

**RISK COMMITTEE  
OF THE BOARD OF DIRECTORS  
OF THE TORONTO-DOMINION BANK**

**CHARTER**

*~ ~ Supervising the Management of Risk of the Bank ~ ~*

*Main Responsibilities:*

- **identifying and monitoring the key risks of the Bank and evaluating their management**
- **approving risk management policies that establish the appropriate approval levels for decisions and other checks and balances to manage risk**
- **satisfying itself that policies are in place to manage the risks to which the Bank is exposed, including market, operational, liquidity, credit, insurance, regulatory and legal risk, and reputational risk**
- **providing a forum for "big-picture" analysis of future risks including considering trends**
- **critically assessing the Bank's business strategies and plans from a risk perspective**

*Independence is Key:*

- **the Committee is composed entirely of independent directors**
- **the Committee meets regularly without management present**
- **the Committee has the authority to engage independent advisors, paid for by the Bank, to help it make the best possible decisions on risk management**

***Composition and Independence, Experience and Authority***

The Committee shall be composed of members of the Board of Directors in such number as is determined by the Board with regard to the by-laws of the Bank, applicable laws, rules and regulations and any other relevant consideration.

In this Charter, "Bank" means The Toronto-Dominion Bank on a consolidated basis. However, in overseeing entities in which The Toronto-Dominion Bank has a controlling interest, where such entities have their own independent board and committee oversight structure under applicable law, the Committee shall be entitled to place reliance on these processes in satisfying its Charter responsibilities provided that it does not come to the conclusion that it would be inappropriate to do so. The Committee shall review materials of relevance to it with respect to such entities, as provided by management or as requested by the Committee.

To facilitate open communication between the Audit Committee and the Risk Committee, the Chair of the Audit Committee shall either be a member of the Risk Committee or be entitled to receive notice of and attend as an observer each meeting of the Risk Committee and to receive the materials for each meeting of the Risk Committee. The Chair of the Risk Committee shall either be a member of the Audit Committee or be entitled to receive notice of and attend as an observer each meeting of the Audit Committee and to receive the materials for each meeting of the Audit Committee.

No member of the Committee may be an officer or retired officer of the Bank. Every member of the Committee shall be independent of the Bank within the meaning of applicable laws, rules and regulations and any other relevant consideration as determined by the Board of Directors, including the Bank's Director Independence Policy.

The members of the Committee shall be appointed by the Board and shall serve until their successors are appointed. A Chair will be appointed by the Board upon recommendation of the Corporate Governance Committee, failing which the members of the Committee may designate a Chair by majority vote. The Committee may from time to time delegate to its Chair certain powers or responsibilities that the Committee itself may have hereunder.

In addition to the qualities set out in the Position Description for Directors, all members of the Committee should have an understanding of issues related to risk management or related business experience, or be willing and able to acquire the necessary knowledge quickly; such understanding may have been gained by having been a chief executive officer, chief finance officer or other senior officer with oversight of risk management functions. Committee members may enhance their familiarity with risk management issues by participating in educational programs conducted by the Bank or an outside consultant.

In fulfilling the responsibilities set out in this Charter, the Committee has the authority to conduct any investigation and access any officer, employee or agent of the Bank appropriate to fulfilling its responsibilities, including, without limitation, the shareholders' auditor. The Committee may obtain advice and assistance from outside legal, accounting or other advisors as the Committee deems necessary to carry out its duties and may retain and determine the compensation to be paid by the Bank for such independent counsel or outside advisor in its sole discretion without seeking Board approval.

### ***Meetings***

The Committee shall meet at least three times annually, or more frequently as circumstances dictate. The Committee shall meet separately with the head of the risk management department at each regularly-scheduled meeting, and other selected members of management as considered necessary by the Committee, to discuss any

matters that the Committee believes should be discussed privately, and shall meet jointly with the Audit Committee and the Office of the Superintendent of Financial Institutions (“OSFI”) to review and discuss the results of OSFI’s annual supervisory examination of the Bank. The Committee may also meet with the shareholders’ auditor from time to time as determined by the Committee.

### ***Specific Duties and Responsibilities***

To fulfill its responsibilities and duties the Committee shall satisfy itself that sound policies, procedures and practices are implemented for the management of key risks under the Bank's risk framework, which includes market, operational, liquidity, credit, insurance, regulatory and legal risk, and reputational risk. More specifically, the Committee shall:

#### *Establish Policies*

1. Receive presentations and other information to understand the significant risks to which the Bank is exposed.
2. Review with management the Bank’s procedures and techniques, and approve, where appropriate, policies developed and implemented to measure the Bank's risk exposures and for identifying, evaluating and managing the significant risks to which the Bank is exposed, and review such procedures, policies and techniques at least once a year to satisfy itself that they remain appropriate and prudent.
3. Monitor, on a regular basis, the Bank’s risk management performance and obtain, on a regular basis, reasonable assurance that the Bank's risk management policies for significant risks are being adhered to.
4. Consider and provide advice to the Board, when appropriate, on the risk impact of any strategic decision that the Board may be contemplating, including considering whether any strategic decision is within the risk tolerance established for the Bank and its individual business units.
5. Periodically examine the risk culture of the Bank.

#### *Monitor Policies*

6. Review the amount, nature, characteristics, concentration and quality of the Bank's credit portfolio, as well as all significant exposures to credit risk through reports on significant credit exposures presented to the Committee and review of exceptions to risk principles, if any, and trends in portfolio quality (credit and position risk), market risk, liquidity risk, economic trends and other risk information.
7. Review the provisioning methodology for credit losses and adequacy of the Bank's provisions for credit losses.

8. Review and approve significant risk management principles and policies recommended by the Bank's management, and review periodically, but at least once a year, the management programs related thereto to oversee compliance with such principles and policies. Specifically, the Committee shall have the primary responsibility for reviewing risk policies related to the following:
  - (a) credit risk
  - (b) market risk
  - (c) insurance risk
  - (d) liquidity risk
  - (e) regulatory and legal risk
  - (f) reputational risk
  - (g) operational risk (except as operational risk relates to the conduct review function performed by the Audit Committee and certain policies sponsored by the Bank's Compliance Department)
9. Incidental to the Committee's overall responsibility for risk principles and policies, the Committee may request reports from Audit Division on, and consider compliance with, internal control policies and the effectiveness of internal control procedures, recognizing that the Audit Committee has the primary responsibility for the review and approval of such internal control policies and procedures. In addition, the Committee shall periodically monitor the independent assessment by Audit Division of significant risk-related issues, including any arising from any continuous audit process relating to risk issues.
10. Review and approve any other matters required by OSFI and other relevant regulators from time to time.

#### *Risk Management Department*

The Committee shall oversee the Risk Management Department of the Bank, including reviewing and approving the mandates of the Risk Management Department and the Chief Risk Officer at least annually. The Committee shall satisfy itself that the Risk Management Department has adequate resources and independence to perform its responsibilities. In addition, the Committee shall:

- review and approve, at least annually, the Risk Management Department budget and resource plan, including assessing the adequacy of the plan;
- confirm the appointment and dismissal of the Chief Risk Officer of the Bank;
- at least annually assess the effectiveness of the Risk Management Department and Chief Risk Officer;

- review regular reports prepared by the Chief Risk Officer together with management's response and follow-up on outstanding issues, as necessary; and
- provide a forum for the Chief Risk Officer to raise any risk issues or issues with respect to the relationship and interaction between the Risk Management Department and senior management of the Bank, internal audit division, the shareholders' auditor and/or regulators.

### *General*

The Committee shall have the following additional general duties and responsibilities:

- Review and assess the adequacy of this Charter at least annually and submit this Charter to the Corporate Governance Committee and the Board for approval upon amendment.
- From time to time and as needed, Committee members will participate in educational sessions to enhance their familiarity with risk-related issues.
- Perform such other functions and tasks as may be mandated by regulatory requirements applicable to risk management committees or delegated by the Board.
- Conduct an annual evaluation of the Committee to assess its contribution and effectiveness in fulfilling its mandate.
- Review significant pronouncements and changes to key regulatory requirements relating to the risk management area to the extent they apply to the Bank.
- Report to the Board on material matters arising at Risk Committee meetings following each meeting of the Committee. Report, as required, to the Audit Committee on issues of relevance to them.
- Maintain minutes or other records of meetings and activities of the Committee.