

**ANNUAL INFORMATION FORM**



**The Toronto-Dominion Bank**

Toronto-Dominion Centre

Toronto, Ontario, Canada

M5K 1A2

December 3, 2008

## Documents Incorporated by Reference

Portions of the Annual Information Form (“AIF”) are disclosed in the Bank’s annual consolidated financial statements (“Annual Financial Statements”) and management’s discussion and analysis (“MD&A”) for the year ended October 31, 2008 and are incorporated by reference into the AIF.

	<b>Page Reference</b>	
	<b>Annual Information Form</b>	<b>Incorporated by Reference from the Annual Financial Statements and MD&amp;A</b>
<b>CORPORATE STRUCTURE</b>		
Name, Address and Incorporation .....	1	
Intercorporate Relationships .....	1	
<b>GENERAL DEVELOPMENT OF THE BUSINESS</b>		
Three Year History.....	1	28-44
<b>DESCRIPTION OF THE BUSINESS</b>		
Review of Business, including Foreign Operations .....		18-44, 131-133
TD Ameritrade Holding Corporation.....	3	37, 79, 135
Competition .....	3	
Intangible Properties.....		101-102
Economic Dependence .....		77, 127-128
Average Number of Employees .....	3	
Lending .....		49-56, 68-71, 74-76
Reorganizations .....	3	
Social and Environmental Policies .....		79
Risk Factors .....	3	64-79
<b>DIVIDENDS</b>		
Dividends per Share for the Bank .....	5	
Dividends for TD Ameritrade Holding Corporation .....	5	
Dividend Policy and Restrictions for The Toronto-Dominion Bank.....		59, 108-109
<b>CAPITAL STRUCTURE</b>		
Common Shares .....	6	108
Preferred Shares .....	6	108-109
Constraints .....	7	
Ratings .....	7	
<b>MARKET FOR SECURITIES OF THE BANK</b>		
Market Listings.....	9	
Trading Price and Volume.....	9	
Prior Sales.....	10	
<b>DIRECTORS AND OFFICERS</b>		
Directors and Board Committees of the Bank .....	10	
Audit Committee .....	14	
Pre-Approval Policies and Shareholders’ Auditor Service Fees .....	15	
Executive Officers of the Bank .....	16	
Shareholdings of Directors and Executive Officers .....	18	
Additional Disclosure for Directors and Executive Officers.....	18	
<b>LEGAL PROCEEDINGS AND REGULATORY ACTIONS</b>		
Legal Proceedings .....	18	
Regulatory Actions.....	19	
<b>INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS</b>		
	19	
<b>TRANSFER AGENTS AND REGISTRARS</b>		
Transfer Agent .....	19	
Co-transfer Agent and Registrar .....	19	
Shareholder Service Agent in Japan .....	20	
<b>INTERESTS OF EXPERTS</b>		
Names of Experts .....	20	
Interests of Experts.....	20	

<b>Page Reference</b>	
<b>Annual Information Form</b>	<b>Incorporated by Reference from the Annual Financial Statements and MD&amp;A</b>

ADDITIONAL INFORMATION.....	21
-----------------------------	----

Unless otherwise specified, this AIF presents information as at October 31, 2008.

## Caution regarding Forward-Looking Statements

From time to time, the Bank makes written and oral forward-looking statements, including in this AIF, in other filings with Canadian regulators or the U.S. Securities and Exchange Commission (SEC), and in other communications. In addition, the Bank's senior management may make forward-looking statements orally to analysts, investors, representatives of the media and others. All such statements are made pursuant to the "safe harbour" provisions of the U.S. Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. Forward-looking statements include, among others, statements regarding the Bank's objectives and targets for 2009 and beyond, and strategies to achieve them, the outlook for the Bank's business lines, and the Bank's anticipated financial performance. The forward-looking information contained in this document is presented for the purpose of assisting our shareholders and analysts in understanding our financial position as at and for the periods ended on the dates presented and our strategic priorities and objectives, and may not be appropriate for other purposes. The economic assumptions for 2009 for the Bank are set out in the 2008 Management Discussion and Analysis ("MD&A") under the heading "Economic Summary and Outlook" and, for each of our business segments, under the heading "Business Outlook and Focus for 2009", as updated in the subsequently filed quarterly Reports to Shareholders. Forward-looking statements are typically identified by words such as "will", "should", "believe", "expect", "anticipate", "intend", "estimate", "plan", "may" and "could". By their very nature, these statements require us to make assumptions and are subject to inherent risks and uncertainties, general and specific, which may cause actual results to differ materially from the expectations expressed in the forward-looking statements. Some of the factors – many of which are beyond our control – that could cause such differences include: credit, market (including equity and commodity), liquidity, interest rate, operational, reputational, insurance, strategic, foreign exchange, regulatory, legal and other risks discussed in the Bank's 2008 MD&A and in other regulatory filings made in Canada and with the SEC; general business and economic conditions in Canada, the U.S. and other countries in which the Bank conducts business, as well as the effect of changes in existing and the introduction of new monetary and economic policies in those jurisdictions and changes in the foreign exchange rates for the currencies of those jurisdictions; the degree of competition in the markets in which the Bank operates, both from established competitors and new entrants; defaults by other financial institutions in Canada, the U.S. and other countries; the accuracy and completeness of information the Bank receives on customers and counterparties; the development and introduction of new products and services in markets; developing new distribution channels and realizing increased revenue from these channels; the Bank's ability to execute its strategies, including its integration, growth and acquisition strategies and those of its subsidiaries, particularly in the U.S.; changes in accounting policies (including future accounting changes) and methods the Bank uses to report its financial condition, including uncertainties associated with critical accounting assumptions and estimates; changes to our credit ratings; global capital market activity; increased funding costs for credit due to market illiquidity and increased competition for funding; the Bank's ability to attract and retain key executives; reliance on third parties to provide components of the Bank's business infrastructure; the failure of third parties to comply with their obligations to the Bank or its affiliates as such obligations relate to the handling of personal information; technological changes; the use of new technologies in unprecedented ways to defraud the Bank or its customers; legislative and regulatory developments; change in tax laws; unexpected judicial or regulatory proceedings; continued negative impact of the U.S. securities litigation environment; unexpected changes in consumer spending and saving habits; the adequacy of the Bank's risk management framework, including the risk that the Bank's risk management models do not take into account all relevant factors; the possible impact on the Bank's businesses of international conflicts and terrorism; acts of God, such as earthquakes; the effects of disease or illness on local, national or international economies; and the effects of disruptions to public infrastructure, such as transportation, communication, power or water supply. A substantial amount of the Bank's business involves making loans or otherwise committing resources to specific companies, industries or countries. Unforeseen events affecting such borrowers, industries or countries could have a material adverse effect on the Bank's financial results, businesses, financial condition or liquidity. The preceding list is not exhaustive of all possible factors. Other factors could also adversely affect the Bank's results. For more information, see the discussion starting on page 64 of the Bank's 2008 MD&A. All such factors should be considered carefully when making decisions with respect to the Bank, and undue reliance should not be placed on the Bank's forward-looking statements as. The Bank does not undertake to update any forward-looking

statements, whether written or oral, that may be made from time to time by or on its behalf, except as required under applicable securities legislation.

## **CORPORATE STRUCTURE**

### **Name, Address and Incorporation**

The Toronto-Dominion Bank (the "Bank") and its subsidiaries are collectively known as "TD Bank Financial Group" ("TDBFG"). The Bank, a Schedule 1 chartered bank subject to the provisions of the *Bank Act* of Canada (the "Bank Act"), was formed on February 1, 1955 through the amalgamation of The Bank of Toronto (chartered in 1855) and The Dominion Bank (chartered in 1869). The Bank's head office is located at Toronto-Dominion Centre, King Street West and Bay Street, Toronto, Ontario, M5K 1A2.

### **Intercorporate Relationships**

Information about the intercorporate relationships among the Bank and its principal subsidiaries is provided in Appendix "A" to this AIF.

## **GENERAL DEVELOPMENT OF THE BUSINESS**

### **Three Year History**

As at October 31, 2008, the Bank was the second largest Canadian bank in terms of market capitalization. From 2005 to 2008, the Bank's assets have grown on average 16.2% annually to a total of \$563.2 billion at the end of fiscal 2008.

TD Bank Financial Group is the sixth largest bank in North America by branches and serves approximately 17 million customers in four key businesses operating in a number of locations in key financial centres around the globe: Canadian Personal and Commercial Banking, including TD Canada Trust and TD Insurance; Wealth Management, including TD Waterhouse and an investment in TD Ameritrade; U.S. Personal and Commercial Banking through TD Banknorth and TD Bank, America's Most Convenient Bank; and Wholesale Banking, including TD Securities. TD Bank Financial Group also ranks among the world's leading on-line financial services firms, with more than 5.5 million on-line customers. For additional information on the Bank's businesses, see pages 28 – 44 of the MD&A.

On March 1, 2005, the Bank completed the transaction to acquire a 51% stake in Banknorth Group, Inc. to create TD Banknorth Inc. ("TD Banknorth"). TD Banknorth is a U.S.-based personal, small business, and commercial banking business.

On January 24, 2006, the Bank closed the transaction involving the sale of its U.S. brokerage business, TD Waterhouse U.S.A., at a fair market value of \$2.69 billion to Ameritrade Holding Corporation in exchange for a 32.5% ownership in the combined legal entity operating under the name "TD Ameritrade". In connection with the transaction, TD Waterhouse Canada acquired 100% of Ameritrade's Canadian brokerage operations for \$77 million (US\$67 million) cash consideration, which consisted primarily of intangibles and goodwill. TD Banknorth became a wholly-owned subsidiary of the Bank in 2007, as further described below.

On January 31, 2006, TD Banknorth completed the acquisition of Hudson United Bancorp ("Hudson") for total consideration of \$2.2 billion (US\$1.9 billion), consisting of cash consideration of \$1,073 million (US\$941.8 million) and the remainder in TD Banknorth common shares. The cash consideration was funded by the sale of TD Banknorth common shares to the Bank.

The Bank's beneficial ownership of TD AMERITRADE Holding Corporation ("TD Ameritrade") is currently limited to 39.9% of the outstanding voting securities. Pursuant to the terms of the TD Ameritrade Stockholders Agreement, this limit will increase to 45% in January 2009. The Bank acquired 44.4 million shares for \$939.1 million (US\$831.4 million), through open market purchases, which together with TD Ameritrade's share repurchase program, resulted in the Bank's beneficial ownership of TD Ameritrade increasing from 32.5% to 39.8% as at October 31, 2006.

TD Ameritrade announced two common stock repurchase programs in 2006 for an aggregate of 32 million shares. As a result of TD Ameritrade's share repurchase activity, the Bank's beneficial ownership of TD Ameritrade increased above the ownership cap of 39.9% under the Stockholders Agreement. In accordance with the Bank's previously announced intention, the Bank sold three million shares of TD Ameritrade during the three months ended July 31, 2007 to bring its beneficial ownership of TD Ameritrade as at July 31, 2007 to 39.9%, from 40.3% as at April 30, 2007. The Bank recognized a gain of \$6 million on this sale.

As at October 31, 2008, the Bank's beneficial ownership of TD Ameritrade was 40.08% due to the continued TD Ameritrade share repurchase activity. As noted, the Bank's beneficial ownership limit under the Stockholders Agreement will increase to 45% in January 2009.

Effective May 15, 2006, the Bank owned all of the issued and outstanding common shares of VFC Inc. ("VFC"), a leading provider of automotive purchase financing and consumer installment loans. The acquisition of VFC's issued and outstanding common shares resulted in a total purchase consideration of \$328 million, comprising cash paid, common shares of the Bank issued and acquisition costs in the amounts of \$256 million, \$70 million and \$2 million, respectively.

On September 14, 2006, the Bank announced an arrangement with Lillooet Limited ("Lillooet"), a company sponsored by Royal Bank of Canada, pursuant to which the Bank hedged the price risk related to 27 million shares of TD Ameritrade common stock. The number of shares hedged and the hedge price were determined based on market conditions over a specified hedging establishment period. The purpose of the arrangement with Lillooet is to provide the Bank with price protection in the event it decides to increase its beneficial ownership in TD Ameritrade in 2009. The arrangement is scheduled to be settled in 2009, subject to acceleration or early termination in certain circumstances. The arrangement does not provide the Bank any right to acquire, or any voting or other ownership rights with respect to, any shares of TD Ameritrade. As a result of consolidation, TD Ameritrade shares held by Lillooet have been included in the Bank's reported investment in TD Ameritrade. At October 31, 2008, Lillooet owned 27 million shares of TD Ameritrade, representing 4.56% of the issued and outstanding shares of TD Ameritrade.

In 2006, TD Banknorth repurchased 8.5 million of its own shares for \$290 million (US\$256 million) and the Bank acquired 1 million additional shares of TD Banknorth for \$34 million (US\$30 million) in the course of open-market purchases. In addition to the TD Banknorth shares acquired by the Bank in relation to the Hudson transaction described above, the Bank began reinvesting in TD Banknorth's dividend reinvestment program in November 2005 and acquired approximately 5.2 million shares of TD Banknorth pursuant to the program prior to the completion of the going-private transaction described below.

TD Banknorth completed its acquisition of Interchange Financial Services Corporation ("Interchange") on January 1, 2007 for a total cash consideration of \$545 million (US\$468.1 million), financed primarily through TD Banknorth's sale of 13 million of its common shares to the Bank at a price of US\$31.17 per share for \$472 million (US\$405 million).

On April 20, 2007, the Bank completed its privatization of TD Banknorth. Under this transaction, the Bank acquired all of the outstanding common shares of TD Banknorth that it did not already own for US\$32.33 per TD Banknorth share for a total cash consideration of \$3.7 billion (US\$3.3 billion). On closing, TD Banknorth became a wholly-owned subsidiary of the Bank and TD Banknorth's shares were delisted from the New York Stock Exchange.

On March 31, 2008, the Bank acquired 100% of the outstanding shares of Commerce Bancorp, Inc. ("Commerce") which was then a public company with approximately US\$50 billion in assets (as at September 30, 2007). The total consideration of approximately \$8.5 million was paid in cash and common shares of the Bank; each share of Commerce was exchanged for 0.4142 of a Bank common share and US\$10.50 in cash.

Following the acquisition of Commerce on March 31, 2008, TD Banknorth, Commerce Bank N.A. and Commerce Bank/North merged on May 31, 2008, to become TD Bank N.A. TD Banknorth and Commerce are known together as TD Bank, America's Most Convenient Bank.

## **DESCRIPTION OF THE BUSINESS**

### **TD AMERITRADE Holding Corporation**

TD AMERITRADE Holding Corporation ("TD Ameritrade") is a leading provider of securities brokerage services and technology-based financial services to retail investors and business partners, predominantly through the Internet, a national branch network and relationships with one of the largest groups of independent registered investment advisors. TD Ameritrade is a U.S. publicly-traded company and its common shares are listed on the NASDAQ. As of October 31, 2008, the Bank owned approximately 40.08% of the outstanding voting securities of TD Ameritrade. Additional information concerning TD Ameritrade may be found on EDGAR at [www.sec.gov/edgar](http://www.sec.gov/edgar).

### **Competition**

The Bank is subject to intense competition in all aspects and areas of its business from banks and other domestic and foreign financial institutions and from non-financial institutions, including retail stores that maintain their own personal credit programs and governmental agencies that make available loans to certain borrowers. Competition has increased in recent years in many areas in which the Bank operates, in substantial part because other types of financial institutions and other entities have begun to engage in activities traditionally engaged in only by banks. Many of these competitors are not subject to regulation as extensive as that under the Bank Act and, thus, may have competitive advantages over the Bank in certain respects.

### **Average Number of Employees**

In fiscal 2008, the Bank had an average number of employees of 58,792.

### **Reorganizations (within the last three years)**

In January 2006, prior to the consummation of the transaction with Ameritrade described above, TD Waterhouse Group, Inc., also referred to as TD Waterhouse, conducted a reorganization in which it transferred its Canadian retail securities brokerage business and TD Waterhouse Bank, N.A. to the Bank such that at the time of the consummation of the Ameritrade share purchase, TD Waterhouse retained only its United States retail securities brokerage business.

Following the privatization of TD Banknorth in April 2007, the Bank conducted a reorganization in which it transferred its interest in TD Bank USA, N.A. (formerly TD Waterhouse Bank, N.A.) to TD Banknorth. TD Bank USA provides, among other things, banking services to TD Ameritrade. As a result of the privatization of TD Banknorth and related restructuring initiatives undertaken within both TD Banknorth and TD Bank USA during 2007, the Bank incurred a total of \$67 million before-tax restructuring charges of which \$59 million related to TD Banknorth and \$8 million related to TD Bank USA. The restructuring charges consisted primarily of employee severance costs, the costs of amending certain executive employment and award agreements and the write-down of long-lived assets due to impairment.

Following the acquisition of Commerce in March, 2008, on May 31, 2008, Commerce Bank, N.A. and Commerce Bank/North merged into TD Banknorth, N.A.. On the same date, TD Banknorth, N.A. changed its legal name to TD Bank, N.A.

### **Risk Factors**

Growing profitably in financial services inevitably involves selectively taking and managing risks. The challenge and our goal is to earn a stable and sustainable rate of return for every dollar of risk we take, while continually investing in our businesses to meet our future growth objectives. Our risk

management resources and processes are designed to enable all our businesses to understand the risks they are exposed to and develop the strategies they need to manage them appropriately. These resources and processes are strengthened by our culture which emphasizes transparency and accountability for managing risk.

We have created an Enterprise Risk Framework (as further described on page 66 of the 2008 MD&A) that identifies and defines a broad number of risks to which our businesses and operations could be exposed and which could expose the Bank as a whole. This framework gives us an overall view of all potential risks the Bank and individual businesses face and allows us to develop appropriate management strategies. Risk in one area can sometimes increase risk in another. The Enterprise Risk Framework sets out the major categories of risk and indicates how changes in Strategic Risk can influence changes in the other risk categories.

Industry and Bank-specific risks and uncertainties may impact materially on the Bank's future results. Industry risks include general business and economic conditions in the regions in which the Bank conducts business, currency rates, monetary and economic policies of the Bank of Canada the Federal Reserve System in the U.S., the U.S. Treasury, the U.S. Federal Insurance Deposit Corporation and other policies that are adopted by various other regulatory agencies internationally, level of competition, changes in laws and regulations, legal proceedings, accuracy and completeness of information on customers and counterparties and accounting policies and methods used by the Bank. Bank-specific risks include the Bank's ability to adapt products and services to evolving industry standards, its ability to successfully complete and integrate acquisitions and execute strategic plans, its ability to attract and retain key executives, the disruption of key components of the Bank's business infrastructure, and the adequacy of the Bank's risk management framework.

Further explanation of the types of risks cited above and the ways in which the Bank manages them can be found in the Management Discussion and Analysis on pages 64 to 79 of the 2008 MD&A, which are incorporated by reference. The Bank cautions that the preceding discussion of risks is not exhaustive. When considering whether to purchase securities of the Bank, investors and others should carefully consider these factors as well as other uncertainties, potential events and industry- and Bank-specific factors that may adversely impact the Bank's future results.

## DIVIDENDS

### Dividends per Share for the Bank (October 31<sup>st</sup> year-end)

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Common Shares	\$2.36	\$2.11	\$1.78
Preferred Shares			
Series I		-	\$0.03 <sup>1</sup>
Series M	\$1.18	\$1.18	\$1.18
Series N	\$1.15	\$1.15	\$1.15
Series O	\$1.21	\$1.21	\$1.21 <sup>2</sup>
Series P	\$1.31	-	-
Series Q	\$1.05	-	-
Series R	\$0.89	-	-
Series S	\$0.49	-	-
Series Y	\$0.37	-	-
Series AA	-	-	-

On July 31, 2006, the Bank redeemed all of its 16,065 outstanding Class A First Preferred Shares, Series I.

On November 1, 2007, the Bank issued 10 million Class A First Preferred Shares, Series P.

On January 31, 2008, the Bank issued 8 million Class A First Preferred Shares, Series Q.

On March 12, 2008, the Bank issued 10 million Class A First Preferred Shares, Series R.

On June 11, 2008, the Bank issued 10 million Non-cumulative 5-Year Rate Reset Preferred Shares, Series S.

On July 16, 2008, the Bank issued 10 million Non-cumulative 5-Year Rate Reset Preferred Shares, Series Y.

On September 12, 2008, the Bank issued 10 million Non-cumulative 5-Year Rate Reset Preferred Shares, Series AA.

### Dividends for TD AMERITRADE Holding Corporation (September 30<sup>th</sup> year-end)

TD Ameritrade has historically not declared or paid regular cash dividends on its common stock. In connection with its acquisition of TD Waterhouse in January 2006, TD Ameritrade declared and paid a special cash dividend of US\$6.00 per share. As reported in its most recently filed 10-K for the year-ended September 30, 2008, TD Ameritrade currently intends to retain all of its earnings, if any, for use in its business and does not anticipate paying any other cash dividends in the foreseeable future. TD Ameritrade's credit agreement prohibits the payment of cash dividends. The payment of any future dividends will be at the discretion of TD Ameritrade's Board of Directors, subject to the provisions of the credit agreement, and will depend upon a number of factors, including future earnings, the success of TD Ameritrade's business activities, capital requirements, the general financial condition and future prospects

<sup>1</sup> This represents the amount of cash dividends declared per share between November 1, 2005 and July 31, 2006.

<sup>2</sup> This represents the amount of cash dividends declared per share between November 1, 2005 and October 31, 2006.

of its business, general business conditions and such other factors as the company's Board of Directors may deem relevant.

## **CAPITAL STRUCTURE**

The following summary of the Bank's share capital is qualified in its entirety by the Bank's by-laws and the actual terms and conditions of such shares.

### **Common Shares**

The authorized common share capital of the Bank consists of an unlimited number of common shares without nominal or par value. The holders of common shares are entitled to vote at all meetings of the shareholders of the Bank except meetings at which only holders of a specified class or series of shares are entitled to vote. The holders of common shares are entitled to receive dividends as and when declared by the Board of Directors of the Bank, subject to the preference of the holders of the preferred shares of the Bank. After payment to the holders of the preferred shares of the Bank of the amount or amounts to which they may be entitled, and after payment of all outstanding debts, the holders of common shares shall be entitled to receive the remaining property of the Bank upon the liquidation, dissolution or winding-up thereof.

### **Preferred Shares**

The Class A First Preferred Shares (the "Preferred Shares") of the Bank may be issued from time to time, in one or more series, with such rights, privileges, restrictions and conditions as the Board of Directors of the Bank may determine.

The Preferred Shares rank prior to the common shares and to any other shares of the Bank ranking junior to the Preferred Shares with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Bank. Each series of Preferred Shares ranks on a parity with every other series of Preferred Shares.

Pursuant to the Bank Act, the Bank may not, without the approval of the holders of the Preferred Shares, create any class of shares ranking prior to or on a parity with the Preferred Shares.

Approval of amendments to the provisions of the Preferred Shares as a class may be given in writing by the holders of all the outstanding Preferred Shares or by a resolution carried by an affirmative vote of at least two-thirds of the votes cast at a meeting at which the holders of a majority of the then outstanding Preferred Shares are present or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the shareholders then present or represented by proxy may transact the business for which the meeting was originally called.

In the event of the liquidation, dissolution or winding-up of the Bank, before any amounts shall be paid to or any assets distributed among the holders of the common shares or shares of any other class of the Bank ranking junior to the Preferred Shares, the holder of a Preferred Share of a series shall be entitled to receive to the extent provided for with respect to such Preferred Shares by the conditions attaching to such series: (i) an amount equal to the amount paid up thereon; (ii) such premium, if any, as has been provided for with respect to the Preferred Shares of such series; and (iii) all unpaid cumulative dividends, if any, on such Preferred Shares and, in the case of non-cumulative Preferred Shares, all declared and unpaid non-cumulative dividends. After payment to the holders of the Preferred Shares of the amounts so payable to them, they shall not be entitled to share in any further distribution of the property or assets of the Bank. Each series of Preferred Shares ranks equally with every other series of Preferred Shares.

There are no voting rights attaching to the Preferred Shares except to the extent provided for by any series or by the Bank Act.

The Bank may not, without the prior approval of the holders of the Preferred Shares, create or issue (i) any shares ranking in priority to or on a parity with the Preferred Shares; or (ii) any additional series of Preferred Shares unless at the date of such creation or issuance all cumulative dividends and any declared and unpaid non-cumulative dividends shall have been paid or set apart for payment in respect of each series of Preferred Shares then issued and outstanding.

## Constraints

There are no constraints imposed on the ownership of securities of the Bank to ensure that the Bank has a required level of Canadian ownership. However, the Bank Act contains restrictions on the issue, transfer, acquisition, beneficial ownership and voting of all shares of a chartered bank. For example, no person shall be a major shareholder of a bank if the bank has equity of \$8 billion or more. A person is a major shareholder of a bank where: (i) the aggregate of shares of any class of voting shares beneficially owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person is more than 20% of that class of voting shares; or (ii) the aggregate of shares of any class of non-voting shares beneficially owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person is more than 30% of that class of non-voting shares. No person shall have a significant interest in any class of shares of a bank, including the Bank, unless the person first receives the approval of the Minister of Finance (Canada). For purposes of the Bank Act, a person has a significant interest in a class of shares of a bank where the aggregate of any shares of the class beneficially owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person exceeds 10% of all of the outstanding shares of that class of shares of such bank.

## Ratings

	<b>Dominion Bond Rating Service</b>	<b>Moody's Investors Service</b>	<b>Standard &amp; Poor's</b>	<b>Fitch Ratings</b>
Long Term Debt (deposits)	AA	Aaa	AA-	AA -
Tier 2B Subordinated Debt	AA (low)	Aa1	A+	A+
Tier 2A Subordinated Debt		Aa2	A	
Short Term Debt (deposits)	R-1 (high)	P-1	A-1+	F-1+
Preferred Shares	Pfd-1	Aa2	P-1 (low)	A+

Credit ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. The credit ratings assigned to securities may not reflect the potential impact of all risks on the value of the securities. A rating is therefore not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating agency.

### Dominion Bond Rating Service

The DBRS debt rating scale is meant to give an indication of the risk that a borrower will not fulfill its full obligations in a timely manner.

Long-term debt rated AA is of superior credit quality, and protection of interest and principal is considered high. In many cases they differ from long-term debt rated AAA only to a small degree. Given the extremely restrictive definition DBRS has for the AAA category, entities rated AA are also considered to be strong credits, typically exemplifying above-average strength in key areas of consideration and unlikely to be significantly affected by reasonably foreseeable events. Each rating category is denoted by the subcategories "high" and "low". The absence of either a "high" or "low" designation indicates the rating is in the "middle" of the category.

Short-term debt rated R-1 (high) is of the highest credit quality, and indicates an entity possessing unquestioned ability to repay current liabilities as they fall due. Entities rated in this category normally maintain strong liquidity positions, conservative debt levels, and profitability that is both stable and above average. Companies achieving an R-1 (high) rating are normally leaders in structurally sound industry segments with proven track records, sustainable positive future results, and no substantial qualifying negative factors. Given the extremely tough definition DBRS has established for an R-1 (high), few entities are strong enough to achieve this rating.

Preferred shares rated Pfd-1 are of superior credit quality, and are supported by entities with strong earnings and balance sheet characteristics. Pfd-1 securities generally correspond with companies whose senior bonds are rated in the AAA or AA categories. As is the case with all rating categories, the relationship between senior debt ratings and preferred share ratings should be understood as one where the senior debt rating effectively sets a ceiling for the preferred shares issued by the entity. However, there are cases where the preferred share rating could be lower than the normal relationship with the issuer's senior debt rating. Each rating category is denoted by the subcategories "high" and "low". The absence of either a "high" or "low" designation indicates the rating is in the middle of the category.

### Moody's Investors Service

Moody's long-term obligation ratings are opinions of the relative credit risk of fixed-income obligations with an original maturity of one year or more. They address the possibility that a financial obligation will not be honored as promised. Such ratings reflect both the likelihood of default and any financial loss suffered in the event of default. Obligations rated Aaa are judged to be of the highest quality, with minimal credit risk. Obligations rated Aa are judged to be of high quality and are subject to very low credit risk. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

Moody's short-term ratings are opinions of the ability of issuers to honor short-term financial obligations. Ratings may be assigned to issuers, short-term programs or to individual short-term debt instruments. Issuers rated Prime-1 (P-1) have a superior ability to repay short-term debt obligations.

### Standard & Poor's

A Standard & Poor's issue credit rating is a current opinion of the creditworthiness of an obligor with respect to a specific financial obligation, a specific class of financial obligations, or a specific financial program. It takes into consideration the creditworthiness of guarantors, insurers, or other forms of credit enhancement on the obligation and takes into account the currency in which the obligation is denominated. The opinion evaluates the obligor's capacity and willingness to meet its financial commitments as they come due, and may assess terms which could affect ultimate payment in the event of default.

A long-term obligation rated 'AA' indicates the obligor's capacity to meet its financial commitment on the obligation is extremely strong. An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong. The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

A short-term obligation rated 'A-1' is rated in the highest category by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.

The Standard & Poor's Canadian preferred share rating scale serves issuers, investors, and intermediaries in the Canadian financial markets by expressing preferred share ratings (determined in

accordance with global rating criteria) in terms of rating symbols that have been actively used in the Canadian market over a number of years. A 'P-1(Low)' national scale preferred share rating corresponds to an 'A' global scale preferred share rating.

### Fitch Ratings

Fitch's credit ratings provide an opinion on the relative ability of an entity to meet financial commitments, such as interest, preferred dividends, repayment of principal, insurance claims or counterparty obligations. The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories.

Long-term rating of 'AA': Very high credit quality, denotes expectations of very low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

Long term rating of 'A': High credit quality, denotes expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

Short-term rating of 'F1': Highest credit quality. Indicates the strongest capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.

## **MARKET FOR SECURITIES OF THE BANK**

### **Market Listings**

The Bank's common shares are listed on:

1. the Toronto Stock Exchange;
2. the New York Stock Exchange; and
3. the Tokyo Stock Exchange (to be delisted as of December 20, 2008).

The Bank's preferred shares are listed on the Toronto Stock Exchange.

### **Trading Price and Volume**

Trading price and volume of the Bank's securities:

#### **TORONTO STOCK EXCHANGE Preferred Shares**

	<u>Common Shares</u>	<u>Series M</u>	<u>Series N</u>	<u>Series O</u>	<u>Series P</u>	<u>Series Q</u>	<u>Series R</u>	<u>Series S</u>	<u>Series Y</u>	<u>Series AA</u>
November 2007										
High Price(\$)	75.00	26.52	26.24	23.00	24.99	-	-	-	-	-
Low Price(\$)	64.18	26.10	26.00	22.01	24.00	-	-	-	-	-
Volume('000)	64,761	776	42	768	2,718	-	-	-	-	-
December										
High Price(\$)	74.69	26.46	26.39	23.85	25.14	-	-	-	-	-
Low Price(\$)	68.00	26.17	26.10	22.64	24.48	-	-	-	-	-
Volume('000)	45,060	33	22	439	1,024	-	-	-	-	-
January 2008										
High Price(\$)	69.37	26.78	26.40	23.44	25.09	25.17	-	-	-	-
Low Price(\$)	61.00	26.02	25.91	22.25	23.66	25.00	-	-	-	-
Volume('000)	67,605	103	71	281	453	434	-	-	-	-
February										
High Price(\$)	69.09	26.50	26.39	24.00	25.02	25.74	-	-	-	-
Low Price(\$)	65.00	26.21	26.11	23.01	24.39	25.12	-	-	-	-

**TORONTO STOCK EXCHANGE  
Preferred Shares**

	<u>Common Shares</u>	<u>Series M</u>	<u>Series N</u>	<u>Series O</u>	<u>Series P</u>	<u>Series Q</u>	<u>Series R</u>	<u>Series S</u>	<u>Series Y</u>	<u>Series AA</u>
Volume('000)	43,114	36	72	164	244	998	-	-	-	-
March										
High Price(\$)	66.20	26.45	26.30	24.00	24.93	25.64	24.97	-	-	-
Low Price(\$)	58.57	26.00	26.01	22.77	23.75	24.96	24.70	-	-	-
Volume('000)	80,929	195	354	173	268	425	1,837	-	-	-
April										
High Price(\$)	67.04	26.44	26.30	23.87	24.27	25.20	25.08	-	-	-
Low Price(\$)	62.00	26.00	25.87	22.54	23.42	24.80	24.80	-	-	-
Volume('000)	57,633	88	85	288	469	445	1,119	-	-	-
May										
High Price(\$)	72.11	26.30	26.16	23.27	24.73	25.35	25.30	-	-	-
Low Price(\$)	65.99	26.06	26.00	22.45	23.85	25.00	24.96	-	-	-
Volume('000)	67,419	32	188	524	317	176	694	-	-	-
June										
High Price(\$)	71.47	26.39	26.24	22.81	24.39	25.28	25.39	25.31	-	-
Low Price(\$)	63.10	26.10	26.01	20.40	22.65	24.01	24.50	24.95	-	-
Volume('000)	65,633	136	76	859	543	254	576	762	-	-
July										
High Price(\$)	65.58	26.48	26.40	21.29	23.19	24.89	24.99	25.20	25.49	-
Low Price(\$)	53.05	25.75	25.75	19.99	21.00	22.11	23.01	24.75	24.56	-
Volume('000)	96,660	157	138	772	371	289	270	369	1,014	-
August										
High Price(\$)	64.05	26.48	26.33	21.45	23.25	25.00	24.98	25.70	25.79	-
Low Price(\$)	57.26	25.77	25.64	20.66	22.30	23.91	24.01	25.00	24.82	-
Volume('000)	43,979	45	44	335	430	130	225	125	379	-
September										
High Price(\$)	66.27	26.46	26.17	21.44	23.49	25.09	24.99	25.30	25.59	25.15
Low Price(\$)	56.63	25.28	25.51	20.52	22.25	24.57	24.59	24.96	25.00	24.80
Volume('000)	88,673	558	228	794	854	128	259	167	176	1,119
October										
High Price(\$)	63.67	25.98	25.75	20.92	23.20	24.80	24.75	25.09	25.49	25.00
Low Price(\$)	49.39	24.00	24.00	17.79	20.01	20.32	20.26	22.80	23.01	23.50
Volume('000)	87,655	885	520	527	426	164	391	221	124	325

**Prior Sales**

In the most recently completed financial year, the Bank did not issue any shares that are not listed or quoted on a marketplace. The following chart sets out all of the issuances of subordinated debentures of the Bank during the most recently completed financial year:

<u>Date Issued</u>	<u>Issue Price per \$1,000 Principal Amount of Debentures</u>	<u>Aggregate Principal Amount</u>
November 1, 2007	\$1,000.00	\$2,500,000,000
April 2, 2008	\$1,000.00	\$500,000,000
July 7, 2008	\$1,000.30	\$375,000,000
July 7, 2008	\$1,000.00	\$650,000,000

**DIRECTORS AND OFFICERS**

**Directors and Board Committees of the Bank**

The following table sets forth the directors of the Bank, their present principal occupation and business, municipality of residence and the date each became a director of the Bank.

<b><u>Director Name</u></b> <b><u>Principal Occupation &amp; Municipality of Residence</u></b>	<b><u>Director Since</u></b>
William E. Bennett Corporate Director and retired President and Chief Executive Officer, Draper & Kramer, Inc. Chicago, Illinois, U.S.A.	May 2004
Hugh J. Bolton Chair of the Board, EPCOR Utilities Inc. (integrated energy company) Edmonton, Alberta, Canada	April 2003
John L. Bragg Chairman, President and Co-Chief Executive Officer, Oxford Frozen Foods Limited (food manufacturers) Collingwood, Nova Scotia, Canada	October 2004
W. Edmund Clark President and Chief Executive Officer, The Toronto-Dominion Bank Toronto, Ontario, Canada	August 2000
Wendy K. Dobson Professor and Director, Institute for International Business, Joseph L. Rotman School of Management, University of Toronto Uxbridge, Ontario, Canada	October 1990
Donna M. Hayes Publisher and Chief Executive Officer, Harlequin Enterprises Limited (global publishing company) Toronto, Ontario, Canada	January 2004
Henry H. Ketcham Chairman of the Board, President and Chief Executive Officer, West Fraser Timber Co. Ltd. (integrated forest products company) Vancouver, British Columbia, Canada	January 1999
Pierre H. Lessard Executive Chairman of the Board, METRO INC. (food retailer and distributor) Westmount, Quebec, Canada	October 1997

<b><u>Director Name</u></b> <b><u>Principal Occupation &amp; Municipality of Residence</u></b>	<b><u>Director Since</u></b>
Brian M. Levitt Partner and Co-Chair, Osler, Hoskin & Harcourt LLP (law firm) Westmount, Quebec, Canada	December 2008
Harold H. MacKay Counsel, MacPherson Leslie & Tyerman LLP (law firm) Regina, Saskatchewan, Canada	November 2004
Brian F. MacNeill Chairman of the Board, Petro-Canada (integrated oil and gas company) Calgary, Alberta, Canada	August 1994
Irene R. Miller Chief Executive Officer, Akim, Inc. (U.S. investment management and consulting firm) New York, New York, U.S.A.	May 2006
Nadir H. Mohamed President and Chief Operating Officer Communications Group, Rogers Communications Inc. Toronto, Ontario, Canada	April 2008
Roger Phillips Corporate Director and retired President and Chief Executive Officer, IPSCO Inc. Regina, Saskatchewan, Canada	February 1994
Wilbur J. Prezzano Corporate Director and retired Vice Chairman, Eastman Kodak Company Charleston, South Carolina, U.S.A.	April 2003
William J. Ryan Chairman TD Banknorth Inc. (banking and financial services holding company) Falmouth, Maine, U.S.A.	March 2005
Helen K. Sinclair Chief Executive Officer, BankWorks Trading Inc. (satellite communications company) Toronto, Ontario, Canada	June 1996
John M. Thompson Chairman of the Board, The Toronto-Dominion Bank Toronto, Ontario, Canada	August 1988

Except as hereinafter disclosed, all directors have held their positions or other executive positions with the same, predecessor or associated firms or organizations for the past five years. Prior to April 1, 2008, Mr. Lessard was the President and Chief Executive Officer of METRO INC. Prior to May 2005, Mr.

Mohamed was President and Chief Executive Officer of Rogers Wireless Inc. Until September 2006, Mr. Ryan was also the President of TD Banknorth Inc.; until March 2007, Mr. Ryan was also the Chief Executive Officer of TD Banknorth; and until May 2007, Mr. Ryan was also the Group Head, U.S. Personal and Commercial Banking, TD Bank Financial Group. Each director will hold office until the next annual meeting of shareholders of the Bank, which is scheduled for April 2, 2009. Information concerning the nominees proposed by management for election as directors at the meeting will be contained in the proxy circular of the Bank in respect of the meeting.

The following table sets forth the Committees of the Bank's Board, the members of each Committee and each Committee's key responsibilities.

<b><u>Committee</u></b>	<b><u>Members</u></b>	<b><u>Key Responsibilities</u></b>
Corporate Governance Committee	John M. Thompson (Chair) Donna M. Hayes Brian F. MacNeill Roger Phillips	<b>Responsibility for corporate governance of TDBFG:</b> <ul style="list-style-type: none"> <li>Set the criteria for selecting new directors and the Board's approach to director independence;</li> <li>Identify individuals qualified to become Board members and recommend to the Board the director nominees for the next annual meeting of shareholders;</li> <li>Develop and, where appropriate, recommend to the Board a set of corporate governance principles, including a code of conduct and ethics, aimed at fostering a healthy governance culture at TDBFG;</li> <li>Review and recommend the compensation of the directors of TDBFG;</li> <li>Satisfy itself that TDBFG communicates effectively with its shareholders, other interested parties and the public through a responsive communication policy;</li> <li>Facilitate the evaluation of the Board and committees.</li> </ul>
Management Resources Committee	Wilbur J. Prezzano (Chair) Henry H. Ketcham Pierre H. Lessard Wilbur J. Prezzano Helen K. Sinclair John M. Thompson	<b>Responsibility for management's performance evaluation, compensation and succession planning:</b> <ul style="list-style-type: none"> <li>Discharge, and assist the Board in discharging, the responsibility of the Board relating to executive compensation as set out in this Committee's charter;</li> <li>Set performance objectives for the CEO, which encourage TDBFG's long-term financial success and regularly measure the CEO's performance against these objectives;</li> <li>Determine the recommended compensation for the CEO and certain senior officers in consultation with independent advisors who help this Committee set competitive compensation that meets TDBFG's hiring, retention and performance objectives;</li> <li>Review candidates for CEO and recommend the best candidate to the Board as part of the succession planning process for the position of CEO;</li> <li>Oversee the selection, evaluation, development and compensation of other members of senior management;</li> <li>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.</li> </ul>
Risk Committee	Harold H. MacKay (Chair) William E. Bennett Hugh J. Bolton Wendy K. Dobson Brian M. Levitt	<b>Supervising the management of risk of TDBFG:</b> <ul style="list-style-type: none"> <li>Identify and monitor the key risks of TDBFG and evaluate their management;</li> <li>Approve risk management policies that establish the appropriate approval levels for decisions and other checks</li> </ul>

<b><u>Committee</u></b>	<b><u>Members</u></b>	<b><u>Key Responsibilities</u></b>
	Wilbur J. Prezzano	<ul style="list-style-type: none"> <li>and balances to manage risk;</li> <li>• Satisfy itself that policies are in place to manage the risks to which TDBFG is exposed, including market, operational, liquidity, credit, insurance, regulatory and legal risk, and reputational risk;</li> <li>• Provide a forum for “big-picture” analysis of future risks including considering trends;</li> <li>• Critically assess TDBFG’s business strategies and plans from a risk perspective</li> </ul>
Audit Committee	Hugh J. Bolton* (Chair) William E. Bennett* John L. Bragg Irene R. Miller* Nadir H. Mohamed*	<b>Supervising the quality and integrity of TDBFG’s financial reporting:</b> <ul style="list-style-type: none"> <li>• Oversee reliable, accurate and clear financial reporting to shareholders;</li> <li>• Oversee internal controls – the necessary checks and balances must be in place;</li> <li>• Be directly responsible for the selection, compensation, retention and oversight of the work of the shareholders’ auditor – the shareholders’ auditor reports directly to this Committee;</li> <li>• Listen to the shareholders’ auditor, internal auditor and the chief compliance officer, and evaluate the effectiveness and independence of each;</li> <li>• 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;</li> <li>• Act as the Audit Committee and Conduct Review Committee for certain subsidiaries of TDBFG that are federally-regulated financial institutions and insurance companies;</li> <li>• Receive reports on and approve, if appropriate, certain transactions with related parties.</li> </ul>

\* Designated Audit Committee Financial Experts

### **Audit Committee**

The Audit Committee of the Board of Directors of the Bank operates under a written charter that sets out its responsibilities and composition requirements. A copy of the charter is attached to this AIF as Appendix “B”. The Committee charter requires all members to be financially literate or be willing and able to acquire the necessary knowledge quickly. “Financially literate” means the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Bank’s financial statements.

In addition, the Committee charter contains independence requirements applicable to each member and each member currently meets those requirements. Specifically, the charter provides that no member of the Committee may be an officer or retired officer of the Bank and every member shall be independent of the Bank within the meaning of all applicable laws, rules and regulations and any other relevant consideration, including laws, rules and regulations particularly applicable to audit committee members and any other relevant consideration as determined by the Board of Directors, including the Bank’s Director Independence Policy (a copy of which is available on the Bank’s website at [www.td.com](http://www.td.com)).

As listed in the table above, the members of the Committee are: Hugh J. Bolton (chair), William E. Bennett, John L. Bragg, Irene R. Miller and Nadir H. Mohamed. The members of the Bank’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 each of

Messrs. Bolton, Bennett Mohamed and Ms. Miller has the attributes of an audit committee financial expert as defined in the U.S. Sarbanes-Oxley Act, is financially literate and is independent under the applicable listing standards of the New York Stock Exchange, the Committee charter, the Bank's Director Independence Policy and the corporate governance guidelines of the Canadian Securities Administrators.

The following sets out the education and experience of each director relevant to the performance of his or her duties as a member of the Committee:

**William E. Bennett** is a Corporate Director. Mr. Bennett is the former President and Chief Executive Officer of Draper & Kramer, Inc., a Chicago-based financial services and real estate company. Previously, he served as Executive Vice President and Chief Credit Officer of First Chicago Corp. and its principal subsidiary, the First National Bank of Chicago. He holds an undergraduate degree in economics from Kenyon College and a master's degree in business administration from the University of Chicago. As stated above, Mr. Bennett is one of the Bank's Audit Committee financial experts.

**Hugh J. Bolton** is Chair of the Bank's Audit Committee. Mr. Bolton holds an undergraduate degree in economics from the University of Alberta. Mr. Bolton has over 40 years of experience in the accounting industry, including as a former partner, Chairman and Chief Executive Officer 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 institutions such as the Bank. As stated above, Mr. Bolton is one of the Bank's Audit Committee financial experts.

**John L. Bragg** is President and Founder of Oxford Frozen Foods Limited and the owner and founder of Bragg Communications Inc. Mr. Bragg holds a Bachelor of Commerce degree and a Bachelor of Education degree from Mount Allison University.

**Irene R. Miller** is the Chief Executive Officer of Akim, Inc. Until June 1997, Ms. Miller was Vice Chairman and Chief Financial Officer of Barnes & Noble, Inc. Prior to that, she held senior investment banking and corporate finance positions with Morgan Stanley & Co., and Rothschild Inc., respectively. During the past ten years, Ms. Miller has chaired the audit committees of the boards of Oakley, Inc., The Body Shop International plc and Benckiser N.V. Ms. Miller holds an undergraduate degree in science from the University of Toronto and a master's of science degree in chemistry and chemical engineering from Cornell University. As stated above, Ms. Miller is one of the Bank's Audit Committee financial experts.

**Nadir H. Mohamed** is the President and Chief Operating Officer, Communications Group, of Rogers Communications Inc., a diversified Canadian communications and media company. Prior to May 2005, Mr. Mohamed was President and Chief Executive Officer of Rogers Wireless Inc. In the past, Mr. Mohamed was a member of the audit committee of Sierra Wireless, Inc. and Cinram International Inc. Mr. Mohamed holds an undergraduate degree in commerce from the University of British Columbia. Mr. Mohamed is a Chartered Accountant. As stated above, Mr. Mohamed is one of the Bank's Audit Committee financial experts.

### **Pre-Approval Policies and Shareholders' Auditor Service Fees**

The Bank's Audit Committee has implemented a policy restricting the services that may be provided by the shareholders' auditor and the fees paid to the shareholders' auditor. Any service to be provided by the shareholders' auditor must be permitted by law and by the policy, and must be pre-approved by the Audit Committee pursuant to the policy, along with the associated fees for those services. The policy provides for the annual pre-approval of specific types of services, together with the maximum amount of the fees that may be paid for such services, pursuant to policies and procedures adopted by the Audit Committee, and gives detailed guidance to management as to the specific services that are eligible for such annual pre-approval. All other services and the associated fees must also be specifically pre-approved by the Audit Committee as they arise throughout the year. In making its determination regarding services to be provided by the shareholders' auditor, the Audit Committee

considers the compliance with the policy and the provision of services in the context of avoiding impact on auditor independence. This includes considering applicable regulatory requirements and guidance and whether the provision of the services would place the auditor in a position to audit its own work, result in the auditor acting in the role of the Bank's management or place the auditor in an advocacy role on behalf of the Bank. By law, the shareholders' auditor may not provide certain services to the Bank or its subsidiaries. Four times a year, the Bank's Chief Financial Officer makes a presentation to the Audit Committee detailing the services performed by the Bank's auditor on a year-to-date basis, and details of any proposed assignments for consideration by the Audit Committee and pre-approval, if appropriate.

Fees paid to the shareholders' auditor, Ernst & Young LLP, for the past three fiscal years are detailed in the table below.

(thousands of Canadian dollars)	Fees paid to Ernst & Young LLP		
	2008	2007	2006
Audit fees	\$18,733	\$14,942	\$16,343
Audit related fees	3,192	2,727	1,072
Tax fees	2,751	203	519
All other fees	598	336	276
<b>Total</b>	<b>\$25,274</b>	<b>\$18,208</b>	<b>\$18,210</b>

Audit fees are fees for the professional services in connection with the audit of the Bank's financial statements, other services that are normally provided by the shareholders' auditor in connection with statutory and regulatory filings or engagements, and the performance of specified procedures with respect to qualified intermediary requirements for reporting to the Internal Revenue Service, United States.

Audit related fees are fees for assurance and related services that are performed by the Bank's auditor. These services include employee benefit plan audits, accounting and tax consultations in connection with acquisitions and divestitures, application and general control reviews, attest services not required by statute or regulation, interpretation of financial accounting, tax and reporting standards, and information technology advisory services.

Tax fees comprise: income and commodity tax compliance generally involving the preparation of original and amended tax returns and claims for refund; tax advice, including assistance with tax audits, appeals and rulings plus tax advice related to mergers, acquisitions and financing structures; electronic and paper based tax knowledge publications; and tax planning, including expatriate and domestic tax services and transfer pricing matters. The growth in tax fees of \$2.5 million in 2008 was primarily due to services relating to acquisitions and other considered transactions.

All other fees include fees for insolvency and viability matters either paid by the Bank or by third parties, limited to cases in which the Bank is a minority syndicate participant and not in a position to influence or select the external audit firm to use. In these instances, the shareholders' auditor is retained to provide assistance on operational business reviews, lender negotiations, business plan assessments, debt restructuring and asset recovery. The amount of insolvency and viability fees paid by third parties to Ernst & Young LLP is \$0.28 million (2007 – \$0.04 million; 2006 – \$0.04 million). Also included in this category are fees for audits of charitable organizations, Section 5970/SAS 70 reports on control procedures at a service organization, audit services for certain special purpose entities administered by the Bank, SEC-registered fund audits, and benchmark studies.

## Executive Officers of the Bank

The following individuals are executive officers of the Bank:

<b><u>Executive Officer Name</u></b>	<b><u>Principal Occupation</u></b>	<b><u>Municipality of Residence</u></b>
Mark R. Chauvin	Executive Vice-President and Chief Risk Officer, Risk Management, Corporate Office, TD Bank Financial Group	Burlington, Ontario, Canada
W. Edmund Clark	President and Chief Executive Officer, TD Bank Financial Group	Toronto, Ontario, Canada
Theresa L. Currie	Executive Vice-President, Human Resources, TD Bank Financial Group	Oakville, Ontario, Canada
Robert E. Dorrance	Group Head Wholesale Banking, TD Bank Financial Group and Chairman, CEO and President, TD Securities	Toronto, Ontario, Canada
Bernard T. Dorval	Group Head, Global Insurance and Head, Group Strategy, TD Bank Financial Group and Deputy Chair, TD Canada Trust	Toronto, Ontario, Canada
William H. Hatanaka	Group Head Wealth Management, TD Bank Financial Group and Chairman and Chief Executive Officer, TD Waterhouse Canada Inc.	Toronto, Ontario, Canada
Timothy D. Hockey	Group Head Canadian Banking, TD Bank Financial Group and President & CEO, TD Canada Trust	Mississauga, Ontario, Canada
Colleen M. Johnston	Group Head, Finance and Chief Financial Officer, Corporate Office, TD Bank Financial Group	Toronto, Ontario, Canada
Robert F. MacLellan	Executive Vice President, Chief Investment Officer and Chairman, TD Asset Management and President TD Capital, TD Investments, Wholesale Banking, TD Bank Financial Group	Toronto, Ontario, Canada
Bharat B. Masrani	Group Head U.S. Personal and Commercial Banking, TD Bank Financial Group and President and Chief Executive Officer, TD Bank N.A.	Portland, Maine, U.S.A.
Frank J. McKenna	Deputy Chair, TD Bank Financial Group	Toronto, Ontario, Canada
Michael B. Pedersen	Group Head, Corporate Operations, TD Bank Financial Group	Toronto, Ontario, Canada

Except as hereinafter disclosed, all executive officers have held their positions or other executive positions with the same, predecessor or associated firms or organizations for the past five years. Prior to joining the Bank in July 2007, Mr. Pedersen worked for Barclays Bank and was responsible for their global private banking business and two other international businesses. Prior to joining the Bank in May 2006, Mr. McKenna was the Canadian Ambassador to the United States; and from 1997 until 2005, he held the position of Counsel to McInnes Cooper. Prior to joining the Bank in February 2004, Ms. Johnston was the Managing Director and Chief Financial Officer of Scotia Capital Inc. Prior to re-joining the Bank in September 2004, Ms. Currie held the positions of Senior Vice President, Human Resources, CIBC World Markets and Wealth Management and Senior Vice President, Human Resources, Wealth Management, CIBC.

## Shareholdings of Directors and Executive Officers

To the knowledge of the Bank, as at October 31, 2008, the directors and executive officers of the Bank (including Mr. Levitt, who was appointed on December 3, 2008) as a group beneficially owned, directly or indirectly, or exercised control or direction over an aggregate of 861,984 of the Bank's common shares representing 0.11% of the Bank's issued and outstanding common shares on that date.

## Additional Disclosure for Directors and Executive Officers

To the best of our knowledge, having made due inquiry, the Bank confirms that, as at December 3, 2008:

- (i) no director or executive officer of the Bank is, or was within the last ten years, a director or officer of a company (including the Bank) that:
  - (a) was subject to an order (including a cease trade order or an order similar to a cease trade or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days), that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, except Mr. Pierre Lessard who was a director of CINAR Corporation at the time its shares were suspended from trading on the Toronto Stock Exchange for more than 30 consecutive days and were delisted from the Toronto Stock Exchange and the NASDAQ due to the inability of CINAR Corporation to meet continued listing requirements;
  - (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
  - (c) within a year of the person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, except Mr. Frank McKenna who ceased to be a director of AlphaNet Telecom Inc. within twelve months prior to AlphaNet Telecom Inc. filing an assignment in bankruptcy under the *Bankruptcy and Insolvency Act* (Canada) in February 1999;
- (ii) in the last ten years, no director or executive officer of the Bank has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer; and
- (iii) no director or executive officer of the Bank has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

## LEGAL PROCEEDINGS AND REGULATORY ACTIONS

### Legal Proceedings

The Bank, its subsidiaries and TD Ameritrade are involved in various legal actions in the ordinary course of business, many of which, in the case of the Bank and its subsidiaries, are loan-related. In

management's opinion, the ultimate disposition of these actions, individually or in the aggregate, will not have a material adverse effect on the financial condition of the Bank.

The Bank is a party to certain legal actions regarding Enron, principally the securities class action. As at July 31, 2008, the Bank's total contingent litigation reserve for Enron-related claims was approximately \$497 million (US\$413 million). The Bank re-evaluated the reserve in light of the favourable evolution of case law in similar securities class actions following the U.S. Supreme Court's ruling in *Stoneridge Partners, LLC v. Scientific-Atlanta, Inc.* During the fourth quarter, the Bank recorded a pre-tax gain of \$477 million (US \$396 million), reflecting the substantial reversal of the reserve. Due to the pending nature of the securities class action and other Enron-related claims to which the Bank is a party, the Bank retained \$20 million (US\$17 million) of the reserve. Given the uncertainties of the timing and outcome of securities litigation, the Bank will continue to assess evolving case law as it relates to the Bank's Enron reserve to determine whether the reserve should be further reduced. The Bank will continue to defend itself vigorously in these cases and work to resolve them in the best interest of its shareholders.

### **Regulatory Actions**

From time to time, certain subsidiaries of the Bank are assessed fees or fines by a securities regulatory authority in relation to administrative matters, including late filings or reporting, which may be considered penalties or sanctions pursuant to Canadian securities regulations but which are not, individually or in the aggregate, material to the Bank.

During the past financial year, TD Waterhouse Private Investment Counsel paid an administrative penalty assessed by the L' Autorité des Marchés Financiers of \$1,500 in connection with the late return of a questionnaire.

### **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

To the best of our knowledge, the Bank confirms that, as at December 3, 2008 there were no directors or executive officers of the Bank or any associate or affiliate of a director or executive officer of the Bank with a material interest in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Bank.

### **TRANSFER AGENTS AND REGISTRARS**

#### **Transfer Agent**

CIBC Mellon Trust Company  
P.O. Box 7010  
Adelaide Street Postal Station  
Toronto, Ontario  
M5C 2W9

(800) 387-0825  
(416) 643-5500  
[www.cibcmellon.com](http://www.cibcmellon.com) or [inquiries@cibcmellon.com](mailto:inquiries@cibcmellon.com)

#### **Co-transfer Agent and Registrar**

BNY Mellon Shareowner Services  
P.O. Box 358015  
Pittsburgh, Pennsylvania  
15252-8015

or

480 Washington Boulevard  
Jersey City, New Jersey  
07310

(866) 233-4836  
(201) 680-6578  
[www.bnymellon.com/shareowner](http://www.bnymellon.com/shareowner)

### **Shareholder Service Agent in Japan**

Mizuho Trust & Banking Co., Ltd.  
1-17-7, Saga, Koto-ku  
Tokyo, Japan  
135-8722

## **INTERESTS OF EXPERTS**

### **Names of Experts**

The Consolidated Financial Statements of the Bank for the year ended October 31, 2008 included in the Bank's Annual Report filed under National Instrument 51-102 - Continuous Disclosure Obligations, portions of which are incorporated by reference in this AIF, have been audited by Ernst & Young LLP. Ernst & Young LLP, Chartered Accountants, Toronto, Ontario, is the external auditor who prepared the Independent Auditors' Reports to Shareholders - Report on Financial Statements and Report on Internal Controls Under Standards of the Public Company Accounting Oversight Board (United States). Ernst & Young LLP is independent with respect to the Bank within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario. Ernst & Young LLP is also independent with respect to the Bank within the meaning of the federal securities laws and the rules and regulations thereunder, including the independence rules adopted by the Securities and Exchange Commission pursuant to the Sarbanes-Oxley Act of 2002; and in compliance with Rule 3520 of the Public Company Accounting Oversight Board.

Further, the proxy statement/prospectus relating to the Bank's acquisition of Commerce Bancorp, Inc., filed under NI 51-102, describes or includes: the audit report of Ernst & Young LLP covering the consolidated financial statements of the Bank for the year ended October 31, 2007; and legal opinions of Osler, Hoskin & Harcourt LLP and Simpson Thacher & Bartlett LLP.

### **Interests of Experts**

To the best of our knowledge, at the relevant time, the respective partners, counsel and associates of Osler, Hoskin & Harcourt LLP beneficially owned, directly or indirectly, less than 1% of any class of security issued by the Bank or any of its affiliates.

To the best of our knowledge, at the relevant time, the respective partners, counsel and associates of Simpson Thacher & Bartlett LLP beneficially owned, directly or indirectly, less than 1% of any class of security issued by the Bank or any of its affiliates.

As of December 3, 2008, no executive officer or director of the Bank is a partner, counsel or associate of Osler, Hoskin & Harcourt LLP or Simpson Thacher & Bartlett LLP nor, as of December 3, 2008, to the best of our knowledge, does the Bank expect to elect, appoint or employ as a director or executive officer of the Bank any partner, counsel or associate of Osler, Hoskin & Harcourt LLP or Simpson Thacher & Bartlett LLP, except for Mr. Levitt, who is currently a partner and co-chair of Osler, Hoskin & Harcourt LLP.

From time to time, at the Bank's request, law firms provide lawyers and law students for secondment to groups in the Bank's head office and business units.

## **ADDITIONAL INFORMATION**

Additional information concerning the Bank may be found on SEDAR at [www.sedar.com](http://www.sedar.com). The Bank will provide to any person or company upon request to the Secretary of the Bank at the head office of the Bank: (a) when the securities of the Bank are in the course of distribution pursuant to a short form prospectus or a preliminary short form prospectus which has been filed in respect of a proposed distribution of its securities, (i) one copy of this Annual Information Form, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in this Annual Information Form, (ii) one copy of the comparative financial statements of the Bank for its most recently completed financial year for which financial statements have been filed, together with the accompanying report of the auditors, and one copy of the most recent interim financial statements of the Bank, if any, filed for any period after the end of its most recently completed financial year, (iii) one copy of the proxy circular of the Bank in respect of its most recent annual meeting of shareholders that involved the election of directors, and (iv) one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under (i) to (iii) above; or (b) at any other time, one copy of any documents referred to in (a)(i), (ii) and (iii) above, provided the Bank may require the payment of a reasonable charge if the request is made by a person or company who is not a security holder of the Bank.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Bank's securities, options to purchase securities and interests of insiders in material transactions, in each case if applicable, is contained in the Bank's proxy circular for its most recent annual meeting of shareholders that involved the election of directors. Additional financial information is provided in the Bank's comparative financial statements and management's discussion and analysis for its most recently completed financial year, which at the date hereof, was the year ended October 31, 2008.

**Appendix “A”**

**Intercorporate Relationships – See Attached**

## PRINCIPAL SUBSIDIARIES

### Canada

(millions of dollars)	As at October 31, 2008
<b>Canada</b>	Carrying value of shares owned by the Bank
	Address of Head or Principal Office
CT Financial Assurance Company	Toronto, Ontario
First Nations Bank of Canada (9% common shares)	Saskatoon, Saskatchewan
Meloche Monnex Inc.	Montreal, Quebec
Security National Insurance Company	Montreal, Quebec
Primum Insurance Company	Toronto, Ontario
TD Direct Insurance Inc.	Toronto, Ontario
TD General Insurance Company	Toronto, Ontario
TD Home and Auto Insurance Company	Toronto, Ontario
TD Asset Finance Corp.	Toronto, Ontario
TD Asset Management Inc.	Toronto, Ontario
TD Waterhouse Private Investment Counsel Inc.	Toronto, Ontario
TDAM USA Inc.	Toronto, Ontario
TD Capital Funds Management Ltd.	Toronto, Ontario
TD Capital Group Limited	Toronto, Ontario
TD Capital Trust	Toronto, Ontario
TD Capital Trust III	Toronto, Ontario
TD Investment Services Inc.	Toronto, Ontario
TD Life Insurance Company	Toronto, Ontario
TD Mortgage Corporation	Toronto, Ontario
The Canada Trust Company	Toronto, Ontario
TD Pacific Mortgage Corporation	Vancouver, British Columbia
TD Mortgage Investment Corporation	Calgary, Alberta
TD Nordique Investments Limited	Vancouver, British Columbia
TD Parallel Private Equity Investors Ltd.	Toronto, Ontario
TD Securities Inc.	Toronto, Ontario
TD Timberlane Investments Limited	Vancouver, British Columbia
TD McMurray Investments Limited	Vancouver, British Columbia
TD Redpath Investments Limited	Vancouver, British Columbia
TD Riverside Investments Limited	Vancouver, British Columbia
TD US P & C Holdings ULC	Calgary, Alberta
TD Banknorth Inc.	Portland, Maine
Commerce Bancorp, LLC	Wilmington, Delaware
TD Bank USA, National Association	Portland, Maine
TD Bank, National Association	Wilmington, Delaware
NA Asset Management, Inc.	Wilmington, Delaware
TD Financial International Ltd.	Hamilton, Bermuda
Canada Trustco International Limited	St. Michael, Barbados
TD Reinsurance (Barbados) Inc.	St. Michael, Barbados
TD Uccello Rosso Investments Korlátolt Felelősségű Társaság	Szombathely, Hungary
TD Vermillion Holdings ULC	Calgary, Alberta
Toronto Dominion International Inc.	St. Michael, Barbados
TD Waterhouse Canada Inc.	Toronto, Ontario
Truscan Property Corporation	Toronto, Ontario
VFC Inc.	Toronto, Ontario

Unless otherwise noted, the Bank, either directly or through its subsidiaries, owns 100% of the entity and/or 100% of any issued and outstanding voting securities and non-voting securities of the entities listed, except the non-voting securities of TD Capital Trust and TD Capital Trust III. First Nations Bank of Canada is a subsidiary and is included given the significance of the Bank's investment in its non-voting securities. Each subsidiary is incorporated in the country in which its head or principal office is located, except TDAM USA Inc. which is incorporated in Delaware, USA.

## PRINCIPAL SUBSIDIARIES

### United States and Other International

(millions of dollars)		As at October 31, 2008
<b>United States</b>	Address of Head or Principal Office	Carrying value of shares owned by the Bank
TD Discount Brokerage Acquisition LLC TD AMERITRADE Holding Corporation (7.50%)	Wilmington, Delaware Omaha, Nebraska	\$ 1,002
TD Discount Brokerage Holdings LLC TD AMERITRADE Holding Corporation (32.64%)	Wilmington, Delaware Omaha, Nebraska	3,617
TD North America Limited Partnership	Wilmington, Delaware	722
Toronto Dominion Holdings (U.S.A.), Inc. TD Equity Options, Inc. Edge Trading Systems LLC TD Options LLC TD Holdings II Inc. TD Securities (USA) LLC TD Professional Execution, Inc. Toronto Dominion (Texas) LLC TD USA Insurance, Inc. Toronto Dominion (New York) LLC Toronto Dominion Capital (U.S.A.), Inc. Toronto Dominion Investments, Inc.	Chicago, Illinois Chicago, Illinois Chicago, Illinois Chicago, Illinois New York, New York New York, New York Chicago, Illinois New York, New York New York, New York New York, New York New York, New York New York, New York Houston, Texas	1,955
<b>Other International</b>		
NatWest Personal Financial Management Limited (50%) NatWest Stockbrokers Limited	London, England London, England	63
TD Ireland TD Global Finance	Dublin, Ireland Dublin, Ireland	1,351
TD Waterhouse Bank N.V.	Amsterdam, The Netherlands	256
TD Waterhouse Investor Services (UK) Limited TD Waterhouse Investor Services (Europe) Limited	Leeds, England Leeds, England	67
Toronto Dominion Australia Limited	Sydney, Australia	159
Toronto Dominion Investments B.V. TD Bank Europe Limited Toronto Dominion Holdings (U.K.) Limited TD Securities Limited	London, England London, England London, England London, England	1,109
Toronto Dominion Securities (Japan) Co., Ltd.	Tokyo, Japan	24
Toronto Dominion (South East Asia) Limited	Singapore, Singapore	851

Unless otherwise noted, the Bank, either directly or through its subsidiaries, owns 100% of the entity and/or 100% of any issued and outstanding voting securities and non-voting securities of the entities listed. Each subsidiary is incorporated in the country in which its head or principal office is located. TD AMERITRADE Holding Corporation is not a subsidiary of the Bank as the Bank does not control it; TD Discount Brokerage Acquisition LLC, TD Discount Brokerage Holdings LLC and their respective ownership of TD AMERITRADE Holding Corporation are included given the significance of the Bank's investment in TD AMERITRADE Holding Corporation.

## Appendix “B”

### AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF THE TORONTO-DOMINION BANK

#### CHARTER

*~ ~ Supervising the Quality and Integrity of the Bank's Financial Reporting ~ ~*

##### **Main Responsibilities:**

- overseeing reliable, accurate and clear financial reporting to shareholders
- overseeing internal controls - the necessary checks and balances must be in place
- directly responsible for the selection, compensation, retention and oversight of the work of the shareholders' auditor – the shareholders' auditor reports directly to the Committee
- listening to the shareholders' auditor, internal auditor and the chief compliance officer, and evaluating the effectiveness and independence of each
- overseeing the establishment and maintenance of processes that ensure the Bank is in compliance with the laws and regulations that apply to it as well as its own policies
- acting as the audit committee and conduct review committee for certain subsidiaries of the Bank that are federally-regulated financial institutions and insurance companies
- receiving reports on and approving, if appropriate, certain transactions with related parties

##### **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 the financial reporting, accounting policies and practices, disclosure practices, and internal controls of the Bank

### ***Composition and Independence, Financial Literacy 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, subject to a minimum requirement of three directors.

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.

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 all applicable laws, rules and regulations including those particularly applicable to audit committee members 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 duly 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 be financially literate or be willing and able to acquire the necessary knowledge quickly. Financially literate means the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Bank's financial statements. At least one member of the Committee shall have a background in accounting or related financial management experience which would include any experience or background which results in the individual's financial sophistication, including being or having been an auditor, a chief executive officer or other senior officer with financial oversight responsibilities.

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 the shareholders' auditor. The Audit 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.

Committee members will enhance their familiarity with financial, accounting and other areas relevant to their responsibilities by participating in educational sessions or other opportunities for development.

### ***Meetings***

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Committee shall meet with the shareholders' auditor and management quarterly to review the Bank's financial statements consistent with the section entitled "Financial Reporting" below. The Committee shall dedicate a portion of each of its regularly scheduled quarterly meetings to meeting separately with each of the Chief Financial Officer, the Chief Auditor, the Chief Compliance Officer and the shareholders' auditor and to meeting on its own without members of management or the shareholders' auditor. Annually, the Committee shall meet jointly with the Risk 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.

To facilitate open communication between this Committee and the Risk Committee, and where the Chair of the Risk Committee is not a member of this Committee, he or she shall receive notice of and attend by invitation of this Committee, as a non-voting observer, each meeting of this Committee and receive the materials for each such meeting.

Additionally, the Committee may invite to its meetings any director, management and other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities.

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

#### *Financial Reporting*

The Committee shall be responsible for the oversight of reliable, accurate and clear financial reporting to shareholders, including reviewing the Bank’s annual and interim financial statements and management’s discussion and analysis, prior to approval by the Board and release to the public, and reviewing, as appropriate, releases to the public of significant material non-public financial information of the Bank. Such review of the financial reports of the Bank shall include, where appropriate but at least annually, discussion with management and the shareholders’ auditor of significant issues regarding accounting principles, practices, and significant management estimates and judgments.

The Committee shall review earnings press releases and satisfy itself that adequate procedures are in place for the review of the Bank’s public disclosure of financial information extracted or derived from the Bank’s financial statements, other than the public disclosure in the Bank’s annual and interim financial statements and MD&A, and must periodically assess the adequacy of those procedures.

#### *Financial Reporting Process*

The Committee shall support the Board in its oversight of the financial reporting process of the Bank including:

- working with management, the shareholders’ auditor and the internal audit department to review the integrity of the Bank’s financial reporting processes;
- reviewing the process relating to and the certifications of the Chief Executive Officer and the Chief Financial Officer on the integrity of the Bank’s quarterly and annual consolidated financial statements and other disclosure documents as required;
- considering the key accounting policies of the Bank and key estimates and judgments of management and discussing such matters with management and/or the shareholders’ auditor;
- keeping abreast of trends and best practices in financial reporting including considering, as they arise, topical issues such as the use of variable interest entities and off-balance sheet reporting, and their application to the Bank;
- reviewing with the shareholders’ auditor and management significant accounting principles and policies and all critical accounting policies and practices used and any significant audit adjustments made;

- considering and approving, if appropriate, major changes to the Bank's accounting and financial reporting policies as suggested by the shareholders' auditor, management, or the internal audit department; and
- establishing regular systems of reporting to the Committee by each of management, the shareholders' auditor and the internal audit department regarding any significant judgments made in management's preparation of the financial statements and any significant difficulties encountered during the course of the review or audit, including any restrictions on the scope of work or access to required information.

#### *The Audit Committee's Role in the Financial Reporting Process*

The shareholders' auditor is responsible for planning and carrying out, in accordance with professional standards, an audit of the Bank's annual financial statements and reviews of the Bank's quarterly financial information. Management of the Bank is responsible for the preparation, presentation and integrity of the Bank's financial statements and for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to ensure compliance with accounting standards and applicable laws and regulations. The Audit Committee oversees the financial reporting process at the Bank and receives quarterly reporting regarding the process undertaken by management and the results of the review by the shareholders' auditor. It is not the duty of the Audit Committee to plan or conduct audits, or to determine that the Bank's financial statements are complete, accurate and in accordance with GAAP.

#### *Internal Controls*

The Committee shall be responsible for overseeing the establishment and maintenance of internal controls of the Bank, including:

- requiring management to implement and maintain appropriate systems of internal controls (including controls related to the prevention, identification and detection of fraud), and that also comply with applicable laws, regulations and guidance, including section 404 of the U.S. Sarbanes-Oxley Act and similar rules of the Canadian Securities Administrators;
- meeting with management, the Chief Auditor and the shareholders' auditor to assess the adequacy and effectiveness of the Bank's internal controls, including controls related to the prevention, identification and detection of fraud;
- receiving reports from the Risk Committee as considered necessary or desirable with respect to any issues relating to internal control procedures considered by that Committee in the course of undertaking its responsibilities; and
- reviewing reporting by the Bank to its shareholders regarding internal control over financial reporting.

#### *Internal Audit Division*

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

- review and approve the annual audit plan and any significant changes thereto;
- confirm the appointment and dismissal of the Chief Auditor of the Bank;
- at least annually assess the effectiveness of the internal audit division;

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

#### *Oversight of Shareholders' Auditor*

The Committee shall review and evaluate the performance, qualifications and independence of the shareholders' auditor including the lead partners and annually make recommendations to the Board and shareholders regarding the nomination of the shareholders' auditor for appointment by the shareholders. The Committee shall also make recommendations regarding remuneration and, if appropriate, termination of the shareholders' auditor. The shareholders' auditor shall be accountable to the Committee and the entire Board, as representatives of the shareholders, for its review of the financial statements and controls of the Bank. In addition, the Committee shall:

- review and approve the annual audit plans and engagement letters of the shareholders' auditor;
- review the shareholders' auditor's processes for assuring the quality of their audit services including any matters that may affect the audit firm's ability to serve as shareholders' auditor;
- discuss those matters that are required to be communicated by the shareholders' auditor to the Committee in accordance with the standards established by the Canadian Institute of Chartered Accountants, as such matters are applicable to the Bank from time to time;
- review with the shareholders' auditor any issues that may be brought forward by it, including any audit problems or difficulties, such as restrictions on its audit activities or access to requested information, and management's responses;
- review with the shareholders' auditor concerns, if any, about the quality, not just acceptability, of the Bank's accounting principles as applied in its financial reporting; and
- provide a forum for management and the internal and/or shareholders' auditor to raise issues regarding their relationship and interaction. To the extent disagreements regarding financial reporting are not resolved, be responsible for the resolution of such disagreements between management and the internal and/or shareholders' auditor.

#### *Independence of Shareholders' Auditor*

The Committee shall monitor and assess the independence of the shareholders' auditor through various mechanisms, including:

- reviewing and approving (or recommending to the Board for approval) the audit fees and other significant compensation to be paid to the shareholders' auditor and reviewing, approving and monitoring the policy for the provision of non-audit services to be performed by the shareholders' auditor, including the pre-approval of such non-audit services in accordance with the policy;
- receiving from the shareholders' auditor, on a periodic basis, a formal written statement delineating all relationships between the shareholders' auditor and the Bank consistent with the rules of professional conduct of the Canadian provincial chartered accountants institutes or other regulatory bodies, as applicable;
- reviewing and discussing with the Board, annually and otherwise as necessary, and the shareholders' auditor, any relationships or services between the shareholders' auditor and

the Bank or any factors that may impact the objectivity and independence of the shareholders' auditor;

- reviewing, approving and monitoring policies and procedures for the employment of past or present partners, or employees of the shareholders' auditor as required by applicable laws; and
- reviewing, approving and monitoring other policies put in place to facilitate auditor independence, such as the rotation of members of the audit engagement team, as applicable.

#### *Finance Department*

The Committee shall oversee the Finance Department of the Bank, including:

- reviewing and approving the mandate of the Finance Department and the mandate of the Chief Financial Officer at least annually;
- reviewing and approving, at least annually, the Finance Department budget and resource plan, including receiving reports from management on resource adequacy;
- annually assessing the effectiveness of the Finance Department and Chief Financial Officer;
- confirming the appointment and dismissal of the Chief Financial Officer; and
- providing a forum for the Chief Financial Officer to raise any financial reporting issues or issues with respect to the relationship and interaction among the Finance Department, management, the shareholders' auditor and/or regulators.

#### *Conduct Review and Related Party Transactions*

The Committee shall be responsible for conduct review and oversight of related party transactions (except the approval of Bank officer related party credit facilities which are reviewed by the Management Resources Committee and the approval of Bank director related party credit facilities which are reviewed by the Risk Committee, as required), including satisfying itself that procedures and practices are established by management as required by the *Bank Act* (Canada) relating to conduct review and related party transactions and monitoring compliance with those procedures and their effectiveness from time to time.

#### *Business Conduct and Ethical Behaviour*

The Committee shall monitor compliance with policies in respect of ethical personal and business conduct, including the Bank's Disclosure of Information and Complaint Procedures and the Bank's Code of Conduct and Ethics and the conflicts of interest procedures included therein, including approving, where appropriate, any waiver from the Bank's Code of Conduct and Ethics to be granted for the benefit of any director or executive officer of the Bank.

#### *Compliance*

The Committee shall oversee the establishment and maintenance of processes that ensure the Bank is in compliance with the laws and regulations that apply to it as well as its own policies, including:

- reviewing with management the Bank's compliance with applicable regulatory requirements and the legislative compliance management processes;
- establishing procedures in accordance with regulatory requirements for the receipt, retention and treatment of complaints received by the Bank on accounting, internal

accounting controls or auditing matters, as well as for confidential, anonymous submissions by employees of concerns regarding questionable accounting or auditing matters, and receiving reports on such complaints and submissions as required under the applicable policy;

- reviewing professional pronouncements and changes to key regulatory requirements relating to accounting rules to the extent they apply to the financial reporting process of the Bank; and
- reviewing with the Bank's general counsel any legal matter arising from litigation, asserted claims or regulatory noncompliance that could have a material impact on the Bank's financial condition.

#### *Compliance Department*

The Committee shall oversee the Compliance Department of the Bank and the execution of its mandate, including reviewing and approving its annual plan and any significant changes to the annual plan and/or methodology. The Committee shall satisfy itself that the Compliance Department has adequate resources and independence to perform its responsibilities. In addition, the Committee shall:

- annually review and approve the mandate of the Compliance Department and the mandate of the Chief Compliance Officer of the Bank;
- confirm the appointment and dismissal of the Chief Compliance Officer;
- confirm the appointment and dismissal of the Chief Anti-Money Laundering Officer of the Bank;
- at least annually assess the effectiveness of the Compliance function;
- regularly review reports prepared by the Chief Compliance Officer for the Audit Committee and follow-up on any outstanding issues;
- review an annual report from the Chief Compliance Officer regarding examinations of the Bank conducted by OSFI, and follow-up with management on the status of recommendations and suggestions, as appropriate; and
- provide a forum for the Chief Compliance Officer to raise any compliance issues or issues with respect to the relationship and interaction among the Compliance Department, management and/or regulators.

#### *General*

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

- acting as the audit committee and conduct review committee for certain Canadian subsidiaries of the Bank that are federally-regulated financial institutions and insurance companies, including meeting on an annual basis with the chief actuaries of the subsidiaries of the Bank that are federally-regulated insurance companies;
- performing such other functions and tasks as may be mandated by regulatory requirements applicable to audit committees and conduct review committees or delegated by the Board;
- conducting an annual evaluation of the Committee to assess its contribution and effectiveness in fulfilling its mandate;

- reviewing reports from the Risk Committee for purposes of monitoring policies and processes with respect to risk assessment and risk management and discuss the Bank's major financial risk exposures, including operational risk issues, and the steps management has taken to monitor and control such exposures;
- reviewing and assessing the adequacy of this Charter at least annually and submitting this Charter to the Corporate Governance Committee and the Board for approval upon amendment;
- maintaining minutes or other records of meetings and activities of the Committee; and
- reporting to the Board on material matters arising at Audit Committee meetings following each meeting of the Committee and reporting as required to the Risk Committee on issues of relevance to it.



**Bank Financial Group**