

REVIEW OF TD'S BUSINESSES

PROFILES OF TD'S BUSINESSES TODAY

IN THIS REVIEW, WE HAVE ARRANGED OUR BUSINESSES AROUND OUR TWO DISTINCT CUSTOMER BASES – RETAIL AND WHOLESALE – TO SHOW HOW WE ARE MEETING OUR CUSTOMERS' CHANGING NEEDS. AS A RESULT, WE HAVE INCLUDED THE BUSINESSES OF TD SECURITIES – OUR INVESTMENT DEALER, WHICH HAS GROWN TO BECOME ONE OF THE TOP FIVE IN CANADA – IN TWO DIFFERENT BUSINESS SEGMENTS. TD SECURITIES' RETAIL BROKERAGE BUSINESSES – GREEN LINE INVESTOR SERVICES, WATERHOUSE INVESTOR SERVICES, INC. AND TD EVERGREEN INVESTMENT SERVICES – ARE INCLUDED IN THE RETAIL BROKERAGE AND MUTUAL FUNDS SEGMENT, AND ITS WHOLESALE BUSINESSES ARE INCLUDED IN THE INVESTMENT BANKING SEGMENT. WE BELIEVE THAT THIS APPROACH WILL GIVE THE BEST PICTURE OF THE WAY TD IS BUILDING ITS BUSINESSES TO DELIVER VALUE IN THE DISTINCT MARKETS WE SERVE.

TD'S RETAIL BUSINESSES – FOR PERSONAL AND BUSINESS CUSTOMERS

PERSONAL AND BUSINESS BANKING

RETAIL BRANCH BANKING with average loan assets of \$49 billion, provides deposit, lending and payment services to more than four million households as well as small and mid-sized business customers across Canada through our network of 939 branches and Commercial Banking Centres, our Main\$street Banking program for small businesses – and through electronic services grouped below.

RETAIL VIRTUAL BANKING through TD Access – our rapidly evolving virtual bank consisting of telephone call centres where you can talk to a banker, automated telephone and personal computer services, ABM services (delivered through 1,991 Green Machines), credit card services (including a range of Visa products with over 2 million accounts), and debit and cash cards.

TRUST SERVICES with assets under administration of \$3 billion, TD Trust provides personal trust, estate planning and administration, investment counselling and portfolio management services through all TD branches, including 230 specially designated TD Bank & Trust branches across Canada.

INSURANCE TD Life provides insurance products through direct mail and electronic distribution.

RETAIL BROKERAGE AND MUTUAL FUNDS

DISCOUNT BROKERAGE includes Green Line Investor Services, Canada's largest discount broker, with 27 offices across Canada, operations in New York and Hong Kong, 580,000 accounts, and \$12 billion of assets under administration; and Waterhouse Investor Services, Inc. – the fourth largest discount broker in the United States with 90 branches in 41 states, 600,000 accounts and \$18 billion of assets under administration. Results for Waterhouse will be included in the Bank's Consolidated income statement commencing in 1997.

FULL SERVICE RETAIL BROKERAGE through TD Evergreen Investment Services, with 38 offices across Canada, 200 investment advisors and \$6 billion of assets under administration.

MUTUAL FUNDS TD Asset Management – Green Line Family of No-Load Mutual Funds – with 33 funds and assets of \$9.5 billion, one of Canada's largest and fastest growing group of mutual funds – now the sixth largest in Canada, and second amongst Canadian banks. The acquisition of Waterhouse added \$2.6 billion to TD's mutual fund assets.

Net income by major business segments*

(millions of dollars)	1996	1995
Retail		
Personal and business banking	\$ 334	\$ 408
Retail brokerage and mutual funds	58	25
Total retail	392	433
Wholesale		
Corporate banking	342	279
Investment banking	166	68
Total wholesale	508	347
Retail and wholesale	900	780
Other	14	14
Total	\$ 914	\$ 794
Earned in:		
Canada	\$ 679	\$ 553
United States	165	160
Other international	70	81
Total	\$ 914	\$ 794

TD'S WHOLESALE BUSINESSES – FOR CORPORATE AND INSTITUTIONAL CLIENTS

CORPORATE BANKING

CORPORATE LENDING with average loan assets of \$24 billion and important global niches in areas of industry specialization including media and telecommunications, mining, forestry, health care, energy and utilities, provides credit and loan syndication services through our offices in Toronto, Montreal, Calgary, Vancouver, New York, Houston, Chicago, London, Singapore, Melbourne, Taipei and Mumbai (Bombay).

CASH MANAGEMENT AND PAYROLL SERVICES advanced electronic cash management and payroll services are provided to corporations and businesses across Canada and in the United States through our cross border services.

TRADE FINANCE AND CORRESPONDENT BANKING active in 100 countries with a correspondent network of 2,600 banks, operates through four trade finance units in Canada, and offices in Houston, Mexico City and Santiago, Chile.

INVESTMENT BANKING

CORPORATE FINANCE combines investment banking coverage of corporate clients with product specialization in mergers and acquisitions, private debt and equity placements through our offices in Toronto, Calgary, Montreal, Vancouver – New York, where we operate as TD Securities (USA) Inc.

FOREIGN EXCHANGE provides foreign exchange and derivative financial instruments and conducts currency trading and marketing operations through offices in Toronto, London, New York, Tokyo, Taipei, Hong Kong, Singapore and Melbourne.

INSTITUTIONAL EQUITIES provides equity sales, trading and research coverage to institutional clients through our offices in Toronto, Montreal and New York.

FIXED INCOME provides fixed income and capital markets products and services, including a large Eurobond business in London, to corporate investors and issuers of securities through offices in Canada, New York, London and Hong Kong.

MERCHANT BANKING with a team of 9 merchant bankers and a capital commitment of \$720 million, provides private equity, bridge loans and subordinated debt to growing enterprises in Canada and the United States.

EQUITY INVESTING AND INVESTMENT MANAGEMENT manages TD's own common and preferred equity portfolios, and provides quantitative and qualitative investment management services for mutual funds, pension funds, institutional and large individual investors.

* Basis of presentation: Interest revenues and expenses are allocated to loan and deposit balances, and indirect expenses and associated revenues are allocated to business segments, using appropriate allocation formulas applied on a consistent basis. Residual unallocated amounts, together with the results of discontinued businesses, are reported in Other.

TD'S RETAIL BUSINESSES IN 1996

The slow growth economic environment continued in Canada in 1996 and competition in the financial services sector for the individual consumer intensified. Loan demand has softened as baby boomers have switched their priorities from borrowing to saving for retirement. With lower interest rates leading to a decline in interest rate margins and increased expenses relating to the ongoing development of our businesses and our technology, retail income fell somewhat in 1996. However, we made considerable progress with our strategies of making banking easier and more convenient for customers, adding value to our customer relationships with new products and services and with higher levels of service and advice, and accelerating growth in personal investment and brokerage services.

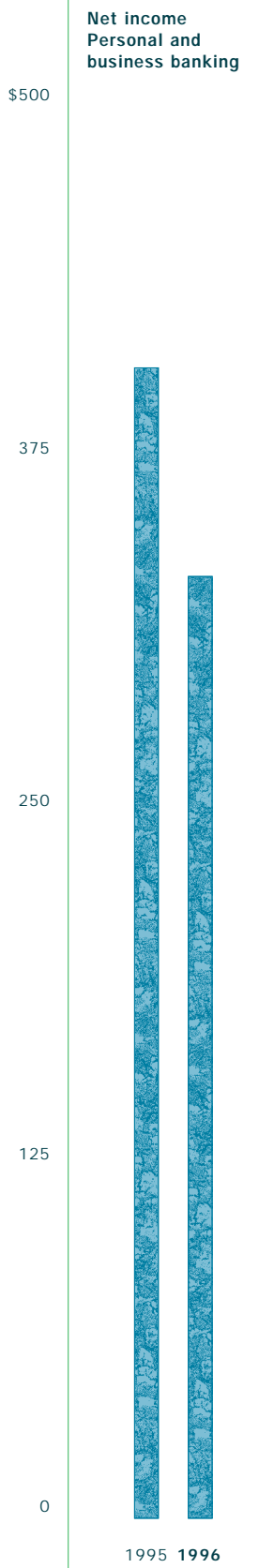
PERSONAL AND BUSINESS BANKING

(millions of dollars)	1996	1995
Net interest income (TEB)	\$ 1,873	\$ 1,909
Other income	668	646
Total revenue	2,541	2,555
Provision for credit losses	136	108
Non-interest expenses	1,820	1,735
Net income before taxes	585	712
Income taxes (TEB)	251	304
Net income	\$ 334	\$ 408
Selected volumes and ratios		
Average loans and bankers' acceptances (\$ billions)	\$ 49	\$ 47
Average deposits (\$ billions)	52	52
Full-time equivalent staff at October 31	17,138	17,862
Productivity ratio	72%	68%

To make banking easier and more convenient for our customers, we made a significant breakthrough with the launch of TD Access: PC – the first fully integrated on-line banking and brokerage service in North America. TD Access: PC provides integrated delivery of personal banking services, commercial banking services and discount brokerage services in one package. During the year we also announced a joint pilot project with two other institutions for eXACT – a “smart card” for small cash purchases. These products, when combined with our other telephone, card and electronic banking services, put TD at the forefront of virtual banking in Canada.

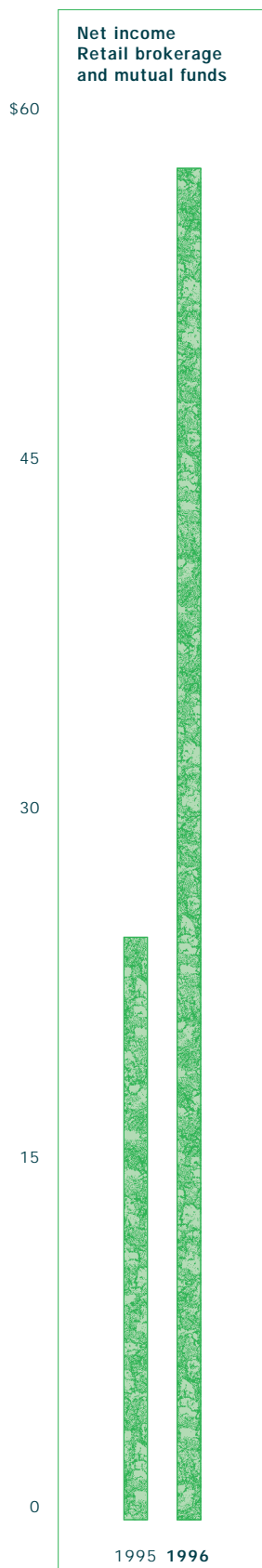
Our Main\$trete Banking initiative – providing small business customers with commercial loans and services right in their local branch – was extended early in the year to all TD branches. This major program – involving retraining of branch staff and streamlining of credit and administration procedures – has met with positive response from the small business community: our customer base grew strongly during the year and loan authorizations increased more rapidly than economic growth in Canada – with gains in every lending category and every region of the country.

We continued to broaden the range of services available to customers through our retail branch and virtual banking networks in 1996. TD Trust extended trust administration, investment management and estate planning services to a growing number of TD customers, and we launched TD Life Insurance Company which is marketing insurance products directly to TD customers.



RETAIL BROKERAGE AND MUTUAL FUNDS

(millions of dollars)	1996	1995
Net interest income (TEB)	\$ 58	\$ 48
Brokerage commissions and management fees	292	174
Total revenue	350	222
Provision for credit losses	-	-
Non-interest expenses	247	176
Net income before taxes	103	46
Income taxes (TEB)	45	21
Net income	\$ 58	\$ 25
Selected volumes and ratios		
Assets under administration at October 31 (\$ billions)		
Retail brokerage	\$ 37	\$ 15
Mutual funds	12	6
Full-time equivalent staff at October 31	3,611	1,674
Productivity ratio	71%	79%



By responding to individual customers' desire for more investment vehicles during 1996, we had a strong year – doubling our earnings in this segment as revenues increased by over 50%.

Mutual fund revenues improved by 43% as assets climbed by 63% to \$9.5 billion – moving TD to the number six position among Canadian mutual fund companies and number two among Canada's banks. Just before year end, we expanded the Green Line Family of No-Load Mutual Funds with two new sector funds – a health sciences fund and a U.S. blue chip equity fund – both managed by T. Rowe Price, a leading North American fund manager. Strong performance of our funds and effective marketing – particularly through TD's retail branch network – drove rapid growth and market share gains. Branch distribution of mutual funds was enhanced by the introduction of the TD Asset Accumulator Account – an innovative product that enables customers to consolidate TD and other mutual funds and investments in one account and allows sales of other funds at our branches.

In discount brokerage, Green Line Investor Services saw revenue gains of 44%, added 130,000 new customer accounts, and opened an office in Hong Kong in 1996. As well, we launched PC Broker – a key component of TD Access: PC, and WebBroker – the first service in Canada for securities trading on the Internet. Waterhouse Investor Services, Inc., acquired by TD just before year end, also saw very strong momentum, increasing revenues by 57% during its most recent fiscal year.

TD Evergreen Investment Services, our full service broker, continued to grow rapidly, adding 13 offices for a total of 38 across Canada and 80 investment advisors for a total of 200. Pursuing its strategy of attracting and developing top level investment advisors and working closely with TD retail branches to add value to personal customers, Evergreen doubled assets under administration to \$6 billion and increased revenues by 132% during the year.

TD'S RETAIL OUTLOOK

With interest rates at their lowest level since the merger which created The Toronto-Dominion Bank in 1955, we anticipate increased economic activity and the gradual return of consumer confidence in Canada. We expect the low interest rate environment and shifting demographic trends to increase demand for equities, bonds and mutual funds. With the acceleration of growth in our discount and full service brokerages and mutual funds business, we believe TD is positioned to perform well in this environment. A key strategic priority in 1997 will be the development of opportunities arising out of the Waterhouse acquisition – including the opportunity of developing a more global discount brokerage franchise and the prospect of broadening the delivery of financial services through Waterhouse, which represents a virtual banking system with national reach throughout the United States.

TD'S WHOLESALE BUSINESSES IN 1996

In corporate and investment banking businesses, TD competes in the global marketplace against the world's leading financial institutions. This market has become increasingly competitive with considerable pressure on corporate lending margins. To perform effectively in this market, we have been building our investment banking business and we have focused on differentiating TD as the integrated bank – in contrast to most of our competitors that have separate corporate and investment banking operations – and as the bank of industry specialization. This approach has helped to offset the impact of the margin decline and has fuelled our growth in business and market share in investment banking niches – resulting in a 46% gain in net income for our wholesale businesses in 1996.

CORPORATE BANKING

(millions of dollars)	1996	1995
Net interest income (TEB) and securities gains	\$ 490	\$ 464
Credit and advisory fees	237	234
Total revenue	727	698
Provision for credit losses	18	72
Non-interest expenses	162	165
Net income before taxes	547	461
Income taxes (TEB)	205	182
Net income	\$ 342	\$ 279
Selected volumes and ratios		
Average loans and bankers' acceptances (\$ billions)	\$ 24	\$ 25
Full-time equivalent staff at October 31	852	872
Productivity ratio	22%	24%

Despite lower margins in 1996, our net income from corporate banking at \$342 million was a record high. We saw continued strength in our U.S. lending business where TD strengthened its position as a leader in syndications, ranking sixth in North America and first among Canadian banks.

Our cash management and payroll businesses maintained above average market share for TD by continuing to develop leading edge electronic services.

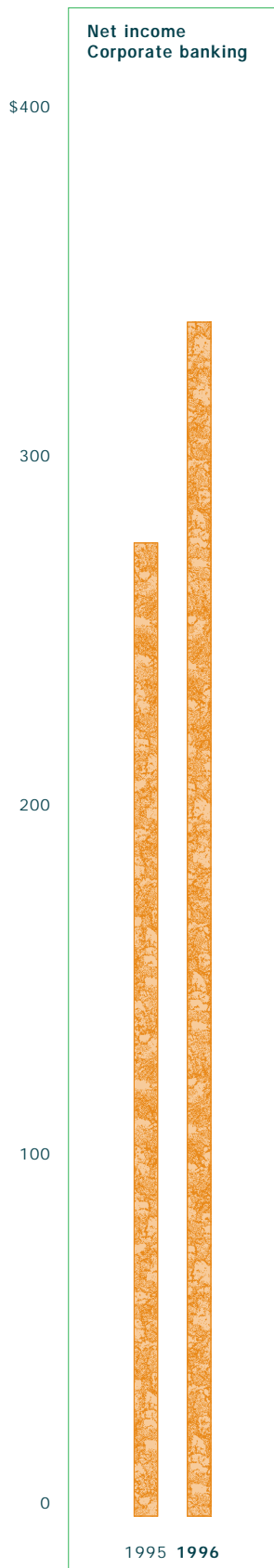
Trade finance and correspondent banking achieved both income and market share gains by helping Canadian clients access the global marketplace. The group opened a representative office in Chile during the year to accommodate Canadian businesses in that growing market.

While continuing to contribute substantially to TD's profits in 1996, our corporate banking group worked closely with our investment banking specialists as part of our integrated approach – adding considerable value to long standing corporate relationships and increasing TD's profile in the international marketplace.

INVESTMENT BANKING

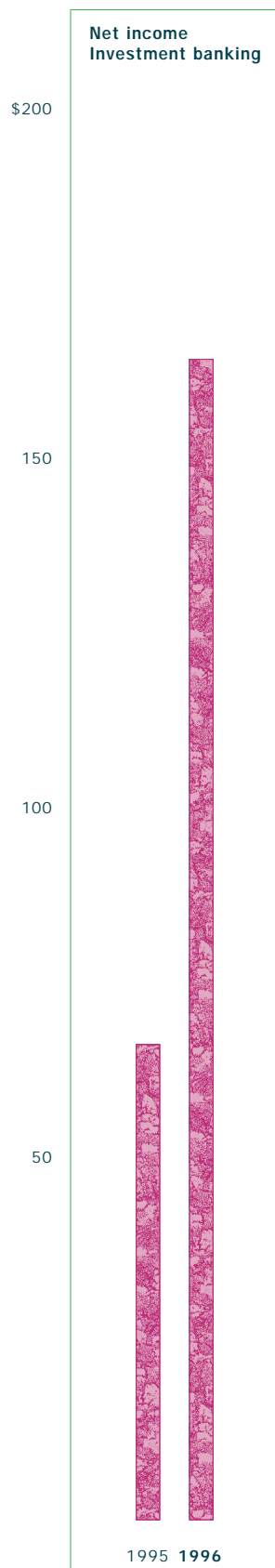
TD's investment banking net income more than doubled in 1996 – reflecting our focus on building investment banking niches and the success of our integrated approach and industry specialization.

We saw strong gains in foreign exchange and derivatives revenues, and we maintained leadership positions in private placements, asset securitization, merchant banking and key money market niches in Canada. Our fixed income business gained market share as our Eurobond group in London had an exceptional year, leading more Eurobond issues than any other Canadian dealer.



Investment banking

(millions of dollars)	1996	1995
Net interest income (TEB) and securities gains	\$ 309	\$ 197
Trading, underwriting and advisory fees	312	201
Total revenue	621	398
Provision for credit losses	-	(1)
Non-interest expenses	336	269
Net income before taxes	285	130
Income taxes (TEB)	119	62
Net income	<u>\$ 166</u>	<u>\$ 68</u>
Selected volumes and ratios		
Full-time equivalent staff at October 31	1,090	958
Productivity ratio	54%	68%



Our high yield group in New York – which was launched late in fiscal 1995 and has focused on media financings – had a very successful year, leading or co-managing 24 transactions valued at over U.S. \$5 billion – with a comparable number of transactions pending at year end.

We also saw strong growth and market share gains from our institutional equities group, which has gained considerable credibility with its growing research team of top ranked analysts and with strong trading capabilities. We had 6% of all block trades on the Toronto Stock Exchange in 1996. We made an important international breakthrough this year as a participant in Europe's largest initial public offering in 1996 – the global IPO of Deutsche Telekom. TD Securities Inc. was the lead on a Canadian note offering by TD Bank – an innovative structure that broadened the opportunity for Canadian investors to participate in a global issue. This breakthrough for TD testifies to the success of our integrated approach and our specialization in communications, as our institutional equities team was supported by our corporate finance specialists in London, our communications specialists in North America, and TD Bank's capital strength.

We built our leadership position in merchant banking with six new bridge loans with an average size of \$55 million and 26 private equity investments, ranging in size from \$1 million to \$27 million – increasing our portfolio by 35% to \$380 million at year end.

As well, TD made considerable progress in investment management. Our highly focused and expert team of managers achieved high returns in the Bank's own portfolio of publicly-traded equities. Gains on the merchant banking and equity portfolios contributed \$91 million in investment banking income in 1996, up from \$59 million in 1995. The total holdings of investment equity securities amounted to \$3.3 billion and contained unrealized gains of \$209 million at October 31, 1996. In addition we expanded services for clients – achieving top quartile rankings in pension fund performance (as measured by SEI). With the acquisition of the Quantitative Capital Division of AMI Partners Inc., we became the largest index investment manager in Canada.

TD'S WHOLESALE OUTLOOK

Continued economic growth, low inflation and low interest rates in the major industrialized markets should result in continued strong capital markets in 1997. Having made considerable headway with our corporate and investment banking strategy, we aim to continue accelerating growth in investment banking and to focus on key industry niches. With the gains made in 1996, TD Securities has established itself as a significant player. We have an opportunity to add further value to corporate and institutional clients as they navigate global financial markets.