in the U.S. through our affiliate, TD Waterhouse Bank, N.A., a subsidiary of TD Bank, and our customers can also get a variety of other services online.

Customers in Canada now have access to integrated banking and brokerage services through web-enabled phones. We enhanced our speech recognition technology in Canada and began rolling it out in the U.S., and were first to offer wireless investing in Hong Kong and the U.K.

We've invested over $213 million in technology this year (US$140 million) and formed a strategic alliance with Microsoft Corporation and Aether Systems to offer U.S. customers wireless investing using Personal Digital Assistants with Pocket PC.

Expanding around the world

Market forecasts tell us that there is tremendous growth potential for online trading around the world. To make sure we're poised to take advantage of this growth curve, we've been reinvesting a portion of our capital and some of the profits from our U.S. and Canadian operations to finance opportunities in markets outside of North America that have strong growth potential.

We're acquiring businesses and forming joint ventures around the world. This year we bought YorkSHARE Limited and Dealwise Limited, making us the U.K.'s largest execution-only share dealing broker. In Japan, we formed Tokyo-Mitsubishi TD Waterhouse Securities Co., Ltd. through a joint venture with The Bank of Tokyo-Mitsubishi, Ltd. And we formed a joint venture with Banque Générale du Luxembourg to create a multi-market, multi-channel self-directed investing service for high net worth Europeans. In India, we formed a joint venture with Tata Finance Limited, one of India's leading industrial and financial conglomerates.

We're also teaming up with TD Asset Management to sell TD Waterhouse Funds around the world. This year we launched a new series of proprietary funds for sale in the U.S., and plan to launch a series of Luxembourg-based funds for sale in the U.K., Japan, Australia and Hong Kong. Next year, we expect to launch TD Waterhouse Funds, fund supermarkets, and associated financial planning tools in all the markets in which we have a presence.

TD Asset Management

Be... an agent of growth

TD Asset Management is Canada's largest investment manager with $112 billion in assets under management. It's Canada's leader in quantitative asset management, with $44 billion in assets under management, and Canada's sixth largest mutual fund company, managing $29 billion for more than 1.4 million investors. TD Asset Management represented 5% of our net income on a cash basis in 2000.

Our goal is to reach a wide range of customers by offering a variety of investment products through many different distribution channels. In keeping with this goal, we've been working with TD Waterhouse to launch mutual funds for sale in all of the markets where TD Waterhouse operates, and have developed a strategy to offer a series of funds specifically tailored to third-party brokers and dealers in Canada.

Offering more to our customers

This year we successfully integrated the TD Green Line Family of No-Load Mutual Funds and the Canada Trust Mutual Fund Family. We now offer our customers one of the largest mutual fund families in Canada, with 67 funds and 30 managed portfolios.

We acquired Greydanus, Boeckh & Associates, adding $1.7 billion to TD Quantitative Capital's assets under management, strengthening our position as the leader in quantitative asset management in Canada. We also acquired Harbour Capital Management, Inc., enhancing our position as one of Canada's foremost investment counsel to ultra high net worth private clients.

Working with other TD businesses

We're working with TD Canada Trust and TD Waterhouse to offer more products and services to more customers, and to give them the advice they need to make informed investment decisions.

We're expanding a service with TD Canada Trust to offer financial planning to retail banking customers. We're working closely with TD Waterhouse to offer mutual funds to investors around the world. This year we launched a new series of funds for sale in the U.S., and plan to launch a series of Luxembourg-based funds for sale in the U.K., Japan, Australia and Hong Kong.

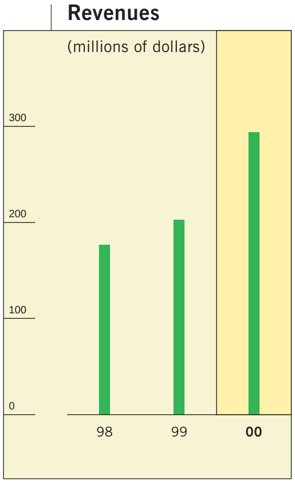
We're also taking advantage of the Bank's leading position in online banking and investing to offer customers mutual funds online. Late last year, we were the first company in Canada to offer mutual funds designed specifically for online investors. Our TD eFunds provide a lower cost investment alternative for internet investors.

The businesses of TD Asset Management

Mutual funds
- *TD Mutual Funds* – offers 67 mutual funds and 30 managed portfolios
- *TD Waterhouse Asset Management Group* – provides TD Waterhouse customers with a broad offering of funds

Investment management
- *TD Portfolio Management & Research* – manages TD's common equity and combined yield portfolios, the Bank's pension fund and most TD Mutual Funds
- *TD Quantitative Capital* – manages indexed, quantitative and structured assets for institutional, high net worth and retail customers
- *Lancaster Investment Counsel* – manages fixed income securities for corporations and pension funds
- *Private Asset Management* – manages balanced assets for high net worth individuals
- *TD Harbour Capital* – manages portfolios for ultra high net worth individuals
- *Lancaster Trading Group* – manages a hedge fund for TD

Revenues



For segmented financial results for TD Asset Management, please see page 20.

We are… a multi-channel e-commerce company

We've taken great strides this year in our transformation to a multi-channel e-commerce company. The challenge for us has been to create an environment in which this transformation can occur. We think three things are key:

We can move at internet speed. With TD MarketSite, we went from idea to execution in just 12 weeks and we were the first portal of its kind in Canada.

We have an adaptive culture. We're not afraid to learn from the companies we acquire – we built on the Waterhouse name, team and culture, and we're moving quickly to adopt the highly successful Canada Trust customer service model. We're capitalizing on the strengths of Newcrest and building an even stronger competitive platform for increasing shareholder value.

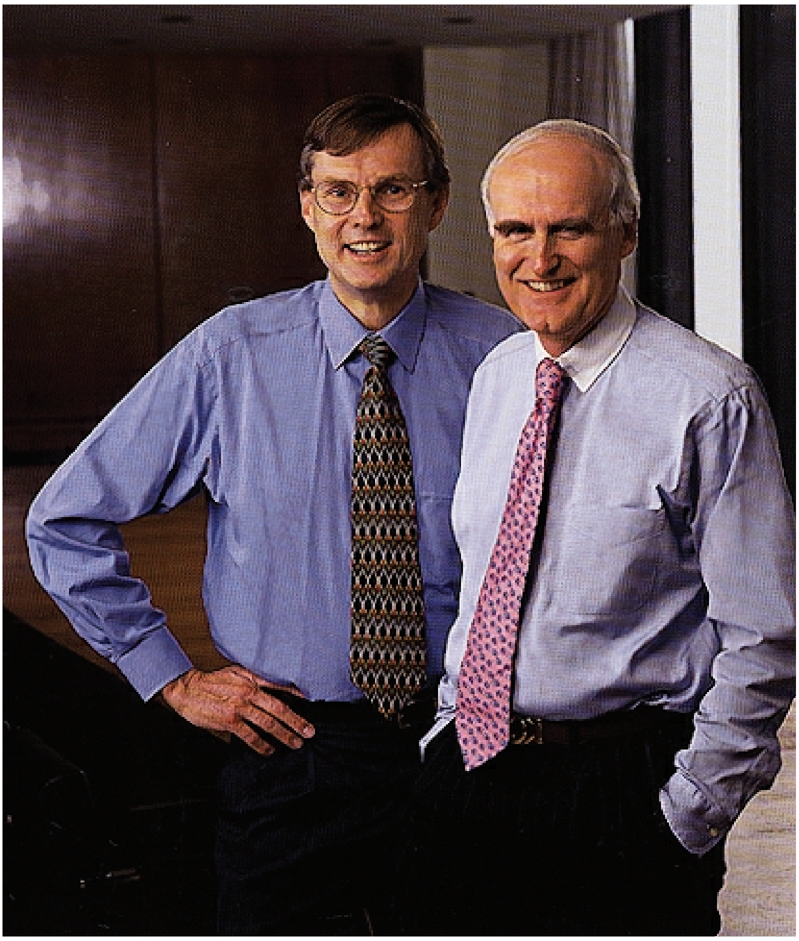
We focus on the customer. We're building a better bank for our customers, and our employees are the most important part of making that happen. Our TD Canada Trust retail banking employees didn't simply help us retain customers during a challenging transition period – they managed to grow new business *and* surpass growth targets.

TD is already one of the top three online financial services firms in the world. Our next challenge is to become a *global* multi-channel e-commerce company… to be where banking is going.

A. Charles Baillie
Chairman and
Chief Executive Officer

W. Edmund Clark
President and
Chief Operating Officer

Toronto
January 25, 2001



Ed Clark Charlie Baillie

Investing in the future

Be… in the community – investing in the future

Investing in the future of our communities is important to TD Bank Financial Group. Through the TD Community Giving Program we provide support to hundreds of charities and non-profit organizations across Canada. In 2000, TD contributed $18.6 million to local and national charitable programs.

TD is an Imagine Caring Company. Imagine is an initiative of the Canadian Centre for Philanthropy, which promotes corporate and public sector giving, volunteering and supporting the community. As an Imagine company, TD is committed to giving a minimum of 1% of its annual domestic pre-tax profits to Canadian charities.

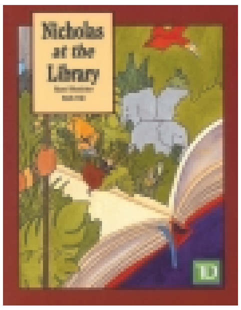
When Canada Trust joined us this past year we were fortunate to inherit its flagship community programs – Friends of the Environment Foundation and the Canada Trust Scholarships for Outstanding Community Leadership. Like TD's programs, these initiatives are based on the philosophy of investing in the future. Together with TD Canadian Children's Book Week and the Children's Miracle Network hospitals, they are major beneficiaries of our Community Giving Program.

The United Way also receives strong support both from our Community Giving Program and our employees. This year we were recognized with a "Thanks a Million" award from United Way of Canada for contributing $1 million or more. In 2000, United Way benefited from $2.5 million in employee giving and approximately $2 million in corporate donations from TD.

TD's relationship with the United Way was strengthened in 2000 when Charlie Baillie served as Chairman of the United Way campaign for the Greater Toronto Area. Across Canada, TD employees throw their support behind the United Way with payroll deductions and such fundraising activities as walk-a-thons, runs and auctions.

TD Canadian Children's Book Week

Created with the Canadian Children's Book Centre, TD Canadian Children's Book Week is a program that promotes reading through cross-country presentations by Canadian children's authors and illustrators. During Book Week, TD gave a storybook called *Nicholas at the Library*, by Hazel Hutchins and Ruth Ohi, to some 407,000 grade one students in Canada.



TD Friends of the Environment Foundation

This non-profit foundation is a unique program involving customers, employees and TD in support of environmental initiatives. Since its inception in 1990, TD Friends of the Environment Foundation has provided in excess of $20 million to fund more than 10,000 environmental projects.

Children's Miracle Network® hospitals helping kids

TD promotes the health of children as a major sponsor of the Children's Miracle Network, a network of hospitals serving over two million children across Canada. Since 1995 TD customers and employees have raised over $4 million for Canadian CMN hospitals.

TD Canada Trust
Scholarships *for* Outstanding Community Leadership

Each year, TD Canada Trust is proud to honour 20 of Canada's exceptional high school students with a scholarship based on their outstanding community leadership. Each TD Canada Trust Scholarship is valued at $50,000 and includes full tuition for up to four years of study, $3,500 per year toward living expenses, and guaranteed summer employment at TD Canada Trust.

Introduction

MD&A at a glance

This section of our Annual Report is management's analysis of the financial performance of TD Bank Financial Group as a whole, and of each of our four businesses. This discussion should be read in the context of our consolidated financial statements, which begin on page 37.

We measure and evaluate our performance by looking at net income, total revenues, and expenses. The pages that follow tell you what these measures are and what they mean. They also look at this year's performance, and show you how these measures have changed over time. The supplementary tables and financial statements show you how these numbers are derived.

Managing risk, managing capital, and the supplementary tables tell you how we monitor and manage risk and capital.

How we performed in 2000

Net income

See supplementary tables 1 and 2, pages 28 and 29

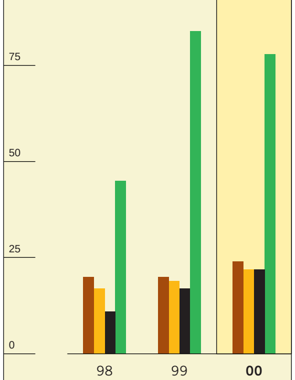
In its simplest terms, net income is the "bottom line" on our income statement – all of our revenues, less all of our expenses, loan losses and income taxes.

We report net income on an operating cash basis, which means we don't include non-cash goodwill or other intangible asset expenses arising from business combinations. To provide a meaningful year-over-year comparison of our performance, operating results don't include the gain on sale of TD Waterhouse Group, Inc. and Knight/Trimark in 1999, and restructuring costs relating to the integration of Canada Trust in 2000.

Net income increased by 37% in 2000 to $2,018 million when measured on an operating cash basis. While our purchase of CT Financial Services Inc. (Canada Trust) at the beginning of the second quarter of 2000 drove this increase, all of our businesses delivered solid results.

Operating cash basis return on common equity

(percent)



Operating cash basis net income by major business segments

(millions of dollars)	2000	1999	1998
TD Canada Trust	**$ 847**	$ 498	$ 458
TD Securities	**778**	747	673
TD Waterhouse	**319**	224	133
TD Asset Management	**93**	54	50
Other	**(19)**	(51)	(131)
Total	**$ 2,018**	$ 1,472	$ 1,183

Operating cash basis earnings per share in 2000 were $3.16 compared to $2.39 in 1999. Operating cash basis return on total common equity was 18%, up from 16.7% in 1999.

These measures exclude items that aren't considered to be part of our normal operations. In 2000, they exclude one-time restructuring costs of $271 million after tax relating to our acquisition of Canada Trust. In 1999, they exclude a non-taxable gain of $1,122 million from the sale of 11.5% of TD Waterhouse Group, Inc., and a special after tax gain of $431 million from the sale of Knight/Trimark shares.

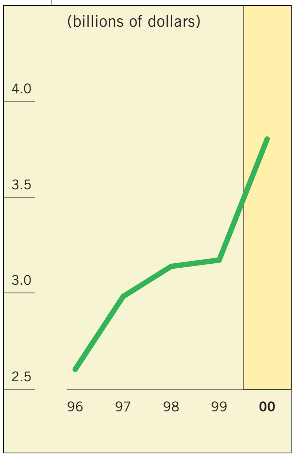
Net interest income (TEB)

See supplementary tables 3, 4 and 5, pages 29 and 30

We calculate net interest income by adding the interest and dividends we earn from loans and securities, and subtracting the interest we pay on deposits and other liabilities.

It's calculated on a tax equivalent basis (TEB), which means that the value of non-taxable or tax-exempt income such as dividends is adjusted to its equivalent before tax value. This allows us to measure income from all securities and loans consistently, and makes for a more meaningful comparison of net interest income with other institutions.

Net interest income (TEB)



Net interest income on a tax equivalent basis (TEB) increased $631 million or 20% over 1999 to $3,804 million.

Average earning assets

The rise in net interest income was fueled by a 26% growth in average earning assets due largely to the addition of Canada Trust. Average loan balances in 2000 grew 28% to $114.4 billion from $89.2 billion in 1999. This led to a 34% increase in loan interest revenue to $8,606 million from $6,438 million in 1999.

Partially offsetting the increase was our ongoing securitization of our loan portfolio. Although interest revenue decreases when loans are securitized, there is an offsetting increase in income from securitizations, which is reported in other income.

Average deposits climbed 33% to $189.4 billion in 2000 from $142 billion in 1999. Much of this growth was generated by personal deposits acquired through our purchase of Canada Trust. Interest expense on deposits rose correspondingly to $8,794 million, up 41% or $2,540 million from a year ago.

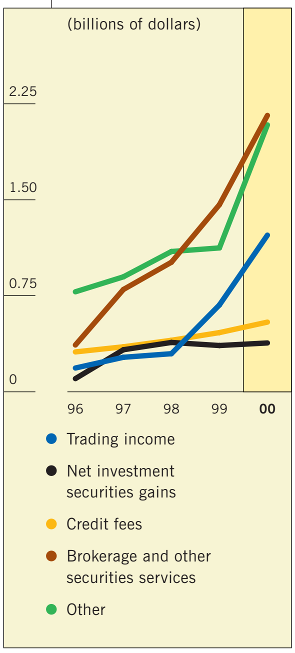
Net interest rate margin

Net interest rate margin measures net interest income (TEB) as a percentage of average earning assets. In 2000 our overall margin declined 7 basis points to 1.63%. The decrease can be attributed to two factors:

- securitization of retail loan assets. In 2000 we securitized $7.2 billion in personal loans. Including securitized balances assumed when we purchased Canada Trust, our total outstanding securitized loans were $21.6 billion on October 31, 2000 compared to $8.3 billion at the end of fiscal 1999. The reported net interest rate margin is usually lower when retail loans are securitized because the remaining portfolio is more heavily weighted toward non-retail loans and securities, which have lower margins.
- growth in trading activities. More trading activity boosts average securities without a corresponding increase in net interest income, causing a decline in margin. This is because funding expenses associated with these activities are reported as interest expense, which reduces net interest income, while the related trading revenues are mainly reported in other income.

A more appropriate measure of net interest rate margin is at the retail bank level since it is not impacted by trading activities. Margins at TD Canada Trust showed solid year-over-year growth, increasing 18 basis points to 3.87% from 3.69% in 1999.

Other income



Other income

See supplementary tables 6 and 7, pages 30 and 31

Other income represents all of our income other than net interest income. Sources of other income include earnings from trading activities, brokerage fees, mutual fund management fees, income from securitized loans and other revenue.

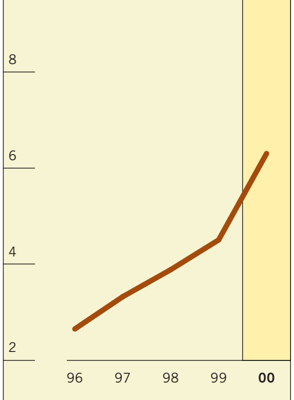
Other income was up $2,308 million or 56% to $6,400 million in 2000 from $4,092 million in 1999 after excluding last year's special gains of $1,122 million on the sale of TD Waterhouse Group, Inc. shares and $717 million on the sale of Knight/Trimark shares. While the addition of Canada Trust contributed to the growth in other income, trading activities in TD Securities were also a key driver. Trading income increased 80% in 2000, reaching $1,225 million compared to $679 million in 1999. This increase was offset in part by higher associated funding costs, which are reported in net interest income.

Taking into account both trading income reported in other income and net funding costs of trading instruments, total trading related income increased 32% over 1999 (see supplementary table 7 on page 31).

Our brokerage businesses were also major contributors to the increase in other income. Self-directed brokerage revenues at TD Waterhouse climbed 55% in 2000 to $1,521 million from $979 million in 1999. This reflects a 76% increase in average trades per day to 188,000 from 107,000 a year ago. At TD Evergreen, our full service broker, brokerage revenues were $227 million, up $82 million or 57% over 1999.

Non-interest expenses

(billions of dollars)



With the addition of the Canada Trust mutual fund family in 2000, mutual fund management fees rose 75% to $452 million from $258 million in 1999. Income from loan securitizations more than doubled to $236 million in 2000, up $142 million from 1999, reflecting the addition of Canada Trust's securitized loans and net loan securitization transactions amounting to $6.3 billion during the year. Insurance revenues more than tripled to $198 million, again primarily due to the addition of Canada Trust.

Expenses

See supplementary table 8, page 31

Expenses include non-interest expenses, including salaries, occupancy and equipment costs, and other operating expenses.

Non-interest expenses rose $1,799 million or 40% to $6,307 million in 2000 after excluding one-time restructuring costs of $475 million, and non-cash goodwill and business combination intangible amortization expense.

The addition of Canada Trust accounted for approximately 22% of the rise in expenses, with much of the remaining 18% driven by the pace of TD Waterhouse's growth, and performance-driven compensation at TD Securities.

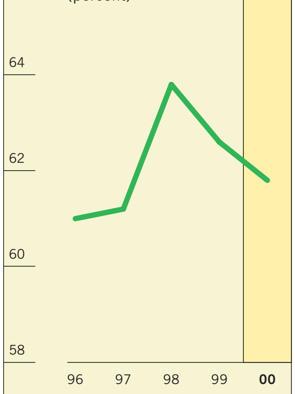
Salaries and staff benefits increased $358 million excluding Canada Trust, accounting for 8% of the 18% underlying expense growth noted above. Approximately 5% of this 8% related to TD Waterhouse, reflecting an increase in staff to support both higher business activity and international expansion into new markets. The remaining 3% was mostly attributable to higher incentive compensation tied to TD Securities' strong results.

TD Waterhouse's continuing investment in technology and branding also drove the increases in our equipment costs (up $69 million bank wide, accounting for 1.5% of the 18% increase in expenses excluding Canada Trust) and in our marketing and business development costs (up $112 million bank wide, accounting for a further 2.5% of the 18% increase in expenses excluding Canada Trust).

A significant portion of TD Waterhouse's expenses are fixed in nature and do not vary directly, at least in the short term, with fluctuations in revenues or securities trading volumes. In the event of a sustained downturn in the stock market, although management would focus on reducing expenses to the extent possible, TD Waterhouse's profitability could be adversely impacted since brokerage revenues could decline without a corresponding decrease in costs.

Efficiency ratio

(percent)



● Efficiency ratio excluding non-cash charges and one-time items

Efficiency ratio

See supplementary table 8, page 31

The efficiency ratio measures the efficiency of our operations. It's calculated by taking expenses (not including the amortization of goodwill and other purchase related intangible asset and restructuring expenses) as a percentage of total revenue (excluding special items). The lower the percentage, the greater the efficiency.

In 2000, total revenue reached $10,204 million, an increase of 41.6% over 1999. This total revenue growth exceeded our expense growth of 40%, resulting in a modest improvement in our efficiency ratio to 61.8% from 62.6% in 1999.

This calculation excludes revenues and expenses that aren't part of our normal operations. Total revenues exclude the gain on the sale of TD Waterhouse Group, Inc. and Knight/Trimark shares, and a further one-time corporate banking security gain of $61 million in 1999. Non-interest expenses exclude one-time restructuring costs related to our acquisition of Canada Trust and non-cash goodwill and intangible amortization expense.

We have established an efficiency ratio goal for 2003 (after integration) of 58% for TD Canada Trust, to be determined excluding non-cash charges, funding costs for the acquisition of Canada Trust and one-time items. We believe that the efficiency goal is most relevant for our retail banking operation, because the Bank's consolidated efficiency ratio is distorted by shifts in our business mix with individual businesses having different target efficiency ratios.

Forward-looking statements

This report contains forward-looking statements, including statements about our business and our financial performance.

These are based on several assumptions we've made – about the capital markets, and about the regulatory, economic and competitive environment, among other things.

You should be aware that our actual financial performance may be significantly different from what we've stated in this report because of several factors, including:

- developments in legislation or regulations that relate to our business
- changes in the competitive environment
- changes in technology
- global capital market activity
- changes in government monetary, fiscal and regulatory policies
- changes in prevailing interest rates
- the level of inflation
- general economic conditions in the countries and regions in which we operate.

Our outlook on the economy

Through the end of 2000, the Canadian economy remained in its strongest and most well-balanced expansion in more than a decade. After expanding by a hefty 4.5% in 1999, the economy grew at an annualized clip of about 5% in the first three quarters of 2000 with growth likely above 3% in the fourth quarter. The unemployment rate has dropped below the 7% threshold, which was unseen at any time during either the 1990s or the 1980s. Yet, aside from rising energy costs, inflation has been unusually tame, with the core consumer price index (CPI) – which excludes the more volatile food and energy components – still running below 2%.

We expect the Canadian economy to shift to a more moderate growth path of about 3% in 2001, with somewhat weaker growth in the first half of the year. With the U.S. being the destination for more than 85% of Canada's exports, much of the weakening in our economy will stem from the softening conditions south of the border. At the same time, the interest rate hikes that have been implemented on this side of the border by the Bank of Canada – which totaled 125 basis points between November 1999 and May 2000 – will cool off spending in interest-sensitive sectors such as consumer purchases of big-ticket items and housing as well as business investment. The recent weakness in the U.S. economy led the Federal Reserve Board to cut its key interest rate by 50 basis points in early January. Further rate cuts in that country are likely. That should cause a revival of U.S. growth toward the end of 2001 which will bode well for the Canadian economy. The Bank of Canada will also likely cut interest rates during the course of 2001, but not by as much as in the U.S. given the greater momentum in the Canadian domestic economy.

A word about taxes

Service industries, and particularly financial services firms, have been the most heavily taxed in Canada, and capital taxes have been a significant element of this taxation. Supplementary table 9 on page 32 lists the various taxes we've paid over the past five years.

This year, the federal, Ontario and Alberta governments all announced substantial corporate income tax rate reductions. Some reductions will take effect this year, but most won't be in place until future years. Alberta also announced that it will be eliminating the taxation on capital of financial institutions.

If the corporate tax reductions are fully enacted, Canadian income tax rates on service industries will be in line with tax rates on other Canadian industries. Our total tax rate may differ from Canadian rates because we pay taxes in many jurisdictions.

If the downward trend on capital tax continues, financial services firms will be taxed on a basis that's similar to the rest of the world – and that would make Canada a more attractive place to do business.

How our businesses performed

TD Canada Trust

TD Canada Trust had outstanding results this year, with growth in revenues, market share and operating income. The integration of Canada Trust continued on schedule while we maintained strong business and earnings momentum. We anticipate that the retail bank will continue to have solid results over the next year as we integrate our retail distribution channels and focus on being in the forefront of new banking initiatives like electronic banking and e-commerce – while always focusing on customer service.

Key results

Net income (cash basis) up by 70% to $847 million

Total revenues up by 57%

Return on equity (cash basis) 24%

Efficiency ratio improved significantly to 64%

Total non-interest expense growth was only 48%

(millions of dollars)	2000	1999	1998
Net interest income (TEB)	**$ 3,025**	$ 2,088	$ 2,151
Other income	**2,021**	1,118	978
Total revenue	**5,046**	3,206	3,129
Provision for credit losses	**270**	103	158
Non-interest expenses excluding non-cash goodwill/intangible amortization	**3,309**	2,231	2,163
Net income before taxes	**1,467**	872	808
Income taxes (TEB)	**620**	374	350
Net income – cash basis	**$ 847**	$ 498	$ 458
Selected volumes and ratios			
Average loans and customers' liability under acceptances (billions of dollars)	**$ 82**	$ 61	$ 58
Average deposits (billions of dollars)	**87**	55	51
Full-time equivalent staff at October 31	**29,707**	17,862	15,800
Operating cash basis return on common equity[1]	**24%**	20%	20%
Operating cash basis efficiency ratio[1]	**64%**	70%	69%

[1] Excludes Canada Trust acquisition funding costs and intangibles in common equity.

TD Securities

TD Securities had a record year despite the increased volatility in the marketplace. We continued to build on our position as one of the world's leaders in the media and telecom sectors, and have been very effective at reducing lower yielding loans and reallocating capital to businesses that are generating high returns. Our businesses are developing more integrated solutions to meet the needs of our clients, and we envision continued momentum towards achieving our key objectives.

Key results

Net income (cash basis) up by 9%[1] to $778 million

Total revenues up by 16%[1]

Return on equity (cash basis) 22%

Efficiency ratio remained at 44%

Total non-interest expense growth was 16%

(millions of dollars)	2000	1999	1998
Net interest income (TEB)	**$ 428**	$ 806	$ 1,024
Other income	**2,295**	1,595	1,211
Total revenue	**2,723**	2,401	2,235
Provision for credit losses	**210**	76	92
Non-interest expenses excluding non-cash goodwill/intangible amortization	**1,189**	1,028	978
Net income before taxes	**1,324**	1,297	1,165
Income taxes (TEB)	**546**	550	492
Net income – cash basis	**$ 778**	$ 747	$ 673
Selected volumes and ratios			
Average loans and customers' liability under acceptances (billions of dollars)	**$ 28**	$ 30	$ 29
Full-time equivalent staff at October 31	**2,500**	2,302	2,376
Operating cash basis return on common equity[1]	**22%**	18%	17%
Operating cash basis efficiency ratio[1]	**44%**	44%	44%

[1] Excludes special securities gain in 1999.

TD Waterhouse

TD Waterhouse had solid results this year, despite significant decreases in market price levels and trading volumes around the world during the second half of the year. Net income and revenues increased in 2000, after excluding special gains in 1999. We opened one million new customer accounts, not including acquisitions. TD Waterhouse continued to invest heavily in branding awareness and technology, and is positioned to take advantage of the growth potential in international markets.

Key results

Net income (cash basis) up by 42%[1] to $319 million

Total revenues up by 54%[1]

Return on equity (cash basis) 22%

Efficiency ratio remained at 74%

Total non-interest expense growth was 53%

(millions of dollars)	2000	1999	1998
Net interest income (TEB)	$ 538	$ 308	$ 202
Other income	1,746	1,897	726
Gain on sale of TD Waterhouse Group, Inc.	–	1,122	–
Total revenue	2,284	3,327	928
Non-interest expenses excluding non-cash goodwill/intangible amortization	1,679	1,094	702
Net income before taxes	605	2,233	226
Income taxes (TEB)	250	451	93
Non-controlling interest	36	5	–
Net income – cash basis	$ 319	$ 1,777	$ 133
Selected volumes and ratios			
Total customer assets (billions of dollars)	$ 242	$ 182	$ 100
Full-time equivalent staff at October 31	8,319	6,123	4,338
Operating cash basis return on common equity[1]	22%	17%	11%
Operating cash basis efficiency ratio[1]	74%	74%	76%

[1] Excludes special gains on sale of TD Waterhouse Group, Inc. and Knight/Trimark in 1999.

TD Asset Management

TD Asset Management has become the largest investment manager in Canada, with a record $112 billion in total assets under management, helped by the addition of the Canada Trust Investment Management Group and the continued growth in our customer base of retail, high net worth and institutional clients. Revenues were strong this year, led by the increase in the number of customer accounts, and the higher proportion of equity assets over fixed income assets fueled by equity markets.

Key results

Net income (cash basis) up by 72% to $93 million

Total revenues up by 45%

Return on equity (cash basis) 78%

Efficiency ratio improved significantly to 42%

Total non-interest expense growth was 18%

(millions of dollars)	2000	1999	1998
Net interest income (TEB)	$ 22	$ 22	$ 11
Other income	272	181	166
Total revenue	294	203	177
Non-interest expenses excluding non-cash goodwill/intangible amortization	124	105	84
Net income before taxes	170	98	93
Income taxes (TEB)	77	44	43
Net income – cash basis	$ 93	$ 54	$ 50
Selected volumes and ratios			
Assets under management (billions of dollars)	$ 112	$ 69	$ 54
Full-time equivalent staff at October 31	913	806	758
Operating cash basis return on common equity	78%	84%	45%
Operating cash basis efficiency ratio	42%	52%	47%

Managing risk

At TD Bank Financial Group, our goal is to earn satisfactory returns from our various business activities within an acceptable level of risk. To do this, we need to understand the risks involved in our businesses and to ensure that the risks we assume are within prudent limits.

Through our retail and wholesale businesses, we are exposed to four types of risk:

- credit risk
- market risk
- liquidity risk
- operational risk

Managing risk means assessing the potential impact of each risk, setting reasonable limits, monitoring our activities against these limits, and having policies and procedures in place in case these limits are exceeded.

We aim to be the best risk manager among major Canadian banks and we have established a strong infrastructure to help achieve this.

Our guiding principle is to involve qualified risk management professionals who are independent of the business units to set our policy framework and define risk limits. Policies and strategies for managing credit risk, market risk and liquidity risk are established by Group Risk Management, which reports directly to our Chairman and Chief Executive Officer and is led by an Executive Vice President. Our Risk Policy Committee, a team of senior executives, reviews the policies and strategies at least annually. Operational risk is the responsibility of the Executive Vice President of Operational Risk, who also reports to the Chairman and Chief Executive Officer. The Audit and Risk Management Committee of the Board of Directors approves all major risk policies annually.

The following pages describe the main risks we face and our strategies for managing them.

Credit risk

Credit risk is the potential for financial loss if a borrower or counterparty in a transaction fails to meet its obligations.

We are exposed to credit risk through our traditional lending activities and transactions involving settlements between us and our counterparties, including other financial institutions. These include direct loans, commitments to extend credit, settlement exposures, derivative transactions and securities inventories.

Our goal is to limit the average of actual annual losses on credit exposures through an economic cycle to .35% of net average loans and customers' liability under acceptances. This is an increase over our previous goal of .30% and reflects changes in our product mix over the past year.

Who manages credit risk

Group Risk Management sets the policies and procedures for managing credit risk on a global basis. Its responsibilities include:

- setting guidelines that limit portfolio concentrations of credit exposure in relation to common equity by country, industry and affiliated group
- approving discretionary limits of officers throughout TD for extending lines of credit
- central control of all major credit decisions
- setting standards for measuring credit exposure
- approving the scoring techniques used in extending personal credit
- approving all policies relating to all products and services that have credit risk
- setting the criteria for rating risk on business accounts, based on a 13 category rating system
- an annual review of all loans conducted under the direction of TD's senior risk management personnel, including a review of the risk rating on the account and a review of each classified business credit exposure at least quarterly.

The Audit and Risk Management Committee of the Board of Directors reviews and approves all major credit policies and procedures annually.

How we manage credit risk

By country

Country risk is the risk that economic or political change in a country may affect cross border payments for goods and services, loans, trade-related finance and dividends, as well as the repatriation of TD's capital from the foreign country. We currently have exposure in 60 countries, with the largest portion in North America. We establish country exposure guidelines based on an internal risk rating system. Country limits cover all aspects of credit exposure across our various businesses.

Business and government loans

In addition to limits on overall country exposure, industry and group exposure limits are established for credit exposure to businesses and governments.

We use a systematic approach to set and communicate risk guidelines for each industry in our loan portfolio. These guidelines are set based on a risk assessment of the industry. We have identified 25 major industry groups and divided them into 110 segments. We assign a risk rating to each industry segment on a scale of one to six. Our analysis focuses on key risks inherent in a given industry such as cyclicality, exposure to technological change, political influence, regulatory change or barriers to entry. If we believe that several industry segments are affected by common risk factors, we assign a single exposure guideline to them. Group Risk Management conducts ongoing reviews of industry risk ratings and segmentation.

Each business or government borrower is assigned an internal rating based on the credit worthiness of the borrower using a 13 category rating system. We set limits on credit exposure to related business or government accounts based on these internal ratings. In addition, we use a Risk Adjusted Return on Capital model to assess the return on credit relationship in relation to the structure and maturity of the loans and internal ratings of the borrowers. The internal rating and return on capital for each borrower is reviewed on an annual basis.

For accounts where exposures include derivatives that are traded over the counter, we use master netting agreements or collateral wherever possible to reduce exposure.

Personal credit

We manage personal credit risk using credit scoring models to grant credit and manage accounts. These tools provide consistent and objective decision making and account management based on statistically proven methods to ensure our consumer portfolios perform at acceptable levels of return and within prescribed risk tolerances.

We have centralized the granting of personal credit and use automated scoring processes wherever possible to ensure that credit underwriting is objective and controlled.

Classified risk

Classified risk refers to loans and other credit exposures that according to our standards pose a higher credit risk than normal.

A loan is classified as impaired when, in management's opinion, we can no longer be reasonably assured that we will be able to collect the full amount of the principal and interest when it is due.

We establish specific provisions for impaired loans when a loss is likely or when the estimated value of the loan, based on discounting expected future cash flows, is less than its recorded value.

Provisioning for our personal credit portfolios is at the portfolio level based on delinquency and type of security.

For details about impaired loans, see supplementary table 12 on page 34, and note 1, subsections (g) and (h), and note 3 in the *Notes to consolidated financial statements.*

General allowances

We have established general allowances for credit losses based on the credit risk of items that have not yet been specifically identified. We increased our general allowance for loan losses to $836 million at October 31, 2000 from $712 million at the end of fiscal 1999. The increase was due primarily to the Canada Trust acquisition. In addition, we had a reserve for certain derivative financial instruments of $26 million such that general allowances totalled $862 million at October 31, 2000. This represented .66% of risk-weighted assets and qualifies as Tier 2 capital.

Provision for credit losses

Provision for credit losses is an amount added to the allowance for credit losses to bring it to a level that management considers adequate to absorb all probable credit-related losses in the loan portfolio.

The quality of our loan portfolio remained strong in 2000 despite a higher level of specific losses in the corporate bank than in 1999. Our provision for credit losses was $480 million. This represents .39% of average loans and customers' liability under acceptances. For details, see supplementary table 14 on page 35.

Net impaired loans

The level of net impaired loans is a key measure of credit risk. It is the gross amount of impaired loans less the allowances for credit losses. For the fourth year in a row, allowances continued to exceed impaired loans, resulting in excess allowances of $(159) million in 2000 compared to the 1999 level of $(257) million. For details, see supplementary table 12 on page 34.

Market risk

Market risk is the potential for loss from changes in the value of financial instruments.

The value of a financial instrument can be affected by changes in:

- *interest rates*
- *foreign exchange rates*
- *equity and commodity prices.*

We are exposed to market risk when we enter into financial transactions through our four main trading activities:

- Market-making. We make markets for a large number of securities and other traded products. We keep an inventory of these securities to buy and sell with investors. We profit from the spread between bid and ask prices. Profitability is driven by trading volume.
- Sales. We provide a wide variety of financial products to meet the needs of our clients. We earn money on these products from price mark-ups or commissions. Profitability is driven by sales volume.
- Arbitrage. We take positions in certain markets and offset the risk in other markets. Our knowledge of various markets and how they relate to each other allows us to identify and benefit from pricing anomalies.
- Positioning. We aim to make profits by taking positions in certain financial markets in anticipation of changes in those markets. This is the riskiest of our trading activities and we use it selectively.

Who manages market risk

Group Risk Management oversees market risk management for our trading businesses. It is not accountable for trading revenues. Its responsibilities include:

- designing and implementing methods for measuring and reporting market risk and monitoring exposure against limits
- approving new or additional trading limits
- tracking and approving any significant excesses over trading limits
- approving all new trading products
- independent testing of all pricing models and trading systems
- determining the sources of all volatilities and correlations of market rates and prices used in estimating market risk
- stress testing the portfolio to determine the effect of large, unusual market movements
- reviewing regulatory capital required for market risk calculated by TD Securities.

The Market Risk Policy Group within Group Risk Management is responsible for measuring, reporting and monitoring market risk, as well as communicating and enforcing risk limits throughout all of our trading businesses. It also maintains the Market Risk Policy Manual, which contains all policies relating to market risk in the trading businesses.

A Market Risk Policy Committee meets bi-weekly for a peer review of the market risks involved in our trading businesses. The committee is co-chaired by our Chairman and CEO, TD Securities and the Senior Vice President, Market Risk Policy and includes members of senior management of TD Securities, Investment Banking Audit and Group Risk Management. The Audit and Risk Management Committee of the Board of Directors reviews market risk quarterly and approves all major market risk policies annually.

How we manage market risk
Managing market risk is a key part of our business planning process. We begin new trading operations and expand existing ones only if:

- the risk has been thoroughly assessed and is judged to be within our risk capacity and business expertise
- we have the infrastructure in place to monitor, control and manage the risk.

We manage market risk primarily by setting trading limits and by "stress testing" our trading activities.

Trading limits
Value at Risk (VaR) measures the adverse impact that potential changes in market rates and prices could have on the value of a portfolio over a specified period of time.

We set trading limits that are consistent with the approved business plan for each business and our tolerance for the market risk of that business. When setting these limits, we consider market volatility, market liquidity, trader experience and business strategy.

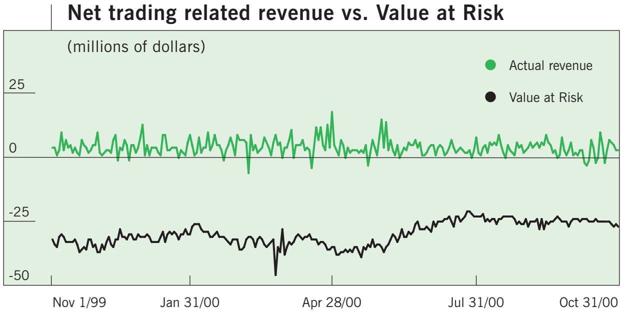
Our primary measure for setting trading limits is VaR. We use VaR to monitor and control overall risk levels and to calculate the regulatory capital required.

We may also apply specialized limits, such as notional limits, credit spread limits, yield curve shift limits, loss exposure limits, stop loss limits and other limits, if it's appropriate to do so. These additional limits reduce the likelihood that trading losses will exceed VaR limits.

At the end of each day, Group Risk Management reviews daily trading exposure reports and compares the risks with their limits. If a trading limit has been exceeded, the trading desk must bring the position within the limits immediately unless Group Risk Management approves an exception. Group Risk Management follows an established process for approving exceptions to established limits.

If, during the day, it appears that a trading limit will be exceeded, the trader must receive approval before carrying the position overnight.

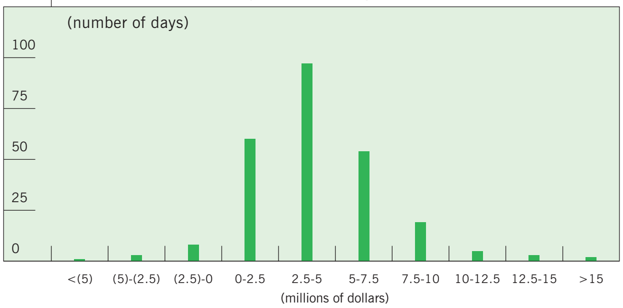
Net trading related revenue vs. Value at Risk



The preceding graph compares our net trading revenues to daily VaR usage. Our VaR on October 31, 2000 was $27.4 million, down more than $5 million from October 31, 1999. The average VaR for fiscal year 2000 was $29.8 million.

To estimate VaR, a distribution of potential changes in the market value of the current portfolio is created by valuing the portfolio using the most recent 259 trading days of market price and rate changes. The VaR is then calculated so that potential portfolio losses are expected to be less than the VaR amount for 99 out of every 100 trading days.

Distribution of daily net trading related revenues

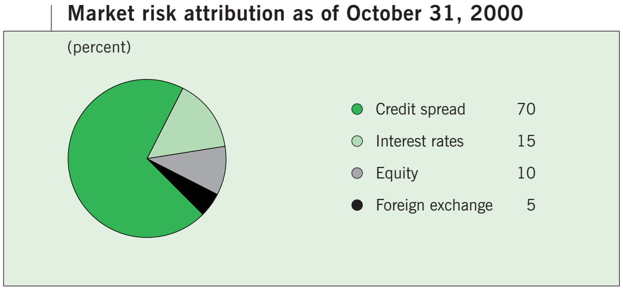


The graph above shows the frequency distribution of our net trading revenue for fiscal 2000. Daily net trading revenues in 2000 were positive on 95.2% of the trading days in the year. A loss of more than $5 million occurred on only one day. Losses never exceeded our statistically predicted VaR for the total of our trading related businesses.

Stress testing
Stress testing quantifies the largest quarterly loss we are prepared to take in our trading activities and limits market risk accordingly.

Our trading business is subject to an overall global stress test limit and each global business has a stress test limit. Stress tests are produced and reviewed each week with the head of Group Risk Management. They are reviewed with the Market Risk Committee every two weeks and four times a year with the Audit and Risk Management Committee of the Board of Directors.

Market risk attribution as of October 31, 2000



The graph above is an attribution of our general market risk to different risk categories on October 31, 2000, based on stress scenarios designed to model extreme economic events, replicate worst case historical experiences or introduce large but plausible moves in key market risk factors. The dominant risk in our trading businesses is credit spread risk, primarily from high yield and Eurobond inventories. There is also significant risk to interest rate movements, equity prices, and foreign exchange rates.

Asset liability management

Asset liability management deals with managing the market risks of our traditional banking activities. These transactions primarily include interest rate risk and foreign exchange risk.

We are exposed to market risk when we enter into non-trading banking transactions with our TD Canada Trust customers. These transactions primarily include deposit taking and lending, which are also referred to as our "asset and liability" positions.

Who is responsible for asset liability management

The Treasury & Balance Sheet Management function within Group Finance measures and manages the market risks of our non-trading banking activities. The Asset Liability Committee, which is chaired by TD's Chairman and Chief Executive Officer and includes senior executives, oversees non-trading exposure market risk and directs Treasury & Balance Sheet Management. The Audit and Risk Management Committee of the Board of Directors reviews and approves all market risk policies and procedures annually.

How we manage our asset and liability positions

We measure all product risks at the time they are issued, using a fully hedged option-adjusted transfer pricing framework. This framework allows Treasury & Balance Sheet Management to measure and manage risk within a target risk profile. It also ensures that TD Canada Trust's business units engage only in productive risk-taking activities.

Managing interest rate risk

Interest rate risk is the impact changes in interest rates could have on our margins, earnings and economic value. Rising interest rates could, for example, increase our funding costs and therefore reduce the net interest income earned on certain loans.

We are exposed to interest rate risk when asset and liability principal and interest cash flows have different interest payment or maturity dates. This is called a mismatched position. An interest-sensitive asset or liability is repriced when interest rates change or when there is cash flow from final maturity, normal amortization or when customers exercise prepayment, conversion or redemption options.

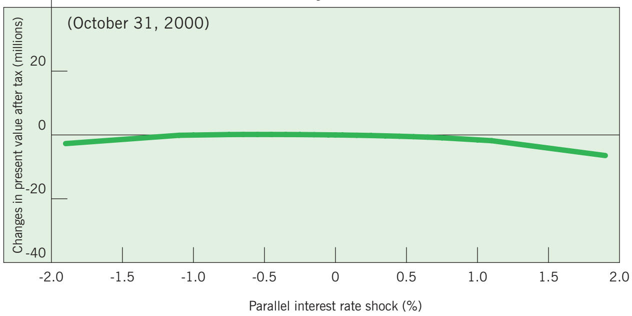
Our exposure depends on the size and direction of interest rate changes, and on the size and maturity of the mismatched position. It is also affected by new business volumes, renewals of loans and deposits, and how actively customers exercise embedded options like prepaying or redeeming a loan or deposit before its maturity date.

We manage interest rate risk within limits set by our interest rate risk management policies.

We perform valuations of all asset and liability positions as well as all off-balance sheet exposures weekly, and value certain option positions daily. We then hedge the resulting financial position to a target risk profile. We use derivative financial instruments, wholesale instruments and other capital market alternatives and, less frequently, product pricing strategies to manage interest rate risk.

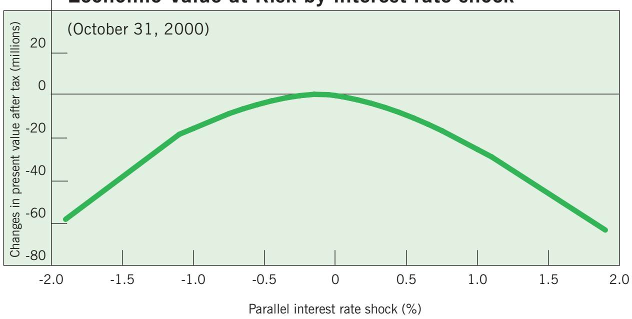
Within the financial position, we measure and manage interest rate risk exposure arising from instruments with closed (non-optioned) fixed-rate cash flows separately from product options. Product options represent a significant financial risk, whether they are free-standing, such as a mortgage rate commitment, or embedded in a loan or deposit.

Closed (non-optioned) instruments portfolio
Economic Value at Risk by interest rate shock[1]



Interest rate risk exposure from closed (non-optioned) instruments exhibits an almost linear or symmetrical payoff profile to parallel changes in interest rates. The graph above shows our interest rate risk exposure on October 31, 2000 on the closed (non-optioned) instruments within the financial position. If this portfolio had experienced an immediate and sustained 100 basis point increase in rates on October 31, 2000, the economic value of shareholders' equity would have decreased by $2 million after tax.

Total financial position
Economic Value at Risk by interest rate shock[1]



Interest rate risk exposure from product options exhibits non-linear or asymmetrical payoff profiles. The graph above shows our interest rate risk exposure on October 31, 2000 on all instruments within the financial position – the closed (non-optioned) instruments plus product options. An immediate and sustained 100 basis point increase in rates would have decreased the economic value of shareholders' equity by $25 million after tax.

[1] The interest rate risk exposure of non-maturity deposits and loans is measured based on assumed maturity profiles.

We manage the risk of product options by buying options or through a dynamic hedging process designed to replicate the payoff of a purchased option. Dynamic hedging involves rebalancing the hedging instruments we hold for small changes in interest rates. The preceding graph assumes that the dynamic hedging portfolio held on October 31 is not rebalanced for the interest rate shock.

Managing foreign exchange risk

Foreign exchange risk refers to losses that could result from changes in foreign currency exchange rates. Assets and liabilities that are denominated in foreign currencies have foreign exchange risk.

Foreign exchange risk arises when our foreign currency assets are greater or less than our liabilities in that currency. This creates a *foreign currency open position*.

To manage this risk, we minimize our foreign currency open positions. We also maintain the ratio of foreign currency equity to total foreign currency risk-weighted assets at a level that is close to our total common equity to risk-weighted asset ratio. This minimizes the risk that changes in foreign currency exchange rates will adversely affect our capital ratios.

Future U.S. accounting change

Financial Accounting Standards Board Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities (FAS 133), as amended by FAS 138, is effective for the Bank's fiscal year beginning November 1, 2000.

FAS 133 will require us to recognize all derivatives on our balance sheet at fair value for the purposes of determining our net income and balance sheet according to U.S. generally accepted accounting principles. If a derivative is a hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedged assets, liabilities or firm commitments in income, or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a hedging derivative's change in fair value will be immediately recognized in income. If a derivative is not a hedge, changes in the fair value of the derivative will be recognized in income.

Based on our derivative positions at October 31, 2000, we estimate that upon adoption of FAS 133 we will report, for U.S. GAAP purposes, a cumulative transition adjustment recognizing after tax gains of approximately $10 million in net income and $20 million in other comprehensive income.

Liquidity risk

Liquidity risk is the risk that we cannot meet a demand for cash or fund our obligations as they come due. Demand for cash can arise from withdrawals of deposits, debt maturities and commitments to provide credit.

We hold sufficient liquid assets in Canadian and U.S. dollars as well as other foreign currencies so that funds can quickly be made available to meet our obligations. Our liquidity policy measures the amount of liquidity required to cover short-term requirements under normal operations and in a crisis scenario.

Who manages liquidity risk

The Treasury & Balance Sheet Management department in Group Finance is responsible for the daily measurement and management of the Bank's liquidity risk position. The Asset Liability Committee oversees liquidity risk management, and the Audit and Risk Management Committee of the Board of Directors reviews and approves liquidity management policies annually.

How we manage liquidity risk

We make sure that we have enough funds available to meet our obligations by managing our cash flows and holding assets that can be readily converted into cash. We also have an active wholesale funding program including asset securitization to ensure we have access to widely diversified funding sources.

We manage liquidity on a global basis, ensuring the prudent management of liquidity risk in all of our operations. We maintain a high percentage of total deposits in stable retail and commercial deposits relative to wholesale demand and short-term deposits. Because customers who make large deposits can affect our liquidity, we also make sure that we don't rely on one customer or small group of customers.

On October 31, 2000, our consolidated surplus liquid asset position was $2.2 billion in Canadian dollars, compared with a position of $5.5 billion Canadian on October 31, 1999. The surplus liquid asset position is total liquid assets less the Bank's short-term wholesale funding requirements. The surplus was unusually high last year due to the concerns over the year 2000 date change. Liquid assets include federal and provincial government bonds and treasury bills and their guarantees, Eurobonds, bankers' acceptances and commercial paper.

In the event of a liquidity crisis, we have contingency plans to make sure we meet all of our obligations as they come due.

Operational risk

Operational risk is the potential for loss from failure in business processes, internal control systems or technology or from fraud. Losses can be financial or non-financial, such as loss of reputation.

We have comprehensive, ongoing risk management practices in place to manage operational risk. These include:

- continually identifying and assessing the operational risk faced by our businesses
- implementing and executing enterprise-wide risk mitigation practices, including an extensive system of internal control, trained and competent people, segregating incompatible functions, clearly defined operating practices, contingency planning and continual upgrades to our systems and procedures
- regular enterprise-wide audits by our Internal Audit Division to make sure our risk mitigation practices are being followed throughout the organization.

Managing capital

Capital structure and ratios at year end

(millions of dollars)	2000	1999	1998
Tier 1 capital			
Retained earnings	$ 9,039	$ 8,694	$ 6,387
Common shares	2,060	2,006	1,301
Qualifying preferred shares	1,251	833	845
Non-controlling interest in subsidiaries	1,471	335	–
Less: goodwill and intangibles in excess of 5% limit	(4,458)	(892)	(958)
Total Tier 1 capital	9,363	10,976	7,575
Tier 2 capital			
Subordinated notes and debentures	4,883	3,217	3,606
Non-controlling interest in subsidiaries	185	–	–
General allowance for credit losses	862	753	636
Less: amortization of subordinated notes and debentures	(488)	(346)	(257)
Total Tier 2 capital	5,442	3,624	3,985
Other deductions	762	150	24
Total regulatory capital	$ 14,043	$ 14,450	$ 11,536
Capital ratios			
To risk-weighted assets			
Tier 1 capital	7.2%	10.1%	7.2%
Total regulatory capital	10.8	13.3	11.0
Assets to capital multiple[1,2]	18.4	15.0	16.1

[1] Total assets plus off-balance sheet credit instruments such as letters of credit and guarantees less investments in associated corporations and goodwill and net intangibles divided by total regulatory capital.
[2] During the year, the Bank's authorized assets to capital multiple was increased from 20 times to 23 times.

Managing capital

Capital management is the control of the acquisition, maintenance and retirement of capital. At TD, capital is managed by Group Finance.

Adequate capital is critical to our continuing operations. Most of our capital comes from common shareholders. Our goal is to provide enough capital to maintain the confidence of investors and depositors, while providing our common shareholders with a satisfactory return.

Under the *Bank Act*, most decisions about capital are handled by the Board of Directors. Our capital management objectives are to:

- be an appropriately capitalized institution as defined by relevant regulatory authorities and compared to our peers
- maintain strong ratings
- achieve the lowest overall cost of capital consistent with preserving the appropriate mix of capital elements
- make sure that sufficient and appropriate capital is either at hand or readily available at reasonable cost to help us expand and as a safeguard against unexpected events
- provide a satisfactory return to our common shareholders.

The acquisition of Canada Trust had a significant impact on our total regulatory capital, which decreased by a net amount of $407 million over 1999. As part of the purchase, we raised approximately $2.1 billion in qualifying capital during the year, including:

- gross proceeds of $410 million from issuing 16.4 million preferred shares
- gross proceeds of $900 million from issuing 900,000 trust units through TD Capital Trust
- $750 million in subordinated debt.

Qualifying capital assumed on the acquisition of Canada Trust also increased regulatory capital, including:

- $350 million in subordinated debt
- $375 million in preferred shares (which are classified as non-controlling interest in subsidiaries on the consolidated balance sheet)
- $101 million in general allowance for credit losses

We also issued an additional $500 million in subordinated debt during the year.

Goodwill and identifiable intangibles (above 5% of gross Tier 1 capital), which are deducted from capital for regulatory purposes, increased by $3.6 billion during the year, primarily as a result of the Canada Trust acquisition.

Capital ratios

Capital ratios are measures of financial strength and flexibility. The two primary ratios we use to measure capital adequacy are the Tier 1 capital ratio and the total capital ratio. The Office of the Superintendent of Financial Institutions Canada (OSFI) defines these ratios and sets levels for Canadian banks:

- *The Tier 1 capital ratio is defined as Tier 1 capital divided by risk-weighted assets. OSFI requires banks to meet Tier 1 capital requirements of 7% to be considered well-capitalized.*
- *The total capital ratio is defined as total regulatory capital divided by risk-weighted assets. OSFI requires banks to meet total capital requirements of 10% to be considered well-capitalized.*

Our Tier 1 and total capital ratios were 7.2% and 10.8%, respectively, on October 31, 2000 compared to 10.1% and 13.3% on October 31, 1999, when our capital ratios were exceptionally high in anticipation of the Canada Trust acquisition.

OSFI measures the capital adequacy of Canadian banks according to its instructions for determining risk-adjusted capital and risk-weighted assets and off-balance sheet exposures. The risk-based approach is based on the Bank for International Settlements' agreed framework for achieving a more consistent measurement of capital adequacy and standards for banks engaged in international business. This approach doesn't take into account our unrealized pre-tax gains on investment securities of $796 million at October 31, 2000. It also doesn't take into account unrealized gains on the Bank's real estate investments.

Risk-weighted assets at year end

(millions of dollars)	**2000**		1999		1998	
	Balance	**Risk-weighted balance**	Balance	Risk-weighted balance	Balance	Risk-weighted balance
Balance sheet assets						
Cash resources	**$ 4,187**	**$ 657**	$ 6,226	$ 1,109	$ 3,079	$ 499
Securities purchased under resale agreements	**13,974**	**238**	25,708	201	12,291	98
Securities	**85,387**	**8,286**	69,093	6,956	49,719	5,101
Loans	**120,721**	**72,351**	87,485	54,079	84,926	47,683
Customers' liability under acceptances	**9,812**	**9,008**	9,040	8,286	9,948	9,706
Other assets	**30,737**	**7,704**	16,865	4,757	21,868	5,192
Total balance sheet assets	**$ 264,818**	**98,244**	$ 214,417	75,388	$ 181,831	68,279
Off-balance sheet assets						
Credit instruments		**16,130**		19,347		22,515
Derivative financial instruments		**4,661**		3,603		5,007
Total off-balance sheet assets		**20,791**		22,950		27,522
Total risk-weighted asset equivalent – credit risk		**119,035**		98,338		95,801
– market risk		**11,125**		10,146		9,305
Total risk-weighted assets		**$ 130,160**		$ 108,484		$ 105,106

Risk-weighted assets

Our total balance sheet increased $50 billion or 24%, primarily from the purchase of Canada Trust, which reported total assets of $49 billion on acquisition. Total risk-weighted assets increased by $21.7 billion, or 20%, as a result of our ongoing management of risk-weighted assets across all of our businesses.

We review balance sheet and off-balance sheet exposures when assessing risk. Please turn to Managing risk, starting on page 21, for information about how we monitor and control risk.

Supplementary information

TABLE 1

Consolidated statement of income (TEB)

(millions of dollars)

	Canada		United States		Other international		Total		
	2000	1999	**2000**	1999	**2000**	1999	**2000**	1999	1998
Net interest income (TEB)	**$ 3,137**	$ 2,459	**$ 458**	$ 484	**$ 209**	$ 230	**$ 3,804**	$ 3,173	$ 3,140
Provision for credit losses	**300**	217	**157**	45	**23**	13	**480**	275	450
Net interest income after credit losss provision (TEB)	**2,837**	2,242	**301**	439	**186**	217	**3,324**	2,898	2,690
Other income	**3,811**	2,314	**2,132**	1,550	**457**	228	**6,400**	4,092	3,197
Net interest and other income (TEB)	**6,648**	4,556	**2,433**	1,989	**643**	445	**9,724**	6,990	5,887
Non-interest expenses excluding non-cash goodwill/intangible amortization and restructuring costs	**4,388**	3,107	**1,537**	1,153	**382**	248	**6,307**	4,508	3,888
Net income before provision for income taxes (TEB)	**2,260**	1,449	**896**	836	**261**	197	**3,417**	2,482	1,999
Provision for income taxes (TEB)	**915**	639	**373**	339	**34**	27	**1,322**	1,005	816
Net income before non-controlling interest	**1,345**	810	**523**	497	**227**	170	**2,095**	1,477	1,183
Non-controlling interest	**42**	–	**35**	5	**–**	–	**77**	5	–
Net income – operating cash basis[1]	**$ 1,303**	$ 810	**$ 488**	$ 492	**$ 227**	$ 170	**$ 2,018**	$ 1,472	$ 1,183
Restructuring costs, net of tax	**(271)**	–	**–**	–	**–**	–	**(271)**	–	–
Special gains, net of tax	**–**	141	**–**	1,412	**–**	–	**–**	1,553	–
Net income – cash basis	**$ 1,032**	$ 951	**$ 488**	$ 1,904	**$ 227**	$ 170	**$ 1,747**	$ 3,025	$ 1,183
Non-cash goodwill/intangible amortization, net of tax	**677**	–	**41**	44	**4**	–	**722**	44	62
Net income – accrual basis	**$ 355**	$ 951	**$ 447**	$ 1,860	**$ 223**	$ 170	**$ 1,025**	$ 2,981	$ 1,121
Percentage contribution to consolidated net income – operating cash basis	**65%**	55%	**24%**	33%	**11%**	12%	**100%**	100%	100%

[1] Operating cash basis results exclude the gain on the sale of TD Waterhouse Group, Inc. and Knight/Trimark in 1999, and the restructuring costs related to the integration of Canada Trust in 2000. Operating results are presented on this basis in order to provide a meaningful year-over-year comparison. Cash basis net income excludes the after tax impact of goodwill and other purchase related intangible amortization.

TABLE 2 Operating cash basis measurements[1]

	2000	1999	1998
Operating cash basis earnings per common share	**$ 3.16**	$ 2.39	$ 1.92
Adjustments for non-cash/special items:			
Amortization of goodwill	**(.21)**	(.07)	(.11)
Amortization of intangible assets from business combinations	**(.95)**	–	–
Restructuring costs from CT acquisition	**(.44)**	–	–
Special gains	**–**	2.58	–
Earnings per common share – consolidated statement of income	**$ 1.56**	$ 4.90	$ 1.81
Return on common shareholders' equity			
Operating cash basis net income applicable to common shares	**$ 1,962**	$ 1,429	$ 1,138
Average common shareholders' equity	**10,894**	8,576	7,169
Operating cash basis return on common shareholders' equity	**18.0%**	16.7%	15.9%

[1] Operating cash basis results exclude the gain on the sale of TD Waterhouse Group, Inc. and Knight/Trimark in 1999, and the restructuring costs related to the integration of Canada Trust in 2000. Operating results are presented on this basis in order to provide a meaningful year-over-year comparison. Cash basis net income excludes the after tax impact of goodwill and other purchase related intangible amortization.

TABLE 3 Analysis of change in net interest income (TEB)

(millions of dollars)	2000 vs. 1999			1999 vs. 1998		
	Favourable (unfavourable) due to change in			Favourable (unfavourable) due to change in		
	Average volume	**Average rate**	**Net change**	Average volume	Average rate	Net change
Total earning assets	**$ 2,956**	**$ (148)**	**$ 2,808**	$ 1,449	$ (579)	$ 870
Total interest-bearing liabilities	**(2,009)**	**(168)**	**(2,177)**	(824)	(13)	(837)
Net interest income	**$ 947**	**$ (316)**	**$ 631**	$ 625	$ (592)	$ 33

TABLE 4 Net interest rate margin (TEB)

(millions of dollars)	2000			1999			1998		
	Average earning assets	**Net interest income**	**Margin**	Average earning assets	Net interest income	Margin	Average earning assets	Net interest income	Margin
Canada	**$133,116**	**$ 3,137**	**2.36%**	$100,814	$ 2,459	2.44%	$ 98,239	$ 2,527	2.57%
United States	**53,371**	**458**	**.86**	47,472	484	1.02	38,489	416	1.08
Other international	**47,534**	**209**	**.44**	37,861	230	.61	24,516	197	.80
Total Bank	**$234,021**	**$ 3,804**	**1.63%**	$186,147	$ 3,173	1.70%	$161,244	$ 3,140	1.95%
Percentage increase over previous year	**25.7%**	**19.9%**		15.4%	1.1%		27.1%	5.3%	

TABLE 5 Average earning balances and interest rates (TEB)

(millions of dollars)	2000			1999			1998		
	Average balance	**Interest**	**Average rate**	Average balance	Interest	Average rate	Average balance	Interest	Average rate
Earning assets									
Deposits with banks	**$ 8,253**	**$ 474**	**5.7%**	$ 7,943	$ 512	6.4%	$ 7,802	$ 334	4.3%
Securities purchased under resale agreements	**23,561**	**1,350**	**5.7**	24,401	1,156	4.7	24,736	1,181	4.8
Securities									
Investment	**27,210**	**1,512**	**5.6**	15,922	898	5.6	14,311	762	5.3
Trading	**60,607**	**1,932**	**3.2**	48,715	2,062	4.2	29,709	1,611	5.4
Total securities	**87,817**	**3,444**	**3.9**	64,637	2,960	4.6	44,020	2,373	5.4
Loans									
Residential mortgages	**42,750**	**2,796**	**6.5**	32,904	2,118	6.4	31,366	2,098	6.7
Consumer instalment and other personal	**32,026**	**2,762**	**8.6**	17,981	1,409	7.8	15,060	1,229	8.2
Business and government	**39,614**	**3,048**	**7.7**	38,281	2,911	7.6	38,260	2,981	7.8
Total loans	**114,390**	**8,606**	**7.5**	89,166	6,438	7.2	84,686	6,308	7.4
Total earning assets	**$234,021**	**$ 13,874**	**5.9%**	$186,147	$ 11,066	5.9%	$161,244	$ 10,196	6.3%
Interest-bearing liabilities									
Deposits									
Personal	**$ 73,745**	**$ 2,805**	**3.8%**	$ 49,357	$ 1,478	3.0%	$ 44,255	$ 1,559	3.5%
Banks	**35,562**	**1,960**	**5.5**	30,078	1,675	5.6	23,364	1,011	4.3
Business and government	**80,113**	**4,029**	**5.0**	62,613	3,101	5.0	59,923	3,013	5.0
Total deposits	**189,420**	**8,794**	**4.6**	142,048	6,254	4.4	127,542	5,583	4.4
Subordinated notes and debentures	**3,860**	**251**	**6.5**	3,328	181	5.4	3,310	226	6.8
Obligations related to securities sold short and under repurchase agreements	**35,950**	**985**	**2.7**	34,280	1,430	4.2	29,199	1,209	4.1
Other interest-bearing liabilities	**521**	**40**	**7.7**	397	28	7.0	338	38	11.4
Total interest-bearing liabilities	**$229,751**	**$ 10,070**	**4.4%**	$180,053	$ 7,893	4.4%	$160,389	$ 7,056	4.4%
Total net interest income (TEB)		**$ 3,804**			$ 3,173			$ 3,140	

TABLE 6 Other income

(millions of dollars)	**2000**	1999	1998	1997	1996
TD Waterhouse fees and commissions	**$ 1,521**	$ 979	$ 634	$ 467	$ 150
Full service brokerage and other securities services	**640**	484	379	333	216
Credit fees	**545**	463	403	352	312
Net investment securities gains[1]	**382**	362	386	329	103
Trading income	**1,225**	679	298	270	186
Service charges	**463**	289	283	268	260
Mutual fund management	**452**	258	204	152	74
Card services	**233**	190	180	165	150
Foreign exchange – non-trading	**134**	72	95	81	65
Property rental income	**91**	59	61	54	51
Insurance	**198**	65	56	42	31
Income – loan securitizations	**236**	94	33	–	–
Other consumer services	**124**	16	28	45	47
Other commercial and corporate services	**156**	82	157	92	104
Total	**$ 6,400**	$ 4,092	$ 3,197	$ 2,650	$ 1,749
Percentage increase over previous year	**56.4%**	28.0%	20.6%	51.5%	19.7%

[1] Excludes special Knight/Trimark gain in 1999.

TABLE 7 Trading related income (TEB)[1]

(millions of dollars)	2000	1999	1998
Net interest income	$ (287)	$ 30	$ 170
Other income	1,225	679	298
Total trading related income (TEB)	$ 938	$ 709	$ 468
By business			
Interest rate and credit portfolios	$ 383	$ 417	$ 396
Foreign exchange portfolios	200	145	112
Equity and other portfolios	355	147	(40)
Total trading related income (TEB)	$ 938	$ 709	$ 468

[1] Trading related income includes both trading income reported in other income and net interest income derived from trading instruments.

TABLE 8 Non-interest expenses and efficiency ratio[1]

(millions of dollars)	2000	1999	1998	1997	1996
Salaries and staff benefits					
Salaries	$ 2,032	$ 1,475	$ 1,362	$ 1,208	$ 1,109
Incentive compensation	1,048	785	630	478	228
Pension and other staff benefits	319	223	175	140	115
Salaries and staff benefits total	3,399	2,483	2,167	1,826	1,452
Occupancy					
Rent	266	209	196	171	154
Depreciation	104	80	73	72	64
Other	128	84	75	70	65
Occupancy total	498	373	344	313	283
Equipment					
Rent	118	88	78	58	51
Depreciation	156	121	108	86	71
Other	287	186	149	126	115
Equipment total	561	395	335	270	237
General					
Marketing and business development	434	261	213	188	134
Brokerage related fees	260	221	162	100	36
Professional and advisory services	284	172	140	134	97
Communications	202	155	142	121	92
Capital and business taxes	82	86	73	110	93
Postage	110	82	65	59	46
Travel and relocation	65	46	45	38	30
Deposit insurance premiums	28	41	63	64	68
Other – excluding non-cash goodwill/intangible amortization and restructuring costs	384	193	139	103	86
General total	1,849	1,257	1,042	917	682
Total expenses excluding non-cash goodwill/intangible amortization and restructuring costs	$ 6,307	$ 4,508	$ 3,888	$ 3,326	$ 2,654
Percentage increase	39.9%	15.9%	16.9%	25.3%	11.3%
Efficiency ratio					
Net interest income (TEB)	$ 3,804	$ 3,173	$ 3,140	$ 2,983	$ 2,603
Other income	6,400	4,092	3,197	2,650	1,749
Total revenue (TEB)	10,204	7,265	6,337	5,633	4,352
Deduct one-time gains	–	61	246	200	–
Adjusted revenue (TEB)	$ 10,204	$ 7,204	$ 6,091	$ 5,433	$ 4,352
Efficiency ratio – excluding non-cash goodwill/intangible amortization, restructuring costs and one-time gains[2]	61.8%	62.6%	63.8%	61.2%	61.0%

[1] Expenses used to compute the efficiency ratio exclude non-cash goodwill/intangible amortization from business combinations, and restructuring costs relating to the integration of Canada Trust in 2000.
[2] Excludes special gains on the sale of TD Waterhouse Group, Inc. and Knight/Trimark in 1999, and other one-time gains.

TABLE 9

Taxes

(millions of dollars)	2000	1999	1998	1997	1996
Income taxes					
Consolidated statement of income	**$ 296**	$ 1,090	$ 611	$ 641	$ 496
Taxable equivalent adjustment	**199**	192	199	161	136
	495	1,282	810	802	632
Other taxes					
Payroll taxes	**127**	85	86	82	78
Deposit insurance premiums	**28**	41	63	64	68
Capital taxes	**76**	77	71	83	68
GST and provincial sales taxes	**92**	82	93	74	67
Municipal and business taxes	**83**	71	60	68	62
Total other taxes	**406**	356	373	371	343
Total taxes	**$ 901**	$ 1,638	$ 1,183	$ 1,173	$ 975
Effective income tax rate[1]	**38.7%**	40.7%	42.0%	42.4%	40.9%
Effective total tax rate[1]	**45.2%**	46.8%	51.3%	51.9%	51.6%

[1] Excludes the special gain on the sale of TD Waterhouse Group, Inc. in 1999, the restructuring costs relating to the integration of Canada Trust in 2000, and goodwill and intangibles gross-up and benefits in 2000.

TABLE 10

Loans to small and mid-sized business customers

(millions of dollars)						
	Loans authorized			Amount outstanding		
Loan amount	**2000**	1999	1998	**2000**	1999	1998
(thousands of dollars)						
0 – 24	**$ 1,029**	$ 340	$ 312	**$ 486**	$ 170	$ 195
25 – 49	**720**	462	452	**431**	279	291
50 – 99	**1,200**	971	952	**718**	604	629
100 – 249	**2,507**	2,278	2,303	**1,545**	1,446	1,502
250 – 499	**2,275**	2,190	2,193	**1,332**	1,322	1,359
500 – 999	**2,443**	2,448	2,544	**1,272**	1,331	1,397
1,000 – 4,999	**7,360**	7,366	7,515	**3,360**	3,358	3,362
Total[1]	**$ 17,534**	$ 16,055	$ 16,271	**$ 9,144**	$ 8,510	$ 8,735

[1] Personal loans used for business purposes are not included in these totals.

TABLE 11 Loans and customers' liability under acceptances at year end

(millions of dollars)

By sector	Canada[1] 2000	Canada[1] 1999	United States[1] 2000	United States[1] 1999	Other international[1] 2000	Other international[1] 1999	Total 2000	Total 1999	Total 1998
Residential mortgages	**$ 44,400**	$ 31,483	**$ –**	$ –	**$ –**	$ –	**$ 44,400**	$ 31,483	$ 32,255
Consumer instalment and other personal	**24,863**	13,021	**9,993**	7,406	**20**	16	**34,876**	20,443	15,160
Total residential and personal	**69,263**	44,504	**9,993**	7,406	**20**	16	**79,276**	51,926	47,415
Real estate development									
Commercial and industrial	**1,997**	1,645	**42**	42	**–**	–	**2,039**	1,687	2,051
Residential	**1,641**	1,161	**36**	–	**–**	–	**1,677**	1,161	1,231
Retail	**904**	506	**–**	5	**35**	15	**939**	526	564
Real estate services	**264**	204	**42**	–	**–**	–	**306**	204	181
Total real estate	**4,806**	3,516	**120**	47	**35**	15	**4,961**	3,578	4,027
Agriculture	**2,324**	2,035	**–**	–	**2**	–	**2,326**	2,035	1,973
Apparel and textile	**399**	465	**13**	83	**–**	28	**412**	576	678
Automotive	**1,420**	1,427	**364**	326	**14**	–	**1,798**	1,753	1,977
Chemical	**953**	1,259	**460**	497	**201**	284	**1,614**	2,040	2,052
Construction	**695**	570	**175**	–	**148**	26	**1,018**	596	612
Financial	**2,803**	1,622	**813**	1,551	**962**	1,261	**4,578**	4,434	3,874
Food, beverage and tobacco	**1,479**	1,508	**192**	221	**231**	261	**1,902**	1,990	2,207
Forestry	**836**	908	**571**	428	**328**	273	**1,735**	1,609	2,126
Government	**511**	363	**47**	59	**1,170**	–	**1,728**	422	297
Health and social services	**1,075**	935	**258**	695	**19**	26	**1,352**	1,656	1,842
Media and entertainment	**2,062**	1,814	**2,086**	1,743	**707**	1,000	**4,855**	4,557	4,732
Metals and mining	**924**	1,014	**266**	217	**240**	207	**1,430**	1,438	1,563
Oil and gas	**2,811**	1,937	**1,079**	946	**160**	315	**4,050**	3,198	3,756
Retail	**862**	788	**134**	84	**51**	–	**1,047**	872	638
Sundry manufacturing	**1,379**	1,644	**303**	350	**370**	534	**2,052**	2,528	2,578
Telecommunications and cable	**808**	892	**3,367**	1,700	**1,295**	881	**5,470**	3,473	4,634
Transportation	**901**	773	**52**	261	**220**	220	**1,173**	1,254	1,116
Utilities	**988**	593	**1,869**	2,164	**1,523**	1,603	**4,380**	4,360	4,244
All other loans	**2,846**	1,604	**308**	319	**222**	307	**3,376**	2,230	2,533
Total business and government	**30,882**	25,667	**12,477**	11,691	**7,898**	7,241	**51,257**	44,599	47,459
Total[2]	**$100,145**	$ 70,171	**$22,470**	$ 19,097	**$ 7,918**	$ 7,257	**$130,533**	$ 96,525	$ 94,874
Percentage growth	**42.7%**	(1.8)%	**17.7%**	23.3%	**9.1%**	(8.3)%	**35.2%**	1.7%	9.4%

By location of ultimate risk	2000	1999	1998	2000 % mix	1999 % mix	1998 % mix
Canada						
Atlantic	**$ 3,108**	$ 2,420	$ 2,336	**2.4**	2.5	2.5
Québec	**5,332**	5,452	5,841	**4.1**	5.6	6.2
Ontario	**62,583**	42,218	41,201	**48.0**	43.7	43.4
Prairies	**15,188**	11,748	12,243	**11.6**	12.2	12.9
British Columbia	**13,865**	8,355	9,633	**10.6**	8.7	10.2
Total Canada	**100,076**	70,193	71,254	**76.7**	72.7	75.2
United States	**21,608**	18,486	14,152	**16.6**	19.2	14.9
Other international						
United Kingdom	**1,906**	2,330	2,943	**1.5**	2.4	3.1
Europe – other	**1,629**	427	796	**1.2**	.4	.8
Australia and New Zealand	**1,695**	3,026	2,172	**1.3**	3.1	2.3
Japan	**1,236**	253	431	**.9**	.3	.5
Asia – other	**1,337**	946	1,169	**1.0**	1.0	1.2
Latin America and Caribbean	**1,034**	860	1,901	**.8**	.9	2.0
Middle East and Africa	**12**	4	56	**–**	–	–
Total other international	**8,849**	7,846	9,468	**6.7**	8.1	9.9
Total	**$130,533**	$ 96,525	$ 94,874	**100.0**	100.0	100.0
Percentage growth over previous year						
Canada	**42.6%**	(1.5)%	8.1%			
United States	**16.9**	30.6	23.0			
Other international	**12.8**	(17.1)	1.8			
Total	**35.2%**	1.7%	9.4%			

[1] Based on geographic location of unit responsible for recording revenue.

[2] There were no loans restructured or renegotiated against which provisions have been established. The Bank does not have sovereign risk loans against which provisions have been established.

TABLE 12 Impaired loans less allowance for credit losses at year end

(millions of dollars)

	Canada[1]		United States[1]		Other international[1]		Total		
By sector	**2000**	1999	**2000**	1999	**2000**	1999	**2000**	1999	1998
Residential mortgages	**$ 69**	$ 46	**$ –**	$ –	**$ –**	$ –	**$ 69**	$ 46	$ 41
Consumer instalment and other personal	**47**	27	**–**	–	**–**	–	**47**	27	51
Total residential and personal	**116**	73	**–**	–	**–**	–	**116**	73	92
Real estate development									
Commercial and industrial	**16**	13	**–**	–	**–**	–	**16**	13	31
Residential	**2**	2	**–**	–	**–**	–	**2**	2	(4)
Retail	**–**	–	**–**	–	**–**	–	**–**	–	12
Real estate services	**2**	4	**–**	–	**–**	–	**2**	4	8
Total real estate	**20**	19	**–**	–	**–**	–	**20**	19	47
Agriculture	**21**	16	**–**	–	**–**	–	**21**	16	7
Apparel and textile	**(4)**	68	**8**	–	**–**	–	**4**	68	2
Automotive	**2**	5	**1**	1	**–**	–	**3**	6	1
Chemical	**–**	1	**–**	–	**–**	–	**–**	1	–
Construction	**(2)**	2	**–**	–	**3**	3	**1**	5	–
Financial	**–**	2	**–**	–	**–**	–	**–**	2	2
Food, beverage and tobacco	**6**	47	**–**	–	**–**	–	**6**	47	6
Forestry	**28**	50	**–**	–	**–**	–	**28**	50	83
Health and social services	**–**	1	**95**	58	**–**	–	**95**	59	2
Media and entertainment	**25**	9	**–**	–	**–**	–	**25**	9	7
Metals and mining	**–**	2	**–**	–	**–**	–	**–**	2	2
Oil and gas	**–**	–	**–**	18	**–**	–	**–**	18	–
Retail	**–**	8	**–**	–	**–**	–	**–**	8	38
Sundry manufacturing	**–**	21	**21**	–	**–**	–	**21**	21	(2)
Telecommunications and cable	**–**	–	**46**	–	**–**	6	**46**	6	8
Transportation	**143**	3	**40**	–	**–**	–	**183**	3	3
Utilities	**25**	–	**66**	25	**13**	4	**104**	29	29
All other loans	**4**	13	**–**	–	**–**	–	**4**	13	34
Total business and government	**268**	267	**277**	102	**16**	13	**561**	382	269
Total net impaired loans before general allowances	**$ 384**	$ 340	**$ 277**	$ 102	**$ 16**	$ 13	**$ 677**	$ 455	$ 361
Less: general allowances							**836**	712	620
Total net impaired loans							**$ (159)**	$ (257)	$ (259)
Net impaired loans as a % of common equity							**(1.4)%**	(2.4)%	(3.4)%

By location[1]	**2000**	1999	1998	**2000 % mix**	1999 % mix	1998 % mix
Canada						
Atlantic	**$ 7**	$ 9	$ 7	**1.0**	2.0	1.9
Québec	**40**	37	46	**5.9**	8.1	12.7
Ontario	**297**	254	221	**43.9**	55.8	61.3
Prairies	**17**	24	19	**2.5**	5.3	5.3
British Columbia	**23**	16	17	**3.4**	3.5	4.7
Total Canada	**384**	340	310	**56.7**	74.7	85.9
United States	**277**	102	40	**40.9**	22.4	11.1
Other international – Asia	**16**	13	11	**2.4**	2.9	3.0
Total net impaired loans before general allowances	**$ 677**	$ 455	$ 361	**100.0**	100.0	100.0
Less: general allowances	**836**	712	620			
Total net impaired loans	**$ (159)**	$ (257)	$ (259)			
Net impaired loans as a % of net loans[2]	**(.1)%**	(.3)%	(.3)%			

[1] Based on geographic location of unit responsible for recording revenue.
[2] Includes customers' liability under acceptances.

TABLE 13 Impact on net interest income due to impaired loans

(millions of dollars)	**2000**	1999	1998
Reduction in net interest income due to impaired loans	**$ 103**	$ 63	$ 53
Recoveries	**(15)**	(11)	(16)
Net reduction	**$ 88**	$ 52	$ 37

TABLE 14 **Provision for credit losses**

(millions of dollars)

By sector	Canada[1] 2000	Canada[1] 1999	United States[1] 2000	United States[1] 1999	Other international[1] 2000	Other international[1] 1999	Total 2000	Total 1999	Total 1998
Residential mortgages	**$ 9**	$ 4	**$ –**	$ –	**$ –**	$ –	**$ 9**	$ 4	$ 7
Consumer instalment and other personal	**162**	43	**2**	1	**–**	–	**164**	44	92
Total residential and personal	**171**	47	**2**	1	**–**	–	**173**	48	99
Real estate development									
Commercial and industrial	**(10)**	–	**–**	–	**–**	–	**(10)**	–	3
Residential	**–**	(5)	**–**	–	**–**	–	**–**	(5)	(2)
Retail	**–**	–	**–**	(1)	**–**	–	**–**	(1)	(5)
Real estate services	**–**	–	**–**	–	**–**	–	**–**	–	1
Total real estate	**(10)**	(5)	**–**	(1)	**–**	–	**(10)**	(6)	(3)
Agriculture	**6**	3	**–**	–	**–**	–	**6**	3	3
Apparel and textile	**(11)**	36	**24**	–	**–**	–	**13**	36	7
Automotive	**1**	2	**–**	3	**–**	–	**1**	5	(2)
Chemical	**–**	1	**–**	–	**–**	–	**–**	1	–
Construction	**3**	2	**–**	–	**–**	–	**3**	2	12
Financial	**–**	2	**–**	–	**4**	8	**4**	10	5
Food, beverage and tobacco	**–**	7	**–**	–	**–**	–	**–**	7	9
Forestry	**9**	45	**–**	–	**–**	–	**9**	45	57
Health and social services	**–**	–	**102**	36	**–**	–	**102**	36	(3)
Media and entertainment	**17**	3	**–**	2	**–**	–	**17**	5	4
Metals and mining	**–**	1	**–**	–	**–**	1	**–**	2	2
Oil and gas	**–**	–	**(2)**	1	**–**	–	**(2)**	1	1
Retail	**–**	3	**–**	–	**–**	–	**–**	3	2
Sundry manufacturing	**–**	8	**7**	–	**–**	–	**7**	8	18
Telecommunications and cable	**–**	(43)	**5**	–	**5**	–	**10**	(43)	16
Transportation	**71**	1	**6**	–	**–**	–	**77**	1	1
Utilities	**43**	–	**13**	–	**14**	4	**70**	4	–
All other loans	**–**	4	**–**	3	**–**	–	**–**	7	22
Total business and government	**129**	70	**155**	44	**23**	13	**307**	127	151
Total before special general provision	**$ 300**	$ 117	**$ 157**	$ 45	**$ 23**	$ 13	**$ 480**	$ 175	$ 250
Special general provision							**–**	100	200
Total							**$ 480**	$ 275	$ 450

By location[1]	2000	1999	1998	2000 % mix	1999 % mix	1998 % mix
Canada						
Atlantic	**$ 9**	$ 5	$ 6	**1.9**	1.8	1.3
Québec	**26**	17	38	**5.4**	6.2	8.5
Ontario	**200**	74	110	**41.7**	26.9	24.4
Prairies	**27**	13	19	**5.6**	4.7	4.2
British Columbia	**38**	8	14	**7.9**	2.9	3.1
Total Canada	**300**	117	187	**62.5**	42.5	41.5
United States	**157**	45	42	**32.7**	16.4	9.4
Other international						
United Kingdom	**8**	5	8	**1.6**	1.7	1.8
Australia	**6**	4	5	**1.3**	1.5	1.1
Asia and Latin America	**9**	4	8	**1.9**	1.5	1.8
Total other international	**23**	13	21	**4.8**	4.7	4.7
Special general provision	**–**	100	200	**–**	36.4	44.4
Total	**$ 480**	$ 275	$ 450	**100.0**	100.0	100.0
Provision for credit losses as a % of net average loans[2]						
Canada						
Residential mortgages	**.02%**	.01%	.02%			
Personal	**.77**	.35	.74			
Business and other	**.46**	.26	.33			
Total Canada	**.33**	.16	.26			
United States	**.71**	.24	.29			
Other international	**.26**	.17	.25			
Special general provision	**–**	.10	.21			
Total	**.39%**	.28%	.48%			

[1] Based on geographic location of unit responsible for recording revenue.
[2] Includes customers' liability under acceptances.

TABLE 15 Current replacement cost of derivatives

(millions of dollars)	Canada [1]		United States [1]		Other international [1]		Total		
By sector	**2000**	1999	**2000**	1999	**2000**	1999	**2000**	1999	1998
Financial	**$ 7,045**	$ 4,144	**$ 674**	$ 532	**$ 5,363**	$ 4,265	**$ 13,082**	$ 8,941	$ 11,303
Government	**395**	278	**–**	–	**273**	205	**668**	483	648
Other	**1,025**	981	**193**	312	**694**	299	**1,912**	1,592	2,586
Current replacement cost	**$ 8,465**	$ 5,403	**$ 867**	$ 844	**$ 6,330**	$ 4,769	**15,662**	11,016	14,537
Impact of netting agreements							**7,847**	5,419	5,853
Current replacement cost (after netting agreements)							**$ 7,815**	$ 5,597	$ 8,684

By location of ultimate risk	**2000**	1999	**2000 % mix**	1999 % mix
Canada	**$ 3,734**	$ 3,141	**23.8**	28.5
United States	**4,295**	2,732	**27.4**	24.8
Other international				
United Kingdom	**1,644**	995	**10.5**	9.0
Europe – other	**4,675**	3,306	**29.8**	30.0
Australia and New Zealand	**510**	374	**3.3**	3.4
Japan	**218**	170	**1.4**	1.6
Asia – other	**48**	5	**.3**	–
Latin America and Caribbean	**90**	61	**.6**	.6
Middle East and Africa	**448**	232	**2.9**	2.1
Total other international	**7,633**	5,143	**48.8**	46.7
Total current replacement cost	**15,662**	11,016	**100.0**	100.0
Impact of netting agreements	**7,847**	5,419		
Current replacement cost (after netting agreements)	**$ 7,815**	$ 5,597		

[1] Based on geographic location of unit responsible for recording revenue.

TABLE 16 Assets under administration and assets under management

(millions of dollars)	**2000**	1999	1998
Assets under administration			
TD Canada Trust			
Retail brokerage and trust	**$ 40,442**	$ 24,742	$ 17,252
Retail custody and other	**16,875**	15,776	14,935
Loans securitized	**21,373**	8,070	4,721
Total TD Canada Trust	**78,690**	48,588	36,908
TD Waterhouse – Customer assets			
Retail brokerage – Canada	**52,739**	36,232	27,766
– United States and other international	**189,195**	145,176	72,217
Total TD Waterhouse	**241,934**	181,408	99,983
Total assets under administration	**$ 320,624**	$ 229,996	$ 136,891
Assets under management			
TD Asset Management	**$ 112,299**	$ 68,971	$ 53,558

Table of contents

Consolidated financial statements

Financial reporting responsibility

The consolidated financial statements of The Toronto-Dominion Bank and related financial information presented in this Annual Report have been prepared by management, which is responsible for their integrity, consistency, objectivity and reliability. Generally accepted accounting principles in Canada as well as the requirements of the Bank Act and the related regulations have been applied and management has exercised its judgement and made best estimates where deemed appropriate.

The Bank's accounting system and related internal controls are designed, and supporting procedures maintained, to provide reasonable assurance that financial records are complete and accurate and that assets are safeguarded against loss from unauthorized use or disposition. These supporting procedures include the careful selection and training of qualified staff, the establishment of organizational structures providing a well-defined division of responsibilities and accountability for performance, and the communication of policies and guidelines of business conduct throughout the Bank.

The Bank's Board of Directors, acting through the Audit and Risk Management Committee which is comprised of directors who are not officers or employees of the Bank, oversees management's responsibilities for the financial reporting and internal control systems.

The Bank's Chief Internal Auditor, who has full and free access to the Audit and Risk Management Committee, conducts an extensive program of audits in coordination with the Bank's shareholders' auditors. This program is an integral part of the system of internal control and is carried out by a professional staff of auditors.

The Superintendent of Financial Institutions Canada makes such examination and enquiry into the affairs of the Bank as he may deem necessary to satisfy himself that the provisions of the Bank Act, having reference to the safety of the depositors, are being duly observed and that the Bank is in a sound financial condition.

Ernst & Young LLP and KPMG LLP, the shareholders' auditors, have audited our consolidated financial statements. They have full and free access to, and meet periodically with, the Audit and Risk Management Committee to discuss their audit and matters arising therefrom such as comments they may have on the fairness of financial reporting and the adequacy of internal controls.

A. Charles Baillie
Chairman and
Chief Executive Officer

W. Edmund Clark
President and
Chief Operating Officer

Daniel A. Marinangeli
Executive Vice President and
Chief Financial Officer

Auditors' report to the shareholders

We have audited the consolidated balance sheets of The Toronto-Dominion Bank as at October 31, 2000 and 1999 and the consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Bank as at October 31, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in Canada, including the accounting requirements of the Superintendent of Financial Institutions Canada.

The consolidated financial statements for the year ended October 31, 1998 were audited by Ernst & Young LLP and PricewaterhouseCoopers LLP who expressed an opinion thereon without reservation in their report dated November 19, 1998.

Ernst & Young LLP
Chartered Accountants

KPMG LLP
Chartered Accountants

Toronto, Canada
November 16, 2000

Consolidated balance sheet

As at October 31

(millions of dollars)	2000	1999
ASSETS		
Cash resources		
Cash, deposits with Bank of Canada and non-interest-bearing deposits with other banks	$ 1,522	$ 1,464
Interest-bearing deposits with other banks	2,665	4,762
	4,187	6,226
Securities purchased under resale agreements	13,974	25,708
Securities (Note 2)		
Investment	27,090	18,029
Trading	58,297	51,064
	85,387	69,093
Loans (net of allowance for credit losses) (Note 3)		
Residential mortgages	44,400	31,483
Consumer instalment and other personal	34,876	20,443
Business and government	41,445	35,559
	120,721	87,485
Other		
Customers' liability under acceptances	9,812	9,040
Trading derivatives' market revaluation **(Note 14)**	14,258	9,651
Goodwill and intangible assets from business combinations	7,835	909
Land, buildings and equipment **(Note 5)**	2,791	1,738
Other assets	5,853	4,567
	40,549	25,905
Total assets	$ 264,818	$ 214,417
LIABILITIES		
Deposits (Note 6)		
Personal	$ 92,488	$ 52,774
Banks	25,324	30,901
Business and government	67,996	56,711
	185,808	140,386
Other		
Acceptances	9,812	9,040
Obligations related to securities sold short	19,007	15,044
Obligations related to securities sold under repurchase agreements	8,856	19,241
Trading derivatives' market revaluation **(Note 14)**	12,802	8,473
Other liabilities	9,644	7,148
	60,121	58,946
Subordinated notes and debentures (Note 7)	4,883	3,217
Non-controlling interest in subsidiaries (Note 8)	1,656	335
SHAREHOLDERS' EQUITY		
Capital stock **(Note 9)**		
Preferred	1,251	833
Common	2,060	2,006
Retained earnings	9,039	8,694
	12,350	11,533
Total liabilities and shareholders' equity	$ 264,818	$ 214,417

A. Charles Baillie
Chairman and
Chief Executive Officer

W. Edmund Clark
President and
Chief Operating Officer

Consolidated statement of income

For the years ended October 31

(millions of dollars)	2000	1999	1998
Interest income			
Loans	$ 9,956	$ 7,594	$ 7,490
Securities			
Dividends	301	257	306
Interest	2,944	2,511	1,867
Deposits with banks	474	512	334
	13,675	10,874	9,997
Interest expense			
Deposits	8,794	6,254	5,582
Subordinated notes and debentures	251	181	226
Other obligations	1,025	1,458	1,248
	10,070	7,893	7,056
Net interest income	3,605	2,981	2,941
Provision for credit losses (Note 3)	480	275	450
Net interest income after credit loss provision	3,125	2,706	2,491
Other income			
Investment and securities services	2,613	1,721	1,217
Credit fees	545	463	403
Net investment securities gains	382	1,079	386
Trading income	1,225	679	298
Service charges	463	289	283
Loan securitizations	236	94	33
Card services	233	190	180
Insurance	198	65	56
Other	505	229	341
	6,400	4,809	3,197
Net interest and other income	9,525	7,515	5,688
Gain on sale of TD Waterhouse Group, Inc. (Note 19)	–	1,122	–
Net interest and other income, including gain	9,525	8,637	5,688
Non-interest expenses			
Salaries and staff benefits **(Note 10)**	3,399	2,483	2,167
Occupancy including depreciation	498	373	344
Equipment including depreciation	561	395	335
Amortization of intangible assets from business combinations	1,203	2	–
Restructuring costs **(Note 18)**	475	–	–
Other	1,849	1,257	1,042
Non-interest expenses excluding goodwill amortization	7,985	4,510	3,888
Net income before provision for income taxes	1,540	4,127	1,800
Provision for income taxes (Note 11)	305	1,099	617
Net income before non-controlling interest in subsidiaries	1,235	3,028	1,183
Non-controlling interest in net income of subsidiaries	77	5	–
Net income before goodwill amortization	1,158	3,023	1,183
Goodwill amortization, net of tax	133	42	62
Net income	1,025	2,981	1,121
Preferred dividends (Note 9)	56	43	45
Net income applicable to common shares			
– including goodwill amortization	$ 969	$ 2,938	$ 1,076
– excluding goodwill amortization	$ 1,102	$ 2,980	$ 1,138
Average number of common shares outstanding (thousands) **(Note 9)**	621,585	599,331	594,040
Earnings per common share – including goodwill amortization	$ 1.56	$ 4.90	$ 1.81
– excluding goodwill amortization	1.77	4.97	1.92
Dividends per common share	.92	.72	.66

Consolidated statement of changes in shareholders' equity

For the years ended October 31

(millions of dollars)	2000	1999	1998
Preferred shares (Note 9)			
Balance at beginning of year	$ 833	$ 845	$ 546
Proceeds from share issues	410	–	350
Share redemptions	–	–	(75)
Translation adjustment on shares issued in a foreign currency	8	(12)	24
Balance at end of year	1,251	833	845
Common shares (Note 9)			
Balance at beginning of year	2,006	1,301	1,297
Issued on acquisition of subsidiaries	41	–	–
Proceeds from shares issued for cash	–	700	–
Proceeds from shares issued on exercise of options	13	5	4
Balance at end of year	2,060	2,006	1,301
Retained earnings			
Balance at beginning of year	8,694	6,387	5,460
Net income	1,025	2,981	1,121
Preferred dividends	(56)	(43)	(45)
Common dividends	(572)	(433)	(392)
Foreign currency translation adjustments, net of income taxes	2	(149)	270
Stock options settled in cash, net of income taxes	(41)	(37)	(25)
Other	(13)	(12)	(2)
Balance at end of year	9,039	8,694	6,387
Total common equity	11,099	10,700	7,688
Total shareholders' equity	$ 12,350	$ 11,533	$ 8,533

Consolidated statement of cash flows

For the years ended October 31

(millions of dollars)	2000	1999	1998
Cash flows from (used in) operating activities			
Net income	**$ 1,025**	$ 2,981	$ 1,121
Adjustments to determine net cash flows			
Provision for credit losses	**480**	275	450
Restructuring costs	**475**	–	–
Depreciation	**260**	201	181
Amortization of goodwill and intangible assets from business combinations	**1,345**	53	68
Gain on sale of TD Waterhouse Group, Inc.	**–**	(1,122)	–
Net investment securities gains	**(382)**	(1,079)	(386)
Changes in operating assets and liabilities			
Future income taxes	**(831)**	134	(106)
Current income taxes payable	**(233)**	382	(84)
Interest receivable and payable	**288**	300	(198)
Trading securities	**(7,233)**	(13,857)	(16,396)
Unrealized gains and amounts receivable on derivatives contracts	**(4,607)**	3,247	(6,092)
Unrealized losses and amounts payable on derivatives contracts	**4,329**	(3,759)	5,748
Other	**(828)**	2,435	(845)
Net cash used in operating activities	**(5,912)**	(9,809)	(16,539)
Cash flows from (used in) financing activities			
Deposits	**4,008**	19,709	10,051
Securities sold under repurchase agreements	**(11,484)**	10,820	(6,778)
Securities sold short	**3,733**	2,010	3,394
Debt of subsidiaries	**135**	49	32
Issuance of subordinated notes and debentures	**1,252**	6	5
Repayment of subordinated notes and debentures	**(5)**	(286)	–
Common shares issued for cash, net of expenses	**–**	688	–
Common shares issued on exercise of options	**13**	5	4
Common stock options settled in cash, net of income taxes	**(41)**	(37)	(25)
Issuance of preferred shares	**410**	–	350
Redemption of preferred shares	**–**	–	(75)
Dividends paid on – preferred shares	**(56)**	(43)	(45)
– common shares	**(572)**	(433)	(392)
Proceeds on issuance of subsidiary shares	**900**	1,457	–
Other	**(12)**	(41)	35
Net cash from (used in) financing activities	**(1,719)**	33,904	6,556
Cash flows from (used in) investing activities			
Interest-bearing deposits	**2,097**	(3,062)	4,687
Activity in investment securities			
Purchases	**(69,754)**	(44,520)	(50,367)
Proceeds from maturities	**63,223**	34,081	48,001
Proceeds from sales	**11,935**	6,001	2,851
Loans	**(11,750)**	(7,095)	(8,948)
Proceeds from loan securitizations	**6,345**	4,275	3,250
Land, buildings and equipment – net purchases	**(193)**	(273)	(342)
Securities purchased under resale agreements	**12,953**	(13,417)	11,030
Acquisition of CT Financial Services Inc., less cash and cash equivalents acquired **(Note 18)**	**(7,167)**	–	–
Net cash from (used in) investing activities	**7,689**	(24,010)	10,162
Net changes in cash and cash equivalents	**58**	85	179
Cash and cash equivalents at beginning of year	**1,464**	1,379	1,200
Cash and cash equivalents at end of year represented by cash, deposits with Bank of Canada and non-interest-bearing deposits with other banks	**$ 1,522**	$ 1,464	$ 1,379
Supplementary disclosure of cash flow information			
Amount of interest paid during the year	**$ 9,063**	$ 8,049	$ 6,478
Amount of income taxes paid during the year	**1,314**	619	694

Notes to consolidated financial statements

NOTE 1 Summary of significant accounting policies

Bank Act

The Bank Act stipulates that the consolidated financial statements are to be prepared in accordance with accounting principles generally accepted in Canada, except as specified by the Superintendent of Financial Institutions Canada.

The accounting principles followed by the Bank conform with accounting principles generally accepted in Canada, including the accounting requirements of the Superintendent of Financial Institutions Canada.

Note 20 to the consolidated financial statements describes and reconciles the differences between generally accepted accounting principles in Canada and in the United States.

The significant accounting policies and practices followed by the Bank are:

(a) Basis of consolidation

The consolidated financial statements include the assets and liabilities and results of operations of subsidiaries, namely corporations effectively controlled by the Bank. The purchase method is used to account for all business acquisitions.

When the Bank effectively controls a subsidiary but does not own all of the common and preferred shares, the non-controlling interest in the net book value of the subsidiary is disclosed in the consolidated balance sheet separately from the Bank's shareholders' equity. The non-controlling interest in the subsidiary's net income is disclosed net of income taxes as a separate line item in the consolidated statement of income.

Interests in joint ventures are recognized using the proportionate consolidation method. Under this approach, the Bank's share of assets, liabilities, revenues and expenses of joint ventures are reported on a line-by-line basis.

Corporations over which the Bank has significant influence are reported in investment securities in the consolidated balance sheet and are accounted for using the equity method of accounting. The Bank's share of earnings of such corporations is reported in interest income in the consolidated statement of income.

(b) Use of estimates in the preparation of financial statements

The preparation of the consolidated financial statements of the Bank requires management to make estimates and assumptions based on information available as of the date of the financial statements. Therefore, actual results could differ from those estimates.

(c) Translation of foreign currencies

Foreign currency assets and liabilities are translated into Canadian dollars at prevailing year-end rates of exchange. Foreign currency income and expenses are translated into Canadian dollars at the average exchange rates prevailing throughout the year.

Unrealized translation gains and losses related to the Bank's investment positions in foreign operations, net of any offsetting gains or losses arising from economic hedges of these positions and applicable income taxes, are included in a separate component of shareholders' equity. All other unrealized translation gains and losses and all realized gains and losses are included in other income in the consolidated statement of income.

(d) Cash resources

Cash resources includes cash and cash equivalents represented by cash and highly liquid deposits with the Bank of Canada and non-interest-bearing deposits with other banks.

(e) Securities purchased under resale and sold under repurchase agreements

Securities purchased under resale agreements consist of the purchase of a security with the commitment by the Bank to resell the security to the original seller at a specified price. Securities sold under repurchase agreements consist of the sale of a security with the commitment by the Bank to repurchase the security at a specified price. Securities purchased under resale and sold under repurchase agreements are carried at cost on the consolidated balance sheet. The difference between the sale price and the agreed repurchase price on a repurchase agreement is recorded as interest expense. Conversely, the difference between the cost of the purchase and the predetermined proceeds to be received on a resale agreement is recorded as interest income.

(f) Securities

Investment account securities, excluding loan substitutes, are securities where the Bank's original intention is to hold to maturity or until market conditions render alternative investments more attractive, and which are generally available for sale. They are carried at cost or amortized cost, adjusted to recognize other than temporary impairment in the underlying value. Gains and losses realized on disposal are determined on the average cost basis. Such gains, losses and write-downs are included in other income.

Trading account securities, including trading securities sold short included in liabilities, are carried at market values. Gains and losses on disposal and adjustments to market are reported in other income.

Interest income earned, amortization of premiums and discounts on debt securities and dividends received are included in interest income.

Loan substitutes are securities which have been structured as after tax instruments rather than conventional loans in order to provide the issuers with a borrowing rate advantage and are identical in risk and security to bank loans of comparable term. Loan substitutes are carried at cost less any allowance for anticipated credit losses as described in (h).

(g) Loans

Loans are stated net of unearned income and an allowance for credit losses.

Interest income is recorded on the accrual basis until such time as the loan is classified as impaired. Interest on impaired loans subsequently received is recorded as income only when management has reasonable assurance as to the timely collection of the full amount of the principal and interest.

An impaired loan is any loan where, in management's opinion, there has been a deterioration of credit quality to the extent that the Bank no longer has reasonable assurance as to the timely collection of the full amount of the principal and interest. In addition, any loan where a payment is contractually past due 90 days is classified as impaired, other than a deposit with a bank, a credit card loan, or a loan that is guaranteed or insured by Canada, the provinces or an agency controlled by these governments.

Deposits with banks are considered impaired when a payment is contractually past due 21 days. Credit card loans with payments 180 days in arrears are considered impaired and are entirely written off.

Loan origination fees are considered to be adjustments to loan yield and are deferred and amortized to interest income over the term of the loan. Commitment fees are amortized to other income over the commitment period when it is unlikely that the commitment will be called upon; otherwise, they are deferred and amortized to interest income over the term of the resulting loan. Loan syndication fees are recognized in other income unless the yield on any loans retained by the Bank is less than that of other comparable lenders involved in the financing. In such cases an appropriate portion of the fee is deferred and amortized to interest income over the term of the loan.

(h) Allowance for credit losses

An allowance is maintained 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. Assets in the portfolio which are included in the consolidated balance sheet are deposits with banks, loans, mortgages, loan substitutes, securities purchased under resale agreements, acceptances and derivative financial instruments. Items not included in the consolidated balance sheet and referred to as off-balance sheet items include guarantees and letters of credit. The allowance is deducted from the applicable asset in the consolidated balance sheet except for acceptances and off-balance sheet items. The allowance for acceptances and for off-balance sheet items is included in other liabilities.

The allowance consists of specific and general allowances.

Specific allowances include all the accumulated provisions for losses on particular assets required to reduce the book values to estimated realizable amounts in the ordinary course of business. Specific provisions are established on an individual facility basis to recognize credit losses on business and government loans. For personal loans, excluding credit cards, specific provisions are calculated using a formula method taking into account recent loss experience. No specific provisions for credit cards are recorded and balances are written off when payments are 180 days in arrears.

General allowances include all the accumulated provisions for losses which are prudential in nature and cannot be determined on an item-by-item basis. The level of the general allowance depends upon an assessment of business and economic conditions, historical and expected loss experience, loan portfolio composition and other relevant indicators. The resulting allowance is considered adequate, when combined with the specific allowances, to absorb all credit losses in the portfolio of on and off-balance sheet items.

Actual write-offs, net of recoveries, are deducted from the allowance for credit losses. The provision for credit losses, which is charged to the consolidated statement of income, is added to bring the allowance to a level which management considers adequate to absorb probable credit-related losses in its portfolio of on and off-balance sheet items.

(i) Loan securitizations

When a group of loans is sold to a special purpose trust under terms that transfer the significant risks and rewards of ownership to third parties, the transaction is recognized as a sale and the related loan assets are removed from the consolidated balance sheet. Gains on these sales are recognized in other income only when received in cash by the Bank and only when the trust has no recourse to the funds. Fees earned for servicing the portfolio of loans are reported under other income as earned.

(j) Acceptances

The potential liability of the Bank under acceptances is reported as a liability in the consolidated balance sheet. The Bank's recourse against the customer in the event of a call on any of these commitments is reported as an offsetting asset of the same amount.

(k) Derivative financial instruments

Derivative financial instruments are financial contracts which derive their value from changes in interest rates, foreign exchange rates and other financial or commodity indices. Such instruments include interest rate, foreign exchange, equity, commodity and credit derivative contracts. These instruments are traded by the Bank and are also used by the Bank for its own risk management purposes. To be designated as a non-trading derivative contract and receive hedge accounting treatment, the contract must substantially offset the effects of price, interest rate or foreign exchange rate exposures to the Bank, must be documented at inception as a non-trading derivative contract, and must have a high correlation at inception and throughout the contract period between the derivative contract and the Bank's exposure. If these criteria are not met, the contract is designated as a trading derivative.

Trading derivatives are entered into by the Bank to meet the needs of its customers and to take trading positions. Derivative trading portfolios are marked to market with the resulting realized and unrealized gains or losses recognized immediately in other income. The market value for over-the-counter trading derivatives is determined net of valuation adjustments which recognize the need to cover market, liquidity and credit risks, as well as the cost of capital and administrative expenses over the life of each contract.

Non-trading derivatives are entered into by the Bank in order to meet the Bank's funding, investing and credit portfolio management strategies. This is accomplished by modifying one or more characteristics of the Bank's risk related to on-balance sheet financial instruments.

Unrealized gains and losses on non-trading derivatives are accounted for on a basis consistent with the related on-balance sheet financial instrument. Realized gains and losses resulting from the early termination, sale, maturity or extinguishment of such derivatives are generally deferred and amortized over the remaining term of the related on-balance sheet instruments. Premiums on purchased options are deferred at inception and amortized into other income over the contract life.

(l) Goodwill and intangible assets

The difference between the acquisition cost of an investment and the fair value of the net tangible assets acquired is allocated firstly to intangible assets and the residual excess to goodwill. Core deposit intangibles represent the intangible value of depositor relationships acquired when deposit liabilities are assumed in an acquisition. Other significant intangibles include term deposit, loan and mutual fund intangibles resulting from acquisitions. Intangible assets are amortized to income on a double declining basis over eight years, based on their estimated useful lives. Intangible assets are considered impaired and are written down to their net recoverable amount when their net book value exceeds their estimated future net cash flows. Goodwill is amortized to income over a period not to exceed 20 years. Goodwill amortization is presented on a net-of-tax basis as a separate item in the consolidated statement of income, after the provision for income taxes and non-controlling interest in net income of subsidiaries. Goodwill is considered impaired and is written down to fair value when the net book value of the investment exceeds its estimated future net cash flows and the decline is other than temporary.

(m) Land, buildings and equipment

Land is reported at cost. Buildings, equipment and leasehold improvements are reported at cost less accumulated depreciation. Gains and losses on disposal are reported in other income. Depreciation methods and rates by asset category are as follows:

Asset	Rate and depreciation method
Buildings	5% or 10%, declining balance
Computer equipment	30%, declining balance
Furniture, fixtures and other equipment	20%, declining balance
Mainframe central processing units	4 years, straight-line
Mainframe operating systems	3 years, straight-line
Leasehold improvements	estimated useful life, straight-line

(n) Stock-based compensation plans

The Bank operates two stock-based compensation plans. The first of these is a stock option plan for eligible employees. Participants may, subject to vesting provisions, exercise their options for shares or may elect to receive cash for the options equal to their intrinsic value, being the difference between the option exercise price and the current market value of the shares. No expenses are recorded when the stock options are issued. The consideration paid by option holders on the exercise of the options is credited to capital stock. Cash payments to option holders who elect to receive cash are charged to retained earnings on a net-of-tax basis. Certain employees of a subsidiary company, TD Waterhouse Group, Inc. (TD Waterhouse) also participate in the Bank's stock option plan. In addition, TD Waterhouse offers a stock option plan to its eligible employees allowing participants, subject to vesting provisions, to exercise their options for TD Waterhouse shares. The consideration paid by option holders on the exercise of the options is credited to TD Waterhouse capital stock and is reflected as an increase in non-controlling interest in subsidiaries in the Bank's consolidated balance sheet.

The second stock-based compensation plan is a share purchase plan available to all employees. Under the plan, the Bank matches 50% of employees' permitted contributions toward the purchase of Bank common shares, subject to vesting provisions. The Bank's annual contributions are recorded in salaries and staff benefits.

(o) Pension and other post-retirement employee benefits

The Bank's principal pension plan is The Pension Fund Society of The Toronto-Dominion Bank, a defined benefit plan for which membership is voluntary. As a result of the acquisition of CT Financial Services Inc. (CT), the Bank sponsors a second pension plan consisting of a defined benefit portion and a defined contribution portion. Funding for both plans is provided by contributions from the Bank and members of the plans. In addition, the Bank and CT maintain partially funded benefit plans for eligible employees. Related retirement benefits are paid from Bank assets and contributions. For the defined benefit plans, actuarial valuations are made each year to determine the present value of the accrued pension benefits. Pension costs are determined based upon separate actuarial valuations using the projected benefit method pro-rated on service and management's best estimates rather than on valuations for funding purposes. Pension expense includes the cost of pension benefits for the current year's service, interest expense on pension liabilities, expected income on plan assets based on market-related values, and the amortization of pension adjustments on a straight-line basis over the expected average remaining service life of the employee group. The cumulative difference between pension expense and funding contributions is reported in other assets.

For the defined contribution plan, annual pension expense is based on the Bank's contributions to the plan.

The Bank also provides certain health care and life insurance benefits for its employees upon retirement. Eligible employees are those who retire from the Bank at normal retirement age. The cost of these benefits is recognized as incurred by the retirees.

(p) Provision for income taxes

The Bank recognizes both the current and future income tax consequences of all transactions that have been recognized in the financial statements. Future income tax assets and liabilities are determined based on the tax rates that are expected to apply when the assets or liabilities are reported for tax purposes.

(q) Comparative figures

Certain comparative figures have been reclassified to conform with the presentation adopted in 2000.

NOTE 2 Securities

Securities maturity schedule at year end

(millions of dollars)	Remaining term to maturity							
	Within 1 year	1 to 3 years	3 to 5 years	5 to 10 years	Over 10 years	No specific maturity	**2000 Total**	1999 Total
Investment securities								
Government and government-insured securities								
Canada	$ 3,304	$ 212	$ 38	$ 127	$ 273	$ –	**$ 3,954**	$ 885
Mortgage-backed securities[1]	21	7,486	420	–	–	–	**7,927**	–
Total Canada	3,325	7,698	458	127	273	–	**11,881**	885
Provinces	105	134	63	2	2	–	**306**	268
Total	3,430	7,832	521	129	275	–	**12,187**	1,153
Other debt securities								
Canadian issuers	1,181	1	–	2	58	–	**1,242**	397
U.S. federal government	1,406	365	11	49	21	–	**1,852**	6,562
Other foreign governments	1,276	2,222	694	247	–	–	**4,439**	3,571
Other issuers	1,426	780	349	180	52	–	**2,787**	2,367
Total	5,289	3,368	1,054	478	131	–	**10,320**	12,897
Equity securities								
Preferred shares	263	333	220	333	69	643	**1,861**	1,554
Common shares	–	–	–	–	–	2,722	**2,722**	2,425
Total	263	333	220	333	69	3,365	**4,583**	3,979
Total investment securities	8,982	11,533	1,795	940	475	3,365	**27,090**	18,029
Trading securities								
Government and government-insured securities								
Canada	2,707	1,704	1,842	1,646	2,826	–	**10,725**	11,014
Provinces	217	142	340	238	438	–	**1,375**	2,165
Total	2,924	1,846	2,182	1,884	3,264	–	**12,100**	13,179
Other debt securities								
Canadian issuers	35	752	83	325	290	–	**1,485**	5,285
U.S. federal government	23	58	24	64	184	–	**353**	1,183
Other foreign governments	233	498	413	1,046	851	–	**3,041**	2,528
Other issuers	4,711	5,259	3,597	6,731	2,425	–	**22,723**	19,995
Total	5,002	6,567	4,117	8,166	3,750	–	**27,602**	28,991
Equity securities								
Preferred shares	116	–	51	403	128	381	**1,079**	3,234
Common shares	–	–	–	–	–	17,516	**17,516**	5,660
Total	116	–	51	403	128	17,897	**18,595**	8,894
Total trading securities	8,042	8,413	6,350	10,453	7,142	17,897	**58,297**	51,064
Total securities[2]	$ 17,024	$ 19,946	$ 8,145	$ 11,393	$ 7,617	$ 21,262	**$ 85,387**	$ 69,093

[1] Mortgage-backed securities are guaranteed by the government of Canada.
[2] Includes loan substitutes in the amount of $104 million (1999 – $20 million).

Securities – Unrealized gains and losses

(millions of dollars)				2000				1999
	Book value	Gross unrealized gains	Gross unrealized losses	Estimated market value	Book value	Gross unrealized gains	Gross unrealized losses	Estimated market value
Investment securities								
Issued or guaranteed by								
Canada	$ 11,881	$ 92	$ 19	$ 11,954	$ 885	$ –	$ 18	$ 867
Provinces	306	–	1	305	268	–	2	266
U.S. federal government	1,852	–	6	1,846	6,562	–	2	6,560
Other debt	8,468	29	35	8,462	6,335	18	13	6,340
Equity	4,583	743	7	5,319	3,979	484	73	4,390
Total investment securities	27,090	864	68	27,886	18,029	502	108	18,423
Trading securities	58,297	–	–	58,297	51,064	–	–	51,064
Total securities	$ 85,387	$ 864	$ 68	$ 86,183	$ 69,093	$ 502	$ 108	$ 69,487

NOTE 3 Loans, impaired loans and allowance for credit losses

Loans and impaired loans

(millions of dollars)			Allowance for credit losses			
2000	Gross amount of loans	Specific allowance	General allowance	Total	Net amount of loans	Gross impaired loans
Residential mortgages	$ 44,468	$ 7	$ 61	$ 68	$ 44,400	$ 76
Consumer instalment and other personal	35,153	70	207	277	34,876	117
Business and government	42,248	235	568	803	41,445	796
Total	$ 121,869	$ 312	$ 836	$ 1,148	$ 120,721	$ 989
1999						
Residential mortgages	$ 31,537	$ 6	$ 48	$ 54	$ 31,483	$ 52
Consumer instalment and other personal	20,625	36	146	182	20,443	63
Business and government	36,289	212	518	730	35,559	594
Total	$ 88,451	$ 254	$ 712	$ 966	$ 87,485	$ 709

	2000	1999
Average gross impaired loans during the year	$ 1,063	$ 676
Net impaired loans at year end	$ (159)	$ (257)

Included in gross residential mortgages are Canadian government-insured mortgages of $32,891 million at October 31, 2000 (1999 – $24,704 million). Gross impaired loans include foreclosed assets held for sale with a gross carrying value of $108 million at October 31, 2000 (1999 – $94 million) and a related allowance of $63 million (1999 – $52 million). Loans are reported net of unearned income of $168 million (1999 – $128 million).

Allowance for credit losses

(millions of dollars)			2000			1999
	Specific allowance	**General allowance**	**Total**	Specific allowance	General allowance	Total
Balance at beginning of year	**$ 254**	**$ 712**	**$ 966**	$ 256	$ 620	$ 876
Acquisition of CT Financial Services Inc. – balance at date of acquisition	**83**	**101**	**184**	–	–	–
Write-offs	**(564)**	**–**	**(564)**	(259)	–	(259)
Recoveries	**67**	**–**	**67**	99	–	99
Provisions for credit losses charged to the consolidated statement of income	**458**	**22**	**480**	175	100	275
Other, including foreign exchange rate changes	**14**	**1**	**15**	(17)	(8)	(25)
Allowance for loan losses at end of year[1]	**$ 312**	**$ 836**	**$ 1,148**	$ 254	$ 712	$ 966

[1] The Bank also has general allowances of $26 million (1999 – $41 million) related to derivative financial instruments. With these additional allowances, which are reported in other liabilities, the Bank's total allowance for credit losses at year end is $1,174 million (1999 – $1,007 million).

NOTE 4 Loan securitizations

Outstanding principal amount of loans securitized and sold at October 31:

(millions of dollars)	2000	1999
Residential mortgages		
Conventional	**$ 5,776**	$ 5,118
Mortgage-backed securities	**5,724**	927
Personal loans	**9,873**	2,025
Other loans	**200**	200
	$ 21,573	$ 8,270

NOTE 5 Land, buildings and equipment

(millions of dollars)			2000	1999
	Cost	Accumulated depreciation	**Net book value**	Net book value
Land	$ 330	$ –	**$ 330**	$ 183
Buildings	1,859	329	**1,530**	888
Computer equipment	790	442	**348**	298
Furniture, fixtures and other equipment	544	286	**258**	195
Leasehold improvements	484	159	**325**	174
	$ 4,007	$ 1,216	**$ 2,791**	$ 1,738

Accumulated depreciation at the end of 1999 was $1,046 million.

NOTE 6 Deposits

(millions of dollars)				2000	1999
	Demand	Notice	Term	Total	Total
Personal	$ 13,082	$ 26,137	$ 53,269	**$ 92,488**	$ 52,774
Banks	2,365	59	22,900	**25,324**	30,901
Business and government	15,218	10,381	42,397	**67,996**	56,711
Total	$ 30,665	$ 36,577	$ 118,566	**$ 185,808**	$ 140,386
Non-interest-bearing deposits included above					
In domestic offices				**$ 2,952**	$ 2,148
In foreign offices				**–**	322
Interest-bearing deposits included above					
In domestic offices				**122,575**	73,870
In foreign offices				**57,947**	61,039
U.S. federal funds purchased				**2,334**	3,007
Total				**$ 185,808**	$ 140,386

NOTE 7 Subordinated notes and debentures

The notes and debentures are direct unsecured obligations of the Bank or its subsidiaries and are subordinated in right of payment to the claims of depositors and certain other creditors of the Bank or its subsidiaries. Where appropriate, the Bank has entered into interest rate options, interest rate swaps and currency swaps to modify the related interest rate and foreign currency risks.

(millions of dollars)				Outstanding October 31	
Interest rate (%)	Maturity date	Redeemable[8] beginning	Foreign currency amount	2000	1999
Various[1]	Nov. 1999 to Oct. 2000	–		**$ –**	$ 8
Various[2]	Jan. 2001 to Oct. 2001	–		**22**	22
Various[3]	Jan. 2002 to Oct. 2002	–		**27**	27
Various[4]	Dec. 2002 to May 2003	–		**4**	–
Floating rate[5]	Oct. 2002	–	US$150 million	**228**	221
Floating rate[6]	Aug. 2003	–	US$150 million	**228**	221
Floating rate[7]	Oct. 2003	–		**100**	100
8.00	Dec. 2003	July 1998		**150**	150
5.60	Sept. 2006	Sept. 2001		**400**	400
6.45	Oct. 2006	Oct. 2001		**350**	350
6.50	Jan. 2007	Jan. 2002	US$300 million	**457**	440
6.75	Mar. 2007	Mar. 2002	US$200 million	**305**	293
5.65	Sept. 2007	Sept. 2002		**25**	25
6.50	Aug. 2008	–	US$150 million	**228**	221
6.15	Oct. 2008	–	US$150 million	**228**	221
6.13	Nov. 2008	–	US$100 million	**153**	147
6.45	Jan. 2009	–	US$150 million	**228**	221
6.60	Apr. 2010	–		**750**	–
8.40	Dec. 2010	Dec. 2005		**150**	150
6.55	July 2012	–		**500**	–
10.05	Aug. 2014	–		**150**	–
9.15	May 2025	–		**200**	–
				$ 4,883	$ 3,217

[1] Interest is payable at various rates, from 3.80% to 4.55%.
[2] Interest is payable at various rates, from .13% to 5.00%.
[3] Interest is payable at various rates, from .13% to 3.10%.
[4] Interest is payable at various rates, from .70% to .85%.
[5] Interest at six-month U.S. dollar LIBOR less .13%, subject to minimum and maximum rates of 5% and 10% respectively.
[6] Interest at three-month U.S. dollar LIBOR, subject to a minimum of 4.10%.
[7] Interest at three-month customers' liability under acceptance rate less .30%, subject to minimum and maximum rates of 6.50% and 9% respectively.
[8] Subject to prior approval of the Superintendent of Financial Institutions Canada.

Repayment schedule

The aggregate maturities of the Bank's subordinated notes and debentures are as follows:

(millions of dollars)	2000	1999
Within 1 year	$ 22	$ 8
Over 1 to 2 years	255	22
Over 2 to 3 years	332	248
Over 3 to 5 years	150	471
Over 5 years	4,124	2,468
	$ 4,883	$ 3,217

NOTE 8 Non-controlling interest in subsidiaries

(millions of dollars)	2000	1999
Preferred shares issued by Canada Trustco Mortgage Company		
6,000,000 Non-cumulative Redeemable		
Third Preference Shares, Series 1	$ 150	$ –
Preferred shares issued by CT Financial Services Inc.		
6,000,000 Non-cumulative Redeemable		
First Preference Shares, Series 4	150	–
2,000,000 Non-cumulative Redeemable		
First Preference Shares, Series 5 (US$50 million)	75	–
Trust units issued by TD Capital Trust		
900,000 Capital Trust Securities – Series 2009	900	–
Common shares and retained earnings of TD Waterhouse Group, Inc. (**Note 19**)	381	335
	$ 1,656	$ 335

Canada Trustco Mortgage Company Third Preference Shares, Series 1

Subsequent to year end, Canada Trustco Mortgage Company exercised its option to redeem the outstanding Series 1 shares for $25.00 together with declared and unpaid dividends to December 31, 2000, the date of redemption.

CT Financial Services Inc. First Preference Shares, Series 4

On or after February 1, 2003, CT Financial Services Inc. (CT) has the option of redeeming the outstanding Series 4 shares for $25.00 together with declared and unpaid dividends to the date of redemption. Subsequent to year end, an offer was made to shareholders which would result in the Bank exchanging the Series 4 shares for Bank preferred shares with substantially the same terms.

CT Financial Services Inc. First Preference Shares, Series 5

On or after February 1, 2003, CT has the option of redeeming the outstanding Series 5 shares for US$25.00 together with declared and unpaid dividends to the date of redemption. Subsequent to year end, an offer was made to shareholders which would result in the Bank exchanging the Series 5 shares for Bank preferred shares with substantially the same terms.

TD Capital Trust Securities – Series 2009

The TD Capital Trust Securities (TD CaTS) are issued by TD Capital Trust, whose voting securities are owned 100% by the Bank. Trust assets may include residential mortgages, co-ownership interests in one or more pools of residential mortgages, mortgage-backed securities and other eligible investments. Holders of TD CaTS are eligible to receive semi-annual non-cumulative fixed cash distributions of $38 per TD CaTS. Should the trust fail to pay the semi-annual distributions in full, the Bank's ability to declare dividends on Bank common and preferred shares will be restricted.

Between June 30, 2005 and December 31, 2009, the trust has the option of redeeming the outstanding TD CaTS for the greater of: (a) $1,000 together with unpaid distributions to the date of redemption and (b) a price calculated to provide an annual yield equal to the yield of a Government of Canada bond maturing on December 31, 2009 at that time plus .375% together with unpaid distributions to the date of redemption. In the event of an unfavorable change in tax or capital treatment as it applies to the trust prior to June 30, 2005, the trust may redeem the outstanding TD CaTS for a redemption price as calculated above. After December 31, 2009, the redemption price would be $1,000 together with unpaid distributions to the date of redemption. Such redemption rights are subject to the approval of the Superintendent of Financial Institutions Canada.

On or after June 30, 2010, each TD CaTS may, at the option of the holder, be converted semi-annually into one Non-cumulative Class A Redeemable First Preferred Share of the Bank.

By giving at least 60 days of notice prior to the date of conversion to all holders who have given a conversion notice, the Bank may redeem or find substitute purchasers at the purchase price of $1,000 per TD CaTS together with unpaid distributions to the date of conversion.

In certain specific circumstances relating to an unfavorable change in the operating status or capital position of the Bank, each TD CaTS may be automatically exchanged into one preferred share of the Bank without consent of the holder.

Distribution rates on preferred shares and trust securities

(per share)	Annual rate
Preferred share dividends	
Canada Trustco Mortgage Company, Series 1	6.90%
CT Financial Services Inc., Series 4	7.35%
CT Financial Services Inc., Series 5	6.40%
Trust securities distributions	
TD Capital Trust – Series 2009	7.60%

NOTE 9 Capital stock

The share capital of the Bank consists of:

Authorized

An unlimited number of Class A First Preferred Shares, without par value, issuable in series.

An unlimited number of common shares, without par value.

(millions of dollars)	2000	1999
Issued and fully paid		
Preferred shares issued by the Bank		
7,000,000 Non-cumulative Redeemable Class A First Preferred Shares, Series G (US$175 million)	**$ 266**	$ 258
9,000,000 Non-cumulative Redeemable Class A First Preferred Shares, Series H	**225**	225
16,065 Non-cumulative Redeemable Class A First Preferred Shares, Series I	**–**	–
16,383,935 Non-cumulative Redeemable Class A First Preferred Shares, Series J	**410**	–
	901	483
Preferred shares issued by TD Mortgage Investment Corporation		
350,000 Non-cumulative Preferred Shares, Series A	**350**	350
Total preferred shares	**1,251**	833
Common shares (2000 – 622,615,868; 1999 – 620,343,168)	**2,060**	2,006
	$ 3,311	$ 2,839

Preferred shares

None of the outstanding preferred shares are redeemable at the option of the holder.

Redemptions of all preferred shares are subject to the prior approval of the Superintendent of Financial Institutions Canada.

Class A First Preferred Shares, Series G

Between April 30, 2001 and April 30, 2002, the Bank has the option of redeeming the outstanding Series G shares for US$26.00. After April 30, 2003, the redemption price is reduced to US$25.00 together with declared and unpaid dividends to the date of redemption.

On or after April 30, 2001, the Bank may convert the outstanding Series G shares in whole or in part into common shares, determined by dividing the then applicable redemption price per Series G share together with declared and unpaid dividends to the date of conversion by the greater of US$1.00 and 95% of the U.S. dollar equivalent of the average trading price of such common shares at that time.

On or after January 31, 2004, each Series G share may, at the option of the holder, be converted quarterly into common shares as described above.

By giving at least 40 days of notice prior to the date of conversion to all holders who have given a conversion notice, the Bank may redeem or find substitute purchasers at the purchase price of US$25.00 cash per share together with declared and unpaid dividends to the date of conversion.

Class A First Preferred Shares, Series H

Between April 30, 2002 and April 30, 2003, the Bank has the option of redeeming the outstanding Series H shares for $26.00. After April 30, 2004, the redemption price is reduced to $25.00 together with declared and unpaid dividends to the date of redemption.

On or after April 30, 2002, the Bank may convert the outstanding Series H shares in whole or in part into common shares, determined by dividing the then applicable redemption price per Series H share together with declared and unpaid dividends to the date of conversion by the greater of $1.00 and 95% of the average trading price of such common shares at that time.

On or after January 31, 2005, each Series H share may, at the option of the holder, be converted quarterly into common shares as described above.

By giving at least 40 days of notice prior to the date of conversion to all holders who have given a conversion notice, the Bank may redeem or find substitute purchasers at the purchase price of $25.00 cash per share together with declared and unpaid dividends to the date of conversion.

Class A First Preferred Shares, Series I

On November 1, 1999, the Bank issued 16,400,000 units for cash consideration of $102.5 million. Each unit consisted of one Non-cumulative Class A Redeemable First Preferred Share, Series I and one Non-cumulative Class A Redeemable First Preferred Share, Series J Purchase Warrant.

On or prior to October 31, 2000, the unitholders had the option of exercising one Series J Purchase Warrant together with a cash payment of $18.75 to convert one Series I share into one Series J share. During the year 16,383,935 Series I shares were converted into Series J shares.

On or after November 1, 2004, the Bank has the option of redeeming the outstanding Series I shares for $6.25 together with declared and unpaid dividends to the date of redemption.

Class A First Preferred Shares, Series J

Between April 30, 2005 and October 30, 2005, the Bank has the option of redeeming the outstanding Series J shares for $26.00. The redemption price, together with declared and unpaid dividends to the date of redemption, is reduced to $25.80 after October 30, 2005, $25.60 after October 30, 2006, $25.40 after October 30, 2007, $25.20 after October 30, 2008, and $25.00 after October 30, 2009.

On or after April 30, 2005, the Bank may convert the outstanding Series J shares in whole or in part into common shares, determined by dividing the then applicable redemption price per Series J share together with declared and unpaid dividends to the date of conversion by the greater of $2.00 and 95% of the average trading price of such common shares at that time. On or after January 29, 2010, each Series J share may, at the option of the holder, be converted quarterly into common shares as described above.

By giving at least 40 days of notice prior to the date of conversion to all holders who have given a conversion notice, the Bank may redeem or find substitute purchasers at the purchase price of $25.00 cash per share together with declared and unpaid dividends to the date of conversion.

TD Mortgage Investment Corporation Preferred Shares, Series A

Semi-annually, on or after October 31, 2007, TD Mortgage Investment Corporation (TDMIC) has the option of redeeming the outstanding Series A shares for $1,000.00.

Semi-annually, on or after October 31, 2007, the Bank may exchange the outstanding Series A shares in whole into common shares of the Bank, determined by dividing $1,000.00 plus the declared and unpaid dividends to the date of exchange by 95% of the average trading price of such common shares at that time.

Semi-annually, on or after October 31, 2007, each Series A share may, at the option of the holder, be exchanged into common shares of the Bank, determined by dividing $1,000.00 plus the declared and unpaid dividends to the date of exchange by the greater of $1.00 and 95% of the average trading price of such common shares at that time.

By giving at least two business days of notice prior to the date of exchange to all holders who have given an exchange notice, TDMIC may redeem or the Bank may find substitute purchasers at the purchase price of $1,000.00 plus the declared and unpaid dividends to the date of conversion.

Dividend rates on preferred shares

(per share)		**Rate**
Series G	Quarterly	US$ .33750
Series H	Quarterly	$ .44375
Series I	Quarterly	$ .01000
Series J	Quarterly	$ .31875
TDMIC, Series A	Semi-annually	$ 32.30

Common shares

	2000	1999
Number outstanding at beginning of year	**620,343,168**	594,237,648
Issued on acquisition of subsidiaries	**1,112,035**	–
Issued for gross proceeds of $700 million **(Note 18)**	**–**	25,700,000
Issued on exercise of options	**1,160,665**	405,520
Number outstanding at end of year	**622,615,868**	620,343,168

Stock dividend

On July 31, 1999, the Bank paid a stock dividend of one common share on each of its issued and outstanding common shares. The effect of this one-for-one stock dividend is the same as a two-for-one split of the common shares. All common share numbers have been restated to reflect the stock dividend.

Employee savings plan

Under the Bank's Employee Savings Plan (ESP), employees may contribute up to 5% of their annual base earnings to a maximum of $2,200 per calendar year toward the purchase of Bank common shares. The Bank matches 50% of the employee contribution amount. The Bank's contributions vest over a two-year period beginning on the first day of the following calendar year. For the year ended October 31, 2000, the Bank's contributions totalled $12.7 million (1999 – $13.2 million; 1998 – $12.6 million). As at October 31, 2000, an aggregate of 5,408,543 common shares were held under the ESP (1999 – 6,056,201).

Stock options

Under the Bank's 1993 stock option plan, options on common shares may be issued to certain employees for terms of 10 years, vesting over a four-year period and exercisable at the closing market price of the shares on the date prior to the date the options were issued. The outstanding options expire on various dates to February 2010. At October 31, 2000, a total of 4,310,100 common shares have been reserved for future issuance under the 1993 stock option plan (1999 – 8,378,000).

During the year, the shareholders approved the 2000 stock option plan which reserved a maximum of 30 million Bank common shares for future issuance.

A summary of the Bank's stock option activity and related information for the years ended October 31 is as follows:

	2000	**Weighted average exercise price**	1999	Weighted average exercise price	1998	Weighted average exercise price
Number outstanding, beginning of year	**23,336,948**	**$ 18.39**	21,867,140	$ 15.80	20,400,890	$ 12.12
Granted	**4,527,000**	**36.20**	4,916,400	25.43	4,176,200	30.60
Exercised – cash	**(2,840,740)**	**13.65**	(2,770,072)	10.76	(2,200,550)	10.65
– shares	**(1,160,665)**	**11.52**	(405,520)	12.57	(345,250)	10.40
Forfeited	**(459,100)**	**29.29**	(271,000)	23.46	(164,150)	14.75
Number outstanding, end of year	**23,403,443**	**$ 22.54**	23,336,948	$ 18.39	21,867,140	$ 15.80
Exercisable, end of year	**12,910,639**	**$ 16.41**	12,337,346	$ 13.40	10,380,042	$ 10.98

The following table summarizes information relating to stock options outstanding and exercisable at October 31, 2000.

	Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable	Weighted average exercise price
$8.19 – $11.81	7,117,275	5.2	$10.87	7,117,275	$10.87
$17.45 – $25.43	8,234,218	8.1	$21.79	3,936,939	$19.72
$30.60 – $36.50	8,051,950	9.1	$33.63	1,856,425	$30.60

Dividend restrictions

The Bank is prohibited by the Bank Act from declaring any dividends on its preferred or common shares if there are reasonable grounds for believing that the Bank is, or the payment would cause the Bank to be, in contravention of the capital adequacy and liquidity regulations of the Bank Act or directions of the Superintendent of Financial Institutions Canada. The Bank's ability to pay dividends on its preferred or common shares is also restricted in the event that TD Capital Trust fails to pay semi-annual distributions in full to holders of TD Capital Trust Securities. In addition, the ability to pay common share dividends is restricted by the terms of the outstanding preferred shares whereby the Bank may not pay dividends on its common shares without the approval of the holders of the outstanding preferred shares unless all dividends on the preferred shares have been declared and paid or set apart for payment. Currently these limitations do not restrict the payment of dividends on preferred or common shares.

NOTE 10 Pensions

The Bank's principal pension plan, The Pension Fund Society of The Toronto-Dominion Bank, is a defined benefit plan funded by contributions from the Bank and from members. In accordance with legislation, the Bank contributes amounts determined on an actuarial basis to the plan and has the ultimate responsibility for ensuring that the liabilities of the plan are adequately funded over time.

Pension benefits are based upon the length of service and the final five years' average salary of the employees.

The following table presents the financial position of the Bank's principal pension plan at October 31.

(millions of dollars)	**2000**	1999	1998
Change in projected benefit obligation			
Projected benefit obligation at beginning of year	**$ 1,141**	$ 1,157	$ 1,066
Plan amendments	**4**	3	2
Change in actuarial assumptions	**(60)**	(39)	8
Interest accrued on benefits	**77**	74	71
Benefits accrued	**36**	38	38
Benefits paid	**(80)**	(79)	(75)
Pension enhancement account benefits accrued	**4**	3	1
Experience (gains) losses	**22**	(5)	55
Other	**–**	(11)	(9)
Projected benefit obligation at end of year	**1,144**	1,141	1,157
Change in plan assets			
Plan assets at fair value at beginning of year	**1,131**	1,043	1,208
Actual income on plan assets	**57**	51	51
Gain on disposal of investments	**142**	10	78
Members' contributions	**18**	18	18
Employer's contributions	**–**	40	–
Increase (decrease) in unrealized gains on investments	**3**	69	(213)
Pension benefits	**(80)**	(79)	(75)
General and administrative expenses	**(8)**	(10)	(13)
Other	**–**	(11)	(11)
Plan assets at fair value at end of year	**1,263**	1,131	1,043
Excess (deficit) of plan assets over projected benefit obligation	**119**	(10)	(114)
Unrecognized net (gain) loss from past experience, different from that assumed, and effects of changes in assumptions	**(42)**	119	224
Unrecognized prior service costs	**23**	23	23
Unrecognized transition amount	**(17)**	(33)	(49)
Prepaid pension expense	**$ 83**	$ 99	$ 84
Annual expense			
Net pension expense includes the following components:			
Service cost – benefits earned	**$ 22**	$ 23	$ 23
Interest on projected benefit obligation	**77**	74	71
Expected return on plan assets	**(85)**	(78)	(86)
Net amortization	**2**	6	(12)
Pension expense	**$ 16**	$ 25	$ (4)
Actuarial assumptions			
Weighted average discount rate for projected benefit obligation	**7.25%**	6.75%	6.50%
Weighted average rate of compensation increase	**3.50**	3.50	3.50
Weighted average expected long-term rate of return on plan assets	**8.00**	7.75	7.50

Other pension and non-pension benefits

In connection with the acquisition of CT, the Bank sponsors a second pension plan consisting of a defined benefit portion and a defined contribution portion. Funding for both portions is provided by contributions from the Bank and members of the plan. The defined benefit portion of the plan was closed to new members after May 31, 1987. CT employees joining the plan on or after June 1, 1987 were only eligible to join the defined contribution portion. At September 30, 2000, the defined benefit portion of CT's plan reported a projected benefit obligation of $279 million, plan assets with a fair value of $286 million and a funding excess of $7 million. At September 30, 2000, the defined contribution portion reported plan assets with a fair value of $265 million.

The Bank also provides certain life insurance, health and dental benefits to retired employees. The cost of these benefits is recorded in salaries and staff benefits as paid.

NOTE 11 Provision for income taxes

(millions of dollars)	**2000**	1999	1998
Provision for income taxes – consolidated statement of income			
Current income taxes	**$ 1,087**	$ 943	$ 717
Future income taxes	**(791)**	147	(106)
	296	1,090	611
Provision for income taxes – statement of changes in shareholders' equity			
Current income taxes	**(48)**	58	(107)
Future income taxes	**(6)**	(13)	–
	(54)	45	(107)
Total provision for income taxes	**$ 242**	$ 1,135	$ 504
Current income taxes			
Federal	**$ 497**	$ 267	$ 282
Provincial	**124**	91	102
Foreign	**418**	643	226
	1,039	1,001	610
Future income taxes			
Federal	**(568)**	98	(79)
Provincial	**(199)**	33	(25)
Foreign	**(30)**	3	(2)
	(797)	134	(106)
	$ 242	$ 1,135	$ 504

The provision for income taxes shown in the consolidated statement of income is less than that obtained by applying statutory tax rates to the net income before provision for income taxes for the following reasons:

	2000	1999	1998
Canadian statutory income tax rate	**42.4%**	42.5%	42.8%
Increase (decrease) resulting from:			
Non-taxable gain on sale of TD Waterhouse Group, Inc.	**–**	(11.7)	–
Goodwill amortization	**2.6**	.3	1.5
Dividends from taxable Canadian corporations	**(8.2)**	(2.6)	(6.4)
Lower tax rates on earnings of international subsidiaries	**(10.2)**	(2.5)	(5.7)
Future federal and provincial tax rate reductions effective for 2001	**(7.2)**	–	–
Federal large corporations tax	**1.0**	.4	.8
Financial institutions temporary surcharge	**.5**	.2	.5
Other – net	**.3**	.1	1.8
Effective income tax rate	**21.2%**	26.7%	35.3%

The net future tax asset (liability) which is reported in other assets (liabilities) comprises both assets and liabilities as follows:

(millions of dollars)	2000	1999
Future income tax assets		
Allowance for credit losses	**$ 254**	$ 225
Deferred income	**32**	38
Securities	**157**	19
Other	**98**	33
Total future income tax assets	**541**	315
Valuation allowance	**–**	–
Future income tax assets	**541**	315
Future income tax liabilities		
Intangible assets from business combinations	**(2,338)**	–
Premises and equipment	**(46)**	(24)
Pension fund	**(36)**	(24)
Other	**(37)**	(31)
Future income tax liabilities	**(2,457)**	(79)
Net future income tax asset (liability)	**$ (1,916)**	$ 236

Earnings of certain international subsidiaries would be taxed only upon repatriation to Canada. The Bank has not recognized a future income tax liability for these undistributed earnings since it does not currently plan to repatriate them. If all international subsidiaries' undistributed earnings were repatriated, estimated taxes payable would be $186 million at October 31, 2000 (1999 – $174 million).

NOTE 12 Fair value of financial instruments

(millions of dollars)	2000		1999	
Consolidated balance sheet	**Carrying value**	**Estimated fair value**	Carrying value	Estimated fair value
Assets				
Securities	**$ 85,387**	**$ 86,183**	$ 69,093	$ 69,487
Loans	**120,721**	**120,461**	87,485	86,401
Liabilities				
Deposits	**185,808**	**186,112**	140,386	140,406
Subordinated notes and debentures	**4,883**	**4,916**	3,217	3,176

The aggregate of the estimated fair value amounts presented does not represent management's estimate of the underlying value of the Bank. Moreover, fair values disclosed represent estimates of value made at a specific point in time and may not be reflective of future fair values.

Fair values are based on the following methods of valuation and assumptions:

For certain assets and liabilities which are short term in nature or contain variable rate features, fair value is considered to be equal to carrying value. These items are not listed above.

Details of the estimated fair value of derivative financial instruments are provided in Note 14.

The estimated fair value of securities is determined as the estimated market values reported in Note 2.

The estimated fair value of loans reflects changes in general interest rates which have occurred since the loans were originated and changes in the creditworthiness of individual borrowers. For fixed rate loans, estimated fair value is determined by discounting the expected future cash flows related to these loans at market interest rates for loans with similar credit risks.

The estimated fair value of term deposits is determined by discounting the contractual cash flows using interest rates currently offered for deposits with similar terms.

The estimated fair value of the subordinated notes and debentures is determined by reference to quoted market prices.

NOTE 13 Interest rate risk

The Bank's management of interest rate risk is described in the Managing risk section of the Management Discussion and Analysis of Operating Performance. The Canadian Institute of Chartered Accountants' handbook Section 3860, *Financial Instruments – Disclosure and Presentation,* requires disclosure of exposure to interest rate risk in a prescribed format, as set out in the following table.

Interest rate risk[1]

(billions of dollars)								
2000	Floating rate	Within 3 months	3 months to 1 year	Total within 1 year	1 year to 5 years	Over 5 years	Non-interest sensitive	Total
Assets								
Cash resources	$ –	$ 3.6	$ –	$ 3.6	$ –	$ –	$ .6	$ 4.2
Effective yield		*6.2%*						
Securities purchased under resale agreements	$ 3.6	$ 5.4	$ 4.4	$ 13.4	$ .1	$ .5	$ –	$ 14.0
Effective yield		*6.1%*	*6.7%*		*7.2%*	*7.7%*		
Investment securities	$ .7	$ 2.4	$ 6.2	$ 9.3	$ 12.0	$ 1.3	$ 4.5	$ 27.1
Effective yield		*6.1%*	*5.9%*		*6.3%*	*6.8%*		
Trading securities	$ 58.3	$ –	$ –	$ 58.3	$ –	$ –	$ –	$ 58.3
Loans	$ 37.7	$ 26.5	$ 18.8	$ 83.0	$ 35.0	$ 2.6	$ .1	$ 120.7
Effective yield		*8.2%*	*7.1%*		*7.0%*	*6.9%*		
Other	$ 24.9	$ –	$ –	$ 24.9	$ –	$ –	$ 15.6	$ 40.5
Total assets	**$ 125.2**	**$ 37.9**	**$ 29.4**	**$ 192.5**	**$ 47.1**	**$ 4.4**	**$ 20.8**	**$ 264.8**
Liabilities and shareholders' equity								
Deposits	$ 43.7	$ 71.5	$ 30.8	$ 146.0	$ 27.4	$ 1.1	$ 11.3	$ 185.8
Effective yield		*5.6%*	*5.4%*		*5.8%*	*5.8%*		
Obligations related to securities sold short	$ 19.0	$ –	$ –	$ 19.0	$ –	$ –	$ –	$ 19.0
Obligations related to securities sold under repurchase agreements	$ 1.4	$ 5.9	$ 1.4	$ 8.7	$ –	$ .1	$ .1	$ 8.9
Effective yield		*5.9%*	*6.0%*			*7.0%*		
Subordinated notes and debentures	$ –	$ .2	$ .6	$ .8	$ 2.3	$ 1.7	$ .1	$ 4.9
Effective yield		*6.7%*	*6.0%*		*6.8%*	*6.8%*		
Other	$ 22.6	$ –	$ –	$ 22.6	$ –	$ .9	$ 10.4	$ 33.9
Shareholders' equity	$ –	$ –	$ –	$ –	$ .5	$ .7	$ 11.1	$ 12.3
Total liabilities and shareholders' equity	**$ 86.7**	**$ 77.6**	**$ 32.8**	**$ 197.1**	**$ 30.2**	**$ 4.5**	**$ 33.0**	**$ 264.8**
On-balance sheet position	**$ 38.5**	**$ (39.7)**	**$ (3.4)**	**$ (4.6)**	**$ 16.9**	**$ (.1)**	**$ (12.2)**	**$ –**
Total pay side instruments[2]	$ –	$ (80.0)	$ (10.8)	$ (90.8)	$ (18.5)	$ (1.3)	$ –	$(110.6)
Effective yield		*6.3%*	*6.4%*		*5.5%*	*6.3%*		
Total receive side instruments[2]	$ –	$ 77.8	$ 15.6	$ 93.4	$ 14.6	$ 2.6	$ –	$ 110.6
Effective yield		*6.3%*	*6.1%*		*5.8%*	*5.5%*		
Off-balance sheet position	**$ –**	**$ (2.2)**	**$ 4.8**	**$ 2.6**	**$ (3.9)**	**$ 1.3**	**$ –**	**$ –**
Net position	**$ 38.5**	**$ (41.9)**	**$ 1.4**	**$ (2.0)**	**$ 13.0**	**$ 1.2**	**$ (12.2)**	**$ –**

[1] The above table details the earlier of maturity or repricing date of interest sensitive instruments. Contractual repricing may be adjusted according to management estimates for prepayments or early redemptions that are independent of changes in interest rates. Off-balance sheet transactions include only transactions that are put into place as hedges of items not included in the trading account. Certain assets and liabilities are shown as non-rate sensitive although the profile assumed for actual management may be different. Trading securities are presented in the floating rate category.

[2] Notional principal amounts.

Interest rate risk by currency

(billions of dollars)								
2000	Floating rate	Within 3 months	3 months to 1 year	Total within 1 year	1 year to 5 years	Over 5 years	Non-interest sensitive	Total
Canadian currency on-balance sheet position	$ 11.9	$ (9.2)	$ (5.9)	$ (3.2)	$ 15.9	$ (1.0)	$ (13.5)	$ (1.8)
Foreign currency on-balance sheet position	26.6	(30.5)	2.5	(1.4)	1.0	.9	1.3	1.8
On-balance sheet position	**38.5**	**(39.7)**	**(3.4)**	**(4.6)**	**16.9**	**(.1)**	**(12.2)**	**–**
Canadian currency off-balance sheet position	–	10.5	4.1	14.6	(4.4)	.6	–	10.8
Foreign currency off-balance sheet position	–	(12.7)	.7	(12.0)	.5	.7	–	(10.8)
Off-balance sheet position	**–**	**(2.2)**	**4.8**	**2.6**	**(3.9)**	**1.3**	**–**	**–**
Net position	**$ 38.5**	**$ (41.9)**	**$ 1.4**	**$ (2.0)**	**$ 13.0**	**$ 1.2**	**$ (12.2)**	**$ –**

Interest rate risk

(billions of dollars)								
1999	Floating rate	Within 3 months	3 months to 1 year	Total within 1 year	1 year to 5 years	Over 5 years	Non-interest sensitive	Total
Total assets	$ 109.8	$ 43.3	$ 16.4	$ 169.5	$ 30.8	$ 3.9	$ 10.2	$ 214.4
Total liabilities and shareholders' equity	60.9	72.0	33.9	166.8	20.4	2.7	24.5	214.4
On-balance sheet position	48.9	(28.7)	(17.5)	2.7	10.4	1.2	(14.3)	–
Off-balance sheet position	–	4.6	.8	5.4	(3.7)	(1.7)	–	–
Net position	$ 48.9	$ (24.1)	$ (16.7)	$ 8.1	$ 6.7	$ (.5)	$ (14.3)	$ –

NOTE 14 Derivative financial instruments

The Bank enters into derivative financial instruments, as described below, for trading and for risk management purposes.

Interest rate swaps involve the exchange of fixed and floating interest payment obligations based on a predetermined notional amount. Foreign exchange swaps involve the exchange of the principal and fixed interest payments in different currencies. Cross-currency interest rate swaps involve the exchange of both the principal amount and fixed and floating interest payment obligations in two different currencies.

Forward rate agreements are contracts fixing an interest rate to be paid or received on a notional amount of specified maturity commencing at a specified future date.

Foreign exchange forward contracts are commitments to purchase or sell foreign currencies for delivery at a specified date in the future at a fixed rate.

Futures are future commitments to purchase or deliver a commodity or financial instrument on a specified future date at a specified price. Futures are traded in standardized amounts on organized exchanges and are subject to daily cash margining.

Options are agreements between two parties in which the writer of the option grants the buyer the future right, but not the obligation, to buy or to sell, at or by a specified date, a specific amount of a financial instrument at a price agreed when the option is arranged. The writer receives a premium for selling this instrument.

The Bank also transacts equity, commodity and credit derivatives in both the exchange and over-the-counter markets.

Notional principal amounts, upon which payments are based, are not indicative of the credit risk associated with derivative financial instruments.

Over-the-counter and exchange traded derivative financial instruments

(billions of dollars)	Trading					
Notional principal	Over-the-counter	Exchange traded	Total	Non-trading	**2000 Total**	1999 Total
Interest rate contracts						
Futures	$ –	$ 140.7	$ 140.7	$ –	**$ 140.7**	$ 105.1
Forward rate agreements	72.1	–	72.1	7.5	**79.6**	57.2
Swaps	500.9	–	500.9	104.2	**605.1**	467.2
Options written	38.7	–	38.7	.2	**38.9**	38.8
Options purchased	32.9	–	32.9	13.8	**46.7**	38.2
Foreign exchange contracts						
Forward contracts	329.3	–	329.3	18.4	**347.7**	263.5
Swaps	6.8	–	6.8	–	**6.8**	6.8
Cross-currency interest rate swaps	62.0	–	62.0	8.9	**70.9**	59.1
Options written	13.8	–	13.8	–	**13.8**	6.8
Options purchased	11.4	–	11.4	–	**11.4**	7.2
Other contracts[1]	50.7	10.9	61.6	6.5	**68.1**	34.5
Total	$ 1,118.6	$ 151.6	$ 1,270.2	$ 159.5	**$ 1,429.7**	$ 1,084.4

[1] Includes equity, commodity and credit derivatives.

Derivative financial instruments by term to maturity

(billions of dollars)	Remaining term to maturity					
Notional principal	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	**2000 Total**	1999 Total
Interest rate contracts						
Futures	$ 106.2	$ 34.4	$ .1	$ –	**$ 140.7**	$ 105.1
Forward rate agreements	76.6	3.0	–	–	**79.6**	57.2
Swaps	342.1	105.4	59.3	98.3	**605.1**	467.2
Options written	8.1	20.9	5.1	4.8	**38.9**	38.8
Options purchased	24.5	14.4	5.8	2.0	**46.7**	38.2
Foreign exchange contracts						
Forward contracts	332.2	14.6	.5	.4	**347.7**	263.5
Swaps	.7	1.4	1.3	3.4	**6.8**	6.8
Cross-currency interest rate swaps	10.3	25.8	10.9	23.9	**70.9**	59.1
Options written	8.3	4.7	.7	.1	**13.8**	6.8
Options purchased	10.7	.6	.1	–	**11.4**	7.2
Other contracts[1]	28.6	15.3	13.9	10.3	**68.1**	34.5
Total	$ 948.3	$ 240.5	$ 97.7	$ 143.2	**$ 1,429.7**	$ 1,084.4

[1] Includes equity, commodity and credit derivatives.

The Bank is exposed to market risk as a result of price volatility in the derivatives and cash markets relating to movements in interest rates, foreign exchange rates, equity prices and credit spreads. This risk is managed by senior officers responsible for the Bank's trading business and is monitored separately by the Bank's Risk Management Division.

The estimated fair value of exchange traded derivative financial instruments is based on quoted market rates plus or minus daily margin settlements. This results in minimal fair values as these instruments are effectively settled on a daily basis. The estimated fair value of over-the-counter derivative financial instruments is determined using valuation models that incorporate prevailing market rates and prices on underlying instruments with similar maturities and characteristics. The fair value of over-the-counter derivative financial instruments also reflects the impact of valuation adjustments which recognize the need to cover market, liquidity and credit risks, as well as the cost of capital and administrative expenses over the life of the contract.

Fair value of derivative financial instruments

(millions of dollars)				2000		1999
	Average[1] fair value for the year		Year-end fair value		Year-end fair value	
	Positive	Negative	Positive	Negative	Positive	Negative
Derivative financial instruments held or issued for trading purposes:						
Interest rate contracts						
Forward rate agreements	$ 11	$ 9	$ 8	$ 12	$ 16	$ 13
Swaps	4,766	4,018	3,974	3,337	5,007	3,950
Options written	–	168	–	336	–	436
Options purchased	352	–	274	–	357	–
Total interest rate contracts	5,129	4,195	4,256	3,685	5,380	4,399
Foreign exchange contracts						
Forward contracts	3,111	2,576	5,047	4,236	1,147	1,575
Swaps	255	159	226	271	242	102
Cross-currency interest rate swaps	2,071	2,318	3,048	3,478	1,854	1,750
Options written	–	57	–	90	–	48
Options purchased	88	–	106	–	79	–
Total foreign exchange contracts	5,525	5,110	8,427	8,075	3,322	3,475
Other contracts[2]	978	829	1,575	1,042	949	599
Fair value – trading	$ 11,632	$ 10,134	$ 14,258	$ 12,802	$ 9,651	$ 8,473
Derivative financial instruments held or issued for non-trading purposes:						
Interest rate contracts						
Forward rate agreements			$ 2	$ 2	$ –	$ –
Swaps			689	610	474	173
Options written			–	–	–	–
Options purchased			26	–	–	–
Total interest rate contracts			717	612	474	173
Foreign exchange contracts						
Forward contracts			1,068	788	758	774
Swaps			–	–	–	–
Cross-currency interest rate swaps			237	171	282	128
Total foreign exchange contracts			1,305	959	1,040	902
Other contracts[2]			101	5	5	1
Fair value – non-trading			2,123	1,576	1,519	1,076
Total fair value			$ 16,381	$ 14,378	$ 11,170	$ 9,549

[1] The average fair value of trading derivative financial instruments for the year ended October 31, 1999 was: Positive $10,230 million and Negative $9,124 million. Averages are calculated on a monthly basis.
[2] Includes equity, commodity and credit derivatives.

Credit risk on derivative financial instruments is the risk of a financial loss occurring as a result of a default of a counterparty on its obligation to the Bank. The treasury credit area is responsible for the implementation of and compliance with credit policies established by the Bank for the management of derivative credit exposures.

On the following schedule, the current replacement cost, which is the positive fair value of all outstanding derivative financial instruments, represents the Bank's maximum derivative credit exposure. The credit equivalent amount is the sum of the current replacement cost and the potential future exposure, which is calculated by applying factors supplied by the Office of the Superintendent of Financial Institutions Canada to the notional principal amount of the instruments. The risk-weighted amount is determined by applying standard measures of counterparty credit risk to the credit equivalent amount.

Credit exposure of derivative financial instruments at year end

(millions of dollars)	2000			1999		
	Current replace-ment cost[1]	**Credit equivalent amount**	**Risk-weighted amount**	Current replace-ment cost[1]	Credit equivalent amount	Risk-weighted amount
Interest rate contracts						
Forward rate agreements	**$ 10**	**$ 25**	**$ 5**	$ 16	$ 25	$ 6
Swaps	**4,616**	**6,844**	**1,647**	5,481	7,349	1,806
Options purchased	**290**	**421**	**106**	336	429	110
Total interest rate contracts	**4,916**	**7,290**	**1,758**	5,833	7,803	1,922
Foreign exchange contracts						
Forward contracts	**5,991**	**9,577**	**2,501**	1,840	4,472	1,223
Swaps	**226**	**622**	**201**	242	568	177
Cross-currency interest rate swaps	**3,273**	**7,004**	**1,646**	2,136	5,311	1,292
Options purchased	**67**	**206**	**58**	47	154	53
Total foreign exchange contracts	**9,557**	**17,409**	**4,406**	4,265	10,505	2,745
Other contracts[2]	**1,189**	**5,835**	**1,697**	918	3,527	1,263
Total derivative financial instruments	**$ 15,662**	**$ 30,534**	**$ 7,861**	$ 11,016	$ 21,835	$ 5,930
Less impact of master netting agreements and collateral	**7,847**	**12,011**	**3,200**	5,419	8,746	2,327
	$ 7,815	**$ 18,523**	**$ 4,661**	$ 5,597	$ 13,089	$ 3,603

[1] Exchange traded instruments and forward foreign exchange contracts maturing within 14 days are excluded in accordance with the guidelines of the Office of the Superintendent of Financial Institutions Canada. The total positive fair value of the excluded contracts at October 31, 2000 was $719 million (1999 – $154 million).
[2] Includes equity, commodity and credit derivatives.

NOTE 15 Contingent liabilities and commitments

(a) In the normal course of business, the Bank enters into various off-balance sheet commitments and contingent liability contracts.

The credit instruments reported below represent the maximum amount of additional credit that the Bank could be obligated to extend should the contracts be fully utilized.

Credit instruments

(millions of dollars)	**2000**	1999
Guarantees and standby letters of credit	**$ 7,106**	$ 7,084
Documentary and commercial letters of credit	**1,173**	1,329
Commitments to extend credit[1]		
Original term to maturity of one year or less	**54,756**	20,977
Original term to maturity of more than one year	**28,412**	29,731
	$ 91,447	$ 59,121

[1] Consists of unused portions of commitments to extend credit in the form of loans, customers' liability under acceptances, guarantees and letters of credit.

(b) The premises and equipment net rental expense charged to net income for the year ended October 31, 2000 was $391 million (1999 – $305 million).

The Bank has obligations under long-term non-cancellable leases for premises and equipment. Future minimum operating lease commitments for equipment where the annual rental is in excess of $100 thousand and for premises are as follows:

(millions of dollars)	
2001	$ 302
2002	266
2003	215
2004	167
2005	134
2006 and thereafter	386
	$ 1,470

(c) The Bank and its subsidiaries are involved in various legal actions in the ordinary course of business, many of which are loan-related. In management's opinion, the ultimate disposition of these actions, individually or in the aggregate, will not have a material adverse effect on the financial condition of the Bank.

(d) In the ordinary course of business, securities and other assets are pledged against liabilities. As at October 31, 2000 securities and other assets with a carrying value of $24 billion (1999 – $32.5 billion) were pledged in respect of securities sold short or under repurchase agreements. In addition, as at October 31, 2000, assets with a carrying value of $3 billion (1999 – $3.5 billion) were deposited for the purposes of participation in clearing and payment systems and depositories or to have access to the facilities of central banks in foreign jurisdictions, or as security for contract settlements with derivative exchanges or other derivative counterparties.

(e) In the ordinary course of business, the Bank agrees to lend unpaid customer securities, or its own securities, to borrowers on a fully collateralized basis. Securities lent at October 31, 2000 amounted to $.8 billion (1999 – $1 billion).

NOTE 16 Concentration of credit risk

Concentration of credit risk exists where a number of borrowers or counterparties are engaged in similar activities, are located in the same geographic area or have comparable economic characteristics. Their ability to meet contractual obligations may be similarly affected by changing economic, political or other conditions. Management considers the following concentrations to be within acceptable limits.

On-balance sheet assets

Of the total loans outstanding at September 30, 2000, 74% were to borrowers in Canada, with the largest concentration in Ontario (44%), and 18% to borrowers in the United States. At September 30, 1999, loan concentration was 71% in Canada (including 39% in Ontario) and 21% in the United States. No single industry segment accounted for more than 5% of the total loans and customers' liability under acceptances.

Off-balance sheet financial instruments

(a) Credit instruments

At October 31, 2000, the Bank had commitments and contingent liability contracts in the amount of $91,447 million (1999 – $59,121 million). Included are commitments to extend credit totalling $83,168 million (1999 – $50,708 million), of which approximately 45% of the credit risk was in Canada (1999 – 37%), 42% in the United States (1999 – 50%), and 7% in the United Kingdom (1999 – 7%). Of the commitments to extend credit, approximately 34% of the industry concentration related to financial institutions (1999 – 26%), 13% related to utilities (1999 – 11%), 12% related to telecommunications and cable (1999 – 10%), 6% related to government (1999 – 8%), and 5% related to oil and gas (1999 – 5%). No other industry segment exceeded 5% of the total.

(b) Derivative financial instruments

At October 31, 2000, the current replacement cost of derivative financial instruments amounted to $15,662 million (1999 – $11,016 million). Based on the location of the ultimate counterparty, 30% of this credit risk amount related to Europe excluding the United Kingdom (1999 – 30%), 27% to the United States (1999 – 25%), 24% to Canada (1999 – 29%), and 11% to the United Kingdom (1999 – 9%). The largest concentration by counterparty type was with financial institutions, which accounted for 84% of the total (1999 – 81%). No other industry segment exceeded 5% of the total.

NOTE 17 Segmented information

The Bank's operations and activities are organized around the following businesses: TD Canada Trust, TD Waterhouse, TD Asset Management and TD Securities. Residual unallocated revenues and expenses are included in Other.

TD Canada Trust provides financial services to consumers and small and medium-sized businesses. TD Waterhouse provides global discount brokerage services. TD Asset Management provides investment management services to institutional and retail investors.

TD Securities provides a full range of services, including investment banking, merchant banking, mergers and acquisitions, fixed income, foreign exchange, derivative products, high yield, money market, equities, and corporate banking.

Results of each segment reflect revenues, expenses, assets and liabilities generated by the businesses in that segment. Transfer pricing of funds sold or purchased, and of commissions for services provided are generally at market rates. The Bank measures the performance of each segment based on net income and return on equity.

Results by business segment

(millions of dollars)	TD Canada Trust	TD Waterhouse	TD Asset Management	TD Securities	Other	Total
2000						
Net interest income (on a taxable equivalent basis)	**$ 3,025**	**$ 538**	**$ 22**	**$ 428**	**$ (209)**	**$ 3,804**
Provision for credit losses	**270**	**–**	**–**	**210**	**–**	**480**
Other income	**2,021**	**1,746**	**272**	**2,295**	**66**	**6,400**
Non-interest expenses excluding non-cash goodwill/intangible amortization and restructuring costs	**3,309**	**1,679**	**124**	**1,189**	**6**	**6,307**
Restructuring costs	**–**	**–**	**–**	**–**	**475**	**475**
Income before provision for income taxes and non-controlling interest	**1,467**	**605**	**170**	**1,324**	**(624)**	**2,942**
Provision for income taxes (on a taxable equivalent basis)	**620**	**250**	**77**	**546**	**(375)**	**1,118**
Non-controlling interest in net income of subsidiaries	**–**	**36**	**–**	**–**	**41**	**77**
Net income – cash basis	**847**	**319**	**93**	**778**	**(290)**	**1,747**
Non-cash goodwill/intangible amortization, net of tax	**673**	**45**	**4**	**–**	**–**	**722**
Net income – accrual basis	**$ 174**	**$ 274**	**$ 89**	**$ 778**	**$ (290)**	**$ 1,025**
Total assets	**$ 104,900**	**$ 23,600**	**$ 4,100**	**$ 123,600**	**$ 8,618**	**$ 264,818**
1999						
Net interest income (on a taxable equivalent basis)	$ 2,088	$ 308	$ 22	$ 806	$ (51)	$ 3,173
Provision for credit losses	103	–	–	76	96	275
Other income	1,118	1,897	181	1,595	18	4,809
Gain on sale of TD Waterhouse Group, Inc.	–	1,122	–	–	–	1,122
Non-interest expenses excluding non-cash goodwill/intangible amortization	2,231	1,094	105	1,028	59	4,517
Income before provision for income taxes and non-controlling interest	872	2,233	98	1,297	(188)	4,312
Provision for income taxes (on a taxable equivalent basis)	374	451	44	550	(137)	1,282
Non-controlling interest in net income of subsidiaries	–	5	–	–	–	5
Net income – cash basis	498	1,777	54	747	(51)	3,025
Non-cash goodwill/intangible amortization, net of tax	2	42	–	–	–	44
Net income – accrual basis	$ 496	$ 1,735	$ 54	$ 747	$ (51)	$ 2,981
Total assets	$ 60,800	$ 18,300	$ 4,700	$ 122,200	$ 8,417	$ 214,417
1998						
Net interest income (on a taxable equivalent basis)	$ 2,151	$ 202	$ 11	$ 1,024	$ (248)	$ 3,140
Provision for credit losses	158	–	–	92	200	450
Other income	978	726	166	1,211	116	3,197
Non-interest expenses excluding non-cash goodwill/intangible amortization	2,163	702	84	978	(33)	3,894
Income before provision for income taxes	808	226	93	1,165	(299)	1,993
Provision for income taxes (on a taxable equivalent basis)	350	93	43	492	(168)	810
Net income – cash basis	458	133	50	673	(131)	1,183
Non-cash goodwill/intangible amortization, net of tax	–	62	–	–	–	62
Net income – accrual basis	$ 458	$ 71	$ 50	$ 673	$ (131)	$ 1,121

Geographic distribution of revenue

The Bank earns revenue in Canada, the United States and other international locations. Reporting is based on the geographic location of the unit responsible for recording the revenue.

Revenue (on a taxable equivalent basis)

(millions of dollars)	2000	1999	1998
Canada	$ 6,948	$ 4,772	$ 4,531
United States	2,590	2,752	1,377
Other international	666	458	429
Total[1]	$ 10,204	$ 7,982	$ 6,337

[1] Excludes gain on sale of TD Waterhouse Group, Inc. in 1999.

NOTE 18 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 cash for the acquisition was obtained as follows:

(millions of dollars)	
Issue of common shares	$ 700
Issue of preferred shares	410
Issue of trust units of subsidiary	900
Issue of subordinated notes	750
Wholesale deposits	5,263
Less: fees and expenses	(25)
Total	$ 7,998

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.

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
Securities purchased under resale agreements	1,219
Securities	14,082
Loans	28,352
Intangible assets	
Core deposit intangibles	2,264
Other identifiable intangibles	4,596
Other assets	2,807
Assets held for sale	2,012
	56,163
Less liabilities assumed and non-controlling interest in subsidiaries	
Deposits	41,414
Obligations related to securities sold short	230
Obligations related to securities sold under repurchase agreements	1,099
Other liabilities	2,928
Future tax liability on intangibles	2,950
Subordinated debentures	350
Non-controlling interest in subsidiaries	375
	49,346
Fair value of identifiable net assets acquired	6,817
Goodwill	1,181
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. Intangible assets are being amortized on a double declining basis over eight years, based upon their estimated useful lives.

Following the acquisition of CT, the Bank determined that it was necessary to restructure the combined operations. Pre-tax restructuring costs of $475 million were recorded in the second quarter of fiscal 2000. 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 in restructuring costs, an amount of $253 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 $146 million have been recognized as part of the restructuring costs. The remainder of the restructuring costs of $76 million relates to expenses directly related to the restructuring, primarily for professional advisory and consulting fees. As at October 31, 2000, the unutilized balance of $327 million as shown below was included in other liabilities in the consolidated balance sheet. The Bank expects the restructuring to be substantially completed by the end of fiscal 2002.

(millions of dollars)	Human Resources	Real Estate	Technology	Other	Total
Restructuring costs	$ 253	$ 146	$ 50	$ 26	$ 475
Amount utilized during the year	114	4	21	9	148
Balance at end of year	$ 139	$ 142	$ 29	$ 17	$ 327

The following unaudited supplemental pro forma information has been prepared to give effect to the CT acquisition as if it had occurred on November 1, 1998.

Unaudited pro forma combined results of operations

(millions of dollars)	**2000**	1999
Net interest income	**$ 3,620**	$ 3,884
Provision for credit losses	**(523)**	(440)
Other income	**6,658**	5,771
Gain on sale of TD Waterhouse Group, Inc.	**–**	1,122
Non-interest expenses excluding goodwill amortization	**(7,923)**	(8,031)
Net income before provision for income taxes and non-controlling interest in net income of subsidiaries	**1,832**	2,306
Provision for income taxes	**(429)**	(260)
Non-controlling interest in net income of subsidiaries	**(102)**	(70)
Net income before goodwill amortization	**1,301**	1,976
Goodwill amortization, net of tax	**(167)**	(160)
Net income	**1,134**	1,816
Preferred dividends	**(64)**	(64)
Net income applicable to common shares – including goodwill amortization	**$ 1,070**	$ 1,752
– excluding goodwill amortization	**$ 1,237**	$ 1,912
Earnings per common share – including goodwill amortization	**$ 1.72**	$ 2.83
– excluding goodwill amortization	**1.99**	3.08

NOTE 19 TD Waterhouse Group, Inc.

During 1999 TD Waterhouse Group, Inc. (TD Waterhouse), an indirect wholly-owned subsidiary of the Bank, completed an initial public offering of 43.4 million shares of its common stock in Canada, the United States and internationally, at a price of US$24 per share, for total gross proceeds of US$1,042 million. As a result of the offering, the Bank holds approximately 88.6% of the outstanding shares of common stock of TD Waterhouse. A gain of $1,122 million was realized by the Bank in respect of the shares sold. The gain realized was not subject to income taxes as the public offering was effected by TD Waterhouse issuing new shares from treasury.

TD Waterhouse is a global discount broker which provides investing services and related financial products through a variety of delivery channels including the internet and other electronic channels as well as an extensive network of branches and service centres.

NOTE 20 Reconciliation of Canadian and United States generally accepted accounting principles

The consolidated financial statements of the Bank are prepared in accordance with accounting principles generally accepted in Canada, including the accounting requirements of the Superintendent of Financial Institutions Canada (Canadian GAAP).

Differences at October 31 between Canadian GAAP and accounting principles generally accepted in the United States (U.S. GAAP) are described below.

Net income

(millions of dollars)	**2000**	1999	1998
Net income based on Canadian GAAP	**$ 1,025**	$ 2,981	$ 1,121
Stock-based compensation	**(89)**	(130)	(13)
Post-employment and post-retirement benefits	**(12)**	(11)	(8)
Restructuring costs	**216**	–	–
Gains on loan securitizations	**26**	9	26
Non-controlling interest in TD Mortgage Investment Corporation	**(12)**	(12)	(11)
Future tax rate reductions	**(54)**	–	–
Other	**(5)**	–	–
Net income based on U.S. GAAP	**1,095**	2,837	1,115
Preferred dividends	**44**	31	34
Net income applicable to common shares based on U.S. GAAP	**$ 1,051**	$ 2,806	$ 1,081
Basic and diluted earnings per common share – U.S. GAAP	**$ 1.69**	$ 4.68	$ 1.82
– Canadian GAAP	**1.56**	4.90	1.81

Consolidated statement of comprehensive income

(millions of dollars)	**2000**	1999	1998
Net income based on U.S. GAAP	**$ 1,095**	$ 2,837	$ 1,115
Other comprehensive income			
Change in net unrealized gains on available for sale securities, net of income taxes	**246**	(35)	(110)
Change in unrealized foreign currency translation gains and losses, net of income taxes	**2**	(149)	270
Comprehensive income	**$ 1,343**	$ 2,653	$ 1,275

Condensed consolidated balance sheet

(millions of dollars)	2000			1999		
	Canadian GAAP	Adjustments	U.S. GAAP	Canadian GAAP	Adjustments	U.S. GAAP
Assets						
Cash resources	$ 4,187	$ –	$ 4,187	$ 6,226	$ –	$ 6,226
Securities purchased under resale agreements	13,974	–	13,974	25,708	–	25,708
Securities						
Investment	27,090	796	27,886	18,029	394	18,423
Trading	58,297	–	58,297	51,064	–	51,064
Loans	120,721	200	120,921	87,485	200	87,685
Goodwill and intangible assets from business combinations	7,835	71	7,906	909	–	909
Other assets	32,714	–	32,714	24,996	(12)	24,984
Total assets	$ 264,818	$ 1,067	$ 265,885	$ 214,417	$ 582	$ 214,999
Liabilities						
Deposits	$ 185,808	$ –	$ 185,808	$ 140,386	$ –	$ 140,386
Other liabilities	60,121	623	60,744	58,946	507	59,453
Subordinated notes and debentures	4,883	–	4,883	3,217	–	3,217
Non-controlling interest in subsidiaries	1,656	350	2,006	335	350	685
Total liabilities	252,468	973	253,441	202,884	857	203,741
Shareholders' equity						
Preferred shares	1,251	(350)	901	833	(350)	483
Common shares	2,060	–	2,060	2,006	–	2,006
Retained earnings	9,039	(287)	8,752	8,694	(408)	8,286
Accumulated other comprehensive income						
Net unrealized gains on available for sale securities	–	496	496	–	250	250
Foreign currency translation adjustments	–	235	235	–	233	233
Total shareholders' equity	12,350	94	12,444	11,533	(275)	11,258
Total liabilities and shareholders' equity	$ 264,818	$ 1,067	$ 265,885	$ 214,417	$ 582	$ 214,999

Stock-based compensation

During 1997, the Bank's employee stock option plan administration was modified to allow option holders to elect to receive cash for the options equal to their intrinsic value, being the difference between the option exercise price and the current market value of the shares. In accounting for stock options with this feature, U.S. GAAP requires expensing the annual change in the intrinsic value of the stock options. For options that have not fully vested, the change in intrinsic value is amortized over the remaining vesting period. Under Canadian GAAP, no expenses are recorded and cash payments to option holders are charged to retained earnings on a net of tax basis.

Post-employment and post-retirement benefits

U.S. GAAP requires the accrual of the cost of post-employment and post-retirement benefits other than pensions. Under current Canadian GAAP, the costs are expensed as paid.

Restructuring costs

Under Canadian GAAP, restructuring costs may be accrued as a liability provided that a restructuring plan detailing all significant actions to be taken has been approved by an appropriate level of management, and significant changes to the plan are not likely. U.S. GAAP requires that restructuring costs related to an acquired company be included as a liability in the allocation of the purchase price, thereby increasing goodwill. U.S. GAAP also requires that all restructuring costs be incurred within one year of a restructuring plan's approval by management and that all employees to be involuntarily terminated be notified of their termination benefit arrangement. In accordance with U.S. GAAP, restructuring costs of $55 million after tax have been recognized during the year. The restructuring costs under Canadian GAAP amounted to $271 million after tax.

Gains on loan securitizations

U.S. GAAP requires gains on loan securitizations to be recognized immediately. Under Canadian GAAP, gains are recognized only when received in cash by the Bank.

Non-controlling interest

Under U.S. GAAP, preferred shares of the Bank's subsidiary, TD Mortgage Investment Corporation, are presented as a non-controlling interest on the consolidated balance sheet, and the net income applicable to the non-controlling interest is presented separately on the consolidated statement of income. Under Canadian GAAP, these preferred shares are included within the total preferred shares presented on the consolidated balance sheet.

Future tax rate reductions

Under Canadian GAAP, the federal income tax rate reduction of 1% effective January 1, 2001 is considered substantively enacted. Under U.S. GAAP, this rate change does not impact the measurement of tax balances until it is passed into law.

Net unrealized gains on investment securities

Under U.S. GAAP, the Bank accounts for all investment account securities as "available for sale" and reports them at estimated fair value with unrealized gains and losses reported net of taxes in other comprehensive income, a separate component of shareholders' equity. Under Canadian GAAP, investment account securities are carried at cost or amortized cost, with gains or losses only recognized when sold.

Foreign currency translation adjustments

U.S. GAAP requires foreign currency translation adjustments arising from subsidiaries where the functional currency is other than the Canadian dollar be presented net of taxes in other comprehensive income, a separate component of shareholders' equity. Under Canadian GAAP, foreign currency translation adjustments are presented in retained earnings.

NOTE 21 Future accounting changes

The effective dates noted below are the dates on which new accounting standards must be implemented. Earlier implementation is permitted and the Bank will assess each standard separately to determine the year of adoption.

Employees' future benefits

A new accounting standard has been issued in Canada effective for fiscal 2001. The standard will require recognition, on an accrual basis, of the cost of all benefits that will be paid to or on behalf of employees, including post-retirement benefits, post-employment benefits, compensated absences and termination benefits. Current methods permit the recognition of the related expense (other than pension expense) on a cash basis rather than an accrual basis. The total unrecognized liability for these benefits is estimated to be approximately $137 million after tax. The standard permits the change to be accounted for retroactively through retained earnings or prospectively through an annual charge to income over the average remaining service life of the employee group. The Bank intends to implement the new standard retroactively in fiscal 2001.

Derivative instruments and hedging activities

A new U.S. accounting standard on derivative instruments and hedging activities is effective for fiscal 2001. The standard requires that all derivative instruments be reported on the consolidated balance sheet at their fair values, with changes in the fair value for derivatives that are not hedges reported through the consolidated statement of income. The changes in the fair value of derivatives that are hedges will be reported either through the consolidated statement of comprehensive income until the hedged item is recognized in earnings, or through the consolidated statement of income, depending on the nature of the hedge. The changes recommended by this standard are currently being reviewed to determine their impact on the Bank. The Bank intends to implement the new standard in fiscal 2001 for the purposes of determining income under U.S. GAAP.

Business combinations

New, harmonized proposals on accounting for business combinations were issued in Canada and the United States in 1999. Under these proposals, all business combinations occurring after the effective date will be accounted for by the purchase method, and the pooling of interests method of accounting will no longer be permitted. If the new standards are adopted without modification, the accounting requirements for business combinations will be the same in Canada and the U.S., thereby eliminating a significant difference between current Canadian and U.S. GAAP. The portion of the proposed Canadian standard which permits the presentation of net income excluding goodwill amortization was made effective for fiscal 1999 onwards. The U.S. proposal permitting a similar treatment for U.S. GAAP is not yet effective.

Accounting for transfers and servicing of financial assets and extinguishments of liabilities

A new U.S. accounting standard on accounting for transfers and servicing of financial assets and extinguishments of liabilities is effective for fiscal 2001. The standard establishes rules for distinguishing whether a transfer constitutes a sale or a financing transaction. It revises the accounting and disclosure requirements for securitizations and other transfers of financial assets and collateral. Although the impact of this new standard on the Bank has not yet been determined it is not expected to be material as the new standard carries forward most of the provisions of the previous accounting standard governing such transactions.

NOTE 22 Subsequent events

On November 7, 2000, the Bank announced the proposed acquisition of the shares of Newcrest Holdings Inc. for $224 million, payable by means of Bank shares and cash at closing which is expected in the first quarter of 2001, subject to regulatory approval. The transaction will be accounted for using the purchase method. Goodwill resulting from the transaction will be amortized on a straight-line basis over the expected period of benefit of 10 years.

On November 8, 2000, the Bank announced the proposed acquisition of The Canada Life Assurance Company's property and casualty business, in an exchange of assets which will result in a net cash payment of $75 million by the Bank.

Principal subsidiaries

(millions of dollars)		
Canadian	Head office	Book value of all shares owned by the Bank
Commercial Mortgage Origination Company of Canada	Toronto, Canada	$ 13
CT Credit Corporation	Toronto, Canada	330
CT Financial Assurance Company	Toronto, Canada	
Meloche Monnex Inc.	Montreal, Canada	
Meloche Monnex Insurance & Financial Services Inc.	Montreal, Canada	
Security National Insurance Company	Montreal, Canada	
TD General Insurance Company	Toronto, Canada	
CT Financial Services Inc.	Toronto, Canada	7,965
Canada Trustco Mortgage Company	London, Canada	
Canada Trust Bank - N.V.	Amsterdam, The Netherlands	
Canada Trustco International Limited	Bridgetown, Barbados	
CT Corporate Services Inc.	Toronto, Canada	
The Canada Trust Company	London, Canada	
Truscan Property Corporation	Toronto, Canada	
TD Mortgage Corporation	Toronto, Canada	
TD Pacific Mortgage Corporation	Toronto, Canada	
TD Trust Company	Toronto, Canada	
CT North and South America Inc.	Toronto, Canada	308
First Nations Bank of Canada (89%)	Walpole Island, Canada	8
TD Asset Finance Corp.	Toronto, Canada	–
TD Asset Management Inc.	Toronto, Canada	2
TD Capital Group Limited	Toronto, Canada	347
TD Capital Canadian Private Equity Partners Ltd.	Toronto, Canada	–
TD Direct Insurance Inc.	Toronto, Canada	10
TD Futures Inc.	Toronto, Canada	–
TD Investment Management Inc.	Toronto, Canada	–
TD MarketSite Inc.	Toronto, Canada	–
TD Mortgage Investment Corporation	Calgary, Canada	88
TD Nordique Inc.	Vancouver, Canada	292
TD Realty Limited	Toronto, Canada	77
TD Securities Inc.	Toronto, Canada	160
Toronto Dominion Life Insurance Company	Toronto, Canada	10

Unless otherwise noted, the Bank, either directly or through its subsidiaries, owns 100% of the issued and outstanding voting shares of the companies listed. Each subsidiary is incorporated in the country in which its head office is located.

(millions of dollars)		
United States	Head office	Book value of all shares owned by the Bank
Toronto Dominion Holdings (U.S.A.), Inc.	Houston, U.S.A.	$ 583
TD Securities (USA) Inc.	New York, U.S.A.	
Toronto Dominion Capital (U.S.A.), Inc.	New York, U.S.A.	
Toronto Dominion Investments, Inc.	Houston, U.S.A.	
Toronto Dominion (New York), Inc.	New York, U.S.A.	
Toronto-Dominion (Texas), Inc.	Houston, U.S.A.	
TD Waterhouse Holdings, Inc.	New York, U.S.A.	1,659
CTUSA, Inc.	Rochester, U.S.A.	
CTUSA, F.S.B.	Florida, U.S.A.	
TD Waterhouse Bank, N.A.	New Jersey, U.S.A.	
Waterhouse Mortgage Services, Inc.	New Jersey, U.S.A.	
TD Waterhouse Group, Inc. (88.6%)[1]	New York, U.S.A.	
Marketware International, Inc.	New Jersey, U.S.A.	
National Investor Services Corp.	New York, U.S.A.	
TD Waterhouse Advertising, Inc.	New York, U.S.A.	
TD Waterhouse Asset Management, Inc.	New York, U.S.A.	
TD Waterhouse European Acquisition Corporation	New York, U.S.A.	
TD Waterhouse Holdings (Australia) Pty Ltd	Sydney, Australia	
TD Waterhouse Investor Services, Inc.	New York, U.S.A.	
TD Waterhouse Investor Services (Canada) Inc.	Toronto, Canada	
TD Waterhouse Investor Services (Hong Kong) Inc.	Toronto, Canada	
TD Waterhouse Investor Services (Hong Kong) Limited	Hong Kong, China	
TD Waterhouse Investor Services (UK) Limited	London, England	
TD Waterhouse Pacific Ltd	Port Louis, Mauritius	
TD Waterhouse Securities Services (Hong Kong) Limited	Hong Kong, China	
Other foreign		
TD Asset Management Limited	London, England	–
TD Capital Canadian Private Equity Partners (Barbados) Ltd.	Bridgetown, Barbados	–
TD Ireland	Shannon, Ireland	200
TD Global Finance	Dublin, Ireland	
Toronto Dominion Australia Limited	Melbourne, Australia	44
Toronto Dominion Securities Pty. Limited	Melbourne, Australia	
Toronto Dominion International Inc.	St. Michael, Barbados	218
TD Reinsurance (Barbados) Inc.	St. Michael, Barbados	
TD Trust (Bermuda) Limited	Hamilton, Bermuda	
Toronto Dominion Investments B.V.	Amsterdam, The Netherlands	790
TD Bank Europe Limited	London, England	
Toronto Dominion Holdings (U.K.) Limited	London, England	
TD Securities Limited	London, England	
Toronto Dominion (South East Asia) Limited	Singapore, Singapore	570

Unless otherwise noted, the Bank, either directly or through its subsidiaries, owns 100% of the issued and outstanding voting shares of the companies listed. Each subsidiary is incorporated in the country in which its head office is located.

[1] TD Waterhouse Group, Inc., either directly or indirectly, owns 100% of the issued and outstanding voting shares of its subsidiaries.

Reported quarterly results

	2000 Quarter ended				1999 Quarter ended			
	October 31	**July 31**	**April 30**	**January 31**	October 31	July 31	April 30	January 31
(millions of dollars)								
Net interest income (TEB)	$ 1,033	$ 959	$ 994	$ 818	$ 804	$ 779	$ 752	$ 838
Provision for credit losses	135	135	135	75	–	25	75	175
Net interest income after credit loss provision	898	824	859	743	804	754	677	663
Other income	1,646	1,632	1,843	1,279	1,046	1,065	1,044	937
Net interest and other income before special gains	2,544	2,456	2,702	2,022	1,850	1,819	1,721	1,600
Special gains	–	–	–	–	758	1,082	–	–
Net interest and other income	2,544	2,456	2,702	2,022	2,608	2,901	1,721	1,600
Non-interest expenses excluding non-cash goodwill/intangible amortization and restructuring costs	1,677	1,623	1,773	1,234	1,192	1,132	1,126	1,058
Restructuring costs	–	–	475	–	–	–	–	–
Net income before provision for income taxes	867	833	454	788	1,416	1,769	595	542
Provision for income taxes (TEB)	333	300	165	320	553	283	237	219
Net income before non-controlling interest in subsidiaries	534	533	289	468	863	1,486	358	323
Non-controlling interest in net income of subsidiaries	22	22	23	10	3	2	–	–
Net income – cash basis[1]	$ 512	$ 511	$ 266	$ 458	$ 860	$ 1,484	$ 358	$ 323
Preferred dividends	16	16	12	12	11	10	11	11
Net income applicable to common shares – cash basis	$ 496	$ 495	$ 254	$ 446	$ 849	$ 1,474	$ 347	$ 312
Non-cash goodwill/intangible amortization, net of tax	257	228	225	12	12	11	10	11
Net income applicable to common shares – accrual basis	$ 239	$ 267	$ 29	$ 434	$ 837	$ 1,463	$ 337	$ 301
Per common share								
Net income – cash basis excluding all special items[2]	$ .80	$ .80	$ .84	$ .72	$ .62	$ .66	$ .58	$ .53
Dividends	.25	.25	.21	.21	.19	.19	.17	.17
Net income – accrual basis	.39	.42	.05	.70	1.37	2.46	.56	.51
Cash return on common shareholders' equity excluding all special items[2]	18.0%	18.1%	19.5%	16.4%	14.9%	18.2%	18.2%	16.0%
(billions of dollars)								
Average earning assets	$ 239	$ 246	$ 251	$ 201	$ 192	$ 190	$ 181	$ 181
Net interest income (TEB) as a % of average earning assets	1.72%	1.55%	1.61%	1.62%	1.66%	1.63%	1.70%	1.84%

[1] For details of cash basis measurements, see table 2 on page 29.
[2] Special gains on the sale of TD Waterhouse Group, Inc. and Knight/Trimark in 1999, and restructuring costs relating to the integration of Canada Trust in 2000.

Ten-year statistical review

(millions of dollars)		2000	1999	1998
Consolidated balance sheet	**Assets**			
	Cash resources	**$ 4,187**	$ 6,226	$ 3,079
	Securities purchased under resale agreements	**13,974**	25,708	12,291
	Securities	**85,387**	69,093	49,719
	Loans	**76,321**	56,002	52,671
	Residential mortgages	**44,400**	31,483	32,255
	Customers' liability under acceptances	**9,812**	9,040	9,948
	Trading derivatives' market revaluation[1]	**14,258**	9,651	12,898
	Goodwill and intangible assets from business combinations	**7,835**	909	958
	Land, buildings, equipment and other assets	**8,644**	6,305	8,012
	Total	**$264,818**	$214,417	$181,831
	Liabilities			
	Deposits – personal	**$ 92,488**	$ 52,774	$ 47,693
	– other	**93,320**	87,612	72,984
	Acceptances	**9,812**	9,040	9,948
	Obligations related to securities sold short	**19,007**	15,044	13,034
	Obligations related to securities sold under repurchase agreements	**8,856**	19,241	8,421
	Trading derivatives' market revaluation[1]	**12,802**	8,473	12,232
	Other liabilities	**9,644**	7,148	5,380
		245,929	199,332	169,692
	Subordinated notes and debentures	**4,883**	3,217	3,606
	Non-controlling interest in subsidiaries	**1,656**	335	–
	Shareholders' equity			
	Capital stock – preferred	**1,251**	833	845
	– common	**2,060**	2,006	1,301
	Retained earnings	**9,039**	8,694	6,387
		12,350	11,533	8,533
	Total	**$264,818**	$214,417	$181,831
Consolidated statement of income[2]	Interest income	**$ 13,675**	$ 10,874	$ 9,997
	Interest expense	**10,070**	7,893	7,056
	Net interest income	**3,605**	2,981	2,941
	Provision for credit losses	**480**	275	450
	Net interest income after credit loss provision	**3,125**	2,706	2,491
	Other income			
	Investment and securities services	**2,613**	1,721	1,217
	Credit fees	**545**	463	403
	Net investment securities gains	**382**	362	386
	Trading income	**1,225**	679	298
	Service charges	**463**	289	283
	Loan securitizations	**236**	94	33
	Card services	**233**	190	180
	Insurance	**198**	65	56
	Other	**505**	229	341
		6,400	4,092	3,197
	Net interest and other income	**9,525**	6,798	5,688
	Special gains[3]	**–**	1,840	–
	Net interest and other income, including special gains	**9,525**	8,638	5,688
	Non-interest expenses			
	Salaries and staff benefits	**3,399**	2,483	2,167
	Occupancy including depreciation	**498**	373	344
	Equipment including depreciation	**561**	395	335
	Restructuring costs	**475**	–	–
	Other	**1,849**	1,257	1,042
	Non-interest expenses excluding non-cash goodwill/intangible amortization	**6,782**	4,508	3,888
	Net income before provision for income taxes	**2,743**	4,130	1,800
	Provision for income taxes	**919**	1,100	617
	Net income before non-controlling interest in subsidiaries	**1,824**	3,030	1,183
	Non-controlling interest in net income of subsidiaries	**77**	5	–
	Net income – cash basis	**1,747**	3,025	1,183
	Preferred dividends	**56**	43	45
	Net income applicable to common shares – cash basis	**$ 1,691**	$ 2,982	$ 1,138
	Non-cash goodwill/intangible amortization, net of tax	**722**	44	62
	Net income applicable to common shares – accrual basis	**$ 969**	$ 2,938	$ 1,076

1997	1996	1995	1994	1993	1992	1991
$ 7,587	$ 5,216	$ 4,351	$ 3,148	$ 1,791	$ 2,523	$ 2,129
23,321	13,063	6,363	2,736	1,537	457	–
33,422	24,224	22,128	19,310	13,140	10,852	7,380
49,260	43,767	39,968	40,945	37,041	35,527	35,591
30,442	28,624	26,327	25,180	24,002	18,252	16,577
7,036	6,411	6,297	4,809	4,166	3,960	5,686
6,489	4,653	6,610	–	–	–	–
522	522	–	–	–	–	–
5,773	3,817	3,301	3,631	3,334	2,562	1,542
$163,852	$130,297	$115,345	$ 99,759	$ 85,011	$ 74,133	$ 68,905
$ 44,044	$ 43,546	$ 41,551	$ 41,181	$ 40,394	$ 30,513	$ 29,661
66,582	44,017	39,580	39,282	27,345	29,178	25,012
7,036	6,411	6,297	4,809	4,166	3,960	5,686
9,640	6,363	6,098	1,604	1,131	551	392
15,199	11,807	3,627	2,033	1,423	599	439
6,485	4,786	6,477	–	–	–	–
4,172	4,353	3,258	2,901	3,357	2,757	2,012
153,158	121,283	106,888	91,810	77,816	67,558	63,202
3,391	2,335	2,404	2,510	2,179	1,560	825
–	–	–	–	–	–	–
546	534	535	397	408	456	496
1,297	1,305	882	879	877	877	877
5,460	4,840	4,636	4,163	3,731	3,682	3,505
7,303	6,679	6,053	5,439	5,016	5,015	4,878
$163,852	$130,297	$115,345	$ 99,759	$ 85,011	$ 74,133	$ 68,905
$ 7,826	$ 7,322	$ 7,266	$ 5,814	$ 5,385	$ 5,229	$ 6,326
5,004	4,855	4,888	3,363	3,122	3,134	4,288
2,822	2,467	2,378	2,451	2,263	2,095	2,038
360	152	180	345	600	543	485
2,462	2,315	2,198	2,106	1,663	1,552	1,553
952	440	267	230	149	90	67
352	312	289	243	178	171	176
329	103	92	32	(60)	1	16
270	186	150	129	119	84	106
268	260	251	240	231	228	220
–	–	–	–	–	–	–
165	150	133	87	109	96	93
42	31	46	26	17	17	11
272	267	233	192	197	170	145
2,650	1,749	1,461	1,179	940	857	834
5,112	4,064	3,659	3,285	2,603	2,409	2,387
–	–	–	–	–	–	–
5,112	4,064	3,659	3,285	2,603	2,409	2,387
1,826	1,452	1,305	1,221	1,061	971	923
313	283	283	276	266	237	215
270	237	216	179	163	154	142
–	–	–	–	140	–	–
917	682	609	533	535	412	356
3,326	2,654	2,413	2,209	2,165	1,774	1,636
1,786	1,410	1,246	1,076	438	635	751
641	496	452	393	163	227	254
1,145	914	794	683	275	408	497
–	–	–	–	–	–	–
1,145	914	794	683	275	408	497
31	32	38	40	29	32	44
$ 1,114	$ 882	$ 756	$ 643	$ 246	$ 376	$ 453
57	–	–	–	–	–	–
$ 1,057	$ 882	$ 756	$ 643	$ 246	$ 376	$ 453

[1] As the information is not reasonably determinable, amounts for years prior to 1995 have not been restated to reflect the separate reporting of trading derivatives' market revaluation.

[2] Commencing in 1997 the Bank adopted cash basis measurements. See table 2 on page 29 for details.

[3] Special gains on the sale of TD Waterhouse Group, Inc. and Knight/Trimark in 1999.

(millions of dollars)			2000	1999	1998
Consolidated statement of changes in shareholders' equity		**Preferred shares**			
		Balance at beginning of year	**$ 833**	$ 845	$ 546
		Proceeds from share issues	**410**	–	350
		Share redemptions	**–**	–	(75)
		Translation adjustment on shares issued in a foreign currency	**8**	(12)	24
		Balance at end of year	**1,251**	833	845
		Common shares			
		Balance at beginning of year	**2,006**	1,301	1,297
		Issued on acquisition of subsidiaries	**41**	–	–
		Proceeds from shares issued for cash	**–**	700	–
		Proceeds from shares issued on exercise of options	**13**	5	4
		Shares purchased for cancellation	**–**	–	–
		Balance at end of year	**2,060**	2,006	1,301
		Retained earnings			
		Balance at beginning of year	**8,694**	6,387	5,460
		Net income	**1,025**	2,981	1,121
		Preferred dividends	**(56)**	(43)	(45)
		Common dividends	**(572)**	(433)	(392)
		Foreign currency translation adjustments, net of income taxes	**2**	(149)	270
		Shares purchased for cancellation	**–**	–	–
		Stock options settled in cash, net of income taxes	**(41)**	(37)	(25)
		Other	**(13)**	(12)	(2)
		Balance at end of year	**9,039**	8,694	6,387
		Total common equity	**11,099**	10,700	7,688
		Total equity	**$ 12,350**	$ 11,533	$ 8,533
Other statistics[1]					
Per common share[2]	1	Net income – cash basis excluding restructuring costs	**$ 3.16**	$ 4.98	$ 1.92
	2	Net income – cash basis excluding special items[3]	**3.16**	2.39	1.92
	3	Dividends	**.92**	.72	.66
	4	Book value	**17.83**	17.25	12.94
	5	Closing market price	**41.95**	33.75	22.95
	6	Closing market price to book value	**2.35**	1.96	1.77
	7	Closing market price appreciation	**24.3%**	47.1%	(11.1)%
	8	Total market return	**27.0**	50.2	(8.6)
Performance ratios	9	Cash return on common shareholders' equity excluding restructuring costs	**18.0%**	34.8%	15.9%
	10	Cash return on common shareholders' equity excluding special items[3]	**18.0**	16.7	15.9
	11	Return on risk-weighted assets – cash basis excluding special items[3]	**1.67**	1.35	1.15
	12	Efficiency ratio[4]	**61.8**	62.6	63.8
	13	Net interest rate margin (TEB)	**1.63**	1.70	1.95
	14	Common dividend payout ratio – cash basis excluding special items[3]	**29.2**	30.3	34.4
	15	Dividend yield[5]	**2.3**	2.1	2.4
	16	Price earnings ratio – cash basis excluding special items[3]	**13.3**	14.1	11.9
Asset quality	17	Net impaired loans as a % of net loans[6]	**(.1)%**	(.3)%	(.3)%
	18	Net impaired loans as a % of common equity	**(1.4)**	(2.4)	(3.4)
	19	Provision for credit losses as a % of net average loans[6]	**.39**	.28	.48
Capital ratios	20	Tier 1 capital to risk-weighted assets	**7.2%**	10.1%	7.2%
	21	Total capital to risk-weighted assets	**10.8**	13.3	11.0
	22	Common equity to total assets	**4.2**	5.0	4.2
Other	23	Number of common shares outstanding (thousands)[2]	**622,616**	620,343	594,238
	24	Market capitalization (millions)	**$ 26,119**	$ 20,937	$ 13,638
	25	Number of employees	**44,798**	30,636	29,236
	26	Number of retail bank outlets[7]	**1,359**	918	931
	27	Number of retail brokerage offices	**292**	269	254
	28	Number of Automated Banking Machines	**2,767**	2,164	2,124

1997	1996	1995	1994	1993	1992	1991
$ 534	$ 535	$ 397	$ 408	$ 456	$ 496	$ 552
–	–	225	234	–	–	75
–	–	(85)	(248)	(48)	(40)	(131)
12	(1)	(2)	3	–	–	–
546	534	535	397	408	456	496
1,305	882	879	877	877	877	877
1	459	–	–	–	–	–
–	–	–	–	–	–	–
21	12	3	2	–	–	–
(30)	(48)	–	–	–	–	–
1,297	1,305	882	879	877	877	877
4,840	4,636	4,163	3,731	3,682	3,505	3,285
1,088	914	794	683	275	408	497
(31)	(32)	(38)	(40)	(29)	(32)	(44)
(335)	(302)	(265)	(238)	(229)	(229)	(229)
120	(8)	(13)	44	26	30	(16)
(222)	(375)	–	–	–	–	–
(6)	–	–	–	–	–	–
6	7	(5)	(17)	6	–	12
5,460	4,840	4,636	4,163	3,731	3,682	3,505
6,757	6,145	5,518	5,042	4,608	4,559	4,382
$ 7,303	$ 6,679	$ 6,053	$ 5,439	$ 5,016	$ 5,015	$ 4,878
$ 1.87	$ 1.48	$ 1.25	$ 1.07	$ .54	$ .62	$ .75
1.87	1.48	1.25	1.07	.41	.62	.75
.56	.50	.44	.39	.38	.38	.38
11.38	10.15	9.16	8.37	7.65	7.57	7.28
25.83	15.68	11.88	10.25	10.50	9.07	9.25
2.27	1.54	1.30	1.22	1.37	1.20	1.27
64.8%	32.0%	15.9%	(2.4)%	15.9%	(2.0)%	20.3%
68.3	36.2	20.1	1.4	20.1	2.1	25.3
17.4%	15.4%	14.3%	13.3%	7.2%	8.4%	10.6%
17.4	15.4	14.3	13.3	5.4	8.4	10.6
1.18	1.06	.99	.90	.40	.62	.76
61.2	61.0	60.2	59.6	59.2	57.6	54.2
2.35	2.53	2.65	2.95	3.14	3.48	3.58
30.0	34.3	35.1	37.0	93.0	60.9	50.5
2.7	3.7	4.0	3.8	4.2	4.1	4.9
13.8	10.6	9.5	9.6	25.7	14.5	12.3
(.1)%	.4%	1.0%	1.0%	1.9%	2.8%	2.3%
(1.2)	5.6	12.8	14.4	26.5	34.8	31.0
.43	.20	.23	.48	.91	.94	.81
6.6%	6.8%	7.4%	6.9%	6.7%	7.4%	7.2%
10.2	9.3	10.3	10.2	9.7	9.9	8.7
4.1	4.9	5.1	5.1	5.4	6.2	6.4
593,892	605,406	602,806	602,402	602,180	602,180	602,180
$ 15,337	$ 9,490	$ 7,158	$ 6,175	$ 6,323	$ 5,459	$ 5,570
28,001	26,815	25,413	25,767	25,603	23,514	24,003
928	961	964	976	978	907	908
198	157	54	41	–	–	–
2,038	1,991	1,966	1,891	1,858	1,663	1,290

[1] Commencing in 1997 the Bank adopted cash basis measurements. See table 2 on page 29 for details.

[2] Adjusted to reflect the one-for-one stock dividend paid on July 31, 1999.

[3] Special gains on the sale of TD Waterhouse Group, Inc. and Knight/Trimark in 1999, and restructuring costs relating to the integration of Canada Trust in 2000.

[4] Efficiency ratio excluding non-cash goodwill/intangible amortization and one-time items.

[5] Dividends paid during the year divided by average of high and low common share prices for the year. Yield for 1994 and prior based on dividends paid in the year divided by the opening stock price.

[6] Includes customers' liability under acceptances.

[7] Includes trust offices.

This section of our report tells you about our Board of Directors and management, and how they oversee TD Bank Financial Group as a whole.

The Board of Directors and TD management have established corporate governance practices that are appropriate for one of the world's leading financial institutions. TD's corporate governance practices comply with The Toronto Stock Exchange's (TSE) Corporate Governance Guidelines.

Board of Directors

The Board of Directors is responsible for overseeing our management and business affairs and makes all major policy decisions for TD (TSE Guideline 1). The Board's objectives are to:

- protect our assets
- assure our viability
- enhance our profitability
- facilitate the development of business
- ensure that our operations are effective.

The Board has established four committees, which you'll find out more about on the following page. The main responsibilities of the Board and its committees are to:

- monitor the effectiveness of our corporate governance practices and approve any changes (TSE Guideline 10)
- approve and oversee the implementation of our strategies (TSE Guideline 1(a))
- set performance goals and monitor results against goals
- approve compensation policies and the compensation of senior officers
- approve operating and capital budgets, as well as specific requests for major capital expenditures
- oversee the identification and management of business risks (TSE Guideline 1(b)). You will find more information about managing risk starting on page 21.
- ensure proper financial reporting and that financial control systems are operating, and approve the quality and sufficiency of information provided to the Directors (TSE Guideline 1(b))
- review and approve internal controls, including management information systems and audit procedures (TSE Guideline 1(e))
- oversee communications with shareholders and other stakeholders, including approving quarterly financial statements, annual financial statements, the Annual Report and the Annual Information Form (Guideline 1(d))
- oversee succession planning and approve succession decisions for senior officers (TSE Guideline 1(c))
- establish our general policies
- perform other tasks required by law.

The Board expects the Chief Executive Officer and other officers to manage all aspects of our business and affairs to achieve our objectives, and rates their performance accordingly. You will find Management's discussion and analysis of our operating performance starting on page 15.

The Board and the committees can choose to meet without management present, and the Board's policy is to do so at least four times a year. In these meetings the chair of the Corporate Governance Committee serves as chair of the meeting in his or her capacity as lead Director (TSE Guideline 12). According to our corporate governance policies, the Board, committees and each Director can retain independent advisors, at TD's expense, on any matter related to TD (TSE Guideline 14).

The majority of members of all TD committees are unrelated to TD (TSE Guideline 13). In addition, TD officers cannot be appointed to the Audit and Risk Management Committee, Corporate Governance Committee or Management Resources Committee (TSE Guideline 9).

Composition and independence of the Board

The table to the right tells you who our individual Directors are and their principal occupation.

Directors are elected to exercise independent judgment on all issues. At least two-thirds of the Directors are both unaffiliated with and unrelated to TD (TSE Guideline 2). The Bank Act requires that at least one third of the Directors be unaffiliated. When we are determining whether a Director is unaffiliated according to the Bank Act, we consider whether the size and importance of the Director's business or other relationships the Director and the Director's spouse have with TD could reasonably result in the perception of a lack of independence for the Director.

The TSE guidelines require a majority of the Directors to be unrelated. According to the guidelines, a Director is unrelated if he or she is independent of management and is free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the Director's ability to act in TD's best interests, other than interests and relationships that arise from shareholding (TSE Guideline 3).

Each Director is accountable to shareholders and to the other Directors. Each Director assesses the effectiveness of the Board and its committees annually.

Board of Directors

A. Charles Baillie
Chairman and Chief Executive Officer
The Toronto-Dominion Bank
Toronto

W. Edmund Clark
President and Chief Operating Officer
The Toronto-Dominion Bank
Toronto

M. Norman Anderson[1]
President
Norman Anderson & Associates Ltd.
Vancouver

G. Montegu Black
Chairman and President
Txibanguan Limited
Mississauga

Eleanor R. Clitheroe
President and Chief Executive Officer
Hydro One Inc.
Toronto

Marshall A. Cohen
Counsel
Cassels Brock & Blackwell
Toronto

Wendy K. Dobson
Professor and Director
Institute for International Business
Joseph L. Rotman School of Management
University of Toronto
Toronto

Henry H. Ketcham
Chairman of the Board, President and Chief Executive Officer
West Fraser Timber Co. Ltd.
Vancouver

Pierre H. Lessard
President and Chief Executive Officer
Metro Inc.
Montréal

Brian F. MacNeill
Chairman
Petro-Canada
Calgary

Roger Phillips
President and Chief Executive Officer
IPSCO Inc.
Regina

Edward S. Rogers
President and Chief Executive Officer
Rogers Communications Inc.
Toronto

Helen K. Sinclair
Chief Executive Officer
BankWorks Trading Inc.
Toronto

Donald R. Sobey
Chairman
Empire Company Limited
Stellarton

Michael D. Sopko
Chairman and Chief Executive Officer
Inco Limited
Toronto

John M. Thompson
Vice Chairman of the Board
IBM Corporation
Armonk

Richard M. Thomson
Former Chairman and Chief Executive Officer
The Toronto-Dominion Bank
Toronto

George W. Watson[1]
Executive Chairman
VerticalBuilder.com Inc.
Calgary

[1] Not standing for re-election on April 5, 2001.

Shareholder inquiries

Our Shareholder Relations department provides information to shareholders and responds to their inquiries. Shareholder inquiries or suggestions are forwarded to the appropriate committee or person. Turn to page 81 to find out how to contact us. We have also appointed an Ombudsman to assist customers who feel that an issue remains unresolved after going through their local branch and divisional offices. The Ombudsman's office provides an independent and impartial review of issues between TD and its customers.

Committees of the Board

The table below tells you about the members and responsibilities of each committee of the Board of Directors.

Committee	Members	Responsibilities
Audit and Risk Management	**Wendy K. Dobson** (Chair) **M. Norman Anderson** **Henry H. Ketcham** **Pierre H. Lessard** **Helen K. Sinclair**	• Reviews TD's audited financial statements before the Board approves them • Evaluates and approves internal control procedures • Reviews any investments and transactions that could adversely affect TD's well-being • Reviews and approves policies and procedures relating to seven of the eight Canada Deposit Insurance Corporation (CDIC) Standards (credit risk management, foreign exchange risk management, interest rate risk management, internal control, liquidity management, real estate appraisals and securities portfolio management) • Monitors TD's risk management performance and regulatory compliance program • Reviews procedures for and approves transactions with related parties to TD, as defined by the Bank Act, and ensures that any transaction that has a material effect on TD's stability or solvency is identified • Reviews, monitors and approves procedures established by the Board to resolve conflict of interest situations and to restrict the use of confidential information • Monitors procedures relating to disclosure of information to TD's customers that is required by the Bank Act • Monitors the functions of TD's Ombudsman The committee meets regularly with the shareholders' auditors, the Superintendent of Financial Institutions Canada and TD's Chief Financial Officer, Chief Auditor and Senior Vice President, Compliance in carrying out its duties (TSE Guideline 13). The responsibilities of the Audit and Risk Management Committee are set out in its Charter.
Corporate Governance	**Marshall A. Cohen** (Chair) **Eleanor R. Clitheroe** **Edward S. Rogers** **Michael D. Sopko** **George W. Watson**	• Responsible for corporate governance issues, including structures and procedures for the independent functioning of the Board (TSE Guideline 10) • Recommends criteria for the composition of the Board and the number of Directors (TSE Guideline 7) • Identifies candidates for Directors and reviews their qualifications • Assesses the contribution of each Director annually (TSE Guideline 5) • Provides an orientation and education program for new Directors (TSE Guideline 6) • Reviews the Directors position description (TSE Guideline 11) • Recommends to the Board a list of Directors for election at the annual meeting and recommends to the Board candidates to fill any vacancies on the Board that occur between annual meetings (TSE Guideline 4) • Considers each Director's annual comments on the effectiveness of the Board and its committees and then proposes modifications to improve the Board and committee functions, and TD's corporate governance practices (TSE Guideline 5)
Executive	**A. Charles Baillie** (Chair) **M. Norman Anderson** **G. Montegu Black** **W. Edmund Clark** **Marshall A. Cohen** **Wendy K. Dobson** **Edward S. Rogers** **John M. Thompson** **Richard M. Thomson** **George W. Watson**	This committee meets on an ad hoc basis, as required. Since the Board has reduced in size, it has become increasingly more effective to discuss matters at full Board meetings that would have previously been discussed at Executive Committee meetings.
Management Resources	**John M. Thompson** (Chair) **G. Montegu Black** **Brian F. MacNeill** **Roger Phillips** **Donald R. Sobey**	• Reviews and approves executive and director compensation policies and practices, and TD's benefit plans (TSE Guideline 8) • Reviews significant organizational changes • Monitors succession planning • Reviews and recommends to the Board candidates for senior officer appointments • Recommends to the Board terms and conditions of any incentive or deferred compensation plan for TD's officers • Reviews executive pension plans and loans to senior officers • Reviews the CEO's position description and objectives (TSE Guideline 11)

Chairman and Chief Executive Officer
A. Charles Baillie
Toronto

President and Chief Operating Officer
W. Edmund Clark[1,2]
Toronto

Vice Chairs:
J. Duncan Gibson
Toronto
Stephen D. McDonald
Toronto
Donald A. Wright
Toronto

Executive Vice Presidents:
T. Christian Armstrong[1,2]
Toronto
Allen W. Bell
Oakville
Jeffrey R. Carney
Toronto
Heather E. Conway
Toronto
T. Bernard Dorval[1,2]
Toronto
Michael A. Foulkes
Toronto
J. David Livingston
Toronto
Robert F. MacLellan
Toronto
Daniel A. Marinangeli
Toronto
Christopher A. Montague[1]
Oakville
Michael P. Mueller
Toronto
Frank Petrilli[1]
Irvington, New York
Thomas R. Spencer
Toronto
Fredric Tomczyk[1,2]
London
Diane E. Walker[1,2]
Toronto

Senior Vice Presidents:

TD Securities
Finance and Operations
Riaz Ahmed[1]
Oakville

Risk Management
Cathy L. Backman
Toronto

TD Canada Trust
GTA Suburban Region
Joan D. Beckett[1,2]
Toronto

TD Securities
High Yield
Peter A. Bethlenfalvy
New York, New York

TD Securities
Corporate Banking
Julian M. Bott[1]
London, England

TD Securities
Corporate Banking
Pierre de G. Boulanger
Singapore

Group Operations
James Breen[1,2]
London

Group Operations
James E. Chamberlain
Oakville

TD Canada Trust
Retail Distribution
Mark R. Chauvin
Burlington

Commercial Banking
Greater Toronto
Area District
E. James Coccimiglio
Pickering

TD Securities
Corporate Banking
John F. Coombs
Toronto

Marketing
Barbara I. Cromb
Toronto

TD Securities
Investment Banking
Ian S. Crowe
Darien, Connecticut

Group Operations
John T. Davies
Mississauga

TD Canada Trust
e.Bank
Suzanne Deuel
Toronto

Commercial Banking
Robin A. Dines
Pickering

TD Canada Trust
Ontario South West Region
Alexandra P. Dousmanis-Curtis
London

TD Waterhouse
Group, Inc.
Kenneth L. Dowd
Manchester, England

TD Economics
Don Drummond[1]
Toronto

Commercial Banking
Western District
Christopher D. Dyrda
Calgary

TD Securities
Fixed Income
Mark E. Faircloth[1,2]
Toronto

Ombudsman
David M. Fisher
Burlington

TD Canada Trust
Branch Services
Gordon E. Forfar
Thornhill

TD Securities
Corporate Banking
Steve H. Fryer
Melbourne, Australia

Group Operations
Stephen L. Gesner
Oakville

TD Canada Trust
Human Resources
Brian J. Haier
Toronto

TD Canada Trust
e.Bank
Robert A. Hamilton
Toronto

Marketing
Janet M. Hawkins[1,2]
Toronto

TD Canada Trust
Core Banking and
Small Business
Timothy D. Hockey[1,2]
London

TD Canada Trust
Central Canada Region
Brian P. Hornung[1,2]
Winnipeg

Compliance
Geoffrey Horrocks
Mississauga

TD Canada Trust
e.Bank
Charles A. Hounsell[1,2]
Lambeth

TD Canada Trust
Finance
Paul W. Huyer
Toronto

TD Securities
Global Foreign Exchange
and Money Markets
Martine M. Irman
Toronto

Finance
Alan J. Jette[1,2]
Toronto

Finance
David E. Kay
Ajax

Commercial Banking
Québec District
Louis Lariviere
Brossard

TD Canada Trust
Québec Region
Robert R. Laverdure
Westmount

TD Wealth Management
Peter H. Lee[1]
Toronto

TD Securities
Derivative Products
Michael W. MacBain
Toronto

TD Securities
Corporate Development
John B. MacIntyre
Toronto

TD Canada Trust
Personal Lending and
Visa
Walter M. Macnee
Toronto

TD Waterhouse
Group, Inc.
Bharat Masrani
London, England

TD Wealth Management
Margo M. McConvey
Mississauga

TD Canada Trust
GTA Central Region
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Toronto

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Burlington

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Mississauga

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Toronto

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Investment Banking
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Rye, New York

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Management Office
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Toronto

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Ontario East Region
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Ontario District
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Oakville

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Toronto

TD Canada Trust
Ontario Central Region
M. Suellen Wiles[1,2]
Mississauga

Group Operations
John W. Wood[1,2]
Komoka

All of the senior officers listed have held management or senior management positions with the Bank for the past five years. The list of senior officers above includes their municipality of residence.

[1] These senior officers have not been with the Bank for the past five years. Each have previously held management or senior management positions with another financial institution, investment counsellor, public relations firm or law firm during the past five years.

[2] Indicates senior officer was previously with Canada Trust.

[3] Appointment effective November 16, 2000.

General information

Head Office
Address:
The Toronto-Dominion Bank
P.O. Box 1
Toronto-Dominion Centre
King St. W. and Bay St.
Toronto, Ontario
M5K 1A2
(416) 982-8222

Fax:
(416) 982-5671

Telex
General: 06524267
Answerback: Torbadom Tor

Cable address:
Torbadom, Toronto

Products and services:
Contact TD Canada Trust, 24 hours a day, seven days a week

1-866-567-8888
(effective after March 5, 2001)

French –
1-800-895-4463

Cantonese/Mandarin –
1-800-387-2828

Telephone device for the deaf –
1-800-361-1180
(effective after March 5, 2001)

General and financial:
Contact Corporate & Public Affairs,
(416) 982-8578

Internet web sites:
www.td.com

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

Please be advised that the internet is not a secure medium, therefore confidentiality and security cannot be ensured for information transmitted over it. The Toronto-Dominion Bank and its subsidiaries will not be responsible for any damages you may suffer if you use the internet to transmit confidential or sensitive information via e-mail to us or to request and receive such information from us.

Annual meeting

April 5, 2001
10:30 a.m.
The Fairmont Winnipeg
(formerly The Lombard)

Auditors

Ernst & Young LLP
KPMG LLP

Shareholder services

Shareholder inquiries:
Any written inquiries other than change of address or change in registration of shares may be directed to The Secretary, Head Office.

Shareholders may call the Shareholder Relations department **collect** at (416) 944-5743.

Shareholder information is available by calling 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] or outside Canada, call (416) 944-5743 **collect**.

Change of address or change in registration:
Please write to the Bank's transfer agent.

Transfer agent:
CIBC Mellon Trust Company
P.O. Box 7010
Adelaide Street Postal Station
Toronto, Ontario
M5C 2W9
(800) 387-0825
(416) 643-5500

Co-transfer agent and registrar:
ChaseMellon Shareholder Services LLC
85 Challenger Road
Overpeck Center
Ridgefield Park, NJ 07660
(800) 370-1163

Shareholder service agent in Japan:
Mizuho Trust & Banking Co. Ltd.
1–17–7, Saga, Koto-ku
Tokyo, Japan
135-8722

Financial mailing list:
The Bank maintains a mailing list so non-registered shareholders can receive quarterly financial statements and the Annual Report. To add your name to this list, please write the Bank's transfer agent.

Duplicate mailings:
Some shareholders may receive more than one copy of publications such as quarterly financial statements and the Annual Report. Shareholders who receive duplicate mailings are asked to call the Shareholder Relations department.

Market listings

The Toronto-Dominion Bank common stock is listed on:
The Toronto Stock Exchange
Canadian Venture Exchange
The London Stock Exchange
The New York Stock Exchange
The Tokyo Stock Exchange

The Toronto-Dominion Bank preferred stock with a ticker symbol is listed on The Toronto Stock Exchange.

The Preferred Shares, Series A ("HYBRIDS") of TD Mortgage Investment Corporation are listed on The Toronto Stock Exchange.

The Capital Trust Securities ("TDCaTS") of TD Capital Trust are listed on The Toronto Stock Exchange.

A number of deposit notes issued by the Bank and guaranteed notes issued by the Bank's wholly-owned subsidiaries are listed on one of:
Luxembourg Stock Exchange
The London Stock Exchange.

Dividends

Direct dividend depositing:
All shareholders may have their dividends deposited directly to any bank account in Canada or the United States. For this service, please write to the Bank's transfer agent or call the Shareholder Relations department.

U.S. dollar dividends:
Dividend payments sent to U.S. addresses or made directly to U.S. bank accounts will be made in U.S. funds unless a shareholder otherwise instructs the Bank's transfer agent. Other shareholders can request dividend payments in U.S. funds by writing to the Bank's transfer agent or calling the Shareholder Relations department. Dividends will be exchanged into U.S. funds at the Bank of Canada noon rate on the fifth business day after record date, or as otherwise advised by the Bank.

Debenture services

Trustee for debentures:
Montreal Trust Company of Canada
c/o Computershare Investor Services Inc.
Corporate Services Division
100 University Ave., 11th Floor
Toronto, Ontario
M5J 2Y1

Stock information	Ticker symbol	CUSIP no.
Common Shares	TD	891160 50 9
Non-cumulative Redeemable Class A First Preferred Shares, Series G	TD.PR.U	891160 87 1
Non-cumulative Redeemable Class A First Preferred Shares, Series H	TD.PR.H	891160 85 5
Non-cumulative Redeemable Class A First Preferred Shares, Series I		891160 77 2
Non-cumulative Redeemable Class A First Preferred Shares, Series J	TD.PR.J	891160 79 8
Non-cumulative Redeemable Class A First Preferred Shares, Series K	TD.PR.K	891160 76 4
Non-cumulative Redeemable Class A First Preferred Shares, Series L	TD.PR.V	891160 75 6
TD Mortgage Investment Corporation HYBRIDS	TDB.M	871949 AA 1
TD Capital Trust Capital Trust Securities TDCaTS	TDD.M	87807M AA 1

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Design: Q30 Design Inc.
Printing: Arthurs-Jones Clarke Lithographing Ltd.

Printed on elementally chlorine-free recycled paper containing a minimum of 20% post-consumer waste. Only vegetable-based, low solvent inks have been used.

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TD Bank Financial Group offers a full range of financial services and products to over 13 million customers in Canada and around the world through TD Bank and its subsidiaries. The Toronto-Dominion Bank, also referred to as "TD Bank" or "TD", is collectively with its subsidiaries referred to as "TD Bank Financial Group".

TD Bank Financial Group is one of the top three online financial services firms in the world. We serve more than three million customers over the internet. On October 31, 2000, TD was the second largest bank in Canada in terms of market capitalization.

TD Bank is a Schedule I chartered bank subject to the provisions of the Bank Act of Canada. It was formed on February 1, 1955 through the amalgamation of The Bank of Toronto, chartered in 1855, and The Dominion Bank, chartered in 1869. TD Bank is headquartered in Toronto, Canada.

Our common stock is listed on The Toronto Stock Exchange, Canadian Venture Exchange, The London Stock Exchange, The New York Stock Exchange and The Tokyo Stock Exchange. Symbol: TD