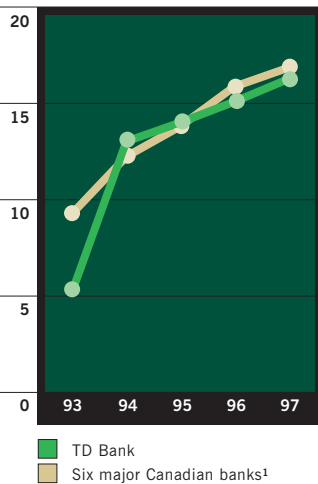


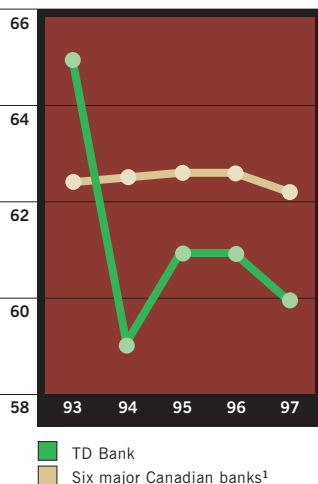
**Return on equity**



This ratio measures the earnings generated by TD on its shareholders' funds. It is calculated by dividing net income applicable to common shares by average common shareholders' equity.

Strong earnings growth improved TD's return on equity to 16.6% in 1997 from 15.4% in 1996 and 14.3% in 1995. TD's goal for 1998 is to achieve a return on equity of 16% to 18%.

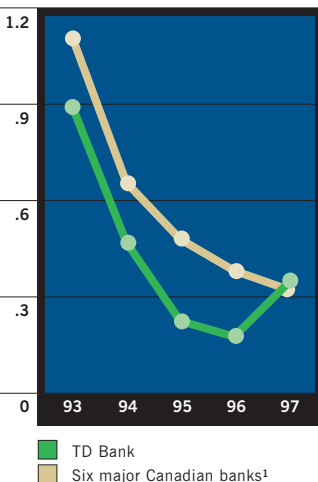
**Efficiency ratio**



This ratio measures non-interest expenses as a percentage of revenue (TEB) – the lower the percentage the better the efficiency. In 1997 the ratio was 60.0%, down from 61.0% in 1996. After excluding the impact of the \$200 million increased securities gains realized in the fourth quarter, goodwill and one-time costs, the efficiency ratio was 61.2%.

TD's goal is to improve the efficiency ratio to 58% in the medium term.

**Provision for credit losses**  
as a % of net average loans<sup>2</sup>



This ratio represents the provision for credit losses expressed as a percentage of average loans.

Although this ratio increased from .18% in 1996 to .35% in 1997, the quality of TD's loan portfolio has continued to improve. The increase in 1997 is due to a \$200 million special charge for general credit loss provisions recorded by the Bank in the fourth quarter. Excluding the effect of this special charge, the ratio would have been .16%.

TD's goal is to average a .30% ratio over an entire credit cycle, a challenging target, but achievable given its focus on quality asset growth.

<sup>1</sup> 1997 figures for six major Canadian banks for the nine months ended July 31, 1997.

<sup>2</sup> Includes customers' liability under acceptances and securities purchased under resale agreements.