THIRD QUARTER REPORT TO SHAREHOLDERS

Nine Months Ended

July 31, 1999

TD BANK FINANCIAL GROUP

WE'RE HERE TO HELP MAKE IT EASIER.®

Letter to Shareholders

While delivering record quarterly results, TD undertook two bold initiatives to build long term value for shareholders: the successful Initial Public Offering (IPO) of TD Waterhouse Group, Inc. and the announcement of the proposed takeover bid to acquire Canada Trust.

TD's record quarterly earnings reflect strong performances by our core businesses – retail banking, wealth management, and corporate and investment banking – along with a reduction in our loan loss provision for the quarter. Strong core earnings were augmented by an after-tax gain of $1.82 per share, representing the Bank's gain on the TD Waterhouse IPO.

TD Waterhouse IPO

During the quarter, we combined TD's global discount brokerage operations to create TD Waterhouse Group, Inc. – the second largest discount broker in the world – and sold 43.4 million treasury shares (11.5%) in the new entity for proceeds of approximately $1.5 billion.

The successful IPO has raised substantial funds to finance the global expansion of TD Waterhouse, as well as improving the Bank's Tier 1 capital position and demonstrating the market value of this core business for TD Bank Financial Group.

Canada Trust proposal

We took a major step toward becoming the leader in retail banking in Canada with our agreement with British American Tobacco Plc (BAT) to make a takeover bid to acquire 98.2% of the shares of CT Financial Services Inc. (Canada Trust), currently owned by Imasco Limited. We shall subsequently proceed with a follow-up bid for the balance. The transaction is subject to review and approval by the Minister of Finance, the Competition Bureau and the Office of the Superintendent of Financial Institutions Canada, as well as approval by shareholders of Imasco and BAT.

With 3.7 million customers, 14,000 full-time equivalent employees, 431 branches and $41 billion in personal deposits, Canada Trust is one of Canada's most successful retail financial services organizations – renowned for its friendly and convenient customer service and hours of service. When combined with our retail operations as "TD Canada Trust", we will be #1 in Canada in number of retail customers, customer service, Internet and telephone banking customers, mutual fund advice, personal loans and personal deposits. TD Canada Trust will maintain TD's distinctive green corporate colour.

We anticipate receiving the necessary approvals and closing the transaction by early February 2000. We have agreed to a purchase price of approximately $8 billion – a price which we believe reflects the full and fair value of the Canada Trust franchise while offering long term value to our shareholders. To maintain our Tier 1 capital ratio at 7% and the total of our Tier 1 and 2 capital at 10% after the transaction closing, we have raised $700 million in common equity since the quarter-end and will raise another $1.3 billion in other Tier 1 capital including preferred shares.

We look forward to the creation of TD Canada Trust – bringing customers the best service, achieving leadership in retail financial services in Canada and establishing a platform for North American expansion, while adding substantial value for shareholders. Through revenue enhancement and expense savings, we anticipate increased cash earnings per share and cash return on equity in the first year after closing.

Financial Highlights

	Three months ended			*Nine months ended*	
	July 31 1999	Apr. 30 1999	July 31 1998	**July 31 1999**	July 31 1998
Net income *(millions of dollars)*	**$ 1,473**	$ 348	$ 287	**$ 2,133**	$ 887
Per common share					
Net income – cash basis	**2.48**	.58	.48	**3.59**	1.53
Net income – cash basis – excluding gain on sale of TD Waterhouse Group, Inc.	**.66**	.58	.48	**1.77**	1.53
Net income – accrual basis	**2.46**	.56	.46	**3.53**	1.44
Dividends	**.19**	.17	.17	**.53**	.49
Return on common equity – cash basis	**74.9%**	20.1%	17.3%	**39.0%**	19.0%
Return on common equity – cash basis – excluding gain on sale of TD Waterhouse Group, Inc.	**21.4**	20.1	17.3	**19.8**	19.0
Return on common equity – accrual basis	**67.9**	17.6	15.0	**34.8**	16.2
Return on assets	**2.70**	.68	.58	**1.34**	.64
Total assets *(billions of dollars)* – at end of quarter	**$ 222.5**	$ 208.0	$ 208.7		

Improving the business balance

With the investments in growth of our global discount brokerage franchise, TD Waterhouse, and our proposed acquisition of Canada Trust, we are moving rapidly toward our stated objective of investing a higher proportion of our capital in retail businesses – businesses which historically show greater earnings stability. Since the beginning of the year, we have reduced capital allocation to corporate lending by approximately $200 million through exiting lower return corporate loans. With the anticipated closing of the Canada Trust transaction next year, over 60% of capital will be allocated to retail businesses, up from about 46% today.

Building our businesses – highlights of the quarter

All our core businesses successfully implemented growth strategies and achieved strong year-over-year gains during the quarter. Among the operating highlights:

• *Euromoney* magazine singled out TD Securities as the “Best Securities Dealer in Canada”, for the second year in a row – citing TD Securities’ leadership in domestic corporate bond underwriting, Eurobonds, media and telecom financing, high yield debt and government infrastructure financing.

• TD Waterhouse passed the 2 million mark in active customers (reaching 2.8 million total accounts) and became the first foreign discount broker to gain approval to trade on the Stock Exchange of Hong Kong, the final step in launching TD Waterhouse in Hong Kong. As well, TD Waterhouse was named favourite discount brokerage firm in *Mutual Fund Magazine*’s Readers’ Choice and ranked second overall in *Smart Money* magazine’s annual survey of the best discount brokerages in the U.S.

• TD Waterhouse National Bank (TDWNB) achieved significant growth, reaching US$4.4 billion in assets and operating approximately 500,000 deposit accounts. TDWNB is leveraging its affiliation with TD Waterhouse discount brokerage, as 480,000 of TD Waterhouse’s discount brokerage customers maintain accounts with TDWNB.

• We led the way in mutual fund advice and delivery by offering proactive advice on, and the sale of, third party mutual funds through TD branches, starting in Vancouver, giving TD customers access to selected funds from the AGF Group of Funds and Fidelity Investments.

• We built on our leadership in electronic and online delivery with enhancements to our Web Banking services through the introduction of TD Access Web Genie, a personalized messaging service for customers. We are the first financial institution in Canada to offer this service.

• TD Life became the first bank insurer in Canada to offer customers the dual benefit of lifetime insurance protection and tax-deferred investment growth with the launch of TD Universal Life.

Outlook

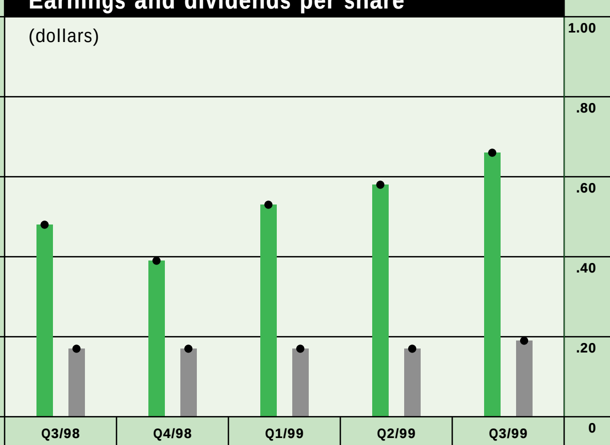
The Canadian economy continues to outperform expectations and we expect positive growth trends to continue into the next fiscal year. In this environment, we believe our exceptional businesses are on track to make further progress in the fourth quarter and in fiscal 2000.

A. Charles Baillie
Chairman and
Chief Executive Officer

William T. Brock
Deputy Chairman

Toronto
August 26, 1999

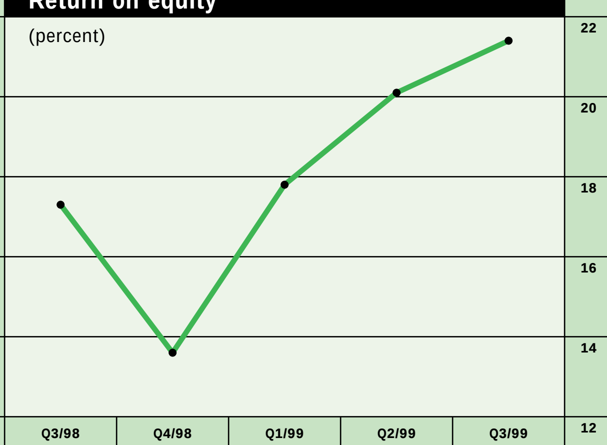
Earnings and dividends per share



Earnings per share – cash basis – excluding gain on sale of TD Waterhouse Group, Inc.

Dividends per share

Return on equity



Return on equity – cash basis – excluding gain on sale of TD Waterhouse Group, Inc.

Review of TD's Businesses

(unaudited, in millions of dollars)

Net income	For the three months ended July 31 1999	April 30 1999	July 31 1998	For the nine months ended July 31 1999	July 31 1998
Retail					
Personal and commercial banking	**$ 139**	$ 101	$ 104	**$ 350**	$ 330
Wealth management services	**1,130**	93	37	**1,269**	74
Total retail	**1,269**	194	141	**1,619**	404
Wholesale					
Corporate and investment banking	**192**	163	258	**566**	626
Retail and wholesale	**1,461**	357	399	**2,185**	1,030
Other	**12**	(9)	(112)	**(52)**	(143)
Total	**$ 1,473**	$ 348	$ 287	**$ 2,133**	$ 887

Personal and Commercial Banking

Personal and Commercial Banking performed strongly in the quarter, generating quarterly net income of $139 million, an increase of $35 million or 34% compared to the same quarter last year. Return on equity increased 6 percentage points to 23%, reflecting the increased earnings.

This improvement in net income was driven by a $25 million increase in total revenue and a $23 million reduction in provision for credit losses resulting from lower forecast credit losses for the full year. Total business volumes grew 9%, with strong growth experienced in Visa loans (9%), residential mortgages (8%), personal deposits (6%) and mutual funds (10%). In addition, we saw increased fees from our credit granting, card services and insurance businesses, as well as fees generated by greater customer activity.

Expenses decreased by $2 million compared to the same quarter last year and, together with the noted strong revenue growth, resulted in a 3 percentage point improvement in the efficiency ratio to 68%.

Compared to the prior quarter, net income increased $38 million or 38% due to a 3% increase in business volumes, the greater number of days in the quarter and the lower provision for credit losses. Market share continued to improve for personal loans, residential mortgages and personal deposits, with the latter two businesses being impacted positively by the acquisition of certain Trimark Trust loans and deposits on April 30.

Wealth Management Services

The initial public offering of TD Waterhouse Group, Inc. was completed in June 1999. The $1,082 million gain arising from the offering is included in the results of this segment for the quarter.

Wealth Management total revenue for the quarter, excluding this one-time gain, was $403 million, an increase of $105 million or 35% versus a year ago. This revenue growth is attributable to strong growth in trading commissions and fee income, as well as higher net interest income related to customer accounts.

The average number of global discount brokerage trades per day was 109,000, up 86% compared to the same quarter last year. TD Waterhouse achieved 39% growth in active accounts and now has in excess of 2 million active accounts. In addition, assets under administration grew $74 billion, or 58% compared to the same period a year ago. In Canada, our mutual fund management company experienced 14% growth in managed funds and an improvement in its market share.

Net income of $50 million, before minority interest and the IPO gain, increased 35% from a year ago, primarily reflecting the growth in discount brokerage commissions. Return on equity, on a cash basis, declined 7 percentage points versus a year ago, because of the increased capital needed to support the growth in our discount brokerage operations.

(unaudited)

Return on equity	For the three months ended July 31 1999	Apr. 30 1999	July 31 1998	For the nine months ended July 31 1999	July 31 1998
Retail					
Personal and commercial banking	**23%**	17%	17%	**19%**	20%
Wealth management services	**+100**	29	13	**+100**	8
Total retail	**+100**	21	16	**58**	16
Wholesale					
Corporate and investment banking	**20**	16	26	**19**	21
Retail and wholesale	**77**	18	21	**37**	18
Total	**68%**	18%	15%	**35%**	16%

Corporate and Investment Banking

Corporate and Investment Banking net income was a record $192 million, up $42 million or 28% compared to the same quarter a year ago, after excluding the impact of special securities gains in prior periods. On a comparable basis, return on equity increased 5 percentage points over last year.

The investment dealer results were especially strong. Fee based revenue from mergers and acquisitions and underwriting increased 91% and 49% respectively compared to the same quarter last year. Trading revenue of $190 million was up 4% versus last quarter – double the results of the third quarter of 1998 when weak market conditions dampened results. Investment Banking showed strong revenue growth year over year. In addition, the corporate bank experienced improving margins, strong fee income and a reduced provision for credit losses.

Corporate and Investment Banking net income increased by $29 million or 18% compared to the previous quarter and return on equity increased by 4 percentage points from the same quarter.

Year 2000

The Year 2000 issue refers to concerns that computer and other electronic systems will not correctly interpret dates in the next century, possibly resulting in errors. If not properly addressed, the Bank's ability to conduct normal business activities could be affected.

The Bank is confident that critical aspects of the Year 2000 issue have been resolved and has issued a guarantee to customers that their deposits will be safe and their financial records will be fully protected before, on, and after January 1, 2000. During the past quarter, customers received information on TD Bank Financial Group's preparedness with all regular statements.

The Year 2000 issue has been a priority for TD since 1995. Our Information Technology experts have now completed the remediation phase of our Year 2000 computer-readiness program and work on our systems has been completed. The Bank has a program in place to ensure that if corrected systems are subsequently changed, they remain Year 2000 ready. In addition, as of August 4, the Bank is not allowing any changes to its systems, except emergency fixes, until after January 15, 2000 to ensure the Year 2000 status of our systems is not altered.

External testing with industry organizations has also been completed. Of particular note are successfully completed tests involving members of the securities industry, in late May, and members of the International Payments System and Interac, in June. External testing with suppliers is expected to be complete by August 31. The impact of Year 2000 issues will depend on the readiness of these entities and others dealing with the Bank. The final component of our external testing program with our Visa merchants is well underway and is expected to be completed by September 30.

The Bank has in place business continuity plans, which are being reinforced in anticipation of the Year 2000 transition. Given the successful testing we have conducted both internally and with external suppliers, we are confident that Year 2000 will not have a material and adverse impact on the Bank's operations. In addition, the Bank's credit portfolio is being closely monitored to ensure that all our borrowing customers have Year 2000 compliance programs in place.

We anticipate higher than usual customer activity towards the end of the year and in early 2000, and we are increasing the capacity of all delivery channels to accommodate this increased demand. The Bank will be involved with other financial institutions in industry-wide advertising this fall to inform customers of the readiness of the banking industry.

The total cost associated with the Year 2000 conversion is approximately $100 million, of which $80 million has been incurred to date ($6 million of this amount was incurred during the quarter). All material costs are being expensed as incurred.

Review of Operating Performance

TD achieved record earnings for the third successive quarter. Net income this quarter was $391 million, excluding the gain realized through the initial public offering of TD Waterhouse Group, Inc. This is $104 million or 36% higher than the same quarter last year. Other income was a record $1,065 million. Including net interest income of $779 million, total revenue at $1,844 million is $255 million or 16% higher than the third quarter last year, excluding the special securities gains in that quarter. Meanwhile, expense growth was contained to 11%.

Earnings per share, excluding the TD Waterhouse gain, are also a record. Cash earnings per share (that is, excluding goodwill charges) are $.66 compared to $.48 in the same quarter last year and return on common equity, on a cash basis, is 21.4% this quarter compared to 17.3% last year. On an accrual basis, earnings per share are $.64 compared to $.46 and return on equity is 18.9% this quarter compared to 15.0% last year.

The after-tax gain on the sale of 11.5% of our global discount brokerage businesses – TD Waterhouse Group, Inc. – was $1,082 million or $1.82 per share. This, coupled with our record core earnings, resulted in total net income this quarter of $1,473 million or $2.48 per share on a cash basis.

Net interest income

Net interest income on a taxable equivalent basis is $779 million this quarter. This is $5 million or 1% lower than the same quarter last year. The decline in net interest income is attributable to our securitization of loan assets, which reduces net interest income while increasing other income. Average earning assets grew 15% or $24 billion to $190 billion primarily due to strong growth in trading securities which support our investment banking businesses. Trading securities have a much lower interest margin than loan products, but also contribute to other income. This change in mix toward lower margin assets, coupled with asset securitization, contributed to net interest margin declining 25 basis points to 1.63% compared to the same quarter a year ago.

Credit quality and provision for credit losses

Credit quality continues to be strong with the allowance for credit losses exceeding gross impaired loans by $411 million at the end of the quarter compared to a $321 million excess a year ago. In addition, the Bank's total accumulated general allowance for credit losses, which relates to both loans and off-balance sheet instruments, was $749 million versus $650 million last year. General allowances within certain constraints qualify as Tier 2 capital under guidelines issued by the Office of the Superintendent of Financial Institutions Canada.

As a result of continued strong credit quality, our estimate of the full-year provision for credit losses for 1999 has been reduced from $300 million to $200 million, excluding a $100 million special general provision taken in the first quarter. Half of this reduction or $50 million was applied this quarter resulting in the quarterly provision for credit loss expense declining to $25 million.

Other income

Other income was a record $1,065 million this quarter. This performance is $260 million or 32% higher than the same quarter last year, excluding $200 million in special securities gains realized last year which were offset by a special increase in general provisions for credit losses of an equal amount.

Our strong growth in other income continues to be driven by our wealth management and corporate and investment banking businesses. TD's wealth management businesses, which include TD Waterhouse Group, Inc. globally and our Green Line family of mutual funds in Canada, had a strong quarter. Global discount brokerage revenue increased $71 million or 44% over last year and was broadly based with increases in the U.S., Canada and internationally. Average trades per day at our global discount brokerage were up 86% over last year. Mutual fund revenues grew by $9 million or 16% over last year, reflecting growth in mutual fund assets under administration of 14% to $17 billion in Canada and 112% to $11 billion in the U.S.

Performance in our wholesale corporate and investment banking businesses was also very strong. Trading income this quarter was $190 million – twice what it was last year. In addition, underwriting revenue increased $21 million or 49% and mergers and acquisitions revenue was $17 million or 91% higher than the same quarter last year.

Net investment securities gains this quarter were $65 million compared to base gains of $48 million last year. The surplus over book value of the investment securities portfolio was $1,239 million, compared to $770 million a year ago, and includes hedged unrealized gains, which will result in an after-tax investment securities gain of at least $400 million being recognized in the fourth quarter.

Non-interest expenses

Base expenses declined 3% from the same quarter last year. While total expense growth was 11%, the higher business activity in our global discount brokerage business increased expenses by 8%. Expenses directly related to revenue generation in our corporate and investment bank added another 6% to our expense growth.

The percentage growth in total revenue was higher than expense growth, excluding goodwill amortization expenses and one-time gains, with our efficiency ratio improving 290 basis points to 61.4%.

Balance sheet

As at July 31, 1999, total assets were $222 billion, which is $14 billion or 7% higher than a year ago including $8 billion growth in trading securities. Growth in retail lending volumes has also been strong as we continue to gain market share in Canada. Including securitizations, residential mortgage loans and credit card loans grew 8% and 9%, respectively. Personal loans increased 34% or $4.9 billion with TD Waterhouse in the U.S. contributing $3.7 billion to personal loan growth.

The U.S. operations of TD Waterhouse are also the primary factor in the 16% increase in personal non-term deposits, which increased $3.7 billion from last year. Personal term deposits are also 12% higher year over year.

Capital

Total common equity was $9.4 billion at July 31, 1999, an increase of $1.5 billion from April 30, 1999. The increase was a result of net income after dividends of $1.3 billion, including the TD Waterhouse gain, and a foreign currency translation gain arising from a weakening of the Canadian dollar relative to other currencies at the end of the quarter.

As a result of the large increase in common equity and our continued active balance sheet management, our net common equity to risk-weighted assets ratio at July 31, 1999 was 7.6%, an increase of 130 basis points from April 30, 1999. At the end of the quarter, our Tier 1 and total capital ratios were 8.7% and 12.1% compared to 7.0% and 10.6% last quarter.

This report may contain forward-looking statements, including statements regarding the business and anticipated financial performance of TD. These statements are subject to a number of risks and uncertainties that may cause actual results to differ materially from those contemplated by the forward-looking statements. Some of the factors that could cause such differences include legislative or regulatory developments, competition, technological change, global capital market activity, interest rates, inflation and general economic conditions in geographic areas where TD operates. Also, additional risk factors relating to the pending acquisition of CT Financial Services Inc. are described in TD's Report on Form 6-K, filed with the U.S. Securities and Exchange Commission on August 3, 1999 and TD's Material Change Report, filed with the Ontario Securities Commission on August 3, 1999.

Consolidated Interim Statement of Income

(unaudited, in millions of dollars)

	For the three months ended			For the nine months ended	
	July 31 1999	Apr. 30 1999	July 31 1998	**July 31 1999**	July 31 1998
Interest income	**$ 2,727**	$ 2,653	$ 2,579	**$ 8,073**	$ 7,168
Interest expense	**2,000**	1,949	1,843	**5,849**	4,955
Net interest income	**727**	704	736	**2,224**	2,213
Provision for credit losses	**25**	75	263	**275**	388
Net interest income after credit loss provision	**702**	629	473	**1,949**	1,825
Other income					
Investment and securities services	**464**	448	327	**1,321**	930
Credit fees	**118**	118	119	**336**	306
Net investment securities gains	**65**	80	248	**277**	326
Trading income	**190**	184	95	**473**	313
Service charges	**76**	69	72	**213**	211
Card services	**50**	43	46	**139**	131
Other	**102**	102	98	**287**	323
	1,065	1,044	1,005	**3,046**	2,540
Net interest and other income	**1,767**	1,673	1,478	**4,995**	4,365
Gain on sale of TD Waterhouse Group, Inc.	**1,082**	–	–	**1,082**	–
Non-interest expenses					
Salaries and staff benefits	**650**	606	566	**1,833**	1,599
Occupancy	**93**	93	89	**276**	249
Equipment	**98**	99	86	**290**	247
Other	**304**	341	292	**956**	837
	1,145	1,139	1,033	**3,355**	2,932
Income before provision for income taxes	**1,704**	534	445	**2,722**	1,433
Provision for income taxes	**229**	186	158	**587**	546
Net income before non-controlling interest	**1,475**	348	287	**2,135**	887
Non-controlling interest	**2**	–	–	**2**	–
Net income	**1,473**	348	287	**2,133**	887
Preferred dividends	**10**	11	12	**32**	33
Net income applicable to common shares	**$ 1,463**	$ 337	$ 275	**$ 2,101**	$ 854
Per common share[1]					
Net income	**$ 2.46**	$ .56	$ .46	**$ 3.53**	$ 1.44

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

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

Condensed Consolidated Balance Sheet

(unaudited, in millions of dollars)

	As at		
	July 31 1999	Apr. 30 1999	July 31 1998
Assets			
Cash resources	**$ 8,307**	$ 7,596	$ 6,925
Securities purchased under resale agreements	**27,771**	20,536	33,162
Securities			
Investment	**17,685**	16,188	16,275
Trading	**52,418**	47,635	44,454
	70,103	63,823	60,729
Loans (net of allowance for credit losses)			
Residential mortgages	**33,445**	33,343	31,982
Consumer instalment and other personal	**20,181**	18,819	15,913
Business and government	**36,234**	38,235	36,715
	89,860	90,397	84,610
Customers' liability under acceptances	**8,571**	8,861	9,144
Other assets	**17,874**	16,828	14,176
	$ 222,486	$ 208,041	$ 208,746
Liabilities			
Deposits			
Personal	**$ 51,889**	$ 50,783	$ 45,508
Business and government	**91,767**	90,482	91,836
	143,656	141,265	137,344
Acceptances	**8,571**	8,861	9,144
Obligations related to securities sold short	**22,612**	16,034	16,429
Obligations related to securities sold under repurchase agreements	**19,390**	15,207	24,144
Other liabilities	**14,169**	14,552	9,745
Subordinated notes	**3,490**	3,411	3,543
Non-controlling interest in subsidiary	**380**	–	–
Shareholders' equity			
Preferred	**839**	830	915
Common	**9,379**	7,881	7,482
	$ 222,486	$ 208,041	$ 208,746

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

Condensed Consolidated Statement of Shareholders' Equity

(unaudited, in millions of dollars)

	For the nine months ended	
	July 31 1999	July 31 1998
Balance at beginning of period	**$ 8,533**	$ 7,303
Issue of common shares	**5**	3
Issue of preferred shares	**–**	350
Net income	**2,133**	887
Dividends	**(348)**	(324)
Unrealized net foreign currency translation gains (losses), net of income taxes	**(68)**	205
Other	**(37)**	(27)
Balance at end of period	**$ 10,218**	$ 8,397

Condensed Consolidated Statement of Cash Flows

(unaudited, in millions of dollars)

	For the nine months ended	
	July 31 1999	July 31 1998
Cash flows from (used in) operating activities		
Net income	**$ 2,133**	$ 887
Adjustments to determine net cash flows	**(14,595)**	(26,887)
	(12,462)	(26,000)
Cash flows from (used in) financing activities		
Deposits	**22,979**	26,717
Securities sold short or under repurchase agreements	**20,547**	15,734
Subordinated notes and share capital	**(57)**	356
Dividends paid	**(348)**	(324)
Non-controlling interest in subsidiary	**380**	–
Other items, net	**(28)**	47
	43,473	42,530
Cash flows from (used in) investing activities		
Investment securities	**(4,896)**	(3,337)
Loans	**(5,206)**	(5,303)
Securities purchased under resale agreements	**(15,480)**	(9,841)
Interest-bearing deposits with banks	**(4,538)**	2,817
Other items	**(181)**	(282)
	(30,301)	(15,946)
Effect of exchange rate changes on cash and cash equivalents	**(20)**	41
Net increase in cash and cash equivalents	**690**	625
Cash and cash equivalents at beginning of period	**1,379**	1,200
Cash and cash equivalents at end of period	**$ 2,069**	$ 1,825

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

Statistical Review

	1999			1998	
	3	2	1	4	3
Key measurements					
Net income *(millions of dollars)*	**$ 1,473**	348	312	234	287
Per common share[1]					
Net income	**2.46**	.56	.51	.37	.46
Net income – cash basis	**2.48**	.58	.53	.39	.48
Dividends	**.19**	.17	.17	.17	.17
Book value	**15.77**	13.26	13.13	12.94	12.60
Closing market price	**29.80**	38.93	31.50	22.95	29.83
Return on common equity	**67.9%**	17.6	15.5	11.7	15.0
Return on common equity – cash basis	**74.9**	20.1	17.8	13.6	17.3
Return on assets	**2.70**	.68	.58	.45	.58
Efficiency ratio	**62.1**	63.4	60.3	71.5	57.8
Net interest margin					
(billions of dollars)					
Average earning assets	**$ 189.7**	181.2	181.1	178.4	165.4
Average total assets	**216.5**	208.7	212.0	208.3	196.7
Net interest income (TEB)					
as a % of:					
Average earning assets	**1.63%**	1.70	1.84	1.72	1.88
Average total assets	**1.43**	1.48	1.57	1.47	1.58
Credit quality *(millions of dollars)*					
(At quarter end)					
Gross impaired loans	**$ 703**	690	636	617	579
Less: allowance for credit losses	**1,114**	1,117	1,067	876	900
Net impaired loans	**$ (411)**	(427)	(431)	(259)	(321)
Net impaired loans as a % of net loans[2]	**(.4)%**	(.4)	(.4)	(.3)	(.3)
Provision for credit losses					
(millions of dollars)	**$ 25**	75	175	62	263
Provision as a % of net average loans[2]	**.10%**	.31	.71	.25	1.11
Capital measurements					
Capital *(millions of dollars)*					
Tier 1	**$ 9,681**	7,829	7,716	7,575	7,482
Total	**13,450**	11,734	11,703	11,536	11,496
Total risk-weighted assets *(billions of dollars)*	**$ 110.8**	111.1	110.6	105.1	102.9
Tier 1 capital ratio	**8.7%**	7.0	7.0	7.2	7.3
Total capital ratio	**12.1**	10.6	10.6	11.0	11.2
Common equity to total assets	**4.2**	3.8	3.7	4.2	3.6
Net common equity to risk-weighted assets	**7.6**	6.3	6.2	6.4	6.4
Other information					
Number of full-time equivalent employees	**30,898**	30,186	29,394	29,236	29,920
Number of retail bank outlets[3]	**907**	911	931	931	918
Number of retail brokerage offices	**266**	266	257	254	235
Number of Green Machines	**2,162**	2,168	2,149	2,124	2,116
Number of common shares outstanding *(millions)*					
At end of quarter	**594.6**	594.5	594.4	594.2	594.1
Average for quarter	**594.5**	594.4	594.4	594.2	594.1

[1]The per share figures have been adjusted to reflect the one-for-one stock dividend paid on July 31, 1999.
[2]Includes customers' liability under acceptances.
[3]Includes trust offices.

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Chief Executive Officer

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