

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 approves strategic plans and major policy decisions for TDBFG.
- The Board is responsible for setting the tone for a culture of integrity and compliance throughout TDBFG.
- The Board, its committees, the committee Chairs 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 continuously 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 8.
- Go to the Corporate Governance section of our web site – www.td.com/governance – there you will find, among other things, 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 2006 it will be mailed to shareholders and be available on our web site.
- Attend our Annual Meeting – March 30, 2006 in Vancouver, British Columbia, Canada – or watch the webcast through our web site – www.td.com/investor.

ROLE OF THE CHAIRMAN OF THE BOARD

The Chairman's key responsibilities include the following:

- 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.
- In conjunction with the Chief Executive Officer and Secretary, develop and approve the agendas for Board meetings.
- Lead the Board in the execution of its responsibilities to shareholders.

Mr. John Thompson is the Chairman of the Board at TDBFG. The Chairman of the Board is appointed annually by the non-management directors of the Board. He is independent and 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 above. He also serves as Chair of the Corporate Governance Committee, is a member of the Management Resources Committee and is an *ex officio* member of the Audit Committee and Risk 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 Royal Philips Electronics N.V. 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.

THE BOARD OF DIRECTORS

WHO ARE THEY?

Our directors* are listed below. Our Proxy Circular for the 2006 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

Chairman, 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

Counsel
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

William R. Ryan

Chairman, President and Chief Executive Officer
TD Banknorth
Portland, Maine
Vice Chair and Group Head, U.S. Personal and Commercial Banking,
The Toronto-Dominion Bank
Toronto, Ontario

Helen K. Sinclair

Chief Executive Officer
BankWorks Trading Inc.
Toronto, Ontario

John M. Thompson

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

*as of December 1, 2005

- 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.

WHAT ARE THE DIRECTORS' KEY OBJECTIVES?

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. Under the Position Description, directors are expected to serve TDBFG and the long-term interests of its shareholders by supervising the management of the business and affairs of TDBFG. In doing so, the directors are expected to:

- Meet the highest ethical and fiduciary standards;
- Demonstrate independence from management;
- Be knowledgeable and inquisitive about the issues facing TDBFG;
- Apply good sense and sound judgment to help make wise decisions; and
- Display commitment through attendance at, preparation for and participation in meetings.

Directors are expected to fulfill these objectives through accountability, integrity, independence, involvement, contribution and commitment to the Bank and its shareholders.

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. The Corporate Governance Committee also regularly assesses the needs of the Board and its committees, including the competencies and skills the Board considers to be necessary for the Board, as a whole, to possess; the competencies and skills that the Board considers each existing director to possess; and the competencies and skills each new nominee will bring to the Board.

All directors are encouraged to identify possible candidates to join the Board. In addition, the Corporate Governance Committee has engaged independent consultants to help identify candidates who meet the qualifications being sought (including consideration of whether or not each new nominee can devote sufficient time and resources to his or her duties as a Board member) and to ensure that the Committee is considering a large and diverse pool of talent. The Committee is also responsible for assessing the contribution of the current directors to determine if they should be recommended for re-election. Some factors considered by the Committee and the Board include:

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

WHAT ARE THE BOARD'S MAIN RESPONSIBILITIES?

The Board is responsible for overseeing our management and business affairs and approving strategic plans and major policy decisions for TDBFG. Each year there is a Board strategy session and strategic matters are otherwise discussed frequently and thoroughly at Board meetings. The Board is also responsible for setting the tone for a culture of integrity and compliance throughout the Bank and, in that regard, expects the highest level of personal and professional integrity from the President and CEO and other executive officers of TDBFG. The Board operates under a written charter describing in plain language its key responsibilities.

Under its Charter, the Board's main responsibilities include providing 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:

COMMITTEE	MEMBERS*	KEY RESPONSIBILITIES
Corporate Governance Committee	John M. Thompson (Chair) Wendy K. Dobson Darren Entwistle Harold H. MacKay Brian F. MacNeill	Responsibility for corporate governance of TDBFG: <ul style="list-style-type: none"> • Set the criteria for selecting new directors and the Board's approach to director 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; • Satisfy itself that 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: <ul style="list-style-type: none"> • Discharge, and assist the Board in discharging, the responsibility of the Board relating to executive compensation as set out in this Committee's charter; • Set performance objectives for the CEO, which encourage TDBFG's long-term financial success 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 and review, as appropriate, any other major public disclosures concerning executive compensation.
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: <ul style="list-style-type: none"> • 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; • Satisfy itself that policies are in place to manage the risks to which TDBFG is exposed, including market, operational, liquidity, credit, regulatory and reputational risk; • Provide 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) William E. Bennett John L. Bragg Donna M. Hayes Henry H. Ketcham Helen K. Sinclair	Supervising the quality and integrity of TDBFG's financial reporting: <ul style="list-style-type: none"> • Oversee reliable, accurate and clear financial reporting to shareholders; • Oversee 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 the chief compliance officer, 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 and insurance companies; • Receive reports on and approve, if appropriate, transactions with related parties.

*as of December 1, 2005

Last year, the Board 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 other considerations 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 has a long-standing retirement age of 70 years. However, for a director who does not serve his or her ten-year term by the time the director reaches the mandatory retirement age of 70, the Board has discretion to make a one-time decision at 70 to extend the director's service until the earlier of the end of his or her ten-year term or age 75, always subject to solid annual performance assessments and annual re-election by the shareholders.

In response to a proposal by institutional investors represented by the Canadian Coalition for Good Governance, the Board adopted a policy that if a director does not receive the support of a majority of the votes cast at the annual meeting of shareholders, the director will tender his or her resignation to the Chairman of the Board, to be effective when accepted by the Board. The

Corporate Governance Committee will expeditiously consider the director's offer to resign and make a recommendation to the Board whether to accept it. The Board will have 90 days from the annual meeting to make a final decision and announce it by way of press release. This policy is in effect for this year's annual shareholder meeting.

HOW ARE THE DIRECTORS EVALUATED?

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 help ensure that the right programs are in place for improving the individual skills of directors and the functioning and effectiveness of the Board as a whole. The evaluation of the Chief Executive Officer allows the Board to satisfy itself as to the integrity of the Chief Executive Officer, and as to his effectiveness in fostering a culture of integrity and compliance throughout TDBFG.

INDEPENDENCE IS KEY – HOW DOES THE BOARD ENSURE THAT IT IS INDEPENDENT OF MANAGEMENT?

Our Board of Directors needs to be able to operate independently of management in order to be effective. In essence, this means that a large majority of the Board and all Committee members are not part of management of the Bank and do not have relationships with the Bank that would make them personally beholden to the Bank and consequently interfere with their independent judgment. To further this goal, the Board has adopted a Director Independence Policy and has delegated to the Corporate Governance Committee responsibility for recommending to the Board independence criteria for directors and evaluating the independence of the directors annually.

In addition to the Director Independence Policy, the Board has implemented the following policies and practices:

- The Board and its committees may, at their election, meet independently of management at any time.
- The Board and its committees have the authority to engage their own independent advisors.
- The non-management directors annually appoint a strong, independent Chairman of the Board with a clear mandate to provide leadership for the independent directors.
- There is a policy requiring all directors to acquire, over a set period of time, common shares of the Bank with a value equivalent to at least six times their respective annual retainer.
- The Board Charter requires, among other things, 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.

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 independent under the Bank's Director Independence Policy.

Each committee reviews its charter annually to be satisfied that it meets or exceeds the regulatory obligations and the obligations to shareholders. The committee evaluates itself each year to satisfy itself that it is meeting its charter responsibilities and operating effectively. It is the current practice of each committee to establish annual objectives or key goals to provide focus to the core responsibilities and activities of the committees, and assist in prioritizing the time and effort of the committees throughout the year. Each committee then measures its progress in meeting its objectives periodically throughout the year.

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, Chief Compliance 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 the authority to engage independent advisors, paid for by the Bank, to provide expert advice to the committee.

This year, the Board adopted a written charter for Committee Chairs that sets out their responsibilities. A copy of this Charter can be found in the Corporate Governance section of our web site – www.td.com/governance. The chair of each committee spends significant additional time on the duties of the committee and interacts with members of management as appropriate.

Pursuant to the Charter for Committee Chairs, the committee chairs, in conjunction with the Chairman of the Board, Corporate Secretary and management, set the agenda for committee meetings. The committee chairs report to the full Board following committee meetings and the minutes of each committee meeting are circulated to the whole Board.

THE AUDIT COMMITTEE AND THE SHAREHOLDERS' AUDITORS

The shareholders appoint the shareholders' auditor at each annual meeting to hold office until the next annual meeting. On May 26, 2005, the Bank announced that the Board, in conjunction with a Selection Committee, requested and reviewed sole auditor proposals from the Bank's two current external auditors. Following that review, the Audit Committee, on the recommendation of the Selection Committee unanimously recommended to the Board of Directors that Ernst & Young LLP be retained to audit the 2006 consolidated financial statements of the Bank and its subsidiaries. A single auditor offers shareholders enhanced audit efficiencies while providing the Bank's management with greater flexibility in selecting consultants for non-audit related functions.

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 71). 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. As a result of the Bank's move to a sole auditor, the policy has been amended to further limit the provision of non-audit services by the shareholders' auditor. 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 70.

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 and is independent under the U.S. Sarbanes-Oxley Act independence standards applicable to audit committees. 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.