TD BANK GROUP
ENTERS INTO AN AGREEMENT TO ACQUIRE
MBNA CANADA CREDIT CARD BUSINESS
AUGUST 15, 2011

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PRESENTATION

Operator

Good morning, ladies and gentlemen, and thank you for standing by. Welcome to the Toronto-Dominion Bank Conference Call. At this time, all participants are in a listen-only mode. Following the presentation, we will conduct a question and answer session with instructions provided. If anyone has any difficulties during the conference, please press star, zero for operator assistance at any time. I would like to remind everyone that this conference call is being recorded today, Monday, August 15th, 2011, at 8:30 AM Eastern Time. I would now turn the conference over to Rudy Sankovic. Please go ahead.

Rudy Sankovic – *TD Bank Group - SVP, Investor Relations*

Good morning, and welcome to Toronto-Dominion Bank's investor presentation regarding our agreement to acquire the credit card portfolio and other assets and liabilities of MBNA Canada. My name is Rudy Sankovic, and I'm the Head of Investor Relations at the Bank. We'll begin today's presentation with remarks from Ed Clark, the Bank's CEO, after which Tim Hockey, Group Head, Canadian Banking and North American Auto Finance, Mark Chauvin, Chief Risk Officer, and Colleen Johnston, the Bank CFO, will go through the details of the acquisition. Also on today's call to offer some introductory remarks is Debra Armstrong, President, Canada Card Services, MBNA. Following the presentation, we'll entertain questions from pre-qualified analysts and investors. We will try and limit the call to approximately 45 minutes. Given that we are in our quiet period and will be releasing our Q3 results on September 1st, we would appreciate if you could restrict your questions to this transaction only.

Please turn to slide two. At this time, I'd like to caution our listeners that this presentation contains forward-looking statements, and there are risks that actual results could differ materially from what is discussed. Any forward-looking statements contained in this presentation represent the views of management and are presented for the purpose of assisting the bank shareholders and analysts in understanding the bank's financial position, objectives and priorities and anticipated financial performance and may not be appropriate for other purposes. Certain material, factors or assumptions were applied in making these forward looking statements. There is additional information on these factors and assumptions in today's press release, this IR presentation, our 2010 MDNA and the MDNA in TD's Q1 and Q2 2011 report to shareholders, all on TD.com. With that, let me turn the presentation over to Ed Clark. Ed?

Ed Clark – *TD Bank Group - Group President & CEO*

Thank you, Rudy, and thank you all for joining us today. This morning, I'm pleased to announce our transaction to acquire the credit card business of MBNA Canada. We've consistently said we'll seize good opportunities that make strategic sense, fit within our risk profile and are financially attractive. This franchise brings new customers to TD and provides additional attractive product options to our customers. With this one transaction, we will rapidly increase our outstanding balances and move from having a fast growing, yet under-penetrated credit card business to establishing TD as one of the top credit card issuers in Canada.

The MBNA Canada transaction makes sense as its business model is complementary to ours. With MBNA Canada, we add a best in class direct distribution capability to our leading branch distribution network. We also stand to benefit from adding relationships through the addition of 1.8 million new active accounts including a strong consumer base affinity business.

Clearly important in this transaction, as with previous ones, is the fact the risks are clear, understandable and manageable. And at a modest premium, the acquisition is financially attractive. We expect it to be accretive to our adjusted earnings in the first year, assuming we issue the maximum number of shares we have targeted. With that, I will turn the presentation over to Tim to describe this exciting transaction.

Tim Hockey – ***TD Bank Group – Group Head, Canadian Banking and North American Auto Finance***

Thanks, Ed. If you could turn to slide four, I'll begin by providing some background on MBNA Canada. MBNA Canada is the country's largest MasterCard issuer, the manager of the fourth largest Canadian credit card portfolio and has the premier affinity and endorsed credit card book in the country with a variety of major partnerships. Ultimately, this transaction will allow us to dramatically increase our market share position while active accounts and originations will substantially add to TD's existing business.

On close, we expect the MBNA Canada portfolio to have approximately 8.5 billion in outstanding balances. Because we do not expect to be as aggressive with promotional rate offerings, we anticipate this balance will decrease by approximately 2 billion over the 12 to 18 months following the closing date. That's net of expected growth. MBNA Canada has been able to grow this business through the hard work and dedication of its employees and its experienced management team. We look forward to having the MBNA Canada team join TD.

At this time, I'd like to introduce Debra Armstrong, who is the President of Canada Card Services at MBNA, to offer a few comments. Debra, over to you.

Debra Armstrong – ***MBNA – President, Canada Card Services***

Thank you, Tim. This is a very exciting day for me and for everyone on the MBNA Canada team. Joining forces with TD will benefit our customers, our employees and our partners. There are many reasons to be excited about the future. I am confident that the opportunities that are in front of us, by combining the superior capabilities of both companies, will increase customer value. I think I can speak on behalf of my team when I say we're looking forward to joining the TD family. Thank you very much for having us. And with that, I turn it back to you, Tim.

Tim Hockey – ***TD Bank Group – Group Head, Canadian Banking and North American Auto Finance***

Great. You can turn to slide five. As you may know, a number of years ago, TD identified credit cards as a super growth business, given our fifth place market position. We've been gaining market share steadily, primarily through cross-selling our existing customers.

Our existing business offers attractive returns, benefiting from our strong branch based distribution capability, our competitive product suite and our enhanced credit scoring system. But, while we have grown the business at a pace exceeding that of our Canadian peers, we remain below what we would do with our natural market share. The transaction with MBNA Canada addresses this and more.

The acquisition represents an opportunity to acquire a domestic credit card portfolio of material size, dramatically increasing our scale in one transaction. But, even more important than the increase in assets, MBNA Canada has a number of core capabilities with augment our own.

MBNA Canada has best in class direct origination, analytical and relationship management capabilities. Our combined card businesses will provide a complementary blend of channels and distribution expertise to drive future origination.

The addition of MBNA Canada's successful affinity business will enhance TD's existing position as the leading provider of financial services to this attractive segment. As you may know, TD's insurance business is already the leading affinity partner insurance company in Canada. And given the relatively modest overlap between our relationship portfolios, we're excited about how we will be positioned to offer broader financial services to this segment.

Including the affinity relationships, we will add approximately 1.8 million active accounts with this transaction. As we bring the two organizations together, we expect to create numerous opportunities to not only cross-sell banking products to many of these new customers, but to also offer MBNA Canada's card suite to our existing TD customers.

Lastly, this acquisition will transform TD into a top tier duo credit card issuer. This is both financially attractive and also supports our position as the service and convenience bank. We know many of our customers like to hold both a Visa and a MasterCard. As a dual issuer, we will be able to offer them the choice in their wallet between our leading Visa card lineup or their favorite NHL team's MasterCard, for example.

Our integration plan is outlined on page six. We expect this transaction to close on--in Q1 2012, subject to regulatory approvals and satisfaction of customary closing conditions. After close, we expect a transition period of approximately 18 months to facilitate conversion and integration. During this time period, we expect to run MBNA Canada on a standalone basis while gaining a deeper knowledge and understanding of their business as we proceed. Obviously, ultimately, it's important to take the time to do it right.

We expect the MBNA Canada brand to be maintained until conversion is completed, and we intend to keep MBNA Canada's experienced management team focused on running and building the business. I'll now turn the presentation over to Mark.

Mark Chauvin – *TD Bank Group – Group Head & Chief Risk Officer*

Thank you, Tim. Please turn to slide seven. As Ed mentioned at the outset, we are quite comfortable with the acquisition from a risk perspective. TD has significant experience with the Canadian credit card business, resulting in a good understanding of this asset class.

Our retail risk management team completed extensive due diligence on the MBNA Credit--MBNA Canada credit card portfolio to clearly understand the risk. Although MBNA Canada's portfolio generates a higher level of PCL than TD's existing portfolio, due to its asset mix in different distribution channels, we are comfortable with the risk profile of the combined portfolio.

Post-acquisition, originations will be underwritten to TD's guidelines using an optimal combination of MBNA Canada and TD's account management and collections strategies. Our Canadian credit card PCL rate is forecast to rise slightly as MBNA Canada's promo balances run off, peaking in 2012 and reducing steadily thereafter based on current economic projections. And now, I'll turn the presentation over to Colleen.

Colleen Johnston – *TD Bank Group – CFO & Group Head, Finance*

Thank you, Mark. Please turn to slide eight. As you can see, with a modest premium, this acquisition is financially attractive and is expected to be accretive to adjusted earnings by approximately 5 cents in 2012 and by 10 cents in 2013. As Tim mentioned earlier, credit cards are a financially attractive business. Total cash consideration to be paid is 7.5 billion.

As you can see in the table provided, we expect to take fair value marks of roughly 500 million. Total goodwill and intangibles, including the marks, will be approximately 600 million. We have assumed modest synergies in our models. Integration costs are currently estimated at 125 million pretax and are primarily IT related.

Please turn to slide nine. Slide nine outlines the capital impact of the deal. With respect to our previous guidance on Basel 3, we remain very comfortable with our projection to meet our targeted common equity range of 7 to 8 percent by 2013. We will provide a Basel 3 update during our Q3 earnings call.

Prior to close, we expect to issue up to 8 million shares for prudent capital management purposes subject to tone and price in the market. The deal itself does not require us to add capital. However, given the significant amount of macro economic uncertainty we've all seen and our goal to get to our Basel 3 target ratio of sooner rather than later, we feel issuing shares is the right thing to do.

After taking into account the common share issue, the deal will reduce our tier one capital ratio by approximately 20 basis points. I will now turn the presentation back to Rudy.

Rudy Sankovic – *TD Bank Group - SVP, Investor Relations*

Thanks, Colleen. We're going open it up to questions. Just want to remind everybody that we are in quiet period, and we will be releasing our Q3 results on September 1st. And we would therefore appreciate it if you could restrict your questions to this transaction only. And with that, we'll open the floor up for calls. So, operator, over to you.

QUESTION AND ANSWER

Operator

Thank you. Ladies and gentlemen, we will now conduct a question and answer session. If you have a question, please press the star followed by the one on your touchtone phone. You will hear a tone acknowledging your request.

Your questions will be pulled in the order they are received. Please ensure you lift the handset if you're using a speakerphone before pressing any keys. Once again, ladies and gentlemen, if you do have a question at this time, you may press the star followed by the one.

Your first question today comes from Robert Sedran with CIBC. Please go ahead.

Robert Sedran *- CIBC - Analyst*

Good morning. If I look at the 600 million in goodwill and then I figure somewhere around 500 million in equity to support the 6.5 billion destination balance, on that roughly 1.1, I'm getting an ROE of around 13 percent. Am I in the right ballpark on that?

And then, Tim, maybe if you can give some guidance in terms of if I am in the right ballpark, what might be a destination ROE say three to five years out? Can you get it over 20 percent?

Colleen Johnston – *TD Bank Group – CFO & Group Head, Finance*

Rob, the initial ROIC starts out at low double digits and moves sort of to mid teen double digits quite quickly.

Tim Hockey – *TD Bank Group – Group Head, Canadian Banking and North American Auto Finance*

I think that pretty much answers it, Rob.

Robert Sedran *- CIBC - Analyst*

And what--so, what might alter--the second question, what might alter the assumption around the 8 million shares? Is it all about the condition of the market? I mean, if it's a decent market, are you going issue eight, or might you issue less than that?

Ed Clark – *TD Bank Group - Group President & CEO*

I think it's really is a condition of the market. Obviously, last week leaves you in a position where it's hard to predict exactly with the markets. And since we don't actually need to issue them in order to meet the Basel 3 target in 2013, we're doing it more as a prudent measure than, you know, obviously, if the market continued to be extremely volatile, then we wouldn't go ahead. But, I--we're assuming that sometime between now and closing, the markets will settle down and the price will be a price that we would find attractive to do it.

Rudy Sankovic – *TD Bank Group - SVP, Investor Relations*

Next call please.

Operator

Your next question comes from John Aiken with Barclays Capital. Please go ahead.

John Aiken – *Barclays Capital – Analyst*

Good morning. With the higher balances and obviously the higher provision for loan losses, I'm assuming MBNA generates a higher yield. Can you give us a sense of magnitude of the differential between MBNA's yield versus what TD has currently on its domestic portfolio?

Tim Hockey – *TD Bank Group – Group Head, Canadian Banking and North American Auto Finance*

No, we don't actually disclose that, and we--I would say that they do have a different business mix than we do. So, that's one of the reasons why we would be adjusting the originations going forward so that it would be more akin with our risk profile.

The way to think about this is that it's actually buying the capabilities of a different mix of business and a different distribution than we currently have. But, it will transform to fit within our risk profile.

John Aiken – *Barclays Capital – Analyst*

Great, thanks. And with the $2 billion decline in terms of not following the same teaser rates as what MBNA has done in the past, what--how comfortable are you around that 2 billion forecast in terms of do you think that's a reasonably conservative number? And what's the risk that additional attrition may carry on after that each month period?

Tim Hockey – *TD Bank Group – Group Head, Canadian Banking and North American Auto Finance*

We think that's--we did a lot of analysis, as you can imagine, around that number. And so, we're quite comfortable that that's conservative.

John Aiken – *Barclays Capital – Analyst*

And the risk after 18 months?

Tim Hockey – *TD Bank Group – Group Head, Canadian Banking and North American Auto Finance*

I would say, on balance, we think that's the right number. So, 50/50 either way, I guess - that's the way we would do it.

John Aiken – *Barclays Capital – Analyst*

Thanks, Tim.

Rudy Sankovic – *TD Bank Group - SVP, Investor Relations*

Next question please.

Operator

Your next question comes from Andre Hardy with RBC Capital Markets. Please go ahead.

Andre-Phillippe Hardy – *RBC Capital Markets - Analyst*

Thank you very much. I have two questions. The first is probably for Debra. Was MBNA underwriting any cards on behalf of financial institutions in Canada?

Debra Armstrong – *MBNA – President, Canada Card Services*

Yes, we were.

Andre-Phillippe Hardy – *RBC Capital Markets - Analyst*

How big would that book be? And maybe for Tim, you know, do you assume you'll retain those balance, and why?

Tim Hockey – *TD Bank Group – Group Head, Canadian Banking and North American Auto Finance*

Yes, MBNA Canada, one of the attractive parts of the portfolio was a business called CUETS. They're a fantastic provider to credit unions. We absolutely believe that's an integral part of the business, and we're quite confident that the service model of MBNA Canada and obviously TD will continue to grow that business.

Andre-Phillippe Hardy – *RBC Capital Markets - Analyst*

And how big would that be, Tim? And what gives you comfort that these credit unions would essentially encourage a competitor?

Tim Hockey – *TD Bank Group – Group Head, Canadian Banking and North American Auto Finance*

It's a little less than a billion of the portfolio.

Andre-Phillippe Hardy – *RBC Capital Markets - Analyst*

Have you had a chat with those customers or--?

Tim Hockey – *TD Bank Group – Group Head, Canadian Banking and North American Auto Finance*

That's one of the next set of calls we're going be making.

Andre-Phillippe Hardy – *RBC Capital Markets - Analyst*

Thanks. And my other question relates to synergies. Colleen, you mentioned modest synergies. Presumably, you're talking about operational synergies, but I'm also curious on funding. You know, does TD bring a cost of funds advantage here, or will the existing synchronization model of MBNA be maintained?

Colleen Johnston – *TD Bank Group – CFO & Group Head, Finance*

So, to your first question, the synergies, we are referring to operational synergies on both the revenue and the expense side. And on the funding side, Andre, we will--we'll use our, you know, regular paradigm around discreetly funding and transfer pricing this particular portfolio. A portion of it, in fact a large portion of it, we'll consider to be at longer term rates with about a third of it being at short term rates. So, it's really quite a different paradigm than MBNA Canada was using.

Andre-Phillippe Hardy – *RBC Capital Markets - Analyst*

So, fair to say that the securitization activity will probably decline?

Colleen Johnston – *TD Bank Group – CFO & Group Head, Finance*

Yes, that would be correct.

Andre-Phillippe Hardy – *RBC Capital Markets - Analyst*

Thank you.

Rudy Sankovic – *TD Bank Group - SVP, Investor Relations*

Next question please.

Operator

Your next question comes from Brad Smith with Stonecap Securities. Please go ahead.

Brad Smith *- Stonecap Securities - Analyst*

I was just curious, with respect to the 1.8 million active accounts and the anticipated attrition that you see, what will the active accounts--what do you expect them to be for the bank as a whole say at the end of the conversion period?

Tim Hockey – *TD Bank Group – Group Head, Canadian Banking and North American Auto Finance*

I think that number declines, if I remember the model, a couple hundred thousand. The way we think of that is that of that 1.8 million, there's about 500,000 of those customers that already have a relationship with TD. So, call it net/net, we'll be adding about 1 million customers to our existing customer franchise here in Canada.

Brad Smith *- Stonecap Securities - Analyst*

What would total customer franchise be at the end of the day?

Tim Hockey – *TD Bank Group – Group Head, Canadian Banking and North American Auto Finance*

Well, we have about 12 million customers now here and--well, call it 11 million, and we're going to 12.

Brad Smith *- Stonecap Securities - Analyst*

And you're going to 12. Great. Thanks very much.

Rudy Sankovic – *TD Bank Group - SVP, Investor Relations*

Next question, please.

Operator

Your next question comes from Michael Goldberg with Desjardin Securities. Please go ahead.

Michael Goldberg *- Desjardins Securities - Analyst*

Thanks. I have a couple of questions. So, first of all, what's the actual gross amount of those promotional rate receivables that are expected to run off?

Tim Hockey – *TD Bank Group – Group Head, Canadian Banking and North American Auto Finance*

The gross amount--I'm sorry--a little over 2, 2.5 billion, and we expect to grow the other parts of the business by about .5 billion over that timeframe, Michael. Over the 18, 24 months sort of timeframe.

Michael Goldberg ***- Desjardins Securities - Analyst***

And was this a negotiated transaction, or were there any aspects of it being an auction?

Ed Clark – ***TD Bank Group - Group President & CEO***

Well, I guess we don't know who--Michael, we're not privy to what the other side--you can ask the other side that question. Didn't have an exclusive when we negotiated the deal.

Michael Goldberg ***- Desjardins Securities - Analyst***

So you had an exclusive?

Ed Clark – ***TD Bank Group - Group President & CEO***

We did not.

Michael Goldberg ***- Desjardins Securities - Analyst***

Question for Mark Chauvin - can you tell me what the optimal combination of MBNA Canada and TD account management and collections strategies means? How does MBNA differ from TD?

Mark Chauvin – ***TD Bank Group – Group Head & Chief Risk Officer***

Well, our adjudication process factors largely on, you know, existing customers. So, it would factor in their customer base, their behavior and the level of products they have with us, whereas with MBNA--and maybe Debra would better answer it--is more of a--you know, has to rely more about the FICO scores, the account application information as well as the other, I think, strategies that we're looking to learn for going forward of soliciting cards through the direct channel processes.
Would you like to--?

Debra Armstrong – ***MBNA – President, Canada Card Services***

I would add nothing to that, Mark. That's correct.

Mark Chauvin – ***TD Bank Group – Group Head & Chief Risk Officer***

Think there's a good optimal blend between the two.

Michael Goldberg ***- Desjardins Securities - Analyst***

And last, can you talk more about the affinity opportunity that you see and the potential cross selling that might represent?

Tim Hockey – ***TD Bank Group – Group Head, Canadian Banking and North American Auto Finance***

Sure, Michael. It's Tim. So, first of all, we haven't put a lot of upside in our current forecast for that opportunity. But, frankly, if you look at the about 900 relationships that MBNA Canada has, they overlap by about a third with our insurance business.

It is not an easy business to actually--in fact, in our history at TD, we've attempted over multiple years to expand into a broader offering of financial services to the affinity market beyond our insurance business. But, it's tough to build up from your own.

So, we find these two complementary businesses to be quite, you know, helpful to each other, if you will. Plus, the relationship overlap is only about a third of that base.

So, over time, we obviously think that--our insurance business, for example, is quite excited about this transaction. And so, we expect to be able to expand our offering through to those universities, NHL organizations, you name it. Those types of partnerships can benefit.

Michael Goldberg - *Desjardins Securities - Analyst*

Thank you.

Operator

Your next question comes from Darko Mihelic with Cormark Securities. Please go ahead.

Darko Mihelic – *Cormark Securities - Analyst*

Hi, thank you. Good morning. I just wanted to revisit the one question on the process. It sounds like you guys did extensive due diligence. Can you maybe perhaps give us an idea of what that actually means? And maybe also for Mark, as well, on slide seven, I think what might be helpful for us to better understand the portfolio you're acquiring is maybe give us some sort of an idea of the difference in credit scores, so maybe what would the Beacon scores be for MBNA Canada versus that of TD?

And just, again, with respect to the process, extensive due diligence - how long have you had a chance to kick the tires here? And was it TD contacting Bank of America or Vice Versa?

Mark Chauvin – *TD Bank Group – Group Head & Chief Risk Officer*

Well, Darko, maybe I--I can certainly explain our normal due diligence process that we apply to any acquisition. In this particular case, it's been a period of several months. You know, it involves the entire organization, and it's focused on ensuring that, you know, we have a very robust way of, throughout the due diligence process, raising the risk, making sure that we fully understand them and continuing or probe or answer to delve into the issues until we're comfortable with the risks themselves.

If you look at the, kind of the credit quality of the two portfolios, the FICO scores on the bands for TD itself or across the various types of cards from MBNA are generally in the same range. But, I think the better indicator of the credit quality is shown by the overall loss rates on slide seven at 4.2 and 6.4. The MBNA Canada loss rate is higher at 6.4 primarily because of the asset mix of the cards and their delivery channel, meaning direct.

So, at the end of the day, I mean, if you have a FICO score of--two customers with the same FICO score, one with a relationship with the bank and a product will tend to have a lower loss rate than the other. So, that's just a difference in the network.

What we would expect on the loss rates of MBNA Canada, as the promo balances run off, we'll probably see them increase because they would have a lower loss content, possibly, approximately the 7 percent range. But, from that point forward, we would expect them to come down as we implement a combination of TD's account management underwriting and the MBNA Canada account management strategies.
So, I think what you'll see, though, is you will see the overall Canadian credit card loss rates go up slightly from what our historical experience, something in the, you know, probably approximating 5 percent in 2012 based on current economic projections.

Darko Mihelic – *Cormark Securities - Analyst*

Thank you.

Rudy Sankovic – *TD Bank Group - SVP, Investor Relations*

Next question please.

Operator

Your next question comes from Peter Routledge with National Bank Financial. Please go ahead.

Peter Routledge – *National Bank Financial - Analyst*

Hi. That last answer's very helpful. Just on that point--and I understand the strategic rationale of the deal, but your--but, TD is going long consumer, Canadian consumer credit. It's certainly weaker than your in force space at a time when household leverage levels are at all time highs. We could be heading for at least a soft spot. How does that play into your thinking in the deal?

Ed Clark – *TD Bank Group - Group President & CEO*

Maybe I'll start, and then Mark can leap in. I mean, obviously, that I think is a critical business judgment you're making. And so, I think, for us, it's when you then do all your due diligence and all your modeling, you build in a degree of conservatism in to say, suppose that the world turns out to be worse, what does this feel like, are we comfortable with this transaction.

And with all acquisitions, I think it's fair to say that people on the receiving end believe that we do a very extensive due diligence. That would be an understatement of what--how it feels. But, we also always, you know, stress test any acquisition and say is this an acquisition that could hurt us badly if the world turns out to be worse than we thought.

And so, I think, you know, we're comfortable in the end, given our overall business mix, earnings mix, power of our franchise that, you know, this is a deal that in the long run will be profitable and that the estimates that we're giving you are reasonable in the circumstances.

Mark Chauvin – *TD Bank Group – Group Head & Chief Risk Officer*

The other thing I would add is that, really, you know, we felt the overall transaction was well within our risk tolerance or appetite. Really, it's bringing our market share and cards around our balance sheet to a more natural level.

And as Ed indicated, we do stress test it for fairly severe conditions. And in those scenarios, we felt that it was something that would be quite manageable, especially when you compare it against the opportunities that this transaction represents.

Peter Routledge – *National Bank Financial - Analyst*

Just a quick follow up on inactive--a technical question--inactive accounts in the book. Will you try and turn those off quickly?

Tim Hockey – *TD Bank Group – Group Head, Canadian Banking and North American Auto Finance*

Hadn't modeled the inactive--so, the short answer is we'll have to take a harder look at what's in there in the in actives and make some calls once we close the deal.

Peter Routledge – *National Bank Financial - Analyst*

Thanks.

Rudy Sankovic – *TD Bank Group - SVP, Investor Relations*

Next question please.

Operator

Your next question comes from Gabriel Dechaine with Credit Suisse. Please go ahead.

Gabriel Dechaine *- Credit Suisse - Analyst*

Hey, good morning. Just want to clarify something I heard Mark say. The runoff portfolio, the 2 billion promo rate balances, those had lower loss ratios?

Mark Chauvin *– TD Bank Group – Group Head & Chief Risk Officer*

Yes, that's correct, especially, you know, they're very--they would have a large balance, low interest rate. And then, when the interest rate reduction period stopped, they would transfer out to somewhere else. So, what you are losing--we call it the denominator impact. It does tend to kind of show an overall lower average rate. But, we factor all that out in our analysis.

Gabriel Dechaine *- Credit Suisse - Analyst*

No, I mean the PCL, on that is actually lower?

Mark Chauvin *– TD Bank Group – Group Head & Chief Risk Officer*

Yes, for the customer that comes in, takes advantage of the lower rate, then leaves when the rate expires.

Gabriel Dechaine *- Credit Suisse - Analyst*

That makes sense. And then, spoke about a few distribution channels - are there any that you're exiting or plan to exit?

Tim Hockey *– TD Bank Group – Group Head, Canadian Banking and North American Auto Finance*

Too early to say. I mean, we'll be tweaking at the edges, again, based on our risk appetite. But, one of the things we hope to be able to learn a lot from Debra's team is exactly how they optimize their mix of channels, and we'll integrate them with our own obviously very dominant branch based channel.

Gabriel Dechaine *- Credit Suisse - Analyst*

Thanks.

Rudy Sankovic *– TD Bank Group - SVP, Investor Relations*

Next question please.

Operator

Ladies and gentlemen, if you have any additional questions at this time, you may press the star followed by the one. Your next question comes from Sumit Malhotra with Macquarie Capital Markets. Please go ahead.

Sumit Malhotra *- Macquarie Capital Markets - Analyst*

Good morning. Two hopefully quick questions please, first for Tim, maybe Debra - we've talked a lot in the last couple of quarters about the slowing consumer loan growth in Canada. You know, first off, maybe just get an idea what the growth rate of the MBNA book has looked like relative to TD and whether we have seen that same slowing on the credit card side that seems to be the case for most of the banks so far in 2011.

Tim Hockey – ***TD Bank Group – Group Head, Canadian Banking and North American Auto Finance***

Start with the MBNA, Debra?

Debra Armstrong – ***MBNA – President, Canada Card Services***

I think what you've seen in the market is pretty reflective of what's happened to our portfolio, as well. And, yes, we certainly have seen softening in growth.

Tim Hockey – ***TD Bank Group – Group Head, Canadian Banking and North American Auto Finance***

And on the TD side, we've been growing at small single digits, so been gaining a little bit of share in the Canadian marketplace in the last year or so.

Sumit Malhotra - ***Macquarie Capital Markets - Analyst***

And although, Tim the loss rates don't seem dramatically different, I think you haven't disagreed with the notion that, you know, certainly different quality of borrower between the two historically. Is there--as you look at the marketplace right now, is there a portion of the book that you see doing better in the levered environment we have at this time?

Tim Hockey – ***TD Bank Group – Group Head, Canadian Banking and North American Auto Finance***

Portion of the acquired book doing better?

Sumit Malhotra - ***Macquarie Capital Markets - Analyst***

No, between the legacy TD and then the acquired book today?

Tim Hockey – ***TD Bank Group – Group Head, Canadian Banking and North American Auto Finance***

I'm not sure I understand the question. Better than?

Sumit Malhotra - ***Macquarie Capital Markets - Analyst***

Do you see different growth rates between the two?

Tim Hockey – ***TD Bank Group – Group Head, Canadian Banking and North American Auto Finance***

Growth rates only? No, I don't. It's more a function of our appetite for each of these various different parts of the portfolios. And it's a bit early to tell, frankly. The one thing we do know, of course, is that I've said that we like the affinity business, we like the endorse businesses we've called, we like the CUETS business, and the promo business is one where we feel that we just don't get enough appropriate return for the risk for those interest rate sensitive customers that'll be running it off. So, you know, there are different assumptions of growth rates in each.

But, to the earlier point, we're not expecting massive increases in consumer leverage over the next number of years and then depend on that to make our business case.

Sumit Malhotra - ***Macquarie Capital Markets - Analyst***

Fair enough. One numbers question for Colleen to wrap up - I can probably back into this, but if you could help me out, it would save me a little time. Risk weighted assets on closing for this deal?

Colleen Johnston – *TD Bank Group – CFO & Group Head, Finance*

So, based on the ultimate balance of the 6.5 billion, we'll be risk weighting that at 75 percent out of the standardized method.

Sumit Malhotra - *Macquarie Capital Markets - Analyst*

Seventy-five. But, the 6.5 is where you expect to be 18 months after close.

Colleen Johnston – *TD Bank Group – CFO & Group Head, Finance*

Right.

Sumit Malhotra - *Macquarie Capital Markets - Analyst*

So, 75 percent on the close.

Colleen Johnston – *TD Bank Group – CFO & Group Head, Finance*

Of the balances, plus the goodwill and intangibles of the amount of the invested capital that we've got.

Sumit Malhotra - *Macquarie Capital Markets - Analyst*

Thank you for your time.

Rudy Sankovic – *TD Bank Group - SVP, Investor Relations*

Next question, please.

Operator

Your next question is a follow up from Michael Goldberg with Desjardins Securities. Please go ahead.

Michael Goldberg – *Desjardins Securities - Analyst*

Thanks. Not to get into ancient history, but when TD acquired Canada Trust, you shut down a home equity secured credit card product. Do you foresee ever getting back into that type of product? And if not, why not?

Tim Hockey – *TD Bank Group – Group Head, Canadian Banking and North American Auto Finance*

Sounds like you had one of our power line products, Michael.

Michael Goldberg – *Desjardins Securities - Analyst*

No, I didn't. I'm just curious.

Tim Hockey – *TD Bank Group – Group Head, Canadian Banking and North American Auto Finance*

So, we don't comment on future product launches, but that would be a very interesting idea.

Ed Clark – *TD Bank Group - Group President & CEO*

It was a good idea at the time, anyway.

Tim Hockey – *TD Bank Group – Group Head, Canadian Banking and North American Auto Finance*

Certainly was.

Michael Goldberg – *Desjardins Securities - Analyst*

Thank you.

Rudy Sankovic – *TD Bank Group - SVP, Investor Relations*

Next question, if there is any.

Operator

We have no further questions at this time. Please continue.

Rudy Sankovic – *TD Bank Group - SVP, Investor Relations*

Thank you. I'm going turn the call over to Ed Clark for final comments and remarks. Ed?

Ed Clark – *TD Bank Group - Group President & CEO*

So, obviously, I think we're quite pleased with this transaction. We think it fits our strategy, it's financially attractive and it has risks that are manageable. It obviously fulfills a quest that we've been on for some time now to fill in the gap of our natural market share in the credit card area, but it does so by actually adding the distribution capabilities that now puts us as a dual issuer. So, we believe there's a significant market within our existing customer base to carry two cards, one MasterCard and one Visa. And obviously, I think there's some real upside in the potential affinity relationships that we have in our insurance business and our card business. So, thank you very much for joining us on such short notice.

Rudy Sankovic – *TD Bank Group - SVP, Investor Relations*

Thank you, Ed. And that concludes our call, so thank you very much for joining us this morning. Any further questions, please contact the IR department, and we'll be glad to help you out, so thank you very much. Good day.