DIAMOND HILL INVESTMENT GROUP INC
Form 4
April 09, 2007

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
LAIRD JAMES F JR

(Last) (First) (Middle)

325 JOHN H MCCONNELL BLVD, SUITE 200

(Street)

COLUMBUS, OH 43215

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
DIAMOND HILL INVESTMENT GROUP INC [DHIL]

3. Date of Earliest Transaction (Month/Day/Year)
04/04/2007

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Chief Financial Officer

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common	04/04/2007		S		4,400	D	$ 97.5	34,414	D	
Common								1,051	I	By 401k
Common	04/05/2007		S		2,500	D	$ 97.79	31,914	D	
Common								1,051	I	By 401k
Common	04/09/2007		S		1,546	D	$ 97.06	30,368	D	
Common								1,051	I	By 401k

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Own Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
LAIRD JAMES F JR 325 JOHN H MCCONNELL BLVD SUITE 200 COLUMBUS, OH 43215			Chief Financial Officer	

Signatures

Gary Young by POA	04/09/2007
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. /TD> 4 **5** 10 1 Construction **3** (2) (6) 1 **3** (7) 36 Financial 2 **(11)** **(11)** 2 48 Food, beverage and tobacco **2** 2 **2** 2 3 Forestry 4 4 39 Health and social services **1** 2 (1) **1** 1 1 Media and entertainment **2** 14 23 9 **2** 46 59 Metals and mining **3** 19 **(2)** 4 **1** 23 17 Oil and gas **3** 1 **3** 1 16 Retail **2** 2 **2** 2 (3)Sundry manufacturing **3** 11 (5) **3** 6 24 Telecommunications **7** **(20)** 26 **2** 11 **(11)** 37 608 Transportation **(1)** 48 **(1)** 48 5 Utilities 13 other loans **(1)** 3 **5** **4** 3 9

Total business and government	**25**	170	**38**	275	**(36)**	220	**27**	665	1,326

Total before general provision and sectoral provision

$
339

$
504

$
39

$
276

$
(36
)
$
220

Explanation of Responses:

$
342

$
1,000

$
1,660

General provision (reversal) **(67)** (157) Sectoral provision (reversal) (including transfer to specifics) **(661)** (657) 1,265

Total **$(386)**$186 $2,925

By location[1]	**2004**	**2003**	**2002**	**2004 % mix**	**2003 % mix**	**2002 % mix**
Canada						
Atlantic	**$ 11**	$ 10	$ 11	**(2.8)**	5.4	.4
Québec	**15**	16	18	**(3.9)**	8.6	.6
Ontario	**238**	372	348	**(61.6)**	200.0	11.9
Prairies	**38**	73	57	**(9.8)**	39.2	2.0
British Columbia	**37**	33	83	**(9.7)**	17.7	2.8
Total Canada	**339**	504	517	**(87.8)**	270.9	17.7
United States	**39**	276	1,006	**(10.1)**	148.4	34.4

By location[1]	2004	2003	2002	2004 % mix	2003 % mix	2002 % mix
Other international						
United Kingdom	**(43)**	206	132	**11.1**	110.8	4.5
Australia	**9**	8	2	**(2.3)**	4.3	.1
Asia	**(2)**	6	3	**.5**	3.2	.1
Total other international	**(36)**	220	137	**9.3**	118.3	4.7
General provision	**(67)**	(157)		**17.4**	(84.4)	
Sectoral provision (net of transfer to specifics)	**(661)**	(657)	1,265	**171.2**	(353.2)	43.2
Total	**$ (386)**	$ 186	$ 2,925	**100.0**	100.0	100.0
Provision for credit losses as a % of net average loans[2]						
Canada						
Residential mortgages	**.01%**	%	.01%			
Personal	**.73**	.94	1.09			
Business and other	**.12**	.74	.71			
Total Canada	**.29**	.45	.48			
United States	**.50**	2.43	6.37			
Other international	**(1.30)**	5.16	2.30			
General provision	**(.05)**	(.12)				
Sectoral provision	**(.52)**	.52	.97			
Total	**(.30)%**	.15%	2.24%			

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 Canadian dollars)

	Canada[1]		United States[1]		Other international[1]		Total		
By sector	**2004**	**2003**	**2004**	**2003**	**2004**	**2003**	**2004**	**2003**	**2002**
Financial	**$ 13,693**	$ 11,976	**$ 132**	$ 295	**$ 14,606**	$ 13,619	**$ 28,431**	$ 25,890	$ 23,381
Government	**2,094**	1,496			**263**	192	**2,357**	1,688	1,050
Other	**1,585**	1,128	**183**	188	**1,302**	807	**3,070**	2,123	2,374
Current replacement cost	**$ 17,372**	$ 14,600	**$ 315**	$ 483	**$ 16,171**	$ 14,618	**$ 33,858**	$ 29,701	$ 26,805
Less impact of master netting agreements and collateral							**21,849**	20,149	18,176
							$ 12,009	$ 9,552	$ 8,629

By location of ultimate risk (after impact of master netting agreements and collateral)	**2004**	**2003**	**2004 % mix**	**2003 % mix**
Canada	**$ 5,015**	$ 3,309	**41.8**	34.6
United States	**1,873**	1,842	**15.6**	19.3
Other international				
United Kingdom	**703**	798	**5.9**	8.3
Europe other	**2,982**	2,016	**24.8**	21.1
Australia and New Zealand	**1,012**	925	**8.4**	9.7
Japan	**106**	48	**.9**	.5
Asia other	**56**	74	**.5**	.8
Latin America and Caribbean	**76**	72	**.6**	.8
Middle East and Africa	**186**	468	**1.5**	4.9
Total other international	**5,121**	4,401	**42.6**	46.1
Total current replacement cost	**$ 12,009**	$ 9,552	**100.0**	100.0

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

TABLE 16 Assets under Administration and Assets under Management

(millions of Canadian dollars)	**2004**	**2003**	**2002**
Assets under administration			
Personal and Commercial Banking			
Retail custody and other	**$ 15,625**	$ 17,572	$ 15,235
Loans securitized	**20,213**	18,675	15,136
Total Personal and Commercial Banking	**35,838**	36,247	30,371

(millions of Canadian dollars)		2004	2003	2002
Wealth Management				
TD Waterhouse retail brokerage	Canada	**63,558**	55,183	46,509
	United States and other international	**167,798**	159,412	141,400
		231,356	214,595	187,909
Other Wealth Management		**47,834**	44,587	38,526
Total Wealth Management		**279,190**	259,182	226,435
Total assets under administration		**$ 315,028**	$ 295,429	$ 256,806
Assets under management				
Wealth Management		**$ 124,147**	$ 113,406	$ 111,920

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TABLE 17 Contractual Obligations by Remaining Maturity

2004

(millions of Canadian dollars)	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Subordinated notes and debentures	$ 5	$ 3	$ 663	$ 4,973	$ 5,644
Operating lease commitments	299	468	346	455	1,568
Capital trust securities				1,250	1,250
Network service agreements	184	356	323	226	1,089
	$ 488	$ 827	$ 1,332	$ 6,904	$ 9,551

TABLE 18 Capital Stock and Dividends Per Share

	2004		2003	
	Capital Stock (thousands of shares)	Dividends Per Share (Canadian dollars)	Capital Stock (thousands of shares)	Dividends Per Share (Canadian dollars)
Preferred shares issued by the Bank				
Class A Series G		$		US$.68
Class A Series H		.90	9,000	1.78
Class A Series I	16	.04	16	.04
Class A Series J	16,384	1.28	16,384	1.28
Class A Series K				.47
Class A Series L				US$.41
Class A Series M	14,000	1.18	14,000	.86
Class A Series N	8,000	1.15	8,000	.58
Preferred shares issued by TD Mortgage Investment Corporation:				
Series A	350	64.60	350	64.60
Common shares outstanding	655,902	1.36	656,261	1.16

TABLE 19 Quarterly Results

Quarterly Results Reported Basis

	2004				2003			
(millions of Canadian dollars)	October 31	July 31	April 30	January 31	October 31	July 31	April 30	January 31
Net interest income	**$ 1,475**	**$ 1,494**	**$ 1,485**	**$ 1,489**	$ 1,379	$ 1,402	$ 1,445	$ 1,390
Other income	**1,118**	**1,181**	**1,284**	**1,300**	1,094	1,193	968	1,169
Total revenue	**2,593**	**2,675**	**2,769**	**2,789**	2,473	2,595	2,413	2,559
Net income (loss) applicable to common shares	**$ 595**	**$ 565**	**$ 490**	**$ 582**	$ 480	$ 480	$ (295)	$ 324
(Canadian dollars)								
Basic net income (loss) per common share	**$ .91**	**$ .87**	**$ .74**	**$ .89**	$ .74	$ .74	$ (.46)	$ .50

	2004				2003			
Diluted net income (loss) per common share	**.90**	**.86**	**.74**	**.88**	.73	.73	(.46)	.50

Quarterly Results Before Amortization of Intangibles

	2004				2003			
(millions of Canadian dollars)	**October 31**	**July 31**	**April 30**	**January 31**	**October 31**	**July 31**	**April 30**	**January 31**
Net interest income	**$ 1,475**	**$ 1,494**	**$ 1,485**	**$ 1,489**	$ 1,379	$ 1,402	$ 1,445	$ 1,390
Other income	**1,118**	**1,181**	**1,284**	**1,300**	1,094	1,193	968	1,169
Total revenue	**2,593**	**2,675**	**2,769**	**2,789**	2,473	2,595	2,413	2,559
Net income (loss) applicable to common shares	**$ 687**	**$ 664**	**$ 597**	**$ 761**	$ 592	$ 599	$ (168)	$ 457
(Canadian dollars)								
Basic net income (loss) per common share	**$ 1.05**	**$ 1.02**	**$ .91**	**$ 1.16**	$ .91	$ .92	$ (.26)	$ .71
Diluted net income (loss) per common share	**1.04**	**1.01**	**.90**	**1.15**	.90	.91	(.26)	.70

Exhibit 3

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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. Canadian generally accepted accounting principles 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 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 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 Committee, conducts an extensive program of audits in coordination with the Bank's shareholders' auditors. This program supports 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 PricewaterhouseCoopers LLP, the shareholders' auditors, have audited our Consolidated Financial Statements. They have full and free access to, and meet periodically with, the Audit 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.

W. Edmund Clark
President and
Chief Executive 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, 2004 and 2003 and the Consolidated Statements of Operations, Changes in Shareholders' Equity and Cash Flows for each of the years in the three year period ended October 31, 2004. 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 Canadian generally accepted auditing standards. 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, 2004 and 2003 and the results of its operations and its cash flows for each of the years in the three year period ended October 31, 2004 in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP
Chartered Accountants

PricewaterhouseCoopers LLP
Chartered Accountants

Toronto, Canada
November 24, 2004

CONSOLIDATED BALANCE SHEET

	As at October 31	
	2004	**2003**
	(millions of Canadian dollars)	
ASSETS		
Cash and non-interest-bearing deposits with other banks	**$ 1,404**	$ 1,468
Interest-bearing deposits with other banks	**7,634**	6,251
	9,038	7,719
Securities (Note 2)		
Investment	**31,387**	24,775
Trading	**66,893**	54,890
	98,280	79,665
Securities purchased under resale agreements	**21,888**	17,475
Loans (Note 3)		
Residential mortgages	**51,420**	52,566
Consumer instalment and other personal	**48,857**	41,065
Credit card	**2,566**	2,120
Business and government	**22,264**	24,319
	125,107	120,070
Allowance for credit losses	**(1,183)**	(2,012)
Loans (net of allowance for credit losses)	**123,924**	118,058
Other		
Customers' liability under acceptances	**5,507**	6,645
Trading derivatives' market revaluation **(Note 17)**	**33,697**	28,451
Goodwill **(Note 5)**	**2,225**	2,263
Intangible assets **(Note 5)**	**2,144**	2,737
Land, buildings and equipment **(Note 6)**	**1,330**	1,417
Other assets **(Note 8)**	**12,994**	9,102
	57,897	50,615
Total assets	**$ 311,027**	$ 273,532
LIABILITIES		
Deposits (Note 7)		
Personal	**$ 111,360**	$ 105,996
Banks	**11,459**	11,958
Business and government	**84,074**	64,926
	206,893	182,880
Other		

	As at October 31	
Acceptances	**5,507**	6,645
Obligations related to securities sold short	**17,671**	15,346
Obligations related to securities sold under repurchase agreements	**9,846**	7,845
Trading derivatives' market revaluation **(Note 17)**	**33,873**	28,000
Other liabilities **(Note 8)**	**16,365**	12,568
	83,262	70,404
Subordinated notes and debentures (Note 9)	**5,644**	5,887
Non-controlling interest in subsidiaries (Note 10)	**1,250**	1,250
Contingent liabilities, commitments and guarantees **(Note 18)**		
SHAREHOLDERS' EQUITY		
Capital stock **(Note 11)**		
Preferred	**1,310**	1,535
Common (millions of shares issued and outstanding 655.9 in 2004 and 656.3 in 2003)	**3,373**	3,179
Contributed surplus	**20**	9
Foreign currency translation adjustments	**(265)**	(130)
Retained earnings	**9,540**	8,518
	13,978	13,111
Total liabilities and shareholders' equity	**$ 311,027**	$ 273,532

See Notes to Consolidated Financial Statements

W. Edmund Clark
President and
Chief Executive Officer

Hugh J. Bolton
Chair, Audit Committee

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CONSOLIDATED STATEMENT OF OPERATIONS

	For the years ended October 31		
	2004	**2003**	**2002**
	(millions of Canadian dollars)		
Interest income			
Loans	**$ 6,958**	$ 7,542	$ 7,796
Securities			
Dividends	**859**	721	595
Interest	**2,798**	2,727	3,083
Deposits with banks	**517**	212	132
	11,132	11,202	11,606
Interest expense			
Deposits	**3,853**	4,202	4,754
Subordinated notes and debentures	**312**	259	201
Other obligations	**1,024**	1,125	1,351
	5,189	5,586	6,306
Net interest income	**5,943**	5,616	5,300
Provision for (reversal of) credit losses (Note 3)	**(386)**	186	2,925
Net interest income after provision for (reversal of) credit losses	**6,329**	5,430	2,375
Other income			
Investment and securities services	**2,296**	2,132	2,085
Credit fees	**343**	415	415
Net investment securities gains **(Note 2)**	**192**	23	26
Trading income (loss)	**(153)**	104	529
Service charges	**673**	641	596
Loan securitizations **(Note 4)**	**390**	250	218
Card services	**172**	252	249
Insurance, net of claims	**593**	420	375
Trust fees	**78**	70	76
Gain on sale of mutual fund record keeping and custody business **(Note 21)**			40
Write down of investment in joint ventures		(39)	
Other	**299**	156	320
	4,883	4,424	4,929
Net interest and other income	**11,212**	9,854	7,304
Non-interest expenses			
Salaries and employee benefits **(Note 13)**	**3,780**	3,758	3,566
Occupancy including depreciation	**612**	656	605
Equipment including depreciation	**562**	650	661
Goodwill impairment **(Note 5)**		624	
Amortization of intangible assets **(Note 5)**	**626**	772	998
Restructuring costs (reversal) **(Note 22)**	**(7)**	92	
Marketing and business development	**384**	348	388
Brokerage related fees	**228**	229	224

	For the years ended October 31		
Professional and advisory services	**446**	372	366
Communications	**207**	208	225
Other **(Note 18 (c))**	**1,169**	655	719
	8,007	8,364	7,752
Income (loss) before provision for (benefit of) income taxes	**3,205**	1,490	(448)
Provision for (benefit of) income taxes (Note 14)	**803**	322	(445)
Income (loss) before non-controlling interest in subsidiaries	**2,402**	1,168	(3)
Non-controlling interest in net income of subsidiaries	**92**	92	64
Net income (loss)	**2,310**	1,076	(67)
Preferred dividends (Note 11)	**78**	87	93
Net income (loss) applicable to common shares	**$ 2,232**	$ 989	$ (160)
Average number of common shares outstanding (millions) **(Note 23)**			
basic	**654.5**	649.8	641.0
diluted	**659.4**	653.9	646.9
Earnings (loss) per common share **(Note 23)**			
basic	**$ 3.41**	$ 1.52	$ (. 25)
diluted	**3.39**	1.51	(. 25)

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	For the years ended October 31		
	2004	**2003**	**2002**
	(millions of Canadian dollars)		
Preferred shares (Note 11)			
Balance at beginning of year	**$ 1,535**	$ 1,485	$ 1,492
Proceeds from share issues		550	
Translation adjustment on shares issued in a foreign currency		(23)	(7)
Share redemptions	**(225)**	(477)	
Balance at end of year	**1,310**	1,535	1,485
Common shares (Note 11)			
Balance at beginning of year	**3,179**	2,846	2,259
Proceeds from shares issued for cash			400
Proceeds from shares issued on exercise of options	**99**	47	13
Proceeds from shares issued as a result of dividend reinvestment plan	**174**	286	174
Impact of shares (acquired) sold in Wholesale Banking **(Note 1)**	**(41)**		
Repurchase of common shares	**(38)**		
Balance at end of year	**3,373**	3,179	2,846
Contributed surplus			
Balance at beginning of year	**9**		
Stock option expense **(Note 12)**	**11**	9	
Balance at end of year	**20**	9	
Foreign currency translation adjustments			
Balance at beginning of year	**(130)**	418	450
Foreign exchange gains (losses) from investments in subsidiaries and other items	**(739)**	(1,595)	(112)
Foreign exchange gains (losses) from hedging activities	**1,004**	1,528	145
(Provision for) benefit of income taxes **(Note 14)**	**(400)**	(481)	(65)
Balance at end of year	**(265)**	(130)	418
Retained earnings			
Balance at beginning of year	**8,518**	8,292	9,203
Net income (loss)	**2,310**	1,076	(67)
Preferred dividends	**(78)**	(87)	(93)
Common dividends	**(890)**	(754)	(718)
Stock options settled in cash, net of income taxes			(25)
Termination of equity based compensation plan	**(24)**		
Premium paid on repurchase of common shares **(Note 11)**	**(312)**		
Other	**16**	(9)	(8)
Balance at end of year	**9,540**	8,518	8,292
Total common equity	**12,668**	11,576	11,556
Total shareholders' equity	**$ 13,978**	$ 13,111	$ 13,041

For the years ended October 31

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

	For the years ended October 31		
	2004	**2003**	**2002**
	(millions of Canadian dollars)		
Cash flows from (used in) operating activities			
Net income (loss)	**$ 2,310**	$ 1,076	$ (67)
Adjustments to determine net cash from (used in) operating activities			
Provision for (reversal of) credit losses	**(386)**	186	2,925
Gain on sale of mutual fund record keeping and custody business			(40)
Depreciation **(Note 6)**	**294**	318	312
Goodwill impairment		624	
Amortization of intangible assets	**626**	772	998
Restructuring costs (reversal)	**(7)**	98	
Stock option expense	**11**	9	
Write down of investment in joint ventures		39	
Net investment securities gains	**(192)**	(23)	(26)
Changes in operating assets and liabilities			
Future income taxes **(Note 14)**	**128**	(74)	(1,017)
Current income taxes payable	**(440)**	669	249
Interest receivable and payable **(Note 8)**	**(141)**	145	(422)
Trading securities	**(12,003)**	(1,495)	12,789
Unrealized gains and amounts receivable on derivatives contracts	**(5,246)**	(2,712)	(4,304)
Unrealized losses and amounts payable on derivatives contracts	**5,873**	2,046	4,184
Other	**243**	3,475	(1,628)
Net cash from (used in) operating activities	**(8,930)**	5,153	13,953
Cash flows from (used in) financing activities			
Deposits	**24,013**	(6,310)	(4,724)
Securities sold under repurchase agreements	**2,001**	(810)	(5,982)
Securities sold short	**2,325**	(1,712)	(4,378)
Issuance of subordinated notes and debentures	**3**	1,904	557
Repayment of subordinated notes and debentures	**(158)**	(218)	(1,085)
Subordinated notes and debentures (acquired) sold in Wholesale Banking	**(26)**		
Translation adjustment on subordinated notes and debentures issued in a foreign currency	**(62)**	(142)	(21)
Common shares issued for cash, net of expenses			392
Common shares issued on exercise of options	**99**	47	13
Common shares issued as a result of dividend reinvestment plan	**174**	286	174
Common stock options settled in cash, net of income taxes			(25)
Common shares (acquired) sold in Wholesale Banking	**(41)**		
Repurchase of common shares	**(350)**		
Issuance of preferred shares		550	
Redemption of preferred shares	**(225)**	(477)	
Dividends paid on preferred shares	**(78)**	(87)	(93)
common shares	**(890)**	(754)	(718)
Proceeds on issuance of subsidiary shares			350
Other		(23)	(7)
Net cash from (used in) financing activities	**26,785**	(7,746)	(15,547)
Cash flows from (used in) investing activities			
Interest-bearing deposits with other banks	**(1,383)**	(1,615)	(652)
Activity in investment securities			
Purchases	**(30,877)**	(25,199)	(16,620)
Proceeds from maturities	**4,688**	9,110	7,024

	For the years ended October 31		
Proceeds from sales	**19,769**	20,139	11,830
Activity from lending activities			
Origination and acquisitions	**(77,827)**	(143,064)	(80,769)
Proceeds from maturities	**63,457**	138,126	72,514
Proceeds from sales	**3,326**	1,694	1,859
Proceeds from loan securitizations	**5,564**	7,627	517
Land, buildings and equipment	**(207)**	(101)	(114)
Securities purchased under resale agreements	**(4,413)**	(4,415)	7,145
Acquisitions and dispositions less cash and cash equivalents acquired **(Note 21)**			(1,194)
Net cash from (used in) investing activities	**(17,903)**	2,302	1,540
Effect of exchange rate changes on cash and cash equivalents	**(16)**	(143)	(5)
Net changes in cash and cash equivalents	**(64)**	(434)	(59)
Cash and cash equivalents at beginning of year	**1,468**	1,902	1,961
Cash and cash equivalents at end of year represented by cash and non-interest-bearing deposits with other banks	**$ 1,404**	$ 1,468	$ 1,902
Supplementary disclosure of cash flow information			
Amount of interest paid during the year	**$ 5,298**	$ 5,861	$ 6,962
Amount of income taxes paid during the year	**1,509**	306	565
Dividends per common share	**$ 1.36**	$ 1.16	$ 1.12

See Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bank Act

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

Note 24 to the Consolidated Financial Statements describes and reconciles the significant differences between Canadian and United States generally accepted accounting principles.

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

(a)

Generally Accepted Accounting Principles

As of November 1, 2003, the Bank prospectively adopted a new Canadian Institute of Chartered Accountants (CICA) accounting standard on generally accepted accounting principles. The new accounting standard establishes standards for financial reporting and describes what constitutes Canadian generally accepted accounting principles and its sources. The standard also provides guidance on sources to consult when selecting accounting policies and determining appropriate disclosures, when a matter is not dealt with explicitly in the primary sources of generally accepted accounting principles. The new accounting standard resulted in shares of the Bank held as economic hedges in the Bank's trading portfolio being reclassified from trading assets to a deduction from common and preferred equity. For the year ended October 31, 2004, the Bank deducted $41 million from equity related to shares of the Bank held in Wholesale Banking. The effect of this change is not material to the Consolidated Statement of Operations.

(b)

Basis of Consolidation

The Consolidated Financial Statements include the assets and liabilities, and results of operations of subsidiaries after elimination of intercompany transactions and balances. Subsidiaries are corporations or other legal entities effectively controlled by the Bank. The Bank uses the purchase method 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 as a separate line item in the Consolidated Statement of Operations.

Entities 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 entities is reported in interest income in the Consolidated Statement of Operations.

(c)

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. The accounting for loan losses, fair value of financial instruments held in trading portfolios, income taxes, valuation of investment securities, securitizations, valuation of goodwill and intangible assets, pensions and post-retirement benefits and contingent liabilities are areas where management makes such estimates and assumptions.

(d)

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 certain foreign operations, net of any offsetting gains or losses arising from hedges of these positions and applicable income taxes, are included in 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 Operations.

(e)

Cash and Cash Equivalents

Cash and cash equivalents are represented by cash and non-interest-bearing deposits with other banks. Some of the Bank's foreign operations are required to maintain reserves or minimum balances with central banks in their respective countries of operation, amounting to $320 million as at October 31, 2004 (2003 $309 million).

(f)

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 obligations related to securities sold under repurchase agreements are carried at amortized 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. The Bank takes possession of the underlying collateral, monitors its market value relative to the amounts due under the agreements and when necessary, requires transfer of additional collateral or reduction in the balance to maintain contractual margin protection. In the event of counterparty default, the financing agreement provides the Bank with the right to liquidate the collateral held.

(g)

Securities

Investment 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. Investment securities include investments in the merchant banking portfolio that are not publicly traded. Investment securities are carried at cost or amortized cost, adjusted to net realizable value to recognize other than temporary impairment. 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 securities, including trading securities sold short included in liabilities, are carried at market value. 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 (i).

(h)

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.

(i)

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, general and sectoral allowances.

Specific allowances include 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 large and medium-sized business and government loans. In these instances, the estimated realizable amount is generally measured by discounting the expected future cash flows at the effective interest rate inherent in the loan at the date of impairment. Alternatively, for personal and small business 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 the accumulated provisions for losses which are considered to have occurred but cannot be determined on an item-by-item or group 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. General allowances are computed using credit risk models developed by the Bank. The models consider probability of default (loss frequency), loss given default (loss severity) and expected exposure at default.

When an industry sector or geographic region experiences specific adverse events or changes in economic conditions, an additional allowance is established even though the individual loans comprising the group are still performing. These allowances are considered sectoral and are established for losses which have not been specifically identified, and where the losses are not adequately covered by the general allowances noted above. The amount of the allowance is reviewed and computed using expected loss methodologies that incorporate probability of default, loss given default and expected loss on sale.

Actual write-offs, net of recoveries, are deducted from the allowance for credit losses. The provision for credit losses, which is the amount that is charged to the Consolidated Statement of Operations, is that required to bring the total allowances (specific, general and sectoral) to a level which management considers adequate to absorb probable credit-related losses.

(j)

Loan Securitizations

When loan receivables are sold in a securitization to a special purpose entity under terms that transfer control to third parties, the transaction is recognized as a sale and the related loan assets are removed from the Consolidated Balance Sheet. As part of the securitization, certain financial assets are retained and may consist of one or more subordinated tranches, servicing rights, and in some cases a cash reserve account. The retained interests are classified as investment securities and are carried at cost or amortized cost. A gain or loss on sale of the loan receivables is recognized immediately in other income and before the effects of hedges on the assets sold for term loans. The amount of the gain or loss recognized depends in part on the previous carrying amount of the receivables involved in the transfer, allocated between the assets sold and the retained interests based on their relative fair values at the date of transfer. To obtain fair values, quoted market prices are used if available. However, quotes are generally not available for retained interests and the Bank generally estimates fair value based on the present value of future expected cash flows estimated using management's best estimates of key assumptions credit losses, prepayment rates, forward yield curves, and discount rates commensurate with the risks involved.

Subsequent to the securitization, any retained interests that cannot be contractually settled in such a way that the Bank can recover substantially all of its recorded investment are adjusted to fair value. The current fair value of retained interests is determined using the present value of future expected cash flows as discussed above.

(k)

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.

(l)

Derivative Financial Instruments

Derivative financial instruments are financial contracts that derive their value from changes in interest rates, foreign exchange rates, credit spreads, commodity prices, equities or other financial measures. Such instruments include interest rate, foreign exchange, equity, commodity and credit derivative contracts. The Bank uses these instruments to manage the risks associated with its funding and investing strategies or for trading purposes.

Derivatives used for risk management purposes are referred to by the Bank as non-trading derivatives. Non-trading derivatives are generally recorded off-balance sheet as hedges with the realized and unrealized gains and losses resulting from these contracts recognized in income on a basis consistent with the hedged on-balance sheet financial asset or liability or the hedged off-balance sheet anticipated transaction. Premiums on purchased options are deferred at inception and amortized into other income over the contract life. For non-trading derivatives to receive hedge accounting treatment, the hedging relationship must be documented at inception and the non-trading derivative and the hedged exposure must be highly and inversely correlated such that changes in the value of the non-trading derivative will substantially offset the effects of the hedged exposure to the Bank throughout the term of the hedging relationship. If these criteria are not met, the non-trading derivative contract is carried at fair value with resulting gains and losses recorded in income.

A hedging relationship is terminated if the hedging relationship ceases to be highly effective; if the underlying asset or liability is liquidated or terminated or it is no longer probable that the anticipated transaction will occur and the derivative is still outstanding; or if the hedging instrument is no longer designated as a hedging instrument. When this occurs, the realized or unrealized gain or loss associated with the affected non-trading derivative is deferred and recognized as the hedged exposure affects the Bank's income.

The Bank enters into trading derivative contracts to meet the needs of its customers and to take trading positions. Trading derivatives are recorded at fair value with the resulting realized and unrealized gains or losses recognized immediately in other income. Fair value is determined using the midpoint between quoted market prices whenever possible. The market value of over the counter trading derivatives is estimated using well established models but is recorded net of valuation adjustments which recognize the need to cover market, liquidity, model and credit risks not appropriately captured by the models. Where necessary model inputs are not observable in the market, any inception gains and losses associated with these contracts are deferred and recognized over the life of the contract as the input becomes observable.

Hedging relationships

As of November 1, 2003, the Bank prospectively adopted the CICA accounting guideline on hedging relationships. This guideline sets out the criteria that must be met in order to apply hedge accounting for derivatives. The guideline provides detailed guidance on the identification, designation, documentation and effectiveness of hedging relationships, for purposes of applying hedge accounting, and the discontinuance of hedge accounting.

The Bank's non-trading derivatives that have been designated in a hedging relationship have been considered effective under the guideline. However, ineffective hedging relationships and hedges not designated in a hedging relationship have been carried at fair value and will result in earnings volatility. The earnings impact of derivatives not qualifying for hedge accounting was a $50 million after-tax loss for fiscal 2004.

As a result of implementing the guideline, the Bank's credit default swap portfolio with a November 1, 2003 notional value of $4 billion no longer qualifies for hedge accounting and has been carried at fair value. The resulting transitional loss of $32 million has been deferred and will be recognized in income in the same period as the corresponding gains, losses, revenues or expenses associated with the original hedged item.

Also, as of November 1, 2003, the Bank changed its accounting policy for interest rate commitments on mortgages to account for them at fair value. The corresponding hedges of the interest rate commitments are also carried at fair value. The upfront commitment cost, net of payoffs, is deferred and amortized over the life of the underlying mortgage. The Bank does not expect any earnings volatility to result from this change in accounting policy.

Equity-linked deposit contracts

As of November 1, 2003, the Bank prospectively adopted a new CICA accounting guideline on equity-linked deposit contracts. The guideline pertains to certain of the Bank's deposit obligations that vary according to the performance of certain equity levels or indices, may be subject to a guaranteed minimum redemption amount and have an embedded derivative. As a result of the guideline, the Bank accounts for the embedded derivative of such variable obligations at fair value with changes in fair value reflected in income as they arise. A transition adjustment of $103 million was completely offset by the recognition of the fair value of derivatives used to hedge the derivative embedded in the equity-linked deposit contract. The Bank does not expect any future earnings volatility to result from this change in accounting policy, as the embedded derivatives are effectively hedged.

(m)

Goodwill and Intangible Assets

Goodwill represents the difference between the acquisition cost of an investment and the fair value of the net tangible and intangible assets acquired. Intangible assets are allocated before indefinite and finite life intangible assets. Goodwill is not amortized but is subject to impairment tests, on at least an annual basis. Goodwill is allocated to reporting units. Reporting units are either the operating business segment or the business unit below (a component). A component of an operating segment is a reporting unit when the component constitutes a business for which discrete financial information is available and segment management regularly reviews the operating results of that component. However, two or more components of an operating segment are aggregated and deemed a single reporting unit when the components have similar economic characteristics. An operating segment is deemed to be a reporting unit when all of its components are similar, when none of its components is a reporting unit, or when it is comprised of only a single component. Any goodwill impairment is identified by comparing the carrying value of the reporting unit with its fair value. If any impairment is identified, then the amount of the impairment is quantified by comparing the carrying value of goodwill to its fair value, based on the fair value of the assets and liabilities of the reporting unit. Any impairment in goodwill is charged to income in the period in which the impairment is identified.

Intangible assets with a finite life are amortized over their estimated useful life. As of November 1, 2003, the Bank prospectively adopted the CICA accounting standard on impairment of long-lived assets which includes intangibles with a finite life. The new standard requires that impairment in long-lived assets be tested whenever the circumstances indicate that the carrying value may not be recoverable and measured as the amount by which the asset's carrying value exceeds fair value. There was no impairment of the Bank's finite life intangible assets under the new standard. Any impairment of intangible assets would be charged to income in the period in which the impairment is determined. The Bank's finite life intangible assets consist primarily of core deposit intangibles that represent the intangible value of depositor relationships acquired when deposit liabilities are assumed in an acquisition. Other significant finite life intangible assets include term deposit, loan and mutual fund intangibles resulting from acquisitions. The majority of these finite life intangible assets are amortized to income on a double declining basis over eight years, based on their estimated useful lives.

(n)

Land, Buildings and Equipment

Land is reported at cost. Buildings, equipment and leasehold improvements are reported at cost less accumulated depreciation. When the Bank reports a gain on sale of property in which it retains a significant leasing interest, the portion of the gain which can be allocated to the leased interest is deferred and amortized to income over the remaining term of the lease. Gains and losses on disposal are included in other income in the Consolidated Statement of Operations. When land, building and equipment are no longer in use or considered impaired they are written down to their net recoverable amount. 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
Computer software	maximum 3 years, straight-line
Furniture, fixtures and other equipment	20%, declining balance
Leasehold improvements	estimated useful life, straight-line

As noted above, as of November 1, 2003, the Bank prospectively adopted the CICA accounting standard on impairment of long-lived assets which also includes land, buildings and equipment. There was no impairment of the Bank's land, buildings and equipment as a result of the new standard.

(o)

Stock-based Compensation Plans

The Bank operates various stock-based compensation plans. One of these plans is a stock option plan for eligible employees of the Bank. Under this plan, options are periodically awarded to participants to purchase common shares at prices equal to the closing market price of the shares on the date prior to the date the options were issued, subject to vesting provisions. For stock options issued up to October 31, 2002, no expenses have been recorded when the stock options were issued. The consideration paid by option holders on the exercise of the options is credited to capital stock. Until October 5, 2002, option holders could elect to receive cash for the options equal to the excess of the current market price of the shares over the option exercise price. Effective October 6, 2002, new grants of options and all outstanding options can only be settled for shares. Cash payments to option holders who elected to receive cash were charged to retained earnings on a net of tax basis. As of November 1, 2002, the Bank adopted the accounting standard on stock-based compensation and has elected to adopt on a prospective basis the fair value method of accounting for all stock option awards. Under this method the Bank recognizes a compensation expense based on the fair value of the options on the date of grant which is determined by using an option pricing model. The fair value of the options is recognized over the vesting period of the options granted as compensation expense and contributed surplus. The contributed surplus balance is reduced as the options are exercised and the amount initially recorded for the options in contributed surplus is credited to capital stock. No compensation expense is recorded for stock options awarded and outstanding prior to November 1, 2002.

The Bank also operates a share purchase plan available to 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 employee benefits.

In addition, the Bank operates restricted share unit plans which are offered to certain employees of the Bank. Under these plans participants are granted restricted share units equivalent to the Bank's common stock that generally vest over three to four years. A liability is accrued by the Bank related to the restricted share units awarded and an incentive compensation expense is recognized in the Consolidated Statement of Operations over the vesting period. At the maturity date, the participant receives cash representing the value of the restricted share units. The Bank also offers deferred share unit plans to eligible executives. Under these plans a portion of the participant's annual incentive award may be deferred as share units equivalent to the Bank's common stock. The deferred share units are redeemable when the participant ceases to be an employee of the Bank and must be redeemed for cash by the end of the next calendar year. Dividend equivalents accrue to the participants. Compensation expense for these plans are recorded in the year the incentive award is earned by the plan participant. Changes in the value of restricted share units and deferred share units are recorded, net of the effects of related hedges, in the Consolidated Statement of Operations.

(p)

Employee Future Benefits

The Bank's principal pension plan, The Pension Fund Society of The Toronto-Dominion Bank, is a defined benefit plan for which membership is voluntary. Benefits under the plan are determined based upon the length of service and final five year average salaries of the employees. 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 defined benefit plans is provided by contributions from the Bank and members of the plans. In addition, the Bank maintains other partially funded benefit plans for eligible employees. Related retirement benefits are paid from the Bank's assets and contributions.

The Bank also provides certain post-retirement benefits, post-employment benefits, compensated absences and termination benefits for its employees (non-pension employee benefits), which are generally non-funded. These benefits include health care, life insurance and dental benefits. Employees eligible for the post-retirement benefits are those who retire from the Bank at certain retirement ages. Some retirees may be required to pay a portion of the cost of their benefits. Employees eligible for the post-employment benefits are those on disability and maternity leave.

For the defined benefit plans and the non-pension employee benefit plans, actuarial valuations are prepared at least every three years (and extrapolated in the interim) to determine the present value of the accrued benefits. Pension and non-pension benefit expenses are determined based upon separate actuarial valuations using the projected benefit method pro-rated on service and management's best estimates of investment returns on the plan's assets, compensation increases, retirement ages of employees and estimated health care costs. The discount rate used to value liabilities is based on long term corporate AA bond yields as of the valuation date. The expense includes the cost of benefits for the current year's service, interest expense on liabilities, expected income on plan assets based on fair values and the amortization of plan amendments on a straight-line basis over the expected average remaining service life of the employee group (expected average remaining period to full eligibility for non-pension post-retirement benefits). The excess, if any, of the net actuarial gain or loss over 10% of the greater of the projected benefit obligation and the fair value of plan assets is also amortized over the expected average remaining service life of the employee group. The expected average remaining service life of active employees of the Bank's principal pension plan is 10 years and 17 years for the principal non-pension post-retirement benefit plans. The expected average remaining period to full eligibility for the principal non-pension post-retirement plans is 13 years. The cumulative difference between expense and funding contributions is reported on the Consolidated Balance Sheet in other assets or other liabilities.

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

(q)

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. The Bank records a valuation allowance when it is not more likely than not that all of the future tax assets recognized will be realized prior to their expiration.

(r)

Earnings Per Share

The Bank uses the treasury stock method to calculate diluted earnings per share. The treasury stock method determines the number of additional common shares by assuming that the outstanding stock options, whose exercise price is less than the average market price of the Bank's common stock during the period, are exercised and then reduced by the number of common shares assumed to be repurchased with the exercise proceeds. Basic earnings per share is determined by dividing net income applicable to common shares by the average number of common shares outstanding for the period. Diluted earnings per share is determined using the same method as basic earnings per share except that the weighted average number of common shares outstanding includes the potential dilutive effect of stock options granted by the Bank as determined under the treasury stock method. Such potential dilution is not recognized in a loss period.

(s)

Restructuring Costs

On April 1, 2003, the Bank prospectively adopted guidance on the accounting for severance and termination benefits and the accounting for costs associated with exit and disposal activities (including costs incurred in a restructuring). The guidance generally requires recognition of costs related to severance, termination and exit and disposal activities in the period when they are incurred rather than at the date of commitment to an exit or disposal plan.

(t)

Insurance

Earned premiums, net of fees, paid claims and changes in policy liabilities are included in other income.

(u)

Comparative Figures

Certain comparative figures have been reclassified to conform with the presentation adopted in 2004.

NOTE 2 SECURITIES

Securities Maturity Schedule

	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**	**2004 Total**	**2003 Total**
				(millions of Canadian dollars)				
Investment securities								
Government and government-insured securities								
Canada	$ 3,009	$ 405	$ 423	$ 90	$ 27	$	$ 3,954	$ 2,957
Mortgage-backed securities	611	4,268	7,603				12,482	10,924
Total Canada	3,620	4,673	8,026	90	27		16,436	13,881
Provinces	50	108	75	51	5		289	142
Total	3,670	4,781	8,101	141	32		16,725	14,023
Other debt securities								
Canadian issuers	223	107	185	111	32		658	624
U.S. federal government	3,687	602	66	16	93		4,464	1,951
Other foreign governments	1,045	2,121	347	235			3,748	3,344
Other issuers	620	1,150	787	375			2,932	1,971
Total	5,575	3,980	1,385	737	125		11,802	7,890
Equity securities								
Preferred shares	233	226	76	6		394	935	1,127
Common shares						1,925	1,925	1,735
Total	233	226	76	6		2,319	2,860	2,862
Total investment securities	9,478	8,987	9,562	884	157	2,319	31,387	24,775
Trading securities[1]								
Government and government-insured securities								
Canada	1,330	688	888	1,494	1,425		5,825	4,141
Provinces	424	606	414	759	830		3,033	2,716
Total	1,754	1,294	1,302	2,253	2,255		8,858	6,857
Other debt securities								
Canadian issuers	128	397	533	738	1,085		2,881	1,672
U.S. federal government	160	75	136	424	1		796	719
Other foreign governments	2,249	516	274	453	648		4,140	3,384
Other issuers	4,174	4,392	4,530	5,804	2,665		21,565	22,488
Total	6,711	5,380	5,473	7,419	4,399		29,382	28,263

	Remaining term to maturity							
Equity securities								
Preferred shares						**379**	**379**	746
Common shares						**28,274**	**28,274**	19,024
Total						**28,653**	**28,653**	19,770
Total trading securities	**8,465**	**6,674**	**6,775**	**9,672**	**6,654**	**28,653**	**66,893**	54,890
Total securities	**$ 17,943**	**$ 15,661**	**$ 16,337**	**$ 10,556**	**$ 6,811**	**$ 30,972**	**$ 98,280**	$ 79,665

[1] During fiscal 2003, a portfolio with a carrying value of approximately $2 billion was transferred from investment to trading securities along with the related hedges resulting in an immaterial net income effect. No such transfers occurred in fiscal 2004.

Securities Unrealized Gains and Losses

	2004				2003			
	Book value	Gross unrealized gains	Gross unrealized losses	Estimated market value	Book value	Gross unrealized gains	Gross unrealized losses	Estimated market value
	(millions of Canadian dollars)							
Investment securities								
Government and government-insured securities								
Canada	**$ 3,954**	**$ 11**	**$ 5**	**$ 3,960**	$ 2,957	$ 13	$	$ 2,970
Mortgage-backed securities	**12,482**	**42**	**34**	**12,490**	10,924	95	18	11,001
Total Canada	**16,436**	**53**	**39**	**16,450**	13,881	108	18	13,971
Provinces	**289**	**3**	**1**	**291**	142	3		145
Total	**16,725**	**56**	**40**	**16,741**	14,023	111	18	14,116
Other debt securities								
Canadian issuers	**658**	**11**	**2**	**667**	624	5	1	628
U.S. federal government	**4,464**			**4,464**	1,951			1,951
Other foreign governments	**3,748**	**39**	**4**	**3,783**	3,344	23	9	3,358
Other issuers	**2,932**	**23**	**1**	**2,954**	1,971	22	1	1,992
Total	**11,802**	**73**	**7**	**11,868**	7,890	50	11	7,929
Equity securities								
Preferred shares	**935**	**80**	**2**	**1,013**	1,127	103	3	1,227
Common shares	**1,925**	**428**	**40**	**2,313**	1,735	398	69	2,064
Total	**2,860**	**508**	**42**	**3,326**	2,862	501	72	3,291
Total investment securities	**31,387**	**637**	**89**	**31,935**	24,775	662	101	25,336
Trading securities	**66,893**			**66,893**	54,890			54,890
Total securities	**$ 98,280**	**$ 637**	**$ 89**	**$ 98,828**	$ 79,665	$ 662	$ 101	$ 80,226

The following table summarizes the net investment securities gains (losses) included in the Consolidated Statement of Operations for the year ended October 31.

	2004	2003	2002
	(millions of Canadian dollars)		
Realized gains	**$ 268**	$ 446	$ 321
Realized losses	**(29)**	(153)	(121)
Write downs of investment securities	**(47)**	(270)	(174)
Net investment securities gains	**$ 192**	$ 23	$ 26

NOTE 3 LOANS, IMPAIRED LOANS AND ALLOWANCE FOR CREDIT LOSSES

Loans and Impaired Loans

2004	Gross amount of loans	Gross impaired loans	Specific allowance	Impaired loans net of specific allowance	General allowance	Sectoral allowance	Total allowance for credit losses	Net amount of loans
				(millions of Canadian dollars)				
Residential mortgages	**$ 51,420**	**$ 21**	**$ 6**	**$ 15**	**$ 40**	**$**	**$ 46**	**$ 51,374**
Consumer instalment and other personal	**48,857**	**90**	**49**	**41**	**199**		**248**	**48,609**
Credit card	**2,566**				**56**		**56**	**2,510**
Business and government	**22,264**	**426**	**211**	**215**	**622**		**833**	**21,431**
Total	**$ 125,107**	**$ 537**	**$ 266**	**$ 271**	**$ 917**	**$**	**$ 1,183**	**$ 123,924**
2003								
Residential mortgages	$ 52,566	$ 51	$ 8	$ 43	$ 33	$	$ 41	$ 52,525
Consumer instalment and other personal	41,065	114	62	52	170		232	40,833
Credit card	2,120				45		45	2,075
Business and government	24,319	1,206	417	789	736	541	1,694	22,625
Total	$ 120,070	$ 1,371	$ 487	$ 884	$ 984	$ 541	$ 2,012	$ 118,058

	2004	2003
Average gross impaired loans during the year	**$ 946**	$ 2,305

Included in gross residential mortgages are Canadian government-insured mortgages of $32,146 million at October 31, 2004 (2003 $36,659 million). Gross impaired loans include foreclosed assets held for sale with a gross carrying value of $10 million at October 31, 2004 (2003 $17 million) and a related allowance of $3 million (2003 $5 million).

Included in consumer instalment and other personal loans are Canadian government-insured real estate secured personal loans of $8,386 million at October 31, 2004 (2003 $2,578 million).

Included in business and government loans are $1,876 million (2003 $3,241 million) of gross loans in the communications sector and $1,055 million (2003 $2,579 million) of gross loans in the utilities sector against which sectoral allowances of $216 million and $209 million have been provided, respectively in fiscal 2003. There were no sectoral allowances in fiscal 2004.

Allowance for Credit Losses

	2004				2003				2002
	Specific allowance	**General allowance**	**Sectoral allowance**	**Total**	**Specific allowance**	**General allowance**	**Sectoral allowance**	**Total**	**Total**
	(millions of Canadian dollars)								
Balance at beginning of year	**$ 487**	**$ 984**	**$ 541**	**$ 2,012**	$ 1,074	$ 1,141	$ 1,285	$ 3,500	$ 1,320
Provision for (reversal of) credit losses	**336**	**(67)**	**(655)**	**(386)**	423	(157)	(80)	186	2,925
Transfer from sectoral to specific	**6**		**(6)**		577		(577)		
Write-offs[1]	**(687)**			**(687)**	(1,601)			(1,601)	(893)
Recoveries	**123**		**150**	**273**	120		57	177	127
Other[2]	**1**		**(30)**	**(29)**	(106)		(144)	(250)	21
Allowance for credit losses at end of year	**$ 266**	**$ 917**	**$**	**$ 1,183**	$ 487	$ 984	$ 541	$ 2,012	$ 3,500

1 For the year ended October 31, 2004, there were $7 million write-offs related to restructured loans (2003 $39 million; 2002 $57 million).

2 Includes foreign exchange rate changes and losses on loan sales booked to sectoral allowance.

NOTE 4 LOAN SECURITIZATIONS

The following table summarizes the Bank's securitization activity for the years ended October 31. In most cases the Bank retained the responsibility for servicing the assets securitized.

	2004				2003			
	Residential mortgage loans	**Personal loans**	**Credit card loans**	**Commercial mortgage loans**	**Residential mortgage loans**	**Personal loans**	**Credit card loans**	**Commercial mortgage loans**
	(millions of Canadian dollars)							
Gross proceeds from securitizations recorded during the year	**$ 5,605**	**$ 2,673**	**$ 5,600**	**$ 720**	$ 7,305	$ 2,886	$ 3,000	$ 902
Retained interest recorded during the year	**131**		**102**	**3**	157		53	11
Gain on sale, net of transaction fees and expenses[1]	**29**		**95**	**23**			43	28
Cash flows received on interests retained	**151**	**43**	**185**	**7**	91	53	117	2

1 For term loans (residential mortgage and commercial mortgage loans), the gain on sale is before the effects of hedges on assets sold.

The key assumptions used to value the sold and retained interests are shown in the table below.

	2004				2003			
	Residential mortgage loans	**Personal loans**	**Credit card loans**	**Commercial mortgage loans**	**Residential mortgage loans**	**Personal loans**	**Credit card loans**	**Commercial mortgage loan**
Prepayment rate[1]	**20.0%**	**5.9%**	**40.0%**	**3.3%**	20.0%	5.9%	39.4%	5.0%
Excess spread[2]	**. 7**	**1.1**	**12.4**		. 8	1.2	12.0	
Discount rate	**5.1**	**2.8**	**4.4**	**9.8**	6.7	3.3	4.4	4.8
Expected credit losses[3]			**3.0**	**. 1**			3.2	. 1

1 Represents monthly payment rate for personal and credit card loans.

2 The excess spread for credit card loans reflects the net portfolio yield, which is interest earned less funding costs and losses.

3 There are no expected credit losses for residential mortgage loans as these mortgages are government guaranteed.

During fiscal 2004, there were maturities of previously securitized loans and receivables of $6,361 million (2003 $3,580 million).

As a result, the net proceeds from loan securitizations were $5,564 million (2003 $7,627 million).

The following table presents key economic assumptions and the sensitivity of the current fair value of retained interests to two adverse changes in each key assumption as at October 31. The sensitivity analysis is hypothetical and should be used with caution.

2004	**Residential mortgage loans**	**Personal loans**	**Credit card loans**	**Commercial mortgage loans**
	(millions of Canadian dollars)			
Fair value of retained interests	**$ 271**	**$ 2**	**$ 24**	**$ 7**
Discount rate	**5.2%**	**6.8%**	**4.4%**	**9.8%**
+10%	**$ (2)**	**$**	**$ (1)**	**$**
+20%	**(4)**		**(2)**	**(1)**
Prepayment rate	**20.0%**	**5.9%**	**41.9%**	**3.3%**
+10%	**$ (9)**	**$**	**$ (2)**	**$**
+20%	**(17)**		**(3)**	
Expected credit losses	**%**	**%**	**2.7%**	**.1%**
+10%	**$**	**$**	**$ (1)**	**$**
+20%			**(1)**	
2003				
Fair value of retained interests	$ 268	$ 8	$ 27	$ 10
Discount rate	5.2%	6.7%	4.4%	4.1%
+10%	$ (2)	$	$ (1)	$
+20%	(4)		(2)	
Prepayment rate	20.0%	5.8%	39.4%	5.0%
+10%	$ (10)	$ (1)	$ (2)	$
+20%	(19)	(1)	(4)	
Expected credit losses	%	%	3.2%	. 1%
+10%	$	$	$ (1)	$
+20%			(2)	

The following table presents information about gross impaired loans and net write-offs for components of reported and securitized financial assets as at October 31.

	2004			**2003**		
	Loans (net of allowance for credit losses)	**Gross impaired loans**	**Net write offs**	**Loans (net of allowance for credit losses)**	**Gross impaired loans**	**Net write offs**
	(millions of Canadian dollars)					
Type of loan						
Residential mortgage loans	**$ 64,445**	**$ 21**	**$ 5**	$ 63,834	$ 51	$ 4
Personal loans	**56,443**	**96**	**367**	48,988	125	380
Other loans	**23,249**	**426**	**84**	23,988	1,206	1,079
Total loans reported and securitized	**144,137**	**543**	**456**	136,810	1,382	1,463
Less: loans securitized	**20,213**	**6**	**42**	18,752	11	39
Loans held	**$ 123,924**	**$ 537**	**$ 414**	$ 118,058	$ 1,371	$ 1,424

NOTE 5 GOODWILL AND INTANGIBLE ASSETS

Goodwill

The changes in the Bank's carrying value of goodwill, by business segment and in total, are as follows:

2004	**Personal and Commercial Banking**	**Wholesale Banking**	**Wealth Management**	**Total**

	(millions of Canadian dollars)			
Carrying value of goodwill at beginning of year	**$ 841**	**$ 146**	**$ 1,276**	**$ 2,263**
Goodwill acquired during the year	**43**			**43**
Foreign currency translation adjustments			**(81)**	**(81)**
Carrying value of goodwill at end of year	**$ 884**	**$ 146**	**$ 1,195**	**$ 2,225**
2003				
Carrying value of goodwill at beginning of year	$ 841	$ 526	$ 1,767	$ 3,134
Goodwill impairment		(350)	(274)	(624)
Foreign currency translation adjustments		(30)	(217)	(247)
Carrying value of goodwill at end of year	$ 841	$ 146	$ 1,276	$ 2,263

During the second quarter of fiscal 2003, the Bank reviewed the value of goodwill assigned to the international unit of its wealth management business and determined that an impairment in value existed in this business given that the Bank's ability to profitably run a global brokerage business had been impacted by declining volumes in the discount brokerage business worldwide. As a result, a goodwill impairment loss of $274 million was charged to the Consolidated Statement of Operations.

In addition, during the second quarter of fiscal 2003, the Bank reviewed the value of goodwill assigned to its U.S. equity options business in its Wholesale Banking segment and determined that impairment in value existed in this business given the dramatic volume and margin declines. The Bank determined that the benefits of the U.S. equity options acquisition in fiscal 2002 had not been realized. Consequently, a $350 million pre-tax goodwill impairment loss was charged to the Consolidated Statement of Operations and a related future income tax asset of $117 million was recorded for a net of tax charge of $233 million.

Intangible Assets

The table below presents details of the Bank's intangible assets as at October 31. Future income tax liabilities related to these intangible assets are disclosed in Note 14.

	2004			2003
	Carrying value	**Accumulated amortization**	**Net carrying value**	**Net carrying value**
		(millions of Canadian dollars)		
Finite life intangible assets				
Core deposit intangible assets	**$ 2,004**	**$ 1,227**	**$ 777**	$ 987
Other intangible assets	**3,828**	**2,461**	**1,367**	1,750
Total intangible assets	**$ 5,832**	**$ 3,688**	**$ 2,144**	$ 2,737

Future amortization expense for the carrying amount of intangible assets is estimated to be as follows for the next five years: 2005 $491 million, 2006 $387 million, 2007 $302 million, 2008 $238 million, 2009 $164 million.

NOTE 6 LAND, BUILDINGS AND EQUIPMENT

	2004			2003
	Cost	**Accumulated depreciation**	**Net book value**	**Net book value**
		(millions of Canadian dollars)		
Land	**$ 139**	**$**	**$ 139**	$ 188
Buildings	**402**	**162**	**240**	303
Computer equipment and software	**962**	**575**	**387**	312
Furniture, fixtures and other equipment	**562**	**305**	**257**	294
Leasehold improvements	**551**	**244**	**307**	320
	$ 2,616	**$ 1,286**	**$ 1,330**	$ 1,417

Accumulated depreciation at the end of 2003 was $1,237 million. Depreciation for buildings and equipment amounted to $294 million for 2004 (2003 $318 million; 2002 $312 million).

NOTE 7 DEPOSITS

				2004	2003
	Demand[1]	**Notice[2]**	**Term[3]**	**Total**	**Total**
			(millions of Canadian dollars)		
Personal	**$ 18,366**	**$ 41,075**	**$ 51,919**	**$ 111,360**	$ 105,996
Banks	**605**	**38**	**10,816**	**11,459**	11,958
Business and government	**15,640**	**16,159**	**52,275**	**84,074**	64,926
Total	**$ 34,611**	**$ 57,272**	**$ 115,010**	**$ 206,893**	$ 182,880
Non-interest-bearing deposits included above					
In domestic offices				**$ 6,121**	$ 4,948

	2004	2003
In foreign offices	**3**	35
Interest-bearing deposits included above		
In domestic offices	**148,756**	126,993
In foreign offices	**51,306**	50,541
U.S. federal funds deposited	**707**	363
Total	**$ 206,893**	$ 182,880

1 Demand deposits are those for which the Bank does not have the right to require notice prior to withdrawal. These deposits are in general chequing accounts.

2 Notice deposits are those for which the Bank can legally require notice prior to withdrawal. These deposits are in general savings accounts.

3 Term deposits are those payable on a fixed date of maturity. These deposits are generally term deposits, guaranteed investment certificates and similar instruments. The aggregate amount of term deposits in denominations of $100,000 or more as at October 31, 2004 were $70 million (2003 $54 million).

Term Deposits

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	2004 Total	2003 Total
				(millions of Canadian dollars)				
Personal	**$ 25,114**	**$ 12,068**	**$ 5,989**	**$ 5,217**	**$ 3,523**	**$ 8**	**$ 51,919**	$ 52,632
Banks	**10,526**	**14**	**19**	**35**	**221**	**1**	**10,816**	11,226
Business and government	**43,632**	**598**	**231**	**342**	**6,429**	**1,043**	**52,275**	35,927
Total	**$ 79,272**	**$ 12,680**	**$ 6,239**	**$ 5,594**	**$ 10,173**	**$ 1,052**	**$ 115,010**	$ 99,785

NOTE 8 OTHER ASSETS AND OTHER LIABILITIES

	2004 Other assets	2004 Other liabilities	2003 Other assets	2003 Other liabilities
	(millions of Canadian dollars)			
Amounts receivable from (payable to) brokers, dealers and clients	**$ 7,725**	**$ (6,815)**	$ 4,006	$ (2,883)
Accrued interest	**1,452**	**(1,532)**	1,421	(1,642)
Accounts receivable (payable), prepaid expenses (accrued expenses) and other items	**2,311**	**(3,853)**	2,353	(4,319)
Insurance related assets (liabilities), excluding investments	**1,037**	**(2,374)**	860	(1,325)
Prepaid pension expense (accrued benefit liability) **(Note 13)**	**469**	**(515)**	462	(473)
Accrued salaries and employee benefits		**(629)**		(649)
Cheques and other items in transit		**(647)**		(1,277)
	$ 12,994	**$ (16,365)**	$ 9,102	$ (12,568)

NOTE 9 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. In some cases, the Bank has entered into interest rate options, interest rate swaps and currency swaps to modify the related interest rate and foreign currency risks.

Interest rate (%)	Maturity date	Redeemable at par by issuer beginning[1]	Foreign currency amount[2]	Outstanding October 31 2004	Outstanding October 31 2003
				(millions of Canadian dollars)	
Various[3]	Jan. 2004 to Jan. 2007			**$ 8**	$ 12
8.00	Dec. 2003				150
6.50	Aug. 2008		US$149 million	**182**	198
6.15	Oct. 2008		US$146 million	**178**	198
6.13	Nov. 2008		US$100 million	**122**	131
6.45	Jan. 2009		US$149 million	**181**	198
6.60	Apr. 2010	Apr. 2005		**741**	750
8.40	Dec. 2010	Dec. 2005		**148**	150
6.00	July 2011	July 2006		**798**	800
6.55	July 2012	July 2007		**494**	500
5.20	Sept. 2012	Sept. 2007		**550**	550

			Outstanding October 31	
4.54	Sept. 2013	Sept. 2008	**1,004**	1,000
10.05	Aug. 2014		**149**	150
5.69	June 2018	June 2013	**893**	900
9.15	May 2025		**196**	200
			$ 5,644	$ 5,887

1 Subject to prior approval of the Superintendent of Financial Institutions Canada.

2 Includes impact of subordinated notes and debentures acquired in Wholesale Banking for fiscal 2004.

3 Interest is payable at various rates, from .13% to 2.95%.

Repayment Schedule

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

	2004	2003
	(millions of Canadian dollars)	
Within 1 year	**$ 5**	$ 157
Over 1 to 2 years	**3**	5
Over 3 to 4 years	**360**	
Over 4 to 5 years	**303**	396
Over 5 years	**4,973**	5,329
	$ 5,644	$ 5,887

NOTE 10 NON-CONTROLLING INTEREST IN SUBSIDIARIES

	2004	2003
	(millions of Canadian dollars)	
Trust units issued by TD Capital Trust 900,000 Capital Trust Securities Series 2009	**$ 900**	$ 900
Trust units issued by TD Capital Trust II 350,000 Capital Trust Securities Series 2012	**350**	350
	$ 1,250	$ 1,250

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. 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 would 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 .38% together with unpaid distributions to the date of redemption. In the event of an unfavourable 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. On or 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, Series A1 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.

Each TD CaTS may be automatically exchanged into one Non-cumulative Class A Redeemable First Preferred Share, Series A1 of the Bank without consent of the holder in the following circumstances: (a) proceedings are commenced for the winding-up of the Bank; (b) the Superintendent of Financial Institutions Canada takes control of the Bank; (c) the Bank has Tier 1 capitalization of less than 5% or a Total Capital ratio of less than 8%; or (d) the Bank has failed to comply with a direction of the Superintendent of Financial Institutions Canada to increase its capital or provide additional liquidity.

The distribution rate on the trust securities is 7.60% per annum. No Non-cumulative Class A Redeemable First Preferred Share, Series A1 have been issued as at October 31, 2004. If issued, these shares would have a dividend rate of 7.6%.

TD Capital Trust Securities Series 2012

The TD Capital Trust Securities (TD CaTS II) are issued by TD Capital Trust II, whose voting securities are owned 100% by the Bank. Holders of TD CaTS II are eligible to receive semiannual non-cumulative fixed cash distributions of $33.96 per TD CaTS II. 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 would be restricted. The proceeds from the issuance were invested in Bank deposits.

Between December 31, 2007 and December 31, 2012, the trust has the option of redeeming the outstanding TD CaTS II 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, 2012 at that time plus .38% together with unpaid distributions to the date of redemption. In the event of an unfavourable change in tax or capital treatment as it applies to the trust prior to December 31, 2012, the trust may redeem the outstanding TD CaTS II for a redemption price as calculated above. On or after December 31, 2012, 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.

At any time, each TD CaTS II may, at the option of the holder, be converted into 40 Non-cumulative Class A Redeemable First Preferred Shares, Series A2 of the Bank. Prior to the conversion, provided the holder has not withheld consent, the Bank may find substitute purchasers at a purchase price not less than 90% of the closing price of the TD CaTS II.

Each TD CaTS II may be automatically exchanged into 40 Non-cumulative Class A Redeemable First Preferred Shares, Series A3 of the Bank without consent of the holder subject to events similar to those described for TD CaTS (Series 2009).

The distribution rate on the trust securities is 6.792% per annum. No Non-cumulative Class A Redeemable First Preferred Shares, Series A2 or Series A3 have been issued as at October 31, 2004. If issued, these shares would have dividend rates of 4.40% and 5.15%, respectively.

NOTE 11 CAPITAL STOCK

Share Capital

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.

	2004	2003
	(millions of Canadian dollars)	
Issued and fully paid		
Preferred shares issued by the Bank (thousands of shares)		
Non-cumulative Redeemable Class A First Preferred Shares		
9,000 Series H	**$**	$ 225
16 Series I		
16,384 Series J	**410**	410
14,000 Series M	**350**	350
8,000 Series N	**200**	200
	960	1,185
Preferred shares issued by TD Mortgage Investment Corporation		
350,000 Non-cumulative Preferred Shares, Series A	**350**	350
Total preferred shares	**1,310**	1,535
Common shares[1]	**3,373**	3,179
	$ 4,683	$ 4,714

[1] 1.0 million common shares held by Bank subsidiaries have been acquired during the year and deducted from equity. Please see Note 1(a) for more details.

Preferred Shares

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

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

Class A First Preferred Shares, Series G

On May 1, 2003, the Bank redeemed all the 7 million outstanding Class A First Preferred Shares, Series G at the price of US$25 per share.

Class A First Preferred Shares, Series H

On May 3, 2004, the Bank redeemed and cancelled all outstanding Class A First Preferred Shares, Series H at the price of $25.00 per share together with declared and unpaid dividends of $. 014589 per share for the three day period ended May 3, 2004.

Class A First Preferred Shares, Series I

On or after November 1, 2004, the Bank has the option of redeeming the outstanding Series I shares for $6.25 per share 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 per share. 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.

Class A First Preferred Shares, Series K

On February 3, 2003, the Bank redeemed all the 6 million outstanding Class A First Preferred Shares, Series K at a price of $25.00 per share.

Class A First Preferred Shares, Series L

On February 3, 2003, the Bank redeemed all the 2 million outstanding Class A First Preferred Shares, Series L at a price of US$25.00 per share.

Class A First Preferred Shares, Series M

On February 3, 2003, the Bank issued 14 million Series M shares for gross cash consideration of $350 million.

On or after April 30, 2009, the Bank may redeem all, or from time to time, part of the outstanding Series M shares by payment in cash of $26.00 per share if redeemed prior to April 30, 2010; $25.75 if redeemed on or after April 30, 2010 and prior to April 30, 2011; $25.50 if redeemed on or after April 30, 2011 and prior to April 30, 2012; $25.25 if redeemed on or after April 30, 2012 and prior to April 30, 2013; and $25.00 if redeemed thereafter together with the unpaid dividends to the date of redemption.

On or after April 30, 2009, the Bank may convert the outstanding Series M shares in whole or in part into common shares of the Bank, determined by dividing the then applicable redemption price per Series M share together with any 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 October 31, 2013, each Series M 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 unpaid dividends to the date of conversion.

Class A First Preferred Shares, Series N

On April 30, 2003, the Bank issued 8 million Series N shares for gross cash consideration of $200 million.

On or after April 30, 2009, the Bank may redeem all, or from time to time, part of the outstanding Series N shares by payment in cash of $26.00 per share if redeemed prior to April 30, 2010; $25.75 if redeemed on or after April 30, 2010 and prior to April 30, 2011; $25.50 if redeemed on or after April 30, 2011 and prior to April 30, 2012; $25.25 if redeemed on or after April 30, 2012 and prior to April 30, 2013; and $25.00 if redeemed thereafter together with unpaid dividends to the date of redemption.

On or after April 30, 2009, the Bank may convert the outstanding Series N shares in whole or in part into common shares of the Bank, determined by dividing the then applicable redemption price per Series N share together with any 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 31, 2014, each Series N 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 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 per share.

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.

Each Series A share may be automatically exchanged into one preferred share of the Bank without consent of the holder in the following specific circumstances: (a) TDMIC fails to pay dividends on the Series A shares; (b) the Bank fails to pay dividends on all of its non-cumulative preferred shares; (c) proceedings are commenced for the winding-up of the Bank; (d) the Superintendent of Financial Institutions Canada takes control of the Bank; (e) the Bank has Tier 1 capitalization of less than 5% or a Total Capital ratio of less than 8%; or (f) the Bank or TDMIC has failed to comply with a direction of the Superintendent of Financial Institutions Canada to increase its capital or provide additional liquidity.

Dividend Rates on Preferred Shares

		Rate
		(per share)
Series G (redeemed 2003)	Quarterly	US$.33750
Series H (redeemed 2004)	Quarterly	$.44375
Series I	Quarterly	$.01000
Series J	Quarterly	$.31875
Series K (redeemed 2003)	Quarterly	$.45940
Series L (redeemed 2003)	Quarterly	US$.40000
Series M	Quarterly	$.29375
Series N	Quarterly	$.28750
TDMIC, Series A	Semi-annually	$32.30

Common Shares

	2004	2003
	(millions of shares)	
Number outstanding at beginning of year	**656.3**	645.4
Issued on exercise of options	**4.4**	2.9
Issued as a result of dividend reinvestment plan	**3.8**	8.0
Impact of shares acquired in Wholesale Banking	**(1.0)**	
Repurchase of common shares	**(7.6)**	
Number outstanding at end of year	**655.9**	656.3

On March 2, 2004, the Bank commenced a normal course issuer bid, effective for up to one year, to repurchase for cancellation up to 10 million common shares, representing approximately 1.5% of the Bank's outstanding common shares. A copy of the notice of the bid may be obtained, without charge, by contacting the Shareholder Relations department as set out on page 109 of this Annual Report. During fiscal 2004, 7.6 million shares were repurchased at a cost of $350 million.

Dividend Reinvestment Plan

The Bank offers a dividend reinvestment plan for its common shareholders. Participation in the plan is optional and under the terms of the plan, cash dividends on common shares are used to purchase additional common shares. At the option of the Bank, the common shares may be issued from the Bank's treasury at an average market price based on the last five trading days before the date of the dividend payment with a discount range of 0% to 5% at the Bank's discretion or from the open market at market price. During the year, a total of 3.8 million common shares have been issued from the Bank's treasury under the dividend reinvestment plan (3.4 million with a 1% discount and .4 million without a discount). In 2003, 8.0 million common shares were issued from the Bank's treasury at a discount of 2.5% of the average market price under the dividend reinvestment plan.

Dividend Restrictions

The Bank is prohibited by the Bank Act from declaring 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 Superintendent of Financial Institutions Canada administers a restriction under the Bank Act on the Bank's ability to pay dividends on common and preferred shares which assesses the ongoing maintenance by the Bank of satisfactory regulatory capital and liquidity. The Bank does not anticipate that these conditions will restrict it from paying dividends in the normal course of business.

The Bank is also restricted from paying dividends in the event that either TD Capital Trust or TD Capital Trust II fails to pay semi-annual distributions in full to holders of TD Capital Trust Securities. In addition, the ability to pay dividends on its common shares without the approval of the holders of the outstanding preferred shares is restricted 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 12 STOCK-BASED COMPENSATION

Stock Option Plan

Under the Bank's stock option plan, options on common shares are periodically granted to eligible employees and non-employee directors of the Bank for terms of 7 years (effective December 11, 2003), vesting over a four-year period. These options provide holders with the right to purchase common shares of the Bank at a fixed price equal to the closing market price of the shares on the day prior to the date the options were issued. Under this plan, 16.4 million common shares have been reserved for future issuance (2003 18.5 million). The outstanding options expire on various dates to March 2013. The Bank's predecessor plan, the 1993 stock option plan, expired in 2000 and there will be no further issuance of stock options from this plan. The outstanding options under the 1993 stock option plan expire on various dates to July 2010. A summary of the Bank's stock option activity and related information for the years ended October 31 is as follows:

(millions of shares)	2004	Weighted average exercise price	2003	Weighted average exercise price	2002	Weighted average exercise price
Number outstanding, beginning of year	**24.4**	**$ 32.28**	23.9	$ 30.35	22.2	$ 26.65
Granted	**2.4**	**40.95**	4.0	33.42	4.7	41.11
Exercised cash					(1.7)	17.51
shares	**(4.4)**	**22.12**	(2.9)	16.25	(.8)	15.84
Forfeited/cancelled	**(.3)**	**37.79**	(.6)	40.00	(.5)	36.06
Number outstanding, end of year	**22.1**	**$ 35.21**	24.4	$ 32.28	23.9	$ 30.35
Exercisable, end of year	**14.1**	**$ 33.44**	14.8	$ 28.87	13.2	$ 23.94

The following table summarizes information relating to stock options outstanding and exercisable at October 31, 2004.

	Options outstanding			Options exercisable	
Range of exercise prices	**Number outstanding (millions of shares)**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price**	**Number exercisable (millions of shares)**	**Weighted average exercise price**
$10.13 $11.81	.4	1.60	$ 11.14	.4	$ 11.14
$17.45 $25.43	3.1	3.84	24.10	3.1	24.10
$29.80 $40.55	9.4	6.09	33.78	6.5	33.95
$40.92 $44.30	9.2	6.46	41.25	4.1	41.40

During fiscal 2004, the Bank recognized compensation expense of $11 million (2003 $9 million) for the stock option awards granted in the Consolidated Statement of Operations. The fair value of options granted was estimated at the date of grant using the Black-Scholes valuation model with the following assumptions: (i) risk-free interest rate of 4.10% (2003 4.29%), (ii) expected option life of 5.0 years (2003 5.5 years), (iii) expected volatility of 27.6% (2003 27.7%), and (iv) expected dividend yield of 2.93% (2003 3.37%). During the year, 2.4 million (2003 4.1 million) of options were granted with a weighted average fair value of $9.37 per option (2003 $7.60 per option).

Other Stock-based Compensation Plans

Restricted share unit plans are offered to certain employees of the Bank. The number of Bank restricted share units under these plans at October 31, 2004 is 7.9 million (2003 5.1 million; 2002 3.6 million). For the year ended October 31, 2004, the Bank recognized compensation expense, net of the effects of hedges, for these plans of $74 million (2003 $51 million; 2002 $37 million).

A Senior Executive Deferred Share Unit Plan is offered to eligible executives of the Bank. As at October 31, 2004, a total of 1.8 million deferred share units were outstanding (2003 1.4 million; 2002 1.3 million).

Employee Savings Plan

Under the Bank's Employee Savings Plan (ESP), employees may contribute up to 6% of their annual base earnings to a maximum of $4,500 per calendar year toward the purchase of Bank common shares. The Bank matches 50% of the employee contribution amount. The Bank's contributions vest once the employee has completed two years of continuous service with the Bank. For the year ended October 31, 2004, the Bank's contributions totaled $33 million (2003 $32 million; 2002 $18 million). As at October 31, 2004, an aggregate of 5.4 million common shares were held under the ESP (2003 5.2 million; 2002 4.5 million). The shares in the ESP are purchased in the open market and are considered outstanding for computing earnings per share. Dividends earned on Bank common shares held by the ESP are used to purchase additional common shares for the ESP in the open market.

NOTE 13 EMPLOYEE FUTURE BENEFITS

Pension Benefit Plan

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.

The table on the following page presents the financial position of the Bank's principal pension plan. The pension plan assets and obligations are measured as at July 31.

The Bank's contributions to the principal pension plan during fiscal 2004 were $55 million. These contributions were made in accordance with the actuarial valuation report for funding purposes as at October 31, 2003 (2003 October 31, 2002; 2002 October 31, 2001). The next valuation for funding purposes must be as of a date no later than October 31, 2006.

To develop the expected long term rate of return on assets assumption for the Bank's principal pension plan, the Bank considered the historical returns and the future expectations for returns for each asset class, as well as the target asset allocation of the fund. This resulted in the selection of a long term rate of return on assets assumption of 6.75%.

The effect of a one percentage point increase or decrease in the weighted average expected long term rate of return on plan assets on the 2004 pension expense would be a $15 million decrease or increase, respectively.

The Bank's principal pension plan weighted average asset allocations at July 31, by asset category are as follows:

Asset Category

	Actual allocation at	
	2004	**2003**
Equity securities	**56%**	52%
Debt securities	**43**	48
Cash equivalents	**1**	
Total	**100%**	100%

For 2004 the Bank's principal pension plan's net assets included funded investments in the Bank and its affiliates which had a market value of $3 million (2003 $65 million; 2002 $118 million).

The investments of the Bank's principal pension plan are managed with the primary objective of utilizing a balanced approach. Accordingly, the allowable asset mix range and target asset allocations are detailed in the following table:

Asset Category	**Acceptable Range**
Equity securities	50%-60%
Debt securities	38%-48%
Cash equivalents	0-4%

The investment policy for the Bank's principal pension plan is detailed below. The plan was in compliance with its investment policy throughout the year.

Futures contracts and options can be utilized provided they do not create additional financial leverage for the funds. Substantially, all assets must have readily ascertainable market values.

The equity portfolio will be generally fully invested and broadly diversified primarily in medium to large capitalization "quality" companies with no holdings exceeding 10% of the equity portfolio at any time. Foreign equities and American Depository Receipts of similar high quality may also be included to further diversify the portfolio.

Debt investments of a non-government entity must not exceed 10% of the total debt portfolio. Corporate debt issues generally must meet or exceed a credit rating of BBB at the time of purchase and during the holding period. There are no limitations on the maximum amount allocated to each credit rating within the debt portfolio.

	2004	2003	2002
	(millions of Canadian dollars)		
Accumulated benefit obligation at end of period	**$ 1,446**	$ 1,331	$ 1,199
Change in projected benefit obligation			
Projected benefit obligation at beginning of period	**$ 1,418**	$ 1,271	$ 1,257
Service cost benefits earned	**38**	31	26
Interest cost on projected benefit obligation	**94**	90	86
Members' contributions	**26**	25	19
Benefits paid	**(95)**	(92)	(88)
Actuarial (gains) losses	**2**	7	9
Change in actuarial assumptions	**44**	86	(42)
Plan amendments	**8**		5
Other			(1)
Projected benefit obligation at end of period	**1,535**	1,418	1,271
Change in plan assets			
Plan assets at fair value at beginning of period	**1,507**	1,164	1,191
Actual income on plan assets	**61**	55	55
Gain (loss) on disposal of investments	**204**	80	(23)
Members' contributions	**26**	25	19
Employer's contributions	**46**	291	76
Increase (decrease) in unrealized gains on investments	**(86)**	(11)	(57)
Benefits paid	**(95)**	(92)	(88)
General and administrative expenses	**(14)**	(9)	(8)
Other	**1**	4	(1)
Plan assets at fair value at end of period	**1,650**	1,507	1,164
Excess (deficit) of plan assets over projected benefit obligation	**115**	89	(107)
Unrecognized net (gain) loss from past experience, different from that assumed, and effects of changes in assumptions	**265**	299	253
Unrecognized prior service costs	**14**	7	8
Employer's contributions in fourth quarter	**22**	13	152
Prepaid pension expense	**$ 416**	$ 408	$ 306
Annual expense			
Net pension expense includes the following components:			
Service cost benefits earned	**$ 38**	$ 31	$ 26
Interest cost on projected benefit obligation	**94**	90	86
Actual return on plan assets	**(165)**	(115)	33
Actuarial (gains) losses	**46**	93	(33)
Plan amendments	**8**		5
Difference between costs arising in the period and costs recognized in the period in respect of:			
Return on plan assets[1]	**64**	30	(114)
Actuarial (gains) losses[2]	**(31)**	(80)	39
Plan amendments[3]	**(7)**	1	(4)
Pension expense	**$ 47**	$ 50	$ 38
Actuarial assumptions used to determine the annual expense			
Weighted average discount rate for projected benefit obligation	**6.50%**	7.00%	6.75%
Weighted average rate of compensation increase	**3.50**	3.50	3.50
Weighted average expected long term rate of return on plan assets[4]	**6.75**	6.75	6.75

	2004	2003	2002
Actuarial assumptions used to determine the benefit obligation at end of period			
Weighted average discount rate for projected benefit obligation	**6.40%**	6.50%	7.00%
Weighted average rate of compensation increase	**3.50**	3.50	3.50
Weighted average expected long term rate of return on plan assets[4]	**6.75**	6.75	6.75

1 Includes expected return on plan assets of $101 million (2003 $85 million; 2002 $81 million) less actual return on plan assets of $165 million (2003 $115 million; 2002 $(33) million).

2 Includes loss recognized in fiscal 2004 of $15 million (2003 $13 million; 2002 $6 million) less actuarial losses on projected benefit obligation in the year of $46 million (2003 $93 million; 2002 $(33) million).

3 Includes amortization of costs for plan amendments in fiscal 2004 of $1 million (2003 $1 million; 2002 $1 million) less actual cost of plan amendments in the year of $8 million (2003 nil; 2002 $5 million).

4 Net of fees and expenses.

Other Pension Plans

As a result of the acquisition of CT, the Bank sponsors a second pension plan consisting of a defined benefit portion and a defined contribution portion. The defined benefit portion 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. Effective August 2002, the defined contribution portion of the plan was closed to new contributions from active employees and employees eligible for that plan became eligible to join the Bank's principal pension plan. Funding for the defined benefit portion is provided by contributions from the Bank and members of the plan. The following table presents the financial position of the defined benefit portion of CT's plan. The pension plan assets and obligations are measured as at July 31.

	2004	2003	2002
	(millions of Canadian dollars)		
Projected benefit obligation at end of period	**$ 308**	$ 307	$ 289
Plan assets at fair value at end of period	**308**	309	271
Prepaid pension expense	**53**	54	17
Pension expense	**4**	3	3

The 2004 pension expense for the defined contribution portion was $.4 million (2003 $.5 million; 2002 $10 million).

The following table presents the financial position of the Bank's largest other benefit plans. These plans are supplemental employee retirement plans which are partially funded for eligible employees. The benefit plans assets and obligations are measured as at July 31.

	2004	2003	2002
	(millions of Canadian dollars)		
Projected benefit obligation at end of period	**$ 289**	$ 267	$ 233
Plan assets at fair value at end of period	**9**	11	20
Accrued benefit liability	**205**	187	166
Pension expense	**28**	25	20

Other plans operated by the Bank and certain of its subsidiaries are not considered material for disclosure purposes.

Non-pension Post-retirement Benefit Plans

In addition to the Bank's pension plans, the Bank also provides certain health care, life insurance and dental benefits to retired employees. The table below presents the financial position of the Bank's principal non-pension post-retirement benefit plans. The principal non-pension post-retirement plans assets and obligations are measured as at July 31.

	2004	2003	2002
	(millions of Canadian dollars)		
Change in projected benefit obligation			
Projected benefit obligation at beginning of period	**$ 268**	$ 220	$ 213
Service cost benefits earned	**9**	8	8
Interest cost on projected benefit obligation	**19**	16	15
Benefits paid	**(8)**	(5)	(4)
Change in actuarial assumptions	**14**	20	(9)
Actuarial (gains) losses		9	(3)
Projected benefit obligation at end of period	**302**	268	220
Unrecognized net (gain) loss from past experience, different from that assumed, and effects of changes in assumptions	**48**	34	5
Employer's contributions in fourth quarter	**2**	1	
Accrued benefit liability	**$ 252**	$ 233	$ 215

	2004	2003	2002
Annual expense			
Net non-pension post-retirement benefit expense includes the following components:			
Service cost benefits earned	**$ 9**	$ 8	$ 8
Interest cost on projected benefit obligation	**19**	16	15
Actuarial (gains) losses	**14**	29	(12)
Difference between costs arising in the period and costs recognized in the period in respect of:			
Actuarial (gains) losses[1]	**(14)**	(29)	12
Non-pension post-retirement benefit expense	**$ 28**	$ 24	$ 23
Actuarial assumptions used to determine the annual expense			
Weighted average discount rate for projected benefit obligation	**6.75%**	7.00%	6.75%
Weighted average rate of compensation increase	**3.50**	3.50	3.50
Actuarial assumptions used to determine the benefit obligation at end of period			
Weighted average discount rate for projected benefit obligation	**6.60%**	6.75%	7.00%
Weighted average rate of compensation increase	**3.50**	3.50	3.50

1 Includes loss recognized in fiscal 2004 of nil (2003 nil; 2002 nil) less actuarial gains (losses) on projected benefit obligation in the year of $14 million (2003 $29 million; 2002 $(12) million).

The assumed health care cost increase rate for the next year used to measure the expected cost of benefits covered for the principal non-pension post-retirement benefit plans is 6.0%. The rate is assumed to decrease gradually to 4.5% in the year 2012 and remain at that level thereafter. For 2004, the effect of a one percentage point increase or decrease in the assumed health care cost trend rate on the benefit expense is a $5 million increase and a $4 million decrease, respectively, and on the benefit obligation, a $45 million increase and a $35 million decrease, respectively.

Cash Flows

Estimated contributions

In 2005, the Bank expects to contribute $56 million to the principal pension plan, $2 million to the CT defined benefit pension plan, $8 million to the Bank's supplemental employee retirement plans and $11 million for the principal non-pension post-retirement benefit plans.

Estimated future benefit payments

Estimated future benefit payments under the Bank's principal pension plan are $95 million for 2005; $95 million for 2006; $95 million for 2007; $96 million for 2008; $96 million for 2009; $505 million for 2010 to 2014.

Estimated future benefit payments under the principal non-pension post-retirement benefit plans are $11 million for 2005; $11 million for 2006; $12 million for 2007; $13 million for 2008; $14 million for 2009; $87 million for 2010 to 2014.

NOTE 14 PROVISION FOR (BENEFIT OF) INCOME TAXES

	2004	2003	2002
	(millions of Canadian dollars)		
Provision for (benefit of) income taxes Consolidated Statement of Operations			
Current income taxes	**$ 675**	$ 392	$ 571
Future income taxes	**128**	(70)	(1,016)
	803	322	(445)
Provision for (benefit of) income taxes Consolidated Statement of Changes in Shareholders' Equity			
Current income taxes	**399**	481	46
Future income taxes		(4)	(1)
	399	477	45
Total provision for (benefit of) income taxes	**$ 1,202**	$ 799	$ (400)
Current income taxes			
Federal	**$ 586**	$ 582	$ 405
Provincial	**289**	229	160
Foreign	**199**	62	52
	1,074	873	617
Future income taxes			
Federal	**62**	(56)	(591)
Provincial	**35**	(16)	(184)
Foreign	**31**	(2)	(242)
	128	(74)	(1,017)
	$ 1,202	$ 799	$ (400)

	2004	2003	2002

The provision for (benefit of) income taxes shown in the Consolidated Statement of Operations differs from that obtained by applying statutory tax rates to the income (loss) before provision for (benefit of) income taxes for the following reasons:

	2004		2003		2002	
	(millions of Canadian dollars)					
Income taxes at Canadian statutory income tax rate	**$ 1,125**	**35.1%**	$ 542	36.4%	$ (172)	38.4%
Increase (decrease) resulting from:						
Goodwill amortization and impairment			114	7.7		
Dividends received	**(205)**	**(6.4)**	(179)	(12.0)	(175)	39.1
Rate differentials on international operations	**(207)**	**(6.5)**	(146)	(9.8)	(84)	18.8
Future federal and provincial tax rate increases (reductions)	**52**	**1.7**	(3)	(.2)	(21)	4.7
Federal large corporations tax	**12**	**.4**	13	.9	16	(3.6)
Gains on sale of investment real estate					(1)	.2
Other net	**26**	**.8**	(19)	(1.4)	(8)	1.7
Provision for (benefit of) income taxes and effective income tax rate	**$ 803**	**25.1%**	$ 322	21.6%	$ (445)	99.3%

The net future tax asset which is reported in other assets is comprised of:

	2004	2003
	(millions of Canadian dollars)	
Future income tax assets		
Allowance for credit losses	**$ 339**	$ 653
Premises and equipment	**267**	248
Deferred income	**28**	22
Securities	**185**	185
Goodwill	**109**	117
Employee benefits	**170**	149
Other	**275**	98
Total future income tax assets	**1,373**	1,472
Valuation allowance	**(68)**	(41)
Future income tax assets	**1,305**	1,431
Future income tax liabilities		
Intangible assets	**(701)**	(840)
Employee benefits	**(144)**	(122)
Other	**(202)**	(83)
Future income tax liabilities	**(1,047)**	(1,045)
Net future income tax asset[1]	**$ 258**	$ 386

1 Included in the October 31, 2004 net future income tax asset are future income tax assets (liabilities) of $(72) million (2003 $26 million) in Canada, $277 million (2003 $347 million) in the United States and $53 million (2003 $13 million) in International.

Earnings of certain subsidiaries would be taxed only upon repatriation. 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 the undistributed earnings of the operations of these subsidiaries were repatriated, estimated taxes payable would be $186 million at October 31, 2004 (2003 $206 million).

NOTE 15 FAIR VALUE OF FINANCIAL INSTRUMENTS

	2004		2003	
	Carrying value	Estimated fair value	Carrying value	Estimated fair value
	(millions of Canadian dollars)			
Consolidated Balance Sheet				
Assets				
Securities	**$ 98,280**	**$ 98,828**	$ 79,665	$ 80,226
Loans	**123,924**	**124,224**	118,058	118,658
Liabilities				
Deposits	**206,893**	**207,198**	182,880	183,397
Subordinated notes and debentures	**5,644**	**5,920**	5,887	6,246

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 17.

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 16 INTEREST RATE RISK

The Bank's management of interest rate risk is described in the Managing Risk section of the Management's Discussion and Analysis of this Annual Report. 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]

2004	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
				(billions of Canadian dollars)				
Assets								
Cash resources and other	$	$ 8.7	$ .1	$ 8.8	$	$	$ .2	$ 9.0
Effective yield		*1.9%*	*3.5%*					
Investment securities	$ .8	$ 5.6	$ 6.7	$ 13.1	$ 15.5	$ 1.0	$ 1.8	$ 31.4
Effective yield		*3.3%*	*3.8%*		*4.4%*	*9.2%*		
Trading securities	$ 66.9	$	$	$ 66.9	$	$	$	$ 66.9
Securities purchased under resale agreements	$ 2.6	$ 12.8	$ 1.1	$ 16.5	$ .2	$ 4.2	$ 1.0	$ 21.9
Effective yield		*2.3%*	*5.7%*		*4.1%*	*2.2%*		
Loans	$ 47.2	$ 21.1	$ 14.2	$ 82.5	$ 38.6	$ 2.2	$ .6	$ 123.9
Effective yield		*3.9%*	*5.0%*		*5.4%*	*5.9%*		
Other	$ 39.2	$	$	$ 39.2	$	$	$ 18.7	$ 57.9
Total assets	**$ 156.7**	**$ 48.2**	**$ 22.1**	**$ 227.0**	**$ 54.3**	**$ 7.4**	**$ 22.3**	**$ 311.0**
Liabilities and shareholders' equity								
Deposits	$ 42.1	$ 82.7	$ 25.0	$ 149.8	$ 28.0	$ .6	$ 28.5	$ 206.9
Effective yield		*1.9%*	*2.7%*		*3.1%*	*4.8%*		
Obligations related to securities sold short	$ 17.7	$	$	$ 17.7	$	$	$	$ 17.7
Obligations related to securities sold under repurchase agreements	$ .4	$ 5.9	$ 1.3	$ 7.6	$	$ 1.5	$ .7	$ 9.8
Effective yield		*2.4%*	*3.8%*			*1.9%*		
Subordinated notes and debentures	$	$	$ .7	$ .7	$ 3.7	$ 1.2	$	$ 5.6
Effective yield			*6.6%*		*5.6%*	*6.8%*		
Other	$ 39.3	$	$	$ 39.3	$	$ 1.3	$ 16.4	$ 57.0
Shareholders' equity	$	$	$	$	$ .4	$ 1.0	$ 12.6	$ 14.0
Total liabilities and shareholders' equity	**$ 99.5**	**$ 88.6**	**$ 27.0**	**$ 215.1**	**$ 32.1**	**$ 5.6**	**$ 58.2**	**$ 311.0**
On-balance sheet position	**$ 57.2**	**$ (40.4)**	**$ (4.9)**	**$ 11.9**	**$ 22.2**	**$ 1.8**	**$ (35.9)**	**$**
Total pay side instruments[2]	$	$ (113.8)	$ (20.1)	$ (133.9)	$ (43.5)	$ (.5)	$	$ (177.9)
Effective yield		*2.9%*	*4.2%*		*4.2%*	*4.8%*		
Total receive side instruments[2]	$	$ 95.4	$ 26.7	$ 122.1	$ 47.5	$ 8.3	$	$ 177.9
Effective yield		*2.1%*	*3.8%*		*4.0%*	*5.1%*		
Off-balance sheet position	**$**	**$ (18.4)**	**$ 6.6**	**$ (11.8)**	**$ 4.0**	**$ 7.8**	**$**	**$**
Net position	**$ 57.2**	**$ (58.8)**	**$ 1.7**	**$ .1**	**$ 26.2**	**$ 9.6**	**$ (35.9)**	**$**

2004	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

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

	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
	(billions of Canadian dollars)							
2004								
Canadian currency on-balance sheet position	$ 36.0	$ (9.8)	$ (3.8)	$ 22.4	$ 18.6	$ (1.1)	$ (38.1)	$ 1.8
Foreign currency on-balance sheet position	21.2	(30.6)	(1.1)	(10.5)	3.6	2.9	2.2	(1.8)
On-balance sheet position	**57.2**	**(40.4)**	**(4.9)**	**11.9**	**22.2**	**1.8**	**(35.9)**	
Canadian currency off-balance sheet position		(17.8)	3.3	(14.5)	5.5	7.8		(1.2)
Foreign currency off-balance sheet position		(.6)	3.3	2.7	(1.5)			1.2
Off-balance sheet position		**(18.4)**	**6.6**	**(11.8)**	**4.0**	**7.8**		
Net position	**$ 57.2**	**$ (58.8)**	**$ 1.7**	**$ .1**	**$ 26.2**	**$ 9.6**	**$ (35.9)**	**$**

Interest Rate Risk

	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
	(billions of Canadian dollars)							
2003								
Total assets	$ 136.5	$ 42.1	$ 23.3	$ 201.9	$ 50.8	$ 3.8	$ 17.0	$ 273.5
Total liabilities and shareholders' equity	97.0	63.3	25.1	185.4	34.2	4.7	49.2	273.5
On-balance sheet position	39.5	(21.2)	(1.8)	16.5	16.6	(.9)	(32.2)	
Off-balance sheet position		(13.1)	6.4	(6.7)	5.5	1.2		
Net position	$ 39.5	$ (34.3)	$ 4.6	$ 9.8	$ 22.1	$ .3	$ (32.2)	$

NOTE 17 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

	Trading					
	Over-the-counter	Exchange traded	Total	Non-trading	2004 Total	2003 Total
	(billions of Canadian dollars)					
Notional principal						
Interest rate contracts						
Futures	$	$ 271.3	$ 271.3	$	$ 271.3	$ 195.1
Forward rate agreements	112.9		112.9	16.1	129.0	217.8
Swaps	780.5		780.5	85.7	866.2	827.0
Options written	72.7		72.7		72.7	61.8
Options purchased	64.8		64.8	12.1	76.9	89.9
Total interest rate contracts	1,030.9	271.3	1,302.2	113.9	1,416.1	1,391.6
Foreign exchange contracts						
Forward contracts	315.1		315.1	22.8	337.9	349.1
Swaps	10.7		10.7		10.7	11.0
Cross-currency interest rate swaps	121.8		121.8	5.3	127.1	105.1
Options written	45.0		45.0		45.0	44.6
Options purchased	44.2		44.2		44.2	41.4
Total foreign exchange contracts	536.8		536.8	28.1	564.9	551.2
Credit derivatives	78.9		78.9	4.7	83.6	80.6
Other contracts[1]	54.5	48.4	102.9	2.3	105.2	39.9
Total	$ 1,701.1	$ 319.7	$ 2,020.8	$ 149.0	$ 2,169.8	$ 2,063.3

1 Includes equity and commodity derivatives.

Derivative Financial Instruments by Term to Maturity

	Remaining term to maturity					
	Within 1 year	1 to 3 years	3 to 5 years	Over 5 years	2004 Total	2003 Total
	(billions of Canadian dollars)					
Notional principal						
Interest rate contracts						
Futures	$ 206.7	$ 64.5	$ .1	$	$ 271.3	$ 195.1
Forward rate agreements	112.8	16.0	.1	.1	129.0	217.8
Swaps	310.2	203.1	145.8	207.1	866.2	827.0
Options written	28.5	24.2	8.1	11.9	72.7	61.8
Options purchased	41.8	14.8	8.3	12.0	76.9	89.9
Total interest rate contracts	700.0	322.6	162.4	231.1	1,416.1	1,391.6

	Remaining term to maturity					
Foreign exchange contracts						
Forward contracts	**303.3**	**31.2**	**3.3**	**.1**	**337.9**	349.1
Swaps	**.4**	**2.4**	**1.3**	**6.6**	**10.7**	11.0
Cross-currency interest rate swaps	**28.3**	**37.3**	**23.5**	**38.0**	**127.1**	105.1
Options written	**40.5**	**3.2**	**1.3**		**45.0**	44.6
Options purchased	**38.8**	**3.5**	**1.3**	**.6**	**44.2**	41.4
Total foreign exchange contracts	**411.3**	**77.6**	**30.7**	**45.3**	**564.9**	551.2
Credit derivatives	**12.1**	**23.3**	**34.3**	**13.9**	**83.6**	80.6
Other contracts[1]	**70.8**	**19.3**	**9.1**	**6.0**	**105.2**	39.9
Total	**$ 1,194.2**	**$ 442.8**	**$ 236.5**	**$ 296.3**	**$ 2,169.8**	$ 2,063.3

1 Includes equity and commodity 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 Group.

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, model and credit risks.

Fair Value of Derivative Financial Instruments

	2004				2003	
	Average[1] fair value for the year		Year end fair value		Year end fair value	
	Positive	Negative	Positive	Negative	Positive	Negative
	(millions of Canadian dollars)					
Derivative financial instruments held or issued for trading purposes:						
Interest rate contracts						
Forward rate agreements	**$ 51**	**$ 63**	**$ 33**	**$ 51**	$ 47	$ 55
Swaps	**13,374**	**13,577**	**13,563**	**13,990**	13,581	13,581
Options written		**1,138**		**1,196**		1,084
Options purchased	**820**		**798**		859	
Total interest rate contracts	**14,245**	**14,778**	**14,394**	**15,237**	14,487	14,720
Foreign exchange contracts						
Forward contracts	**6,359**	**5,611**	**6,780**	**6,093**	6,217	4,759
Swaps	**1,120**	**303**	**1,653**	**356**	928	281
Cross-currency interest rate swaps	**4,612**	**4,590**	**5,771**	**5,803**	3,571	4,318
Options written		**519**		**1,025**		487
Options purchased	**517**		**908**		407	
Total foreign exchange contracts	**12,608**	**11,023**	**15,112**	**13,277**	11,123	9,845
Credit derivatives	**667**	**687**	**719**	**581**	713	572
Other contracts[2]	**2,679**	**3,354**	**3,472**	**4,778**	2,128	2,863
Fair value trading	**$ 30,199**	**$ 29,842**	**$ 33,697**	**$ 33,873**	$ 28,451	$ 28,000
Derivative financial instruments held or issued for non-trading purposes:						
Interest rate contracts						
Forward rate agreements			**$ 2**	**$ 1**	$ 4	$ 9
Swaps			**720**	**783**	821	862
Options written						6
Options purchased			**45**		74	
Total interest rate contracts			**767**	**784**	899	877
Foreign exchange contracts						
Forward contracts			**546**	**301**	1,444	2,090
Cross-currency interest rate swaps				**779**	771	760
Total foreign exchange contracts			**546**	**1,080**	2,215	2,850
Credit derivatives			**4**	**63**	29	21
Other contracts[2]			**276**	**2**		

	2004		2003	
Fair value non-trading	**1,593**	**1,929**	3,143	3,748
Total fair value	**$ 35,290**	**$ 35,802**	$ 31,594	$ 31,748

1 The average fair value of trading derivative financial instruments for the year ended October 31, 2003 was: Positive $29,044 million and Negative $29,808 million. Averages are calculated on a monthly basis.

2 Includes equity and commodity 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 table, 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

	2004			**2003**		
	Current replacement cost[1]	**Credit equivalent amount**	**Risk-weighted amount**	**Current replacement cost[1]**	**Credit equivalent amount**	**Risk-weighted amount**
			(millions of Canadian dollars)			
Interest rate contracts						
Forward rate agreements	**$ 34**	**$ 116**	**$ 24**	$ 51	$ 223	$ 45
Swaps	**14,283**	**19,294**	**4,787**	14,402	18,719	4,810
Options purchased	**797**	**1,092**	**222**	878	1,171	282
Total interest rate contracts	**15,114**	**20,502**	**5,033**	15,331	20,113	5,137
Foreign exchange contracts						
Forward contracts	**7,248**	**11,558**	**2,582**	7,366	11,437	2,579
Swaps	**1,653**	**2,336**	**665**	928	1,520	465
Cross-currency interest rate swaps	**5,772**	**11,952**	**2,682**	4,342	9,369	2,131
Options purchased	**908**	**1,580**	**341**	247	748	171
Total foreign exchange contracts	**15,581**	**27,426**	**6,270**	12,883	23,074	5,346
Credit derivatives	**719**	**7,396**	**1,327**	485	7,668	1,811
Other contracts[2]	**2,444**	**5,222**	**1,668**	1,002	2,550	945
Total derivative financial instruments	**$ 33,858**	**$ 60,546**	**$ 14,298**	$ 29,701	$ 53,405	$ 13,239
Less impact of master netting agreements and collateral	**21,849**	**32,439**	**8,030**	20,149	28,824	7,252
	$ 12,009	**$ 28,107**	**$ 6,268**	$ 9,552	$ 24,581	$ 5,987

1 Exchange traded instruments and forward foreign exchange contracts with an original maturity of 14 days or less 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, 2004 was $1,432 million (2003 $1,893 million).

2 Includes equity and commodity derivatives.

NOTE 18 CONTINGENT LIABILITIES, COMMITMENTS AND GUARANTEES

(a) In the normal course of business, the Bank enters into various off-balance sheet commitments and contingent liability contracts. The primary purpose of these contracts is to make funds available for the financing needs of customers. The Bank's policy for requiring collateral security with respect to these contracts and the types of collateral security held is generally the same as for loans made by the Bank.

Financial and performance standby letters of credit represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties and they carry the same credit risk, recourse and collateral security requirements as loans extended to customers.

Documentary and commercial letters of credit are instruments issued on behalf of a customer authorizing a third party to draw drafts on the Bank up to a certain amount subject to specific terms and conditions. The Bank is at risk for any drafts drawn that are not ultimately settled by the customer, and the amounts are collateralized by the goods to which they relate.

Commitments to extend credit represent unutilized portions of authorizations to extend credit in the form of loans and customers' liability under acceptances.

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

Credit Instruments

	2004	**2003**
	(millions of Canadian dollars)	
Financial and performance standby letters of credit	**$ 5,429**	$ 6,275
Documentary and commercial letters of credit	**691**	754
Commitments to extend credit		
Original term to maturity of one year or less	**29,900**	32,357
Original term to maturity of more than one year	**11,232**	16,346
	$ 47,252	$ 55,732

In addition, the Bank is committed to fund $424 million of merchant banking investments as opportunities arise.

(b) During the year, the Bank entered into an agreement with an external party whereby the external party will operate the Bank's Automated Banking Machines (ABMs) network for seven years at a total projected cost of $451 million. Future minimum capital lease commitments for ABMs will be $66 million for 2005, $66 million for 2006, $65 million for 2007, $59 million for 2008, $57 million for 2009, and $124 million for 2010 and thereafter.

During fiscal 2003, the Bank entered into an agreement with an external party whereby the external party will provide network and computer desktop support services for seven years at a total projected cost of $720 million. During 2004, the Bank incurred $129 million and due to additional services purchased, the remaining obligation is projected to be $118 million for 2005, $115 million for 2006, $110 million for 2007, $106 million for 2008, $102 million for 2009 and $101 million for 2010.

The premises and equipment net rental expense charged to net income for the year ended October 31, 2004 was $539 million (2003 $552 million).

The Bank has obligations under long term non-cancellable leases for premises and equipment. Future minimum operating lease commitments for premises and for equipment, where the annual rental is in excess of $100 thousand, is estimated at $299 million for 2005; $254 million for 2006; $214 million for 2007; $189 million for 2008; $157 million for 2009; $455 million for 2010 and thereafter.

(c) During fiscal 2004, the Bank added $354 million to its contingent litigation reserves. This includes reserves with respect to certain Enron related actions to which the Bank is a party. Several of these matters are in the early stages of litigation and given the size of the claims there is exposure to additional loss. The Bank will regularly assess its position as events progress.

In addition, 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, 2004 securities and other assets with a carrying value of $26 billion (2003 $20 billion) were pledged in respect of securities sold short or under repurchase agreements. In addition, as at October 31, 2004, assets with a carrying value of $4 billion (2003 $3 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, 2004 amounted to $5 billion (2003 $4 billion).

(f) As of February 1, 2003, the Bank prospectively adopted the accounting guideline on disclosure of guarantees. A guarantee is defined to be a contract that contingently requires the Bank to make payments to a third party based on (i) changes in an underlying interest rate, foreign exchange rate, equity or commodity instrument, index or other variable, that is related to an asset, a liability or an equity security of the counterparty, (ii) failure of another party to perform under an obligating agreement, or (iii) failure of another third party to pay its indebtedness when due.

Significant guarantees that the Bank has provided to third parties include the following:

Financial and Performance Standby Letters of Credit

Financial and performance standby letters of credit represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties and they carry the same credit risk, recourse and collateral security requirements as loans extended to customers. Generally, the terms of these letters of credit do not exceed four years.

Assets Sold with Recourse

In connection with certain asset sales, the Bank typically makes representations about the underlying assets in which the Bank may have an obligation to repurchase the assets or indemnify the purchaser against any loss. Generally, the term of these guarantees does not exceed three years.

Credit Enhancements

The Bank guarantees payments to counterparties in the event that third party credit enhancements supporting asset pools are insufficient. The term of these credit facilities do not exceed 20 years.

Written Options

Written options are agreements under which the Bank grants the buyer the future right, but not the obligation, to sell/buy at or by a specified date, a specific amount of a financial instrument at a price agreed when the option is arranged and which can be physically or cash settled.

Written options can be used by the counterparty to hedge foreign exchange, equity, credit, commodity and interest rate risks. The Bank does not track, for accounting purposes, whether its clients enter into these derivative contracts for trading or hedging purposes and has not determined if the guaranteed party has the asset or liability related to the underlying. Accordingly, the Bank cannot ascertain which contracts are"guarantees" under the definition contained in the accounting guideline. The Bank employs a risk framework to define risk tolerances and establishes limits designed to ensure that losses do not exceed acceptable, predefined limits. Due to the nature of these contracts, the Bank cannot make a reasonable estimate of the potential maximum amount payable to the counterparties. The total notional principal amount of the written options as at October 31, 2004 is $139 billion (2003 $114 billion).

Indemnification Agreements

In the normal course of operations, the Bank provides indemnification agreements to various counterparties in transactions such as service agreements, leasing transactions, and agreements relating to acquisitions and dispositions. The Bank also indemnifies directors and officers, to the extent permitted by law, against certain claims that may be made against them as a result of their services to the Bank. Under these agreements, the Bank is required to compensate counterparties for costs incurred as a result of various contingencies such as changes in laws and regulations and litigation claims. The nature of the indemnification agreements prevents the Bank from making a reasonable estimate of the maximum potential amount that the Bank would be required to pay such counterparties.

The table below summarizes at October 31, the maximum potential amount of future payments that could be made under the guarantee agreements without consideration of possible recoveries under recourse provisions or from collateral held or pledged.

	2004	**2003**
	(millions of Canadian dollars)	
Financial and performance standby letters of credit	**$ 5,429**	$ 6,275
Assets sold with recourse	**1,869**	1,887
Credit enhancements	**117**	130
	$ 7,415	$ 8,292

NOTE 19 CONCENTRATION OF CREDIT RISK

Concentration of credit 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.

	On-balance sheet assets[1]		Off-balance sheet financial instruments			
			Credit instruments[2,3]		Derivative financial instruments[4,5]	
	2004	2003	2004	2003	2004	2003
	(millions of Canadian dollars)					
Canada	**92%**	90%	**70%**	61%	**27%**	22%
United States	**6**	7	**24**	30	**26**	29
United Kingdom	**1**	1	**3**	6	**8**	9
Europe excluding the United Kingdom		1			**29**	28
Other International	**1**	1	**3**	3	**10**	12
Total	**100%**	100%	**100%**	100%	**100%**	100%
	$ 123,924	$ 118,058	**$ 47,252**	$ 55,732	**$ 33,858**	$ 29,701

1 No single industry segment accounted for more than 5% of the total loans and customers' liability under acceptances.

2 At October 31, 2004, the Bank had commitments and contingent liability contracts in the amount of $47,252 million (2003 $55,732 million). Included are commitments to extend credit totaling $41,132 million (2003 $48,703 million), of which the credit risk is dispersed as detailed in the table above.

3 Of the commitments to extend credit, industry segments which equalled or exceeded 5% of the total concentration were as follows at October 31, 2004: Financial institutions 53% (2003 44%); Oil and gas 5% (2003 5%); Automotive 5% (2003 5%).

4 At October 31, 2004, the current replacement cost of derivative financial instruments amounted to $33,858 million (2003 $29,701 million). Based on the location of ultimate counterparty, the credit risk was allocated as detailed in the table above.

5 The largest concentration by counterparty type was with financial institutions, which accounted for 84% of the total (2003 87%). The second largest concentration was with governments which accounted for 7% of the total. No other industry segment exceeded 3% of the total.

NOTE 20 SEGMENTED INFORMATION

For management reporting purposes, the Bank's operations and activities are organized around the following operating business segments: Personal and Commercial Banking, Wholesale Banking and Wealth Management.

The Personal and Commercial Banking segment provides financial products and services to personal, small business, insurance, and commercial customers. The Wholesale Banking segment provides financial products and services to corporate, government, and institutional customers. The Wealth Management segment provides investment products and services to institutional and retail investors.

The Bank's other business activities are not considered reportable segments and are therefore grouped in the Corporate segment. The Corporate segment includes activities from the non-core lending portfolio, effects of asset securitization programs, treasury management, general provisions for credit losses, elimination of taxable equivalent adjustments, corporate level tax benefits, and residual unallocated revenues, expenses, and taxes.

Results of each business segment reflect revenues, expenses, assets and liabilities generated by the businesses in that segment. Due to the complexity of the Bank, its management reporting model uses various estimates, assumptions, allocations and risk-based methodologies for funds transfer pricing, inter-segment revenues, income tax rates, capital, indirect expenses and cost transfers to measure business segment results. Transfer pricing of funds are generally applied at market rates. Inter-segment revenues are negotiated between each business segment and approximate the value provided by the distributing segment. Income tax expense or benefit is generally applied to each segment based on a statutory tax rate and may be adjusted for items and activities unique to each segment.

The Bank measures and evaluates the performance of each segment based on earnings before amortization of intangibles and, where applicable, the Bank notes that the measure is before amortization of intangibles. For example, revenue is not affected by the amortization of intangibles, but expenses are affected by the amortization of intangibles. This measure is only relevant in the Personal and Commercial Banking and Wealth Management segments, as there are no intangibles allocated to the Wholesale Banking and Corporate segments.

Net interest income, primarily within Wholesale Banking is calculated on a taxable equivalent basis (TEB), which means that the value of non-taxable or tax-exempt income such as dividends is adjusted (increased) to its equivalent before tax value. Using TEB allows the Bank to measure income from all securities and loans consistently and makes for a more meaningful comparison of net interest income with similar institutions. The taxable equivalent basis adjustment reflected in the Wholesale Banking segment's results is eliminated in the Corporate segment.

Results by Business Segment

		Personal and Commercial Banking		Wholesale Banking[1,2]		Wealth Management		Corporate[1,2]		Total
					(millions of Canadian dollars)					
2004										
Net interest income	**$**	**4,191**	**$**	**1,600**	**$**	**508**	**$**	**(356)**	**$**	**5,943**
Provision for (reversal of) credit losses		**373**		**41**				**(800)**		**(386)**
Other income		**2,066**		**615**		**2,098**		**104**		**4,883**
Non-interest expenses before amortization of intangibles		**3,650**		**1,289**		**2,047**		**395**		**7,381**
Income before provision for (benefit of) income taxes and non-controlling interest		**2,234**		**885**		**559**		**153**		**3,831**
Provision for (benefit of) income taxes		**747**		**278**		**191**		**(264)**		**952**
Non-controlling interest in net income of subsidiaries								**92**		**92**
Net income before amortization of intangibles	**$**	**1,487**	**$**	**607**	**$**	**368**	**$**	**325**	**$**	**2,787**
Amortization of intangibles, net of income taxes										**477**
Net income reported basis									**$**	**2,310**
Total assets	**$**	**123,200**	**$**	**148,100**	**$**	**24,900**	**$**	**14,827**	**$**	**311,027**
2003										
Net interest income	$	4,086	$	1,355	$	431	$	(256)	$	5,616
Provision for (reversal of) credit losses		460		15				(289)		186
Other income		1,803		701		1,873		47		4,424
Non-interest expenses before amortization of intangibles		3,463		1,689		2,234		206		7,592
Income (loss) before provision for (benefit of) income taxes and non-controlling interest		1,966		352		70		(126)		2,262
Provision for (benefit of) income taxes		689		92		145		(323)		603
Non-controlling interest in net income of subsidiaries								92		92
Net income (loss) before amortization of intangibles	$	1,277	$	260	$	(75)	$	105	$	1,567
Amortization of intangibles, net of income taxes										491
Net income reported basis									$	1,076
Total assets	$	115,700	$	123,400	$	21,100	$	13,332	$	273,532
2002										
Net interest income	$	4,058	$	1,505	$	426	$	(689)	$	5,300
Provision for credit losses		505		2,490				(70)		2,925
Other income		1,710		1,163		1,895		161		4,929
Non-interest expenses before amortization of intangibles		3,501		1,235		2,080		(62)		6,754

	Personal and Commercial Banking	Wholesale Banking[1,2]	Wealth Management	Corporate[1,2]	Total
Income (loss) before provision for (benefit of) income taxes and non-controlling interest	1,762	(1,057)	241	(396)	550
Provision for (benefit of) income taxes	648	(400)	116	(445)	(81)
Non-controlling interest in net income of subsidiaries				64	64
Net income (loss) before amortization of intangibles	$ 1,114	$ (657)	$ 125	$ (15)	$ 567
Amortization of intangibles, net of income taxes					634
Net loss reported basis					$ (67)

1 The Wholesale Banking and Corporate segment results have been restated to reflect the transfer of the non-core lending portfolio to the Corporate Segment.

2 The taxable equivalent basis adjustment reflected in the Wholesale Banking segment's results is eliminated in the Corporate segment.

Results by Geographic Distribution

The Bank earns revenue in Canada and in international locations. Reporting is based on the geographic location of the unit responsible for recording the revenues or assets.

	Total revenue	Income (loss) before provision for income taxes and non-controlling interest	Net income (loss)	Total assets
	(millions of Canadian dollars)			
2004				
Canada	**$ 8,137**	**$ 2,110**	**$ 1,446**	**$ 216,110**
United States	**1,559**	**434**	**259**	**41,506**
International	**1,130**	**661**	**605**	**53,411**
Total	**$ 10,826**	**$ 3,205**	**$ 2,310**	**$ 311,027**
2003				
Canada	$ 7,381	$ 1,094	$ 761	$ 191,817
United States	1,588	(11)	(23)	38,222
International	1,071	407	338	43,493
Total	$ 10,040	$ 1,490	$ 1,076	$ 273,532
2002				
Canada	$ 7,593	$ 1,072	$ 785	$ 171,562
United States	1,553	(1,720)	(1,137)	47,524
International	1,083	200	285	58,954
Total	$ 10,229	$ (448)	$ (67)	$ 278,040

NOTE 21 ACQUISITIONS AND DISPOSITIONS

(a) Acquisition of Banknorth Group, Inc.

On August 26, 2004, the Bank announced a definitive agreement to acquire a 51% interest in Banknorth Group, Inc. (Banknorth) for total consideration of approximately $5 billion. Consideration will be 60% cash and 40% common shares of the Bank. Banknorth is a public company with approximately $35 billion in assets. The acquisition is subject to approval by regulators and Banknorth shareholders, and if approved, is expected to close in February 2005. Between now and the close of the acquisition, the Bank is restricted from declaring or paying any extraordinary or special dividends on its capital stock or amending its by-laws in a manner that would materially and adversely affect the economic benefits of the acquisition to the holders of Banknorth common stock.

(b) Acquisition of insurance business from Liberty Mutual Group

On April 1, 2004, the Bank acquired the Canadian personal property and casualty operations of Boston-based Liberty Mutual Group. Goodwill arising from this acquisition was $43 million.

(c) Acquisition of Branches from Laurentian Bank of Canada

On October 31, 2003, the Bank completed the acquisition of 57 branches outside the Province of Quebec from the Laurentian Bank of Canada. The all-cash purchase price reflects the value of assets acquired, less liabilities assumed. Intangible assets arising from the acquisition of $126 million are being amortized on a straight-line basis over the expected period of benefit of five years.

(d) Sale of Mutual Fund Record Keeping and Custody Business

During fiscal 2002, the Bank sold its mutual fund record keeping and custody business and recorded a pre-tax gain of $40 million.

(e) Acquisition of Stafford and LETCO

On March 1, 2002, the Bank completed the acquisition of the securities and trading technology platform and listed equity options market-making businesses of the Stafford group of firms (Stafford) and the LETCO group (LETCO). The purchase price consisted of an initial cash payment of approximately $428 million. The acquisition was accounted for by the purchase method and the results of Stafford and LETCO's operations have been included in the Consolidated Statement of Operations from March 1, 2002. As discussed in Note 5, the goodwill arising from the acquisition was written off in the second quarter of fiscal 2003.

(f) Acquisition of TD Waterhouse Shares

On November 26, 2001, the Bank completed the acquisition of the outstanding common shares of TD Waterhouse Group, Inc. (TD Waterhouse) that it did not own for total consideration of approximately $605 million. Goodwill arising from the acquisition was $233 million. On November 1, 2001, the Bank issued approximately 11 million common shares for cash proceeds of $400 million to partially fund the transaction.

(g) Acquisition of R.J. Thompson Holdings, Inc.

On November 1, 2001, TD Waterhouse acquired R.J. Thompson Holdings, Inc. (RJT), a direct access brokerage firm, for total cash consideration of $122 million. Goodwill arising from the acquisition was $120 million. The results of RJT have been included in the Consolidated Statement of Operations from November 1, 2001. In addition, contingent purchase price payments of up to $24 million were payable upon achievement of certain results. In the fourth quarter of 2002, $8 million was paid relating to the contingent purchase price payments and in the first quarter of 2003 an additional $14 million was paid to satisfy the remaining contingent purchase price payments required under the purchase agreement. These payments relate to finite life intangible assets which are amortized on a straight-line basis over the expected period of benefit of three years.

NOTE 22 RESTRUCTURING COSTS

During the second quarter of fiscal 2003, the Bank announced a restructuring of the international unit of its wealth management business. Declining volumes in the discount brokerage business worldwide resulted in excess capacity, which impacted the Bank's ability to profitably run a global brokerage model. The Bank recognized a total of $26 million of pre-tax restructuring costs, with $21 million recognized in the second quarter and $5 million recognized in the third quarter of fiscal 2003. The restructuring was completed by the end of the third quarter of fiscal 2003. Of the $26 million in pre-tax restructuring costs, $7 million related to lease termination costs and other premises related expenses and the remainder of the restructuring costs of $19 million related to write downs of software and systems development costs.

During the second quarter of fiscal 2003, the Bank also announced a restructuring of its U.S. equity options business in Wholesale Banking. Dramatic volume and margin declines had a significantly negative impact on this business. Consequently, the Bank determined that it was necessary to shift its strategy and focus solely on the equity options group centered in Chicago. As a result, the Bank recognized a total of $72 million of pre-tax restructuring costs in the second quarter of fiscal 2003. Of the $72 million in pre-tax restructuring costs, $31 million related to severance and employee support costs, $10 million related to lease termination costs and other premises related expenses and the remainder of the restructuring costs of $31 million related to other expenses and revenue reserves directly related to the restructuring. The $31 million in severance and employee support costs reflects the cost of eliminating approximately 104 positions in the U.S. and 24 positions in Europe. The Bank released $7 million of the restructuring costs and substantially completed the restructuring in fiscal 2004.

As at October 31, 2004, the total unutilized balance of restructuring costs of $7 million (2003 $19 million) shown below is included in other liabilities in the Consolidated Balance Sheet.

	2004					2003
	Human Resources	**Real Estate**	**Technology**	**Other**	**Total**	**Total**
	(millions of Canadian dollars)					
Balance at beginning of year	**$ 3**	**$ 9**	**$ 1**	**$ 6**	**$ 19**	$ 36
Restructuring costs arising (reversed) during the year						
Wholesale Banking[1]	**(2)**			**(5)**	**(7)**	72
Wealth Management						26
Amount utilized during the year						
Personal and Commercial Banking						28
Wholesale Banking	**1**	**1**	**1**	**1**	**4**	62
Wealth Management		**1**			**1**	25
Balance at end of year	**$**	**$ 7**	**$**	**$**	**$ 7**	$ 19

[1] Includes $6 million of revenue reserves directly related to the restructuring.

NOTE 23 EARNINGS (LOSS) PER COMMON SHARE

Basic and diluted earnings (loss) per common share at October 31 are as follows:

	2004	2003	2002
	(millions of Canadian dollars)		
Basic earnings (loss) per common share			
Net income (loss)	**$ 2,310**	$ 1,076	$ (67)
Preferred dividends	**78**	87	93
Net income (loss) applicable to common shares	**2,232**	989	(160)
Average number of common shares outstanding (millions)	**654.5**	649.8	641.0
Basic earnings (loss) per common share	**$ 3.41**	$ 1.52	$ (.25)

	2004	2003	2002
Diluted earnings (loss) per common share			
Net income (loss) applicable to common shares	**$ 2,232**	$ 989	$ (160)
Average number of common shares outstanding (millions)	**654.5**	649.8	641.0
Stock options potentially exercisable as determined under the treasury stock method[1] (millions)	**4.9**	4.1	5.9
Average number of common shares outstanding diluted (millions)	**659.4**	653.9	646.9
Diluted earnings (loss) per common share[2]	**$ 3.39**	$ 1.51	$ (.25)

1 For 2004, all options outstanding were included in the computation of diluted earnings per common share as the options' exercise prices were less than the average market prices of the Bank's common shares. For 2003, the computation of diluted earnings (loss) per common share excluded weighted average options outstanding of 10,908,010 with a weighted exercise price of $39.40 (2002 7,944,584 at $40.14) as the options' exercise price was greater than the average market price of the Bank's common shares.

2 For 2002, the effect of stock options potentially exercisable on earnings (loss) per common share was anti-dilutive, therefore basic and diluted earnings (loss) per common share are the same.

NOTE 24 RECONCILIATION OF CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The accounting principles followed by the Bank including the accounting requirements of the Superintendent of Financial Institutions Canada conform with Canadian generally accepted accounting principles (GAAP).

Significant differences between Canadian GAAP and United States generally accepted accounting principles (U.S. GAAP) are described below.

Net Income (Loss)

	For the years ended October 31		
	2004	**2003**	**2002**
	(millions of Canadian dollars)		
Net income (loss) based on Canadian GAAP	**$ 2,310**	$ 1,076	$ (67)
Stock-based compensation[a]			98
Employee future benefits[b]	**(3)**	(11)	(14)
Restructuring costs[c]		(28)	(165)
Variable interest entities[d]	**(17)**	(16)	(25)
Available for sale securities[e]	**2**	128	(119)
Derivative instruments and hedging activities[f]	**(475)**	142	192
Guarantees[g]	**(13)**	(20)	
Asset retirement obligations[h]	**(6)**	(30)	
Other	**(10)**		
Income taxes and net change in income taxes due to the above items[i]	**118**	(56)	28
Non-controlling interest in TD Mortgage Investment Corporation[j]	**(25)**	(23)	(23)
Net income (loss) based on U.S. GAAP	**1,881**	1,162	(95)
Preferred dividends	**53**	64	70
Net income (loss) applicable to common shares based on U.S. GAAP	**$ 1,828**	$ 1,098	$ (165)
Average number of common shares outstanding (millions)			
Basic U.S. GAAP	**654.5**	649.8	641.0
Canadian GAAP	**654.5**	649.8	641.0
Diluted U.S. GAAP	**659.4**	653.9	646.9
Canadian GAAP	**659.4**	653.9	646.9
Basic earnings (loss) per common share U.S. GAAP	**$ 2.79**	$ 1.69	$ (.26)
Canadian GAAP	**3.41**	1.52	(.25)
Diluted earnings (loss) per common share U.S. GAAP	**$ 2.77**	$ 1.68	$ (.26)
Canadian GAAP	**3.39**	1.51	(.25)

Consolidated Statement of Comprehensive Income (Loss)

	For the years ended October 31		
	2004	**2003**	**2002**
	(millions of Canadian dollars)		
Net income (loss) based on U.S. GAAP	**$ 1,881**	$ 1,162	$ (95)
Other comprehensive income (loss), net of income taxes			
Net change in unrealized gains and losses on available for sale securities[1]	**16**	16	(226)
Reclassification to earnings in respect of available for sale securities[2]	**5**	(78)	75
Change in unrealized foreign currency translation gains and losses[3,7]	**(91)**	(548)	(32)
Change in gains and losses on derivative instruments designated as cash flow hedges[4]	**141**	126	180
Reclassification to earnings of gains and losses on cash flow hedges[5]	**40**	46	21

	For the years ended October 31		
Minimum pension liability adjustment[6]	**(5)**	114	(114)
Comprehensive income (loss)	**$ 1,987**	$ 838	$ (191)

1 Net of income taxes (benefit) of $31 million (2003 $7 million; 2002 $(157) million).

2 Net of income taxes (benefit) of $2 million (2003 $(45) million; 2002 $48 million).

3 Net of income taxes (benefit) of $400 million (2003 $481 million; 2002 $65 million).

4 Net of income taxes (benefit) of $76 million (2003 $72 million; 2002 $114 million).

5 Net of income taxes (benefit) of $21 million (2003 $27 million; 2002 $15 million).

6 Net of income taxes (benefit) of $(2) million (2003 $72 million; 2002 $(72) million).

7 Fiscal 2004 includes $659 million (2003 $971 million; 2002 $90 million) of after-tax gains arising from hedges of the Bank's investment positions in foreign operations.

Condensed Consolidated Balance Sheet

	As at October 31 2004			As at October 31 2003		
	Canadian GAAP	**Adjustments**	**U.S. GAAP**	**Canadian GAAP**	**Adjustments**	**U.S. GAAP**
			(millions of Canadian dollars)			
Assets						
Cash resources and other[d]	**$ 9,038**	**$ 297**	**$ 9,335**	$ 7,719	$	$ 7,719
Securities						
Investment[e]	**31,387**	**3,917**	**35,304**	24,775	1,844	26,619
Trading[d]	**66,893**	**216**	**67,109**	54,890	195	55,085
Securities purchased under resale agreements	**21,888**		**21,888**	17,475		17,475
Loans (net)[d]	**123,924**	**46**	**123,970**	118,058	3,996	122,054
Derivatives' market revaluation[f]	**33,697**	**1,827**	**35,524**	28,451	3,732	32,183
Goodwill[b,c]	**2,225**	**64**	**2,289**	2,263	64	2,327
Intangible assets[b]	**2,144**	**33**	**2,177**	2,737	34	2,771
Other assets[b,d,f,h]	**19,831**	**67**	**19,898**	17,164	42	17,206
Total assets	**$ 311,027**	**$ 6,467**	**$ 317,494**	$ 273,532	$ 9,907	$ 283,439
Liabilities						
Deposits[d]	**$ 206,893**	**$ 350**	**$ 207,243**	$ 182,880	$	$ 182,880
Derivatives' market revaluation[f]	**33,873**	**1,138**	**35,011**	28,000	4,006	32,006
Other liabilities[b,c,d,e,f,g,h]	**49,389**	**4,662**	**54,051**	42,404	1,003	43,407
Subordinated notes, debentures and other debt[d]	**5,644**	**82**	**5,726**	5,887	4,224	10,111
Non-controlling interest in subsidiaries[d,j]	**1,250**	**118**	**1,368**	1,250	350	1,600
Total liabilities	**297,049**	**6,350**	**303,399**	260,421	9,583	270,004
Shareholders' equity						
Preferred shares[j]	**1,310**	**(350)**	**960**	1,535	(350)	1,185
Common shares[a]	**3,373**	**37**	**3,410**	3,179	17	3,196
Contributed surplus[a]	**20**	**2**	**22**	9	22	31
Foreign currency translation adjustments[k]	**(265)**	**265**		(130)	174	44
Retained earnings[a,b,c,d,e,f,g,h]	**9,540**	**(155)**	**9,385**	8,518	249	8,767
Accumulated other comprehensive income						
Net unrealized gains on available for sale securities[e]		**327**	**327**		306	306
Foreign currency translation adjustments[k]		**(265)**	**(265)**		(174)	(174)
Derivative instruments[f]		**261**	**261**		80	80
Minimum pension liability adjustment[b]		**(5)**	**(5)**			
Total shareholders' equity	**13,978**	**117**	**14,095**	13,111	324	13,435
Total liabilities and shareholders'equity	**$ 311,027**	**$ 6,467**	**$ 317,494**	$ 273,532	$ 9,907	$ 283,439

(a)

Stock-based Compensation

Until October 5, 2002, under the Bank's stock option plan, option holders could elect to receive cash for the options equal to their intrinsic value, being the excess of the market value of the share over the option exercise price at the date of exercise. 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 the then current Canadian GAAP, no expenses were recorded and cash payments to option holders were charged to retained earnings on a net of tax basis. As a result, income for U.S. GAAP purposes was increased for 2002 by $60 million as a result of decreases in intrinsic value during the period. Effective October 6, 2002, the plan was amended so that new grants of options and all outstanding options can only be settled for shares. As a result, for the purposes of U.S. GAAP the accrued liability for stock options of $39 million after-tax was reclassified to capital as at October 6, 2002. Beginning in fiscal 2003, the Bank has expensed stock option awards for both Canadian and U.S. GAAP purposes using the fair value method of accounting for stock options. The only continuing Canadian and U.S. GAAP difference relates to the reversal of the accrued liability reclassified to capital for exercises and forfeitures of stock options that existed at October 6, 2002.

(b)

Employee Future Benefits

Under Canadian GAAP, the Bank adopted the employee future benefits standard in fiscal 2001 on a retroactive basis without restatement. The Canadian standard requires the accrual of employee future benefits. Previous Canadian GAAP permitted non-pension benefits to be expensed as paid. U.S. GAAP similarly requires the accrual of employee future benefits. For purposes of U.S. GAAP, the Bank adopted the employee future benefits standard on a prospective basis. Consequently, differences between U.S. and Canadian GAAP remain, as the transitional impacts will be amortized over the expected average remaining service life of the employee group for U.S. GAAP.

U.S. GAAP also requires an additional minimum liability to be recorded if the accumulated benefit obligation is greater than the fair value of plan assets. Canadian GAAP has no such requirement. For U.S. GAAP purposes, the Bank recognized the amounts noted in the table below in the Consolidated Balance Sheet.

	2004	**2003**
	(millions of Canadian dollars)	
Prepaid pension expense (accrued benefit liability)	**$ 180**	$ 187
Intangible assets	**33**	34
Accumulated other comprehensive income before income taxes	**7**	
Net amount recognized	**$ 220**	$ 221

(c)

Restructuring Costs

Under previous Canadian GAAP, restructuring costs incurred by the Bank could be accrued as a liability provided that a restructuring plan detailing all significant actions to be taken had been approved by an appropriate level of management, and significant changes to the plan were not likely. U.S. GAAP and current Canadian GAAP require 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 and current Canadian GAAP also require 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. There were no restructuring costs in fiscal 2004, however in accordance with U.S. GAAP, restructuring costs of $126 million before-tax were recognized in fiscal 2003 and $165 million before-tax in fiscal 2002. Restructuring costs recognized under Canadian GAAP were $98 million before-tax in fiscal 2003 and nil in fiscal 2002.

(d)

Variable Interest Entities

U.S. GAAP and current Canadian GAAP require gains on loan securitizations to be recognized in income immediately. Under previous Canadian GAAP, gains were recognized only when received in cash by the Bank.

As of January 31, 2004, the Bank prospectively adopted the new U.S. interpretation on the consolidation of variable interest entities (VIEs). The interpretation required the Bank to identify VIEs in which it has an interest, determine whether it is the primary beneficiary of such entities and if so, consolidate them. Beginning in fiscal 2001, the Bank adopted the U.S. accounting standard for transfers and servicing of financial assets and extinguishments of liabilities. The principal impact of this U.S. standard was to require consolidation of certain entities in circumstances where the entity was considered a single-seller and either its activities were not sufficiently limited or it did not have a minimum 3% external equity investment. Current Canadian GAAP requires consolidation of such entities only when the Bank retains substantially all the residual risks and rewards of the entity.

In fiscal 2003, under U.S. GAAP, the Bank was required to consolidate loans of $4 billion and subordinated notes, debentures and other debt of $4 billion. No such adjustment was required under U.S. GAAP in fiscal 2004 because the Bank was not considered the primary beneficiary for any significant VIEs. However, as at October 31, 2004 the Bank held significant variable interests in certain VIEs where it is not considered the primary beneficiary. The first of these are multi-seller conduits which the Bank created in fiscal 1993, 1998, 1999 and 2000 with a total of $8 billion of assets. While probability of loss is negligible, the Bank's maximum potential exposure to loss for these conduits is $8 billion as of October 31, 2004 (through sole provision of liquidity facilities only available in the event of a general market disruption).

The second is a single-seller conduit which the Bank created in fiscal 2000 with $3 billion of assets. The Bank's maximum potential exposure to loss for this conduit is $3 billion as of October 31, 2004 (through sole provision of liquidity facilities only available in the event of a general market disruption), however, the probability of loss is negligible.

The Bank also enters into structured transactions on behalf of clients. Beginning in fiscal 2001, the Bank sold trading assets to certain third party managed multi-seller conduits as a source of cost effective funding as well as to manage regulatory capital. As part of the transactions, the Bank maintained its exposure to the assets through derivative contracts executed with the conduits. The Bank's maximum exposure to the entity is limited to the $3 billion notional value of the specified assets sold.

(e)

Available for Sale Securities

U.S. GAAP requires that investment securities be classified as either "available for sale" or "held to maturity", and requires available for sale securities to be reported on the Consolidated Balance Sheet at their estimated fair values. Unrealized gains and losses arising from changes in fair values of available for sale securities are reported net of income taxes in other comprehensive income. Other than temporary declines in fair value are recorded by transferring the unrealized loss from other comprehensive income to the Consolidated Statement of Operations. For U.S. GAAP, the Bank accounts for the majority of investment securities as available for sale. Under Canadian GAAP, investment securities are carried at cost or amortized cost, with other than temporary declines in value recognized based upon expected net realizable values.

In addition, under U.S. GAAP certain non-cash collateral received in securities lending transactions is recognized as an asset and a liability is recorded for obligations to return the collateral. Under Canadian GAAP, non-cash collateral received as part of a securities lending transaction is not recognized in the Consolidated Balance Sheet.

(f)

Derivative Instruments and Hedging Activities

U.S. GAAP requires 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 Operations. U.S. GAAP provides specific guidance on hedge accounting including the measurement of hedge ineffectiveness, limitations on hedging strategies and hedging with intercompany derivatives. For fair value hedges, the Bank is hedging changes in the fair value of assets, liabilities or firm commitments and changes in the fair values of the derivative instruments are recorded in income. For cash flow hedges, the Bank is hedging the variability in cash flows related to variable rate assets, liabilities or forecasted transactions and the effective portion of the changes in the fair values of the derivative instruments are recorded in other comprehensive income until the hedged items are recognized in income. For fiscal 2004, deferred net gains (losses) on derivative instruments of $90 million (2003 $(27) million; 2002 $(68) million) included in other comprehensive income are expected to be reclassified to earnings during the next 12 months. Cash flow hedges also include hedges of certain forecasted transactions up to a maximum of 21 years, although a substantial majority is under two years. The ineffective portion of hedging derivative instruments' changes in fair values are immediately recognized in income. For fiscal 2004, under U.S. GAAP, the Bank recognized pre-tax gains (losses) of nil (2003 $(19) million; 2002 $3 million) for the ineffective portion of cash flow hedges.

Under previous Canadian GAAP, the Bank recognized only derivatives used in trading activities at fair value on the Consolidated Balance Sheet, with changes in fair value included in income. However, as discussed in Note 1, as of November 1, 2003 the Bank prospectively adopted a CICA accounting guideline on hedging relationships. This guideline resulted in non-trading derivatives that are in ineffective hedging relationships or that are hedges not designated in a hedging relationship being carried at fair value.

In fiscal 2004, the majority of the net income adjustment for derivative instruments and hedging activities resulted from the Bank entering into a hedge for the cash portion of the purchase price for the proposed acquisition of Banknorth. Under U.S. GAAP, the hedge of the proposed Banknorth acquisition is not eligible for designation as a hedged transaction in a cash flow hedge given that the forecasted transaction involves a business combination. As a result, changes in the fair value of the derivative have been reported through U.S. GAAP net income. However, under Canadian GAAP, the forecasted transaction is eligible for hedge accounting, given that it is a hedge of foreign exchange risk.

(g)

Guarantees

During fiscal 2003, the Bank adopted the U.S. interpretation on guarantor's accounting and disclosure requirements for guarantees, including indirect guarantees of indebtedness of others. As a result, for U.S. GAAP purposes, the initial liability for obligations assumed with respect to guarantees issued or modified after December 31, 2002 is recorded on the Consolidated Balance Sheet at fair value. The total amount of the current liabilities recorded on the Consolidated Balance Sheet is $33 million for U.S. GAAP purposes in 2004 (2003 $20 million). Under Canadian GAAP, a liability is not recognized at the inception of a guarantee.

(h)

Asset Retirement Obligations

During fiscal 2003, the Bank prospectively adopted the U.S. standard relating to accounting for asset retirement obligations. This standard requires that a liability for an asset retirement obligation related to a long-lived asset be recognized in the period in which it is incurred and recorded at fair value. The offset to the liability is capitalized as part of the carrying amount of the related long-lived asset. There are no similar requirements under current Canadian GAAP. The cumulative effect of the change in accounting policy on prior years was a charge to income of $15 million after-tax in fiscal 2003, two cents per share on a basic and fully diluted basis and the effect of the standard for fiscal 2003 was a charge of $4 million after-tax. The charge for fiscal 2004 was $4 million after-tax. As at October 31, 2004, the Bank has recognized a liability for asset retirement obligations related to capitalized leasehold improvements of $57 million (2003 $53 million) for U.S. GAAP reporting purposes.

(i)

Future Income Taxes

Under Canadian GAAP, the effects of income tax rate reductions are recorded when considered substantively enacted. Under U.S. GAAP, the effects of rate changes do not impact the measurement of tax balances until passed into law.

(j)

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 Operations. Under Canadian GAAP, these preferred shares are included within the total preferred shares presented on the Consolidated Balance Sheet.

(k)

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 to be presented net of taxes in other comprehensive income. Under Canadian GAAP, the Bank presents foreign currency translation adjustments as a separate component of shareholders' equity.

NOTE 25 RELATED PARTY TRANSACTIONS

The Bank makes loans to its officers and directors and their affiliates. Loans to directors and certain officers are on market terms. The amounts outstanding are as follows:

	2004	**2003**
	(millions of Canadian dollars)	
Residential mortgages	**$ 2**	$ 3
Consumer instalment and other personal	**5**	9

	2004	2003
Business	**280**	378
Total	**$ 287**	$ 390

NOTE 26 FUTURE ACCOUNTING CHANGES

Consolidation of Variable Interest Entities

The Canadian Accounting Standards Board issued a revised guideline on the consolidation of variable interest entities (VIEs) in order to harmonize with the revised U.S. Financial Accounting Standards Board interpretation. The revised guideline is effective for the Bank in fiscal 2005. The primary impact of adopting the revised guideline is that the Bank will no longer consolidate one of its innovative capital structures TD Capital Trust Securities Series 2012, which accounts for $350 million of Tier 1 capital. Although the Bank has voting control it is not deemed the primary beneficiary under the VIEs rules. For regulatory capital purposes, the Bank's innovative capital structures have been grandfathered by the Superintendent of Financial Institutions Canada, and the Bank's capital ratios are unaffected. Note 24, the Reconciliation of Canadian and U.S. generally accepted accounting principles provides details of the adoption of the U.S. interpretation.

Liabilities and Equity

The Canadian Institute of Chartered Accountants (CICA) issued amendments to its accounting standard on financial instruments disclosure and presentation which are effective for the Bank in fiscal 2005. As a result of these amendments, the Bank will be required to classify its existing preferred shares and innovative Tier 1 capital as liabilities. The Bank's preferred dividends will therefore be reported as interest expense and earnings attributable to common shares will be unaffected. For regulatory capital purposes, the existing capital instruments of the Bank have been grandfathered by the Superintendent of Financial Institutions Canada, and the Bank's capital ratios are unaffected.

Asset Retirement Obligations

In fiscal 2003, the CICA issued an accounting standard on asset retirement obligations that is applicable to the Bank in fiscal 2005. The standard harmonizes Canadian GAAP with current U.S. GAAP and requires that a liability for an asset retirement obligation related to a long-lived asset to be recognized in the period in which it is incurred and recorded at fair value.

Merchant Banking Accounting

During 2003, the Canadian Accounting Standards Board amended its accounting standard on subsidiaries to disallow an enterprise acquired with the clearly demonstrated intention that it would be disposed of in the foreseeable future to be considered a temporary investment. As a result, beginning in fiscal 2005, the Bank will commence equity accounting for investments held within the merchant banking portfolio where it has significant influence. The Bank currently does not expect this change in accounting to result in a significant net income impact.

Financial Instruments, Hedges and Comprehensive Income

The CICA has issued two proposed accounting standards *Financial Instruments Recognition and Measurement* and *Hedges* and one new accounting standard *Comprehensive Income*. These standards are substantially harmonized with U.S. GAAP and are effective for the Bank beginning with the first quarter of fiscal 2007. The principal impact of the standards are detailed below.

Comprehensive income will be a new component of shareholder's equity and a new statement entitled Statement of Comprehensive Income will be added to the Bank's primary financial statements. Comprehensive income includes unrealized gains and losses on available for sale securities, foreign currency translation and derivative instruments designated as cash flow hedges, net of income taxes.

Financial assets will be required to be classified as available for sale, held to maturity or trading. Held to maturity assets will be limited to fixed maturity instruments that the Bank intends to and is able to hold to maturity and will be accounted for at amortized cost. Trading assets will continue to be accounted for at fair value with realized and unrealized gains and losses reported through net income. The remaining assets will be classified as available for sale and measured at fair value with unrealized gains and losses recognized through comprehensive income.

For fair value hedges, where the Bank is hedging changes in the fair value of assets, liabilities or firm commitments, the change in the value of derivatives and hedged items will be recorded through income. For cash flow hedges where the Bank is hedging the variability in cash flows related to variable rate assets, liabilities or forecasted transactions, the effective portion of the changes in the fair values of the derivative instruments will be recorded through comprehensive income until the hedged items are recognized in income.

Investment Companies

The CICA issued an accounting guideline on investment companies which requires the Bank's investment companies to account for all its investments at fair value. The guideline sets out the criteria for determining whether a company is an investment company and also provides guidance on the circumstances in which the parent company of, or equity method investor in, an investment company should account for the investment company's investments at fair value. The impact of this accounting guideline is not significant for the Bank.

PRINCIPAL SUBSIDIARIES

		As at October 31, 2004
Canadian	**Head office**	**Book value of shares owned by the Bank**
		(millions of Canadian dollars)
Commercial Mortgage Operations Company of Canada	Toronto, Canada	$ 50
CT Financial Assurance Company	Toronto, Canada	12
First Nations Bank of Canada (89%)	Walpole Island, Canada	8
Meloche Monnex Inc.	Montreal, Canada	331
Security National Insurance Company	Montreal, Canada	
Primmum Insurance Company	Toronto, Canada	
TD General Insurance Company	Toronto, Canada	
TD Asset Finance Corp.	Toronto, Canada	16
TD MarketSite Inc.	Toronto, Canada	
TD Asset Management Inc.	Toronto, Canada	169
TD Capital Canadian Private Equity Partners Ltd.	Toronto, Canada	
TD Capital Funds Management Ltd.	Toronto, Canada	
TD Capital Group Limited	Toronto, Canada	147
TD Capital Trust	Toronto, Canada	360
TD Capital Trust II	Toronto, Canada	2
TD Investment Management Inc.	Toronto, Canada	
TD Investment Services Inc.	Toronto, Canada	223
TD Life Insurance Company	Toronto, Canada	18
TD Mortgage Corporation	Toronto, Canada	7,098
Canada Trustco Mortgage Company	London, Canada	
TD Waterhouse Bank N.V.	Amsterdam, The Netherlands	
Canada Trustco International Limited	Bridgetown, Barbados	
The Canada Trust Company	Toronto, Canada	
Truscan Property Corporation	Toronto, Canada	
TD Pacific Mortgage Corporation	Toronto, Canada	
TD Mortgage Investment Corporation	Calgary, Canada	88
TD Nordique Inc.	Vancouver, Canada	1,087
TD Parallel Private Equity Investors Ltd.	Toronto, Canada	58
TD Realty Limited	Toronto, Canada	24

		As at October 31, 2004
TD Securities Inc.	Toronto, Canada	129
TD Timberlane Investments Limited	Vancouver, Canada	587
1390018 Ontario Limited	Toronto, Ontario	49

Unless otherwise noted, the Bank, either directly or through its subsidiaries, owns 100% of any issued and outstanding voting securities and non-voting securities of the entities listed, except the non-voting securities of First Nations Bank of Canada, TD Capital Trust, TD Capital Trust II, and TD Mortgage Investment Corporation. Each subsidiary is incorporated in the country in which its head office is located.

PRINCIPAL SUBSIDIARIES

United States	Head Office	As at October 31, 2004 Book value of shares owned by the Bank (millions of Canadian dollars)
TD North America Limited Partnership	Delaware, U.S.A.	556
TD Waterhouse Group, Inc.	New York, U.S.A.	2,325
CTUSA, Inc.	New Jersey, U.S.A.	
TD Bank USA, F.S.B.	New Jersey, U.S.A.	
Drewmark, Inc.	New York, U.S.A.	
R.J. Thompson Holdings, Inc.	New York, U.S.A.	
National Investor Services Corp.	New York, U.S.A.	
TD Waterhouse Asset Management, Inc.	New York, U.S.A.	
TD Waterhouse Bank, N.A.	New Jersey, U.S.A.	
Waterhouse Mortgage Services, Inc.	New Jersey, U.S.A.	
TD Waterhouse Canada Inc.	Toronto, Canada	
TD Waterhouse Capital Markets, Inc.	New Jersey, U.S.A.	
TD Waterhouse European Acquisition Corporation	New York, U.S.A.	
TD Waterhouse Investor Services, Inc.	New York, U.S.A.	
TD Waterhouse Canadian Call Center Inc.	Toronto, Canada	
TD Waterhouse Technology Services, Inc.	New Jersey, U.S.A.	
Toronto Dominion Holdings (U.S.A.), Inc.	Houston, U.S.A.	783
TD Equity Options, Inc.	Chicago, U.S.A.	
TD Options LLC	Chicago, U.S.A.	
Edge Trading Systems LLC	Chicago, U.S.A.	
TD Securities (USA) Inc.	New York, U.S.A.	
TD Professional Execution, Inc.	Chicago, U.S.A.	
Toronto Dominion (New York), Inc.	New York, U.S.A.	
Toronto Dominion (Texas), Inc.	Houston, U.S.A.	
Other foreign		
Carysforth Investments Limited (70%)	Grand Cayman, Cayman Islands	609
Haddington Investments Limited (70%)	Grand Cayman, Cayman Islands	609
NatWest Personal Financial Management Limited (50%)	London, England	72
NatWest Stockbrokers Limited	London, England	
TD Financial International Ltd.	Hamilton, Bermuda	3,000
TD Reinsurance (Barbados) Inc.	St. Michael, Barbados	
TD Haddington Services B.V.	Amsterdam, The Netherlands	914
Belgravia Securities Investments Limited (66.7%)	Grand Cayman, Cayman Islands	
TD Ireland	Dublin, Ireland	122
TD Global Finance	Dublin, Ireland	
TD Securities (Japan) Inc.	St. Michael, Barbados	58
TD Waterhouse Investor Services (UK) Limited	Leeds, England	382
TD Waterhouse Investor Services (Europe) Limited	Leeds, England	

		As at October 31, 2004
Toronto Dominion Australia Limited	Sydney, Australia	51
Toronto Dominion International Inc.	St. Michael, Barbados	358
TD Capital Limited	London, England	
Toronto Dominion Investments B.V.	Amsterdam, The Netherlands	799
TD Bank Europe Limited	London, England	
Toronto Dominion Holdings (U.K.) Limited	London, England	
TD Securities Limited	London, England	
Toronto Dominion International Limited	London, England	
Toronto Dominion Jersey Holdings Limited	St. Helier, Jersey CI	1,296
TD Guernsey Services Limited	St. Peter Port, Guernsey CI	
TD European Funding Limited (60.99%)	St. Peter Port, Guernsey CI	
Toronto Dominion (South East Asia) Limited	Singapore, Singapore	459

Unless otherwise noted, the Bank, either directly or through its subsidiaries, owns 100% of any issued and outstanding voting securities and non-voting securities of the entities listed, except the non-voting securities of First Nations Bank of Canada, TD Capital Trust, TD Capital Trust II, and TD Mortgage Investment Corporation. Each subsidiary is incorporated in the country in which its head office is located.

Exhibit 4

CORPORATE GOVERNANCE

Statement of Corporate Governance Practices

AT A GLANCE OVERVIEW

WE HAVE A STRONG, INDEPENDENT CHAIRMAN WITH A CLEAR LEADERSHIP MANDATE IN CORPORATE GOVERNANCE

THE BOARD OVERSEES MANAGEMENT AND MAJOR STRATEGIC POLICY DECISIONS FOR TDBFG

THE BOARD, ITS COMMITTEES AND THE CHAIRMAN OF THE BOARD OPERATE UNDER WRITTEN CHARTERS SETTING OUT THEIR RESPONSIBILITIES

THE BOARD CONTINUOUSLY RENEWS ITSELF WITH HIGH CALIBRE CANDIDATES WITH DIVERSE SKILLS AND EXPERIENCE

THE AUDIT COMMITTEE OF THE BOARD, NOT MANAGEMENT, IS RESPONSIBLE FOR THE RELATIONSHIP WITH THE SHAREHOLDERS' AUDITORS

The Board of Directors and the management of TD Bank Financial Group are committed to leadership in corporate governance. We have designed our corporate governance policies and our practices to ensure that we are focused on our responsibilities to our shareholders and on creating long term shareholder value.

We can assure you that TDBFG's policies and practices meet or exceed applicable legal requirements. We monitor all proposed new rules and modify our policies and practices to meet any additional requirements. An overview of our corporate governance structure is set out below. The next few pages explain the roles and responsibilities of each important part of this structure as well as other key facts about corporate governance at TDBFG.

Overview of Corporate Governance Structure at TDBFG

This diagram is a simple overview of the corporate governance structure at TDBFG.

Other Places to Find Information about Corporate Governance at TDBFG

- Read our Chairman of the Board's Message to Shareholders page 2;

- Go to the Corporate Governance section of our web site www.td.com/governance there you will also find a summary of significant differences between our governance practices and those required of U.S. domestic issuers listed on the New York Stock Exchange;

- Read our Proxy Circular in February 2005 it will be mailed to shareholders and be available on our web site;

- Attend our Annual Meeting March 23, 2005 in Ottawa, Ontario or watch the webcast through our web site (details will be posted on our web site in March).

Role of the Chairman of the Board

John Thompson

Mr. John Thompson is the Chairman of the Board at TDBFG. He is not and has never been an executive at TDBFG. His role as Chairman of the Board is to facilitate the functioning of the Board independently of management and to maintain and enhance the quality of our corporate governance at TDBFG. His key responsibilities are set out below. He also serves as Chair of the Corporate Governance Committee.

Mr. Thompson served as Vice Chairman of IBM Corporation until 2002, having previously been the Chairman and Chief Executive Officer of IBM Canada Ltd. In addition to being a director of Robert Mondavi Corporation, Royal Philips Electronics and The Thomson Corporation, Mr. Thompson is a trustee of the Hospital for Sick Children in Toronto. Mr. Thompson has been a member of the Board of TDBFG since 1988.

Chairman of the Board

Key Responsibilities

- Manage the affairs of the Board, including ensuring the Board is organized properly, functions effectively and meets its obligations and responsibilities;

Facilitate the functioning of the Board independently of management and maintain and enhance the quality of the Board's governance and that of TDBFG;

Regular interaction with the President and Chief Executive Officer on governance and performance issues including providing feedback of other Board members as well as acting as a 'sounding board' for the President and Chief Executive Officer;

Lead a formal evaluation of the Chief Executive Officer's performance at least annually;

Lead the Board in the execution of its responsibilities to shareholders.

THE BOARD OF DIRECTORS

Who Are They?

Our directors* are listed below. Additional biographical information about the directors is included on our web site at www.td.com/governance. Our Proxy Circular for the 2005 Annual Meeting will set out the director candidates proposed for election at the meeting and additional information about each candidate including education, other principal directorships, TDBFG committee membership, stock ownership and attendance at Board and committee meetings.

William E. Bennett

Corporate Director and Retired President and Chief Executive Officer, Draper & Kramer, Inc., Chicago, Illinois

Hugh J. Bolton

Chair of the Board EPCOR Utilities Inc., Edmonton, Alberta

John L. Bragg

President and Co-Chief Executive Officer Oxford Frozen Foods Limited, Oxford, Nova Scotia

W. Edmund Clark

President and Chief Executive Officer, The Toronto-Dominion Bank, Toronto, Ontario

Marshall A. Cohen

Counsel, Cassels Brock & Blackwell LLP, Toronto, Ontario

Wendy K. Dobson

Professor and Director, Institute for International Business, Joseph L. Rotman School of Management, University of Toronto, Toronto, Ontario

Darren Entwistle

President and Chief Executive Officer, TELUS Corporation, Vancouver, British Columbia

Donna M. Hayes

Publisher and Chief Executive Officer, Harlequin Enterprises Limited, Toronto, Ontario

Henry H. Ketcham

Chairman of the Board, President and Chief Executive Officer, West Fraser Timber Co. Ltd., Vancouver, British Columbia

Pierre H. Lessard

President and Chief Executive Officer, METRO INC., Montréal, Québec

Harold H. MacKay

Senior Partner, MacPherson Leslie & Tyerman LLP, Regina, Saskatchewan

Brian F. MacNeill

Chairman of the Board, Petro-Canada, Calgary, Alberta

Roger Phillips

Corporate Director and Retired President and Chief Executive Officer, IPSCO Inc., Regina, Saskatchewan

Wilbur J. Prezzano

Corporate Director and Retired Vice Chairman, Eastman Kodak Company, Charleston, South Carolina

Helen K. Sinclair

Chief Executive Officer, BankWorks Trading Inc., Toronto, Ontario

Donald R. Sobey

Chairman Emeritus, Empire Company Limited, Stellarton, Nova Scotia

Michael D. Sopko

Corporate Director and Retired Chairman and Chief Executive Officer, Inco Limited, Oakville, Ontario

John M. Thompson

Chairman of the Board, The Toronto-Dominion Bank, Toronto, Ontario

* as of December 1, 2004. As announced on August 26, 2004, William J. Ryan, Chairman, President and Chief Executive Officer of Banknorth Group, Inc. will join the Board of Directors of TDBFG upon the conclusion of TDBFG's acquisition of 51% of the outstanding shares of Banknorth. Subject to shareholder and regulatory approval, the acquisition is expected to close February, 2005.

What is the Role of the Board of Directors?

The Board is responsible for overseeing our management and business affairs and major policy decisions for TDBFG. The Board operates under a written charter describing in plain language its key responsibilities. The main responsibilities in the Board's charter are as follows:

Board Charter:

Main Responsibilities

Provide the supervision necessary for:

1. Disclosure of reliable and timely information to shareholders:

   The shareholders depend on the Board to get them the right information.

2. Approval of strategy and major policy decisions of TDBFG:

   The Board must understand and approve where TDBFG is going, be kept current on its progress towards those objectives and be part of and approve any major decisions.

3. Evaluation, compensation and succession for key management roles:

The Board must be sure that the key roles have the right people, that they are monitored and evaluated by the Board and that they are appropriately compensated to encourage TDBFG's long-term success.

4. Oversight of the management of risks and the implementation of internal controls:

The Board must be satisfied that the assets of TDBFG are protected and that there are sufficient internal checks and balances.

5. Effective Board governance:

To excel in their duties the Board needs to be functioning properly as a board strong members with the right skills and the right information.

How Are Directors Selected?

Each year, the Board recommends the director nominees to shareholders and the shareholders can vote on each new director nominee. The Corporate Governance Committee has the responsibility to determine what skills, qualities and backgrounds the Board needs to fulfill its many responsibilities with a view to diverse representation on the Board. It seeks candidates to fill any gaps in the skills, qualities and backgrounds of Board members and rigorously assesses a candidate's ability to make a valuable contribution to the Board. In addition to having the requisite skills and experience, all non-management directors must meet the qualifications for directors set out in the Position Description for Directors of TDBFG. Those key qualities are set out below.

Key Qualities for Directors at TDBFG

To serve TDBFG and the long-term interests of its shareholders by supervising the management of the business and affairs of TDBFG in a manner that:

- Meets the highest ethical and fiduciary standards;
- Demonstrates independence from management;
- Is knowledgeable and inquisitive about the issues facing TDBFG;
- Applies good sense and sound judgment to help make wise decisions;
- Displays commitment through attendance at, preparation for and participation in meetings.

All directors are encouraged to identify possible candidates to join the Board. In addition, the Corporate Governance Committee has engaged an independent consultant to help identify candidates who meet the qualifications being sought and to ensure that the Committee is considering a large and diverse pool of talent.

Committee	Members*	Key Responsibilities
Corporate Governance Committee	**John M. Thompson** (Chair) **Wendy K. Dobson** **Brian F. MacNeill** **Donald R. Sobey** **Michael D. Sopko**	**Responsibility for corporate governance of TDBFG:** Set the criteria for selecting new directors, including independence; Identify individuals qualified to become Board members and recommend to the Board the director nominees for the next annual meeting of shareholders; Develop and recommend to the Board a set of corporate governance principles aimed at fostering a healthy governance culture at TDBFG; Review and recommend the compensation of the directors of TDBFG; Ensure TDBFG communicates effectively with its shareholders, other interested parties and the public through a responsive communication policy; Oversee the evaluation of the Board and committees.
Management Resources Committee	**Brian F. MacNeill** (Chair) **Marshall A. Cohen** **Pierre H. Lessard** **Wilbur J. Prezzano** **Helen K. Sinclair** **John M. Thompson**	**Responsibility for management's performance evaluation, compensation and succession planning:** Set performance objectives for the CEO, which encourage TDBFG's long-term financial success in a way that is also compatible with depositors' interests, and regularly measure the CEO's performance against these objectives; Determine the recommended compensation for the CEO and certain executive officers in consultation with independent advisors who help us set competitive compensation for the CEO that meets TDBFG's hiring, retention and performance objectives; Review candidates for CEO and recommend the best candidate to the Board as part of the succession planning process for the position of CEO; Oversee the selection, evaluation, development and compensation of other members of senior management; Produce a report on executive compensation for the benefit of shareholders, which is published in TDBFG's annual proxy circular.
Risk Committee	**Roger Phillips** (Chair) **William E. Bennett** **Hugh J. Bolton** **Marshall A. Cohen** **Harold H. MacKay** **Wilbur J. Prezzano**	**Supervising the management of risk of TDBFG:** Identify and monitor the key risks of TDBFG and evaluate their management; Approve risk management policies that establish the appropriate approval levels for decisions and other checks and balances to manage risk; Ensure policies are in place to manage the risks to which TDBFG is exposed, including market, operational, liquidity, credit, regulatory, reputational and strategic risk; Ensure a forum for "big-picture" analysis of future risks including considering trends; Critically assess TDBFG's business strategies and plans from a risk perspective.
Audit Committee	**Hugh J. Bolton** (Chair) **John L. Bragg** **Darren Entwistle** **Donna M. Hayes** **Henry H. Ketcham** **Helen K. Sinclair**	**Supervising the quality and integrity of TDBFG's financial reporting:** Oversee reliable, accurate and clear financial reporting to shareholders; Monitor internal controls the necessary checks and balances must be in place; Be directly responsible for the selection, compensation, retention and oversight of the work of the shareholders' auditors the shareholders' auditors report directly to this Committee; Listen to the shareholders' auditors and internal auditor, and evaluate the effectiveness and independence of each; Oversee the establishment and maintenance of processes that ensure TDBFG is in compliance with the laws and regulations that apply to it as well as its own policies; Act as the Audit Committee and Conduct Review Committee for certain subsidiaries of TDBFG that are federally regulated financial institutions; Receive reports on and approve, if appropriate, transactions with related parties.

* as of December 1, 2004

The Committee is also responsible for assessing the contribution of the current directors to determine if they should be recommended for re-election. For many years, we have had guidelines for Board composition that include considering:

The director's record of attendance;

Whether the director has had a material change in his or her circumstances, such as a change of principal occupation, in which case the director must resign (the Board will decide to accept or reject the director's resignation); and

Other significant changes in the ability of a director to contribute to the Board.

The Board's goal is to bring a diversity of age, as well as gender, region and experience to the Board. The Board has a long-standing retirement age of 70 years. This year, the Board also introduced specific term limits for directors. Directors are expected to serve up to ten years, subject to solid annual performance assessments, annual re-election by the shareholders, and the guidelines for board composition described above. On the Corporate Governance Committee's recommendation, the Board may extend a director's initial ten-year term limit by an additional five years, for a maximum total term limit of 15 years. In the most exceptional circumstances, the Board may extend a director's term limit for a further five years.

The Board also has an annual, consolidated feedback process that covers the Board, the Chairman of the Board, the committees, individual directors (through both self-review and peer review), and the Chief Executive Officer, and includes input from selected management. The Chair of the Management Resources Committee leads the evaluation of the Chairman of the Board. This comprehensive feedback process helps the Chairman of the Board, the Corporate Governance Committee and the Board to provide constructive comments to improve the effectiveness of each Board member, with a view to the nomination process.

How Does the Board Ensure that it is Independent of Management?

Independence is Key

Our Board of Directors understands the need for independence from management. In addition to ensuring that the composition of the Board enhances its independent functioning, the Board has implemented the following:

- The Corporate Governance Committee receives periodic reports on the independence status of directors and considers material relationships between TDBFG and individual directors;
- The Board and its committees meet independently of management at every regularly scheduled meeting;
- The Board and its committees have the authority to hire and fire their own independent advisors;
- A strong independent Chairman of the Board role with a clear mandate to provide leadership in governance matters;
- The Chairman of the Board is responsible for setting the agenda for each Board meeting;
- A policy requiring all directors to acquire, over a set period of time, Bank shares worth six times the annual retainer;
- The provision of high-quality information for directors a comprehensive educational session for new directors (also serving as a refresher for current directors), periodic educational presentations on topics of importance to particular committees and the Board as a whole, access to management, and sufficient time to review material in advance of meetings.

Board members understand that independence requires more it requires preparation for meetings, understanding the issues, strength, integrity and an inquiring mind. You can read more about how the Board evaluates the independence of its members in the Proxy Circular for the 2005 Annual Meeting.

Committees of the Board of Directors

We have four committees of the Board of Directors. They are the Corporate Governance Committee, the Management Resources Committee, the Risk Committee and the Audit Committee. Each committee operates under a written charter that sets out its responsibilities and composition requirements.

All committee members are directors who are not current or former executives of TDBFG. The chair of each committee spends significant additional time on the duties of the committee and meets more extensively with members of management. The committee chairs set the agenda for committee meetings and report to the full Board following committee meetings. Minutes of each committee meeting are circulated to the whole Board.

In addition, the committees review their charters each year to ensure they meet or exceed the regulatory obligations and the obligations to shareholders. The committees evaluate themselves each year to ensure that they are meeting their charter responsibilities and operating effectively. The committees also annually set objectives for the year and monitor their progress against them.

Committees can meet independently of management at any time and each committee has established its own additional practices. For example, the Audit Committee meets independently with each of the Chief Financial Officer, the shareholders' auditors, the head of Internal Audit and on its own at each of its regularly scheduled quarterly meetings. Each committee also has unfettered authority to retain its own independent consultant to provide expert advice to the committee.

The key responsibilities from the charter of each committee, as well as the members of each committee are detailed on page 9. There is additional information regarding the committees in our other corporate governance disclosure (see page 7, Other Places to Find Information about Corporate Governance at TDBFG).

The Audit Committee and the Shareholders' Auditors

At the last annual meeting in March 2004, the shareholders appointed Ernst & Young LLP and PricewaterhouseCoopers LLP as the shareholders' auditors to hold office until the next annual meeting.

The shareholders' auditors review each quarterly financial statement and audit the annual financial statements. Each year in the annual report, the shareholders' auditors report to the shareholders on the audit of TDBFG and give the shareholders their opinion on the financial statements (see page 61). The audit and this report to shareholders are very important elements of TDBFG's financial reporting process.

The Audit Committee, not management, is responsible for the relationship with the shareholders' auditors. The Audit Committee's processes reinforce this structure. The Audit Committee reviews the shareholders' auditors' plans, and the results of their audits and reviews. The Committee also meets with the shareholders' auditors at every quarterly meeting without management present. This meeting provides a forum for the shareholders' auditors to raise any concerns they may have and to confirm that they are being provided adequate access and cooperation by the management of TDBFG.

The shareholders' auditors confirm annually their independence to the Audit Committee. In addition, the Audit Committee has in place a policy to restrict the provision of non-audit services by the shareholders' auditors. Any such services must be permitted services and must be pre-approved by the Audit Committee pursuant to the policy. The Audit Committee also pre-approves the audit services and the fees to be paid. Additional information regarding audit and non-audit services can be found on page 54.

The Audit Committee has established a formal evaluation process to review the performance of the shareholders' auditors prior to making a recommendation to the shareholders regarding the auditors to be appointed at the next annual meeting.

The members of TDBFG's Audit Committee bring significant skill and experience to their responsibilities, including academic and professional experience in accounting, business and finance. The Board has determined that there is at least one Audit Committee member who has the attributes of an audit committee financial expert. Hugh Bolton, Chair of TDBFG's Audit Committee, is an audit committee financial expert as defined in the U.S. Sarbanes-Oxley Act. Mr. Bolton has over 40 years of experience in the accounting industry, including as a former partner, Chairman and CEO of Coopers & Lybrand Canada, Chartered Accountants. He remains a Chartered Accountant and Fellow of the Alberta Institute of Chartered Accountants and has significant experience with accounting and auditing issues relating to financial service corporations such as TDBFG. The Board's determination does not impose greater duties, obligations or liabilities on Mr. Bolton nor does it affect the duties, obligations or liabilities of other members of the Audit Committee or Board.

Exhibit 5

Senior Officers

[PHOTO]
W. Edmund Clark[1]
North York
President and
Chief Executive Officer

Corporate Office

[PHOTO]
Fredric J. Tomczyk[1]
Toronto
Vice Chair
Corporate Operations

[PHOTO]
Colleen M. Johnston[1]
Toronto
Executive Vice President
Finance

[PHOTO]
J. David Livingston
Toronto
Executive Vice President
Corporate Development

[PHOTO]
Daniel A. Marinangeli
Toronto
Executive Vice President
and Chief Financial
Officer

[PHOTO]
Bharat B. Masrani
Toronto
Executive Vice President
Risk Management

[PHOTO]
Christopher A. Montague
Oakville
Executive Vice President
and General Counsel

Corporate Office Senior Vice Presidents:

Riaz E. Ahmed
Oakville
Corporate Development

Robert M. Aziz[1]
Oakville
Legal

Mark R. Chauvin
Burlington
Credit Risk Management

Barbara I. Cromb
Etobicoke
Corporate Development

Theresa L. Currie[1]
Oakville
Human Resources

John T. Davies
Mississauga
Enterprise Technology
Solutions

D. Suzanne Deuel
Toronto
Operational Risk and
Insurance Management
Risk Management

Donald E. Drummond[1]
Toronto
TD Economics

David M. Fisher
Burlington
Office of the
Ombudsman

William R. Gazzard[1]
Toronto
Compliance

Philip D. Ginn
Richmond Hill
Computing Services

Alan J. Jette[1]
Toronto
Treasury and Balance
Sheet Management

Damian McNamee
Pickering
Finance

Nico Meijer
Toronto
Trading Risk

Dominic J. Mercuri[1]
Burlington
Marketing

Kerry A. Peacock[1]
Toronto
Corporate and Public
Affairs

S. Kenneth Pustai[1]
Ancaster
Human Resources

J. David Sloan
Toronto
Audit

Steven L. Tennyson
Toronto
Enterprise Technology
Solutions

Alan E. Wheable[1]
Oakville
Taxation

Personal and Commercial Banking

[PHOTO]
Andrea S. Rosen
Toronto
Vice Chair and
President,
TD Canada Trust

[PHOTO]
Bernard T. Dorval[1]
Toronto
Executive Vice President
Business Banking and
Insurance
Deputy Chair
TD Canada Trust

[PHOTO]
Timothy D. Hockey[1]
Mississauga
Executive Vice President
Retail Distribution and e.
Bank

Personal and Commercial Banking Senior Vice Presidents:

Cathy L. Backman
Etobicoke
e.Bank
Retail Distribution

Joan D. Beckett[1]
Toronto
Greater Toronto Area
Suburban Region
Retail Distribution

Richard C. Campbell
Oakville
Human Resources

James E. Coccimiglio
Pickering
Greater Toronto Area
Commercial Banking

Alan H. Desnoyers
Kirkland
Québec District
Commercial Banking

Paul C. Douglas
Burlington
Commercial Banking

Alexandra P.

Christopher D. Dyrda
Calgary
Western District
Commercial Banking

Gary B. Flowers
Mississauga
Commercial
National Accounts
Commercial Banking

Brian J. Haier
Toronto
Retail Sales and Service
Retail Distribution

Sean E. Kilburn[1]
Toronto
TD Life Group

Christine Marchildon[1]
Pointe Claire
Québec Region
Retail Distribution

Margo M. McConvey
Mississauga
Core Banking and
Term Products

Ronald J. McInnis

Dwight P. O'Neill[1]
Toronto
Personal Lending
and Risk

Suzanne E. Poole
Vancouver
Pacific Region
Retail Distribution

Bruce M. Shirreff
Etobicoke
Real Estate Secured
Lending

Alain P. Thibault[1]
Outremont
TD Meloche
Monnex Inc.

Paul I. Verwymeren
Burlington
Commercial Credit Risk
Management
Commercial Banking

Michael F. Walzak
Oakville
Ontario District
Commercial Banking

John A. Capozzolo[1]
Etobicoke
Ontario Central Region
Retail Distribution

Paul M. Clark
Halifax
Atlantic Region
Retail Distribution

Dousmanis-Curtis
London
Ontario South
West Region
Retail Distribution

Thomas J. Dyck[1]
Oakville
Small Business Banking
and Merchant Services

Charles A. Hounsell[1]
Oakville
Retail Transformation

Paul W. Huyer
Toronto
Finance

Gloucester
Ontario North
and East Region
Retail Distribution

David I. Morton
Oakville
Sales and Service
Commercial Banking

R. Iain Strump
Calgary
Prairie Region
Retail Distribution

Ian B. Struthers
Toronto
Financial Restructuring
Group
Commercial Banking

M. Suellen Wiles[1]
Mississauga
Greater Toronto Area
Central Region
Retail Distribution

Wealth Management

[PHOTO]
William H. Hatanaka[1]
Toronto
Executive Vice President
Wealth Management

[PHOTO]
Michael A. Foulkes
Leeds, United Kingdom
Executive Vice President
TD U.K. Brokerage

Wealth Management USA

[PHOTO]
Timothy P. Pinnington[1]
Purchase, New York
President and Chief Executive Officer
TD Waterhouse USA

[PHOTO]
T. Christian Armstrong[1]
New York, New York
Executive Vice President and Vice Chair
Sales & Marketing
TD Waterhouse USA

[PHOTO]
Diane E. Walker[1]
New York, New York
Executive Vice President
Chief Administrative Officer
TD Waterhouse USA

Wealth Management Senior Vice Presidents:

William R. Fulton[1]
Toronto
Private Client Services

Karen Ganzlin
Mississauga
Human Resources

Stephen J. Geist
Etobicoke
TD Mutual Funds

Robert A. Hamilton
Edinburgh, Scotland
NatWest Stockbrokers

Steven Mantle[1]
Oakville
Managed Products, Services and Solutions

Gerard J. O'Mahoney
Oakville
TD Waterhouse Operations

David P. Pickett[1]
Toronto
Practice Management

Michael E. Reilly[1]
Oakville
TD Waterhouse Investment Advice

Rudy J. Sankovic[1]
Pickering
Finance

John G. See
Oakville
TD Waterhouse Discount Brokerage and Financial Planning

Kevin J. Whyte[1]
Oakville
Solutions Delivery Services

Wealth Management USA Senior Vice Presidents:

Joseph N. Barra
Dix Hills, New York
Customer Care
TD Waterhouse USA

J. Thomas Bradley Jr.
Essex Fells, New Jersey
Institutional Services
TD Waterhouse USA

Janet M. Hawkins[1]
New York, New York
Marketing
TD Waterhouse USA

Richard J. Rzasa
Hoboken, New Jersey
Technology Solutions
TD Waterhouse USA

Wholesale Banking

[PHOTO]
Robert E. Dorrance[1]
Toronto
Vice Chair
Chairman and Chief Executive Officer
TD Securities

[PHOTO]
Michael W. MacBain
Toronto
Executive Vice President and President
TD Securities

Investment Management

[PHOTO]
Robert F. MacLellan
Toronto
Executive Vice President
Chief Investment Officer

Wholesale Banking Senior Vice Presidents:

Sinan O. Akdeniz
London, United Kingdom
Credit Products Group

Rod F. Ashtaryeh
New York, New York
U.S. Media Communications

Warren W. Bell
Oakville
Human Resources

John F. Coombs
Toronto
Credit Management

Marcus J. Fedder[1]
London, United Kingdom
Region Head
Europe and Asia Pacific

Martine M. Irman
Toronto
Global Foreign Exchange and Money Markets

Paul N. Langill[1]
Etobicoke
Finance

Jason A. Marks
Toronto
Energy Trading and International Proprietary Equity Trading

Patrick B. Meneley
North York
Investment Banking

Brendan O'Halloran
New Canaan, Connecticut
TD Securities USA

Michel J. Paradis[1]
Toronto
Operations

Robbie J. Pryde[1]
Toronto
Institutional Equities

Lisa A. Reikman
Toronto
Credit Risk Management

Investment Management Senior Vice Presidents:

Barbara F. Palk
Toronto
TD Asset Management

John R. Pepperell
Toronto
TD Asset Management

Satish C. Rai
Pickering
TD Asset Management

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. This listing is as of November 26, 2004.

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

Exhibit 6

CONSOLIDATED FINANCIAL STATEMENTS

Independent Auditors' Report to the Directors

We have audited the Consolidated Balance Sheets of The Toronto-Dominion Bank as at October 31, 2004 and 2003 and the Consolidated Statements of Operations, Changes in Shareholders' Equity and Cash Flows for each of the years in the three year period ended October 31, 2004. 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 Canadian generally accepted auditing standards. 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, 2004 and 2003 and the results of its operations and its cash flows for each of the years in the three year period ended October 31, 2004 in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP	**PricewaterhouseCoopers LLP**
Chartered Accountants	Chartered Accountants
Toronto, Canada	
November 24, 2004	

Comments by Auditors for U.S. Readers on Canada-U.S. Reporting Difference

In the United States, reporting standards for auditors require the addition of an explanatory paragraph (following the opinion paragraph) when there are changes in accounting principles that have a material effect on the comparability of The Toronto-Dominion Bank's Consolidated Financial Statements, such as the changes described in Note 1 to the Consolidated Financial Statements. Our report to the directors dated November 24, 2004 is expressed in accordance with Canadian reporting standards which do not require a reference to such changes in accounting principles in the auditors' report when the changes are properly accounted for and adequately disclosed in the Consolidated Financial Statements.

Ernst & Young LLP	**PricewaterhouseCoopers LLP**
Chartered Accountants	Chartered Accountants
Toronto, Canada	
November 24, 2004	

Exhibit 7

Consent of Independent Auditors

We consent to the use in this Annual Report on Form 40-F of our report dated November 24, 2004 on the consolidated balance sheets of The Toronto-Dominion Bank as at October 31, 2004 and 2003 and the consolidated statements of operations, changes in shareholders' equity and cash flows for each of the years in the three year period ended October 31, 2004, which appears in the Bank's 2004 Annual Report to Shareholders and our Comments by auditors for U.S. readers on Canada-U.S. Reporting difference which appears in this Annual Report on Form 40-F.

Ernst & Young LLP
Chartered Accountants

PricewaterhouseCoopers LLP
Chartered Accountants

Toronto, Canada
December 13, 2004

Exhibit 8

Certification Pursuant to Section 302 of the U.S. Sarbanes-Oxley Act of 2002

I, W. Edmund Clark, President and Chief Executive Officer, certify that:

1. I have reviewed this annual report on Form 40-F of The Toronto-Dominion Bank;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 13, 2004

/s/ W. EDMUND CLARK

Name: W. Edmund Clark

Title: President and Chief Executive Officer

Certification Pursuant to Section 302 of the U.S. Sarbanes-Oxley Act of 2002

I, Daniel A. Marinangeli, Executive Vice President and Chief Financial Officer, certify that:

1. I have reviewed this annual report on Form 40-F of The Toronto-Dominion Bank;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 13, 2004

/s/ DANIEL A. MARINANGELI

Name: Daniel A. Marinangeli
Title: Executive Vice President and Chief Financial Officer

Exhibit 9

Certification Pursuant to 18 U.S.C. Section 1350 as Adopted
Pursuant to Section 906 of the U.S. Sarbanes-Oxley Act of 2002

In connection with the Annual Report of The Toronto-Dominion Bank (the "Bank") on Form 40-F for the year ended October 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, W. Edmund Clark, President and Chief Executive Officer of the Bank, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Bank.

Date: December 13, 2004

/s/ W. EDMUND CLARK

Name: W. Edmund Clark
Title: President and Chief Executive Officer

Certification Pursuant to 18 U.S.C. Section 1350 as Adopted
Pursuant to Section 906 of the U.S. Sarbanes-Oxley Act of 2002

In connection with the Annual Report of The Toronto-Dominion Bank (the "Bank") on Form 40-F for the year ended October 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Daniel A. Marinangeli, Executive Vice President and Chief Financial Officer of the Bank, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Bank.

Date: December 13, 2004

/s/ DANIEL A. MARINANGELI

Name: Daniel A. Marinangeli
Title: Executive Vice President and Chief Financial Officer

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