

CORPORATE GOVERNANCE PRACTICES

TD's Board of Directors and management have established corporate governance practices that are appropriate for one of the world's leading financial institutions. The Board of Directors oversees the management of the business and affairs of the Bank.

The Board's duties and objectives are to protect the assets of the Bank and assure its viability, to enhance profitability and facilitate the development of business, and to ensure the effective operation of the Bank. Each Director is accountable to the shareholders and the other Directors.

The Board makes all major policy decisions for the Bank, including those set out below. Many Board functions are carried out by the five committees of the Board. The Board and its committees perform these main functions:

- monitoring the effectiveness of the Bank's corporate governance practices and approving any necessary changes,
- approving Bank strategies and overseeing their implementation,
- setting performance objectives and monitoring results,
- approving compensation for senior officers and compensation policies for the Bank,
- approving operating and capital budgets, and specific requests for major capital expenditures,
- overseeing the proper management of business risks,
- ensuring proper financial reporting and financial control systems are operating, and approving the quality and sufficiency of information provided to the Directors,
- reviewing control and audit procedures,
- overseeing communications with shareholders and other stakeholders, including approving the quarterly financial statements, annual financial statements, Annual Report and Annual Information Form,
- overseeing succession planning and approving succession decisions for senior officers,
- establishing general Bank policies, and
- performing other tasks required by law.

The effectiveness of the Board and the committees is assessed annually by each Director. The Corporate Governance Committee considers Directors' comments and then proposes modifications to improve the Board and committee functions, and the Bank's corporate governance processes.

The Directors are elected to exercise their independent judgement on all issues concerning the Bank. At least two-thirds of all Directors are unaffiliated with and unrelated to the Bank. The determination of each Director's status is made in accordance with the Bank Act affiliation rules and by reviewing whether the size and importance of the business or other relationships of the Director and the Director's spouse with the Bank could reasonably give rise to a perception of a lack of independence for the Director.

The Board and committees can meet in the absence of management at their discretion. In accordance with the Bank's corporate governance policies the Board, committees, and individual Directors can retain independent advisors for any matter relating to the Bank. No Bank officers may be appointed to the Audit, Conduct Review, Corporate Governance or Management Resources and Compensation Advisory committees.

The Board expects the Chief Executive Officer and the Bank's other officers to manage all aspects of the Bank's business and affairs to achieve the Bank's objectives, and rates their performance accordingly. Management's discussion and analysis of the Bank's operating performance is included in this Annual Report, commencing at page 8.

The Bank's Shareholder Relations department provides information to and responds to inquiries from shareholders. Shareholder inquiries or suggestions are forwarded to the appropriate committee or person. The Bank has established toll free lines by which shareholders, customers and others can receive information from and contact the Bank: various telephone numbers are provided on page 85 of this Annual Report. The Bank has also appointed an Ombudsman to assist customers with the resolution of complaints or disputes with the Bank.

The Bank's corporate governance practices comply with the Guidelines for Improved Corporate Governance in Canada adopted by The Toronto Stock Exchange and the Montréal Exchange.

BOARD OF DIRECTORS

Richard M. Thomson
Chairman
Toronto

A. Charles Baillie
President and Chief
Executive Officer
Toronto

William T. Brock
Deputy Chairman
Toronto

M. Norman Anderson
President
Norman Anderson
& Associates Ltd.
Vancouver

***Philippe de G. Beaubien**
Chairman of the Board
Telemedia Inc.
Montréal

G. Montegu Black
Chairman and President
Txibanguan Limited
Toronto

André Chagnon
Chairman of the
Board and Chief
Executive Officer
Le Groupe Vidéotron Itée
Montréal

Marshall A. Cohen
Counsel
Cassels Brock
& Blackwell
Toronto

***Gail Cook-Bennett**
Vice Chair
Bennecon Ltd.
Toronto

Wendy K. Dobson
Professor and Director
Centre for International
Business
Faculty of Management
University of Toronto
Toronto

Marsha P. Hanen
President and
Vice-Chancellor
The University of
Winnipeg
Winnipeg

**The Honourable
E. Leo Kolber**
Member
Senate of Canada
Montréal

Pierre H. Lessard
President and
Chief Executive Officer
Métro-Richelieu Inc.
Montréal

Brian F. MacNeill
President and
Chief Executive Officer
IPL Energy Inc.
Calgary

James A. Pattison
Chairman,
President and Chief
Executive Officer
The Jim Pattison Group
Vancouver

Roger Phillips
President and
Chief Executive Officer
IPSCO Inc.
Regina

Robert J. Richardson
Corporate Director
North Bay

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

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

Donald R. Sobey
Chairman
Empire Company
Limited
Stellarton, Nova Scotia

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

John M. Thompson
Senior Vice President
and Group Executive
IBM Corporation
Somers, New York

George W. Watson
President and
Chief Executive Officer
TransCanada PipeLines
Limited
Calgary

***Adam H. Zimmerman**
Corporate Director
Toronto

BOARD COMMITTEES

Audit Committee

MEMBERSHIP:

G. Montegu Black
Chairman

Wendy K. Dobson
Marsha P. Hanen
Brian F. MacNeill

Roger Phillips
Helen K. Sinclair
George W. Watson

This committee reviews the audited financial statements of the Bank before they are approved by the Board, reviews, evaluates and approves internal control procedures, and reviews any investments and transactions which could adversely affect the well-being of the Bank. It also monitors the Bank's risk management performance and regulatory compliance program. The committee regularly meets with the shareholders' auditors, Superintendent of Financial Institutions Canada, the Bank's Chief Financial Officer, Chief Auditor and Vice President, Corporate Compliance in the conduct of its duties.

Conduct Review Committee

MEMBERSHIP:

G. Montegu Black
Chairman

Wendy K. Dobson
Marsha P. Hanen
Brian F. MacNeill

Roger Phillips
Helen K. Sinclair
George W. Watson

This committee reviews procedures for transactions with related parties of the Bank, as defined by the Bank Act, and ensures that any such transactions which have a material effect on the stability or solvency of the Bank are identified. In addition, it monitors procedures established by the Board to resolve conflicts of interest situations and for restricting the use of confidential information, monitors procedures relating to disclosure of information to customers of the Bank that is required to be disclosed by the Bank Act, and monitors the functions of the Bank's Ombudsman.

Corporate Governance Committee

MEMBERSHIP:

Robert J. Richardson
Chairman

André Chagnon **Michael D. Sopko**
Marshall A. Cohen **Adam H. Zimmerman**
Edward S. Rogers

This committee is responsible for corporate governance issues, including structures and procedures for the independent functioning of the Board. It recommends criteria for the composition of the Board and the number of Directors. It also identifies candidates to be Directors, reviews their qualifications, annually assesses the contribution of each Director, recommends to the Board a slate of Directors for election at the Annual Meeting, and recommends to the Board candidates to fill vacancies on the Board which occur between Annual Meetings.

Executive Committee

MEMBERSHIP:

A. Charles Baillie
Chairman

M. Norman Anderson **Robert J. Richardson**
Philippe de G. Beaubien **Donald R. Sobey**
G. Montegu Black **Richard M. Thomson**
E. Leo Kolber **Adam H. Zimmerman**
James A. Pattison

This committee reviews and makes recommendations in respect of the Bank's general operating and corporate strategies. It receives and studies reports on present and future trends in financial services and makes such recommendations and plans based on such reports and studies as may be appropriate to ensure that the Bank and its subsidiaries are prepared to compete effectively in the future.

Management Resources and Compensation Advisory Committee

MEMBERSHIP:

Donald R. Sobey
Chairman

M. Norman Anderson **E. Leo Kolber**
Philippe de G. Beaubien **James A. Pattison**
Gail Cook-Bennett **John M. Thompson**

This committee reviews and approves executive compensation policies and practices and the Bank's benefit plans. It reviews significant organizational changes, monitors succession planning, and reviews and recommends to the Board candidates for senior officers appointments. The committee recommends to the Board terms and conditions of any incentive or deferred compensation plans for officers of the Bank, and also reviews executive pension plans and loans to senior officers.

*Not standing for re-election on January 28, 1998.