

the future matters



Rasha El Sissi
Legal
Associate Vice President

Norie Campbell
Corporate Governance
Vice President

"I am fortunate in my position to work with a dedicated, engaged Board of Directors and a management team committed to delivering long-term value to our shareholders and leadership in corporate governance," notes Norie Campbell, Vice President, Corporate Governance. Working closely with our new Chairman and the General Counsel, Norie, along with a team of experts, including Rasha El Sissi, Associate Vice President, Legal, are constantly enhancing TDBFG's corporate governance practices and improving communication with shareholders.

to our shareholders

At TDBFG, we are focused on maximizing long-term shareholder value and are committed to leadership in corporate governance.

8.7% return on common shareholders' equity in 2003¹ • leading corporate governance practices

TDBFG is a widely held public company with thousands of shareholders. We are committed to providing all the relevant information about TDBFG to our shareholders in a clear, transparent, and balanced manner. We never forget that the shareholders are the owners of TDBFG and that we are responsible to them.

The Board of Directors and the management of TDBFG are focused on maximizing long-term shareholder value with the right strategies for sustainable future growth. We have approached each business with a philosophy of ensuring that it can continue to perform even during difficult conditions and excel when the climate is favourable. We also work constantly to meet new requirements and evolving best practices in corporate governance, while ensuring our activities are clearly communicated to shareholders. Steps were taken in 2003 to further enhance our governance practices, including separating the roles of Chairman and CEO and creating a separate board-level committee focused on risk issues.

This section provides a few highlights of our financial performance and corporate governance initiatives during 2003. For a more detailed discussion, please refer to our 2003 Annual Report and our Management Proxy Circular for the Annual Meeting to be held on March 25, 2004.

Building Shareholder Value

On the heels of a difficult year in 2002, our focus last year was repositioning the Bank for renewed and more stable and sustainable earnings. We are pleased with our progress and with achieving a year of solid financial performance (see table at right).

Our success in 2003 is attributable to the underlying strength of our three core businesses – Personal and Commercial Banking, Wealth Management, and Wholesale Banking – and the ability of our employees. Our entire management team is united in pursuit of building long-term shareholder value through growth in each of our three businesses. We remain focused on deriving more of our earnings from our retail businesses and are on track to reach our goal of 80% of total earnings from retail, with the balance coming from a disciplined approach to our wholesale business.

More info: td.com/ar2003 2003 Annual Report

Financial Highlights

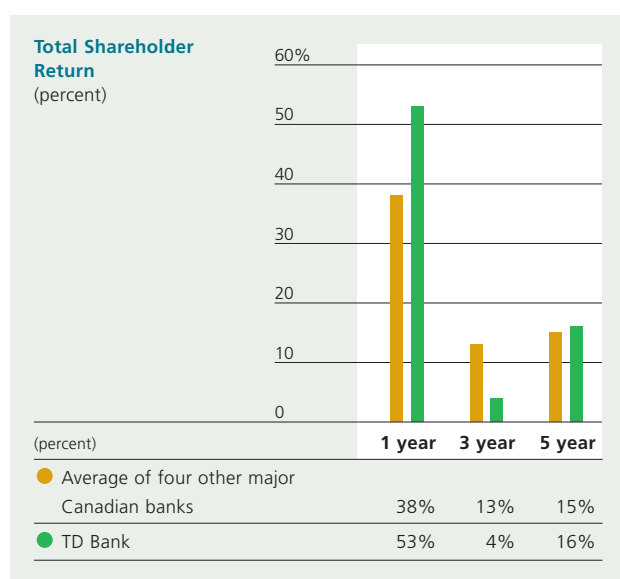
(On a reported basis, at fiscal year end October 31)

(\$ millions)	2003	2002	2001
Net income (loss)	\$ 1,076	\$ (67)	\$ 1,392
Total assets	\$273,532	\$278,040	\$287,838
Shareholders' equity	\$ 13,111	\$ 13,041	\$ 13,404
Market capitalization	\$ 28,784	\$ 18,942	\$ 22,587
(values as indicated)			
Dividends (\$ per common share)	1.16	1.12	1.09
Return on common shareholders' equity	8.7%	(1.3)%	11.3%
Price earnings ratio	29.2	–	17.5



Left: Our 2003 Annual Report was expanded significantly to provide enhanced disclosure to shareholders.

¹ On a reported basis and 13.0% on an operating cash basis. Operating cash basis measures are explained in the Management's Discussion and Analysis on page 10 of TDBFG's 2003 Annual Report (visit www.td.com/ar2003).

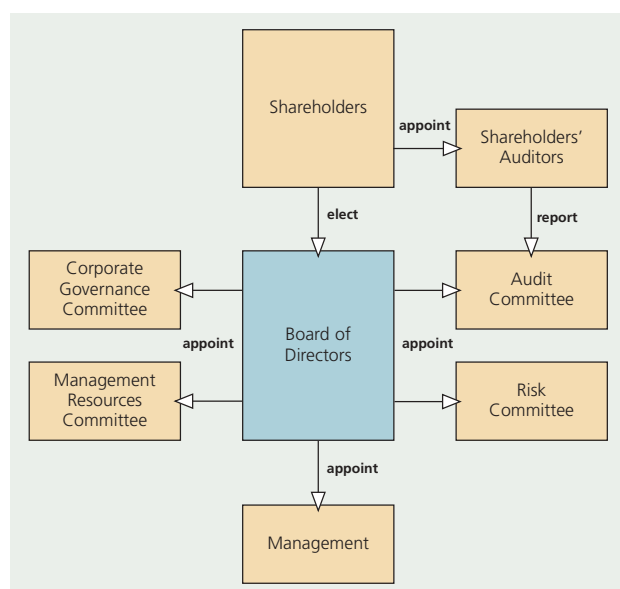


The total shareholder return represents the annual total return earned on an investment in the Bank's shares made at the beginning of a one-, three- or five-year period. The return includes the change in the market price plus dividends paid as a percentage of the prior one-, three- or five-year periods' closing market price per common share.

Committed to Strong Corporate Governance

Corporate governance has been the subject of intense interest and debate over the last few years. Shareholders can be assured that all of TDBFG's policies and practices in this area meet or exceed legal requirements. We are also monitoring all of the proposed new rules and will be adopting new policies and practices to meet these additional requirements.

The Board of Directors acts as the voice of the shareholder and ensures that management is held accountable. It is responsible for overseeing our management and business affairs and makes all major policy decisions for TDBFG. The Board operates under a written charter describing in plain language its key responsibilities and through Committees to which it delegates responsibilities.



Our approach to corporate governance is founded on several cornerstones:

- Having a large majority of independent Board members;
- Ensuring that all committee members are non-management so that the important functions of the Committees are impartial;
- Frequently conducting meetings of the Board and Committees without management present to facilitate open and candid discussion;
- Having a stock ownership requirement for members of the Board and executive officers so that everyone has a vested interest in the long-term performance of the Bank;
- Seeking and obtaining shareholder approval for option plans to ensure fairness and transparency;
- Maintaining the concept of pay-for-performance; and
- Retaining outside advisors to review and assess our compensation practices.

We made several enhancements to our corporate governance practices in 2003, such as:

- Separating the roles of Chairman of the Board and Chief Executive Officer;
- Splitting the Audit and Risk Management Committee into two separate committees in recognition of the scope of the Committees' responsibilities;
- Strengthening governance of risk management processes and reporting; and
- Introducing a number of changes to the executive compensation to further align the interests of the executives with overall Bank strategy and the interests of shareholders, including:
 - Reducing the use of stock options as a component of compensation in favour of performance-based restricted share units;
 - Increasing executive share ownership requirements; and
 - Reducing the use of annual cash incentive payments in favour of long-term equity awards to further align executive interests with long-term shareholder value.

Canadian Business magazine ranked our Board of Directors sixth in Canada in 2003 for its corporate governance practices, up from 21st in 2002.

Committees of the Board of Directors

We have four committees of the Board of Directors: Corporate Governance Committee, Management Resources Committee, Risk Committee, and Audit Committee. Each operates under a written charter that sets out the requirements regarding committee composition and responsibilities. The committees review their charters each year to ensure they meet or exceed the regulatory obligations as well as the obligations to shareholders, and also evaluate themselves to ensure that they are operating effectively. All committee members are directors who are not current or former executives of TDBFG. Committees can meet independently of management at any time.

More info: td.com/governance Corporate governance

Aligning Executive Compensation with Performance

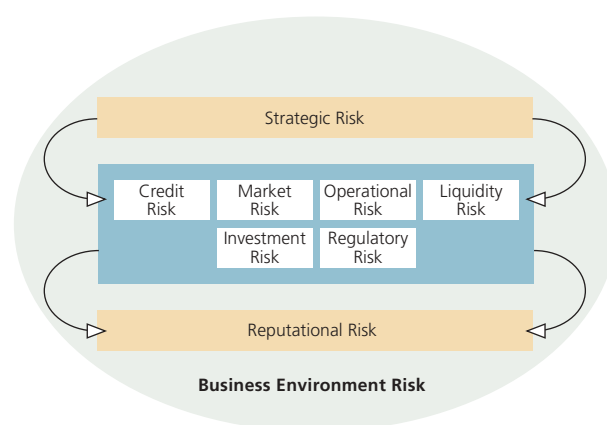
Our Management Proxy Circular provides full information on the annual compensation provided to specified executives, including salary, bonus, and equity compensation. Our executive compensation approach is founded upon the principle that the long-term interests of shareholders and executives should be aligned in good times and bad. In December 2003, TDBFG announced significant corporate governance enhancements to the long-term equity portions of executive compensation, including a reduction in the use and the term of stock options and increased share ownership requirements. These changes, effective immediately for the Senior Executive Team consisting of the Bank's top executives, were the result of consultations with institutional shareholders.

Managing Risk Responsibly

Managing risk is essential to protecting, enhancing, and creating shareholder value; operating efficiently; and providing a safe and healthy environment for staff, customers, and other stakeholders. To do this we need to understand the risks involved in our businesses and ensure they are assessed and managed responsibly within prudent limits.

To effectively manage risk, we first consider the different kinds of risk to which we are exposed (see diagram at right). TDBFG has a comprehensive, dynamic enterprise-wide risk management framework to ensure effective decision-making, prioritization, and resource allocation regarding risk. This framework incorporates the experience and specialized knowledge of our business units, Group Risk Management, Audit, Legal, Compliance, Finance, Human Resources, and other corporate functions and includes governance and senior management oversight.

The Risk Committee of the Board approves risk management policies and is actively involved in monitoring the Bank's risk profile, risk trends, and the management of all risks. The Executive of the Bank oversees the implementation of these policies throughout the organization and, through the clear communication of strategic goals and individual mandates, ensures that a strong control culture is in place and that policies are followed.



The Chief Risk Officer of the Bank is responsible for ensuring that processes exist throughout the Bank to identify risks and that information about risks is aggregated and communicated to the Executive and the Board, including independent reports from Internal Audit who perform comprehensive reviews to assess the quality of the internal control environment and compliance with risk management policies and procedures.

Managing risk responsibly requires us to consider any social, environmental, and ethical risks that could affect TDBFG. For example, we have processes in place to protect against environmental risk in lending situations (see page 24), and all employees are bound by our Guidelines of Conduct and General Regulations, which articulate the fundamental principles and behaviour expected of employees to uphold the highest standard of ethical business and personal conduct at all times. TDBFG has many initiatives focusing on social, environmental, and ethical matters, many of which are discussed in this Report, to help protect TDBFG from these risks. We continue to build on our evaluation and management of these risks, both in our own operations and in our business dealings with third parties.

More detailed information on our risk management practices can be found in the Management's Discussion and Analysis in our 2003 Annual Report (pages 33–41).



"The continued strengthening of our strong corporate governance principles is fundamental to my role as Chairman of the Board. As a shareholder myself, I recognize the importance of this subject to TDBFG's shareholders and would like to reiterate the Board's commitment to ongoing reviews of our corporate governance principles and practices. The Board will maintain a watchful eye on governance developments as the regulatory and business climates continue to evolve and adopt measures as appropriate to ensure that we continue to build on our history of leadership in corporate governance."

John M. Thompson, Chairman of the Board