

Q3 2004 EARNINGS CONFERENCE CALL

CORPORATE PARTICIPANTS

Ed Clark	President & CEO
Dan Marinangeli	EVP & CFO
Bob Dorrance	Chairman & CEO, TD Securities
Bill Hatanaka	EVP, Wealth Management
Bharat Masarani	EVP, Risk Management
Andrea Rosen	President, TD Canada Trust

PRESENTATION

Dan Marinangeli – TD Bank – EVP & CFO

Slides 1 and 2: Q3 2004 Conference Call

Welcome to the TD Bank Financial Group third quarter 2004 investor presentation. My name is Dan Marinangeli and I'm the CFO of the bank. This meeting is being webcast in audio and video as well as a telephone conference call. After my formal presentation on the quarter, we will entertain questions from those present as well as pre-qualified analysts and investors on the phones.

Also present today to answer your questions are Ed Clark, President and CEO of the Bank; Bob Dorrance, Chairman & CEO of TD Securities; Andrea Rosen, President of TD Canada Trust; Bill Hatanaka, EVP of Wealth Management; and Bharat Masrani, EVP of Risk Management.

I'd like to remind everyone that earlier today we hosted an investor call to discuss the Banknorth transaction. Access to that call is available through a telephone replay and will also be archived on the TD website. Access details can be found in the press release issued earlier this morning and on our website.

Slide 3: Forward-Looking Statements

I would also like to note that this presentation may contain forward-looking statements and we draw your attention to the slide concerning forward-looking statements at the beginning of our formal presentation.

Slide 4: Q3 2004 Overview

So basically the third quarter of 2004 was a very good solid quarter as far as earnings are concerned. We reported earnings on a fully diluted basis of 86 cents per share. Earnings per share before the amortization of intangibles was \$1.01 per share, and that compares to reported earnings of 91 cents last year.

Segment net income before the amortization of intangibles was quite strong in the personal & commercial banking business: \$381 million, up \$46 million or 14 percent year-over-year. Our wealth business was \$80 million this quarter, down slightly from the same quarter last year and down even more from the last quarter. The challenge here is of course managing our way around the current retail market environment, which has been a bit of an issue for us recently.

Wholesale banking was \$133 million, up \$23 million or 21 percent year-over-year but down from a very strong first half. Our PCL expense is a minus \$17 million because we had another \$100 million sectoral reversal this quarter and that represents 10 cents a share. So if you exclude that from the \$1.01, you are looking at base case earnings closer to 91 cents per share.

Capital ratios continue to improve. Our Tier 1 capital ratio is now at 12.3 percent and that is up 40 basis points in the last quarter. Our tangible common equity ratio at 8.5 percent is up a full 50 basis points from last quarter and up from a 6.3 percent rate of last year.

We did finish our share repurchase program in the month of May. We bought back 7.6 million shares for \$350 million and despite that our capital ratios grew to the extent that I just mentioned.

Slide 4: Q3 2004 Earnings Reconciliation

Looking at the earnings reconciliation, not too many special items this quarter. The amortization of intangibles on an after-tax basis represents 15 cents per share. That takes you from 86 cents up to \$1.01 and then sectoral provision release takes you from \$1.01 -- 10 cents lower. I am listing here interest income on a tax refund -- we've had these items over the last several quarters and it is really our intention I think going ahead not to list these as unusual or items of note. They are disclosed in the corporate page and you can make your own assessment as to whether they would repeat or not.

The base case for last year after excluding the items of note would have been 81 cents per share. So if you buy the 89 cents a share this quarter, it's 89 cents over 81 cents, or an increase of about 10 percent.

Slide 6: Q3 2004 Personal & Commercial Banking

Moving on to the personal & commercial banking segment.

Slide 7: Total Revenue and Net Interest Margin

We had a 5.5 percent increase in revenues this quarter to \$1.579 billion. In that 5.5 percent increase, about 2.5 percent of that is represented by the purchased businesses, Laurentian Bank branches and Liberty Mutual Insurance businesses. The other balance of revenue growth also represented by very strong results in our insurance business outside of Liberty Mutual. Our net interest margin continued to decline to 3.03 percent, down 5 basis points last year and as we expected would be the case as we mentioned last quarter.

Slide 8: Net Interest Margin

When you look at the components of the net interest margin, both deposits and loans margin declined this quarter. Most of that decline though was on deposits and again we ended up with a lower rate environment, higher competition amongst the banks and a mix difference between higher yielding deposits and lower yielding deposits.

We also saw our margin on lending decline for the first time in a while and it relates to the mix of business we have. We have been relatively -- we've been losing market share relative to other banks in terms of unsecured lending and that is a very wide margin business so our average margin on loans has tended to decline somewhat recently.

Slide 9: Provision For Credit Loss

On the credit loss front, total credit losses in the P&C bank this quarter were \$92 million, representing \$9 million from the commercial segment and \$83 million in the personal segment. The creation of non-performing loans this quarter was up slightly from last quarter at \$180 million versus \$157 million last quarter, still down considerably from previous years. And the vast majority of those new creations related to the ongoing retail business.

Slide 10: Total Expenses and Efficiency Ratio

On the expense front, it was a good quarter for expense control. Our efficiency ratio on a reported basis was 57.8 percent, down from 59.4 percent last quarter and 58.3 percent the previous year. In these \$913 million of expenses there is again the purchased businesses, both the Laurentian Bank branches and Liberty Mutual insurance businesses. If you exclude those expense impacts, you end up with expenses down \$5 million year-over-year and down even more on a quarter-over-quarter basis. So the base expense level within TD Canada Trust has been extremely well managed.

If you exclude the impact of those purchased businesses, our efficiency ratio for the quarter would actually be 56.3 percent, a full 2 percent better than the same quarter last year. We did integrate the Laurentian Bank branches in the third quarter and that did involve a fairly high level of expense and if you exclude those items, the efficiency ratio was much better.

Slide 11: Net Income and Return on Invested Capital

So on the net profit front, \$381 million of profit, a new record for the P&C bank. Return on invested capital of almost 21 percent was also a record, and the economic profit, therefore, of \$210 million is a record as well. We had a very large positive spread between the growth in revenue and the growth in expenses if you exclude the purchased businesses. The gap this quarter was 3.6 percent, higher than it has been for several quarters.

Slide 12: Volume and Market Share: Real Estate Secured Loans and Other Personal Loans

Looking at some market share data -- the market share for personal loans and secured lending was down over the year if you exclude the impact of the Laurentian purchase during the year, it is down 41 basis points. The primary issue here is what I talked about before. It is the relative lower market share in the unsecured lending businesses that the bank is facing. Again it has tended to reduce our market share. We have mentioned on several occasions that we're redeveloping our unsecured personal lending systems and processes and it is our intent to get back into this business in a much larger way starting next year.

If you look at the actual volume growth in terms of the real estate secured lending volume year-over-year, quite healthy growth at 10.4 percent.

Slide 13: Volume and Market Share: Personal Deposits

Moving onto deposits, both core and term, we had very strong core volume growth year-over-year of 13 percent, whereas on the term front the year-over-year growth was actually a negative 2.4 percent. On the core front, excluding the impact of the Laurentian Bank branches, we did see about a 36 basis point decline year-over-year. That is represented almost entirely by a reduction in the Canadian dollar deposits within TD Waterhouse. You are seeing a decline in the cash on hand in TD Waterhouse as well as margin loans in TD Waterhouse and it's had an impact on our reported market share.

On the term side again, we continue to balance the demands of economic profit and market share. We are not over the year -- we have not been very aggressive in chasing hot money although if you look at the recent results in term you can see that our market share has actually stabilized in more recent months. Over this period year-over-year excluding the impact of the Laurentian Bank branches, we are down though on term by about 31 basis points.

Slide 14: Volume and Market Share: Business Loans and Deposits

Finally, moving on to business loans, you can see that again in terms of deposits we had very good growth over the year at 10.5 percent and on volume growth on the actual commercial loans over the year it is down. It has been down for several -- for two years now -- but on a quarter-over-quarter basis we're seeing for the first time an uptick in commercial loan demand, up by 1.4 percent. So this may indeed signal a change in the commercial lending environment, and demand for commercial loans.

Our small business loan market share did decline slightly year-over-year by 12 basis points and our commercial loan market share declined by about 26 basis points over the same period. There is no Laurentian Bank branch impact in any of these numbers.

Slide 15: Q3 2004 Wealth Management

Moving on to wealth management.

Slide 16: Total Revenue and Expenses

It was again a challenging quarter in the sense that revenues are down. They are down mostly because of TD Waterhouse trades are down 31 percent quarter-over-quarter. Only 87,000 trades this quarter versus 126,000 trades last quarter and 110,000 trades last year. You can see that revenue in the other parts of the wealth businesses has been fairly stable over this period and although we were able to reduce our expenses by 7.7 percent, that did not make up the full amount of the revenue decline.

Slide 17: Net Income and Return on Invested Capital

Net income in the segment was \$80 million, \$49 million of that represented by TD Waterhouse and \$31 million by the rest of our wealth businesses. That is down 25 percent quarter-over-quarter and down slightly from the same quarter last year. Economic profit this quarter slipped into a negative position for the first time in the last four quarters.

Slide 18: TD Waterhouse

On the operations front for TD Waterhouse, again as expected most of the statistics are lower than the previous quarter, reflecting market activity, active accounts down slightly. Likewise new accounts and trades per day as we've talked about. Margin loans are down from \$6.7 billion to \$6.3 billion. Marketing spend has been reduced to reflect the current environment down about \$19 million -- sorry, down about \$21 million -- over the quarter but up slightly from last year and our margins before marketing expense are better than last year but not as good as a very strong second quarter.

Slide 19: Mutual Funds – Total Industry

As far as market share in our mutual fund business is concerned, it is a good story. If you look at total market share, it is flat, but if you look at the more important market share, which is long-term funds under management, we are up 38 basis points year-over-year and this year-to-date we're the second best in terms of net sales. Total volume growth year-over-year, is a healthy 13.7 percent.

Slide 20: Q3 2004 Wholesale Banking

Finally to the wholesale banking business.

Slide 21: Total Revenues and Expenses

Revenues are down this quarter, reflecting a more challenging environment in the wholesale business. They are down 8 percent from the same quarter last year but they are up from a very weak third quarter last year, up 12 percent. The expenses are also up. Basically they are down slightly from last quarter but up from last year, reflecting the continued build of the infrastructure and control structures within TD Securities. This quarter versus last year in same quarter, they also represent higher incentive compensation awards.

Slide 22: Portfolio

In looking at the core corporate lending portfolio, not much changed quarter-over-quarter. \$4.8 billion net of \$1.8 billion in credit protection, about \$2.8 billion of the \$4.8 billion is investment-grade, so again a very high-quality portfolio. No credit loss is recognized this quarter and there are no non-performing loans. The \$12 million of credit costs associated with this business represent the regular amortization of credit default swaps, which are now running at about \$47 million in amortization per year.

Slide 23: Net Income and Return on Invested Capital

So the net result of all of this is an earnings figure of \$133 million and a return on invested capital of a satisfactory 22.1 percent, which is down from a very strong result in the first and second quarters. We had good results from merchant banking this quarter and our credit products group, but we had weak results from corporate lending and the foreign exchange and fixed-income businesses. Economic profit at \$53 million is down from the previous two quarters but up smartly from the same quarter last year.

Slide 24: Market Risk Related Revenue vs. Value-At-Risk

Looking at market risk you can see the results of our market risk related revenue and our VAR -- or our value at risk statistics. VAR has been quite stable over this period averaging about \$10 million.

Slide 25: Market Risk Distribution of Daily Market Risk Related Revenue

If you look at the histogram of actual results on the next page, you can see that there was an outlier. One day we made \$20 million. It happened to be May 6th, and it related to a very strong employment number that was released that day. It had a very positive impact on our foreign exchange fixed income and interest rate businesses that day. Needless to say those results did not flow through to the bottom line for those businesses over the full quarter but they had a very positive impact on that day. There is also another outlier where we earned \$14 million. That was on June 10th and it related to a large client trade that was booked that day and other small amounts booked in a variety of our businesses.

Slide 26: Q3 2004 Corporate

And finally, moving on to the corporate segment.

Slide 27: Decomposition of Major Items.

On our decomposition of major items, you'll note that I have discussed the interest on an income tax refund. That figure is reported in this section and has been a constant item for the last several quarters. We did see a fairly small positive impact of the AcG-13 accounting treatment of \$4 million. The non-core lending portfolio, including the sectoral reversal which represented \$65 million after-tax, was in total \$95 million, so there was \$30 million outside the sectoral reversal in the non-core lending business. The major item there related to the reversal of previously written-off or written-down positions, which got recognized this quarter in other income. The other items are really not material in total or individually.

Slides 28 and 29: Non-Core Lending Portfolio

The non-core lending portfolio continues to decline. It is down to \$1.8 billion. One-third of that is investment-grade.

The usage of the non-core sectoral reserves over the past quarter -- we did have an opening balance in the sectoral of \$228 million. We did use \$2 million of it as specific transfers to loan loss reserves. We recovered \$39 million so the net number of those two is \$37 million showing on that slide. We reversed \$100 million and had a small foreign exchange effect of \$5 million so for a net ending balance this quarter of \$160 million in the sectoral reserve.

Slide 30: Q3 2004 Conference Call

That concludes my presentation. We are very happy to take questions at this point.

QUESTION AND ANSWER

Ed Clark – TD Bank – President & CEO

Any questions on the floor before we go to the phone?

No? Then let's go to the phone.

Operator

The first question comes from James Keating from RBC Capital Markets.

James Keating – RBC Capital Markets – Analyst

Two quick questions. One is a follow-on for Ed related to the previous call this morning and you're talking about looking for hallmarks of good management. One of them I would argue is decisive deliberate actions. I guess clearly spoken with actions this morning and I'm talking about a collateral theme related to this Canadian merger scenario. I just wondered if you could walk us through how you envision that would unfold over the next few months, years, the Canadian merger scenario and how you're boxing the risk of that related to the action that you are taking this morning? I have a follow-up I think for Andrea or --

Dan Marinangeli – TD Bank – EVP & CFO

Jamie, you were breaking up there in places. If you could succinctly reprise your question in ten words or less, it might help us.

James Keating – RBC Capital Markets – Analyst

Ed, how did you box the risk on what may happen on the Canadian merger front in contemplating putting this deal together ahead of a definitive response from the Minister of Finance?

Ed Clark – TD Bank – President & CEO

As I tried to say in my remarks, I think we're doing this irrespective of what happens in the Canadian merger scene, so since we think this transaction is positive for TD, I don't think that it hurts us in the Canadian merger scene. Indeed as I said, if you take a look at us, I think I could argue that we now have the crispest and best U.S. strategy of the large Canadian banks and we certainly have strategies that complement other potential partners in the Canadian banking scene. So if the government were to decide to let the bank mergers go ahead, then I think it puts us in an excellent position to be a player.

On the other hand if the government decides that they really like a five-bank policy then it says we're not trapped in Canada. We have got lots of ability to grow in the U.S. And so our position on Canadian bank mergers is we can go either way. We obviously prefer certainty and the only thing that we are clearly opposed to is the government getting into position where they want to play socialist managers of the economy where they pick who are the winners and losers. We do not think that is in the long run good for the Canadian economy. So they should either open it up or say they like five banks -- and choose one or the other.

James Keating – RBC Capital Markets – Analyst

Thanks Ed. If Andrea is present or perhaps Ed can field this, or Dan -- or anyone. Pricing and competition in retail appears relentless. It has migrated from mortgages over to deposits, as somewhat predicted. Against this backdrop, I think TD on an organic basis is on average losing a bit of market share. I just wondered if Andrea or others could address how you see product competition unfolding over the next little while. Are the external players still having an undue amount of influence on pricing at the margin, meaning ING and President's Choice Financial? And are there any signs of the competition letting up?

Andrea Rosen – TD Canada Trust – President

It's Andrea. Yes, I would say the answer is relentless pricing pressures of the kind you described I think are in fact of life going forward and the players, the new entrants do continue to have a significant impact on pricing at the margin. And I think that is why the comments Ed made in the previous call about relentless attention to cost is significant and why we pay so much attention to costs in those businesses. We had another good quarter of expense management and I would hope that we would continue to do so.

Market share -- slight market share decline -- yes but I think you have to qualify that by --. On the TDCT side if you look at TDCT only, the most significant part of the market share decline is in the unsecured personal lending area, which we refer to in this presentation as other personal lending. And that is partly a function, largely a function, of the decisions we have made to be very credit conscious there and as we bring our new credit systems into place I think we can be more aggressive in growing our business. We will be more aggressive growing our business on that front. But I'd just like to point out, Jamie, the flip side of that is that we have very good PCL performance and so we are actually generating economic profit in that business despite the fact that we're losing share in it.

James Keating – RBC Capital Markets – Analyst

Thanks Andrea.

Operator

Steve Cawley from TD Newcrest.

Steve Cawley – TD Newcrest – Analyst

Question for Ed. Ed, rightly or wrongly, you've got a reputation of being a micromanager and I know you spent quite a bit of time ramping up on certain businesses that maybe you initially when you came into this role you were not quite comfortable with. Does the acquisition this morning, one, show that you're getting or that you have gotten a significant comfort level over each one of your operating businesses? And then secondly as it relates to Banknorth, are you willing to loosen your grip on that subsidiary?

Ed Clark – TD Bank – President & CEO

I won't answer the charge, but I think the answer to your first question is absolutely yes. I think obviously from my point of view, I have reshaped the bank. I think the bank has responded phenomenally, so I think we can legitimately say challenge anyone to come up with a better example of a company rapidly shifting its focus and finding surplus capital and restoring its luster as we have done over the last couple of years. And I have a management team that I have complete and one hundred percent confidence in. So I think having confidence in the management team means that I can afford to spend energy, which is what I've been doing over the past six months, working through deals like the Banknorth deal that do require enormous amounts of energy to make sure that you are doing the right thing.

I am not worried about Bill – nor is Bill worried -- I think Bill did his due diligence on me before we did the deal and is not worried about my micromanaging Banknorth. I had First Federal when I was at Canada Trust and that was a very successful franchise. We kept the U.S. management team in place. I am not, as Bill knows, I'm not going to change my operating style and my operating style has really two components. I want to sit down with the management and make sure that we are absolutely aligned on strategy and that we use the same paradigms to look at business problems in order to get the same conclusion. And I do like to know what's going on in operations, and so I do keep track of where the money is being made and where the money is not being made.

But I understand perfectly well that if you are going to motivate and keep great people, they have to feel they have the freedom to run their businesses. And Bill will have that freedom to run this business.

Steve Cawley – TD Newcrest – Analyst

One other question -- I don't think it was addressed on this morning. Has this acquisition -- has the goal and I think the goal if I heard it right this morning was to eventually become a top twenty bank in the U.S.-- has that impacted the bank's dividend policy moving forward? And is the 35 to 40 percent payout ratio going to stick for the time being?

Ed Clark – TD Bank – President & CEO

Absolutely the answer is yes. I think we are establishing a pretty clear pattern for our dividends so that as you know we would not change. We have no obviously -- boards can change their minds but certainly if you are asking, management's intention is not to change the 35 to 45 percent range. As you know, we believe that dividends really should reflect views as to what sustainable earnings growth is occurring and we will keep moving our dividend up in line with what will be continuous growth in our sustainable earnings.

Steve Cawley – TD Newcrest – Analyst

Thanks a lot.

Ed Clark – TD Bank – President & CEO

Michael Goldberg on the floor.

Michael Goldberg – Desjardins Securities – Analyst

You are at 8.5 percent tangible common at the end of the third quarter and at the pace you are going you could be well through 9 percent, maybe approaching 9.5 percent by the time this deal closes. Do you want to talk somewhat broadly about what objectives you have or thoughts you have about where you would like to be in terms of common equity ratios, be it tangible or total, given the partnership that you are embarking on with Banknorth and the ambitions that they may have for future acquisitions?

Ed Clark – TD Bank – President & CEO

I think the ratios that we indicated that we thought we would be at when we did the transaction either with the \$500 million buyback if we find that there is a flow back problem. So in 5.8 percent – 6.3 percent range, I would say as an ongoing goal is a good goal. We tend to look at the net tangible ratio because everything else is really tiered up from that.

Michael Goldberg – Desjardins Securities – Analyst

I missed what you said about the \$500 million buyback.

Ed Clark – TD Bank – President & CEO

If we did the \$500 million buyback we would be at 5.8% at closing in our current estimates. We obviously have to make “guess-timates” of what would happen in terms of capital generation between here and close but we would be at 5.8 percent. If we didn't do the buyback, we would be at 6.3 percent, so I think that is a long-term policy. That's not a bad ratio to be. It is a ratio that you still have comfortable firepower - that you can still use. So you don't in my view in this transaction -- I didn't want to go into this transaction and say the treasury is empty here if they had an immediate acquisition. I would not have any firepower. Or if we had a problem as we entered the U.S. and it turns out that we were a little rosy in our projections or whatever, we did not have the capital to sustain that. So I would say if you wanted a target for how we're going to run the bank over the cycle -- the 5.8 percent to 6.3 percent range is not a bad range as to how we would run the bank over time. But if an acquisition came up that was a good acquisition for them and we were comfortable -- would we go below that number? We would be prepared to go below that number to do it.

Dan Marinangeli – TD Bank – EVP & CFO

Just as an example, when we bought Canada Trust we went to 4.6 percent, that was a bit of a stretch I think at the time, but that has been done.

Ed Clark – TD Bank – President & CEO

Are you stumbling over the numbers, Michael?

Michael Goldberg – Desjardins Securities – Analyst

I am just wondering -- the 5.8 percent to 6.3 percent -- just what is that ratio that you're talking about? It is not tangible common to risk-weighted assets, is it? You are at 8.5 percent now.

Dan Marinangeli – TD Bank – EVP & CFO

Correct. Right.

Michael Goldberg – Desjardins Securities – Analyst

So with the acquisition --?

Ed Clark – TD Bank – President & CEO

I think it is fair to say those are not -- we're not using a aggressive assumptions of what capital we would do towards close and we may -- it may turn out as we have done every quarter so far that we will exceed expectations on capital.

Michael Goldberg – Desjardins Securities – Analyst

Great, thanks a lot.

Ed Clark – TD Bank – President & CEO

Quentin?

Quentin Broad – CIBC World Markets – Analyst

I have a question for Andrea. Just in terms of cost in the system, the cost of acquisitions in the quarter Andrea, that might be embedded and not repeated and perhaps the cost of system changes or any other issues that you're undertaking on the unsecured lending to try and get yourself up to speed? And Dan, I think, alluded to next year. Is that the timeline that as we embark on fiscal 2005, TD -- the debutante -- will come out on unsecured lending?

Andrea Rosen – TD Canada Trust – President

We are expecting the debutante to arrive some time in the second half of next year, to be more specific about that. And I didn't catch the first part of your question.

Quentin Broad – CIBC World Markets – Analyst

In terms of costs that might be embedded in the quarter that relate either to the acquisitions and/or the ramp up, the systems and other elements of ramping up that capability.

Andrea Rosen – TD Canada Trust – President

Well, the acquisitions Dan has highlighted at about \$45 million of the expenses were Laurentian and Liberty, so that is the component that relates to those two items and obviously those could dramatically decline re the Laurentian branches next quarter. And in terms of systems, we are making some big investments in infrastructure but I would say fairly consistent I would not want to leave you with the impression that there is a big spend this quarter that is not going to repeat itself. Particular things we're spending money on might change. But I would not look for a big difference quarter to quarter in terms of that spend. Not yet, not in the near-term.

Ed Clark – TD Bank – President & CEO

Obviously as a philosophical matter, we believe in just relentlessly spending money to do that. That is what you have to do to stay ahead of the game here. Every time you think you have lowered your cost ratio you're going to a new target that is a little bit lower and the only way to do that is not try to squeeze people. It is building better processes that actually change your ultimate cost structure.

Quentin Broad – CIBC World Markets – Analyst

Sorry -- just unclear -- on the costs out of the Laurentian Bank branches if they go down, that number is X and then how does that number relate to the 56.3 percent that Dan suggested with the mix ratio in the quarter? Does that back out the revenues associated? Just trying to understand what that number was.

Dan Marinangeli – TD Bank – EVP & CFO

The \$45 million is the increase in expenses represented by the Liberty and Laurentian deals year-over-year. The majority of that was in the Laurentian branch integration efforts in the quarter and their expenses. So a good chunk of that number will decrease in future periods I guess is what we're saying.

Quentin Broad – CIBC World Markets – Analyst

So it is simply that number coming out – that gets you to 56.3 percent.

Dan Marinangeli – TD Bank – EVP & CFO

Exactly, just take that out and it's much lower -- and the revenue, right, excuse me. If you take the revenue and the expenses out, you get the lower efficiency ratio.

Michael Goldberg – Desjardins Securities – Analyst

Just so I can clarify my earlier question, the 5.8 to 6.3 percent range that you mentioned is pro forma right now as opposed -- or is it?

Ed Clark – TD Bank – President & CEO

As of closing.

Michael Goldberg – Desjardins Securities – Analyst

Closing. So you have anticipated where you might be --?

Ed Clark – TD Bank – President & CEO

Conservatively where we would be in terms of continued capital accumulation.

Michael Goldberg – Desjardins Securities – Analyst

Okay, will we be able to get from you sometime in the not too distant future what the actual numbers are that you are using in there for risk-weighted assets of Banknorth and additional capital to be issued?

Dan Marinangeli – TD Bank – EVP & CFO

I can help you out on a good chunk of that stuff, Mike. We have all that data of course. I'm not sure I will give you the expected earnings between now and close or any of the expected dividends between now and close, but we will give you numbers that will help you or at least point you in the direction of numbers that might be of help.

Michael Goldberg – Desjardins Securities – Analyst

Okay.

Ed Clark – TD Bank – President & CEO

We'll go back on the phone.

Operator

Rafael Bello of Citigroup.

Rafael Bello – Citigroup – Analyst

Good morning. Just a couple of questions coming back to your business in Canada. If you could just briefly outline some of the issues or things that you're doing in terms of trying to get your unsecured lending back up. Maybe also if you could comment on what you would consider your normalized level of PCLs -- if you just reversed the arithmetic on reversing the \$17 million net positive you get a PCL expense of \$83 million. Would you consider that to be a normal level going forward?

Ed Clark – TD Bank – President & CEO

Andrea will take the unsecured lending and Dan will talk about normalized PCLs.

Andrea Rosen – TD Canada Trust – President

We're making a major investment in a project to upgrade our credit decisioning systems and our account management systems and we are fairly far along in this process. So that is what we're doing to become – to allow us to with confidence be more aggressive than we have been in our personal unsecured lending business. It is not that we're not doing the business; we're just imposing very tight credit standards on the business, which is limiting our ability to grow that business in line with the rest of the industry.

Rafael Bello – Citigroup – Analyst

And do you have a target there in terms of market share, what you want to get? Or how are you measuring your progress with these initiatives?

Andrea Rosen – TD Canada Trust – President

Yes, we have quite a high market share already. I would say that it is not so much a target of market share but we would certainly like to grow with the market to hold our market share, and we would like to generate positive economic profit. I would say it is not just about growing, it is about growing profitably. What we're not trying to do is just grow the revenue line without making sure that the PCL line is limited accordingly.

Rafael Bello – Citigroup – Analyst

Yes, thank you.

Dan Marinangeli – TD Bank – EVP & CFO

On the PCL question, if you look at slide 9, I think you can get a pretty good idea of what the ongoing run rate might be. In 2002 we recorded \$505 million PCL in the retail bank, and \$460 million in 2003. We're under that pace obviously in '04. I think something in the range of \$450 million to \$500 million might be viewed as a reasonable run rate. Keep in mind that at the consolidated level the effect of securitizing some of these portfolios is backed out so this is at the business level I'm talking about not at the consolidated level.

Operator

James Keating of RBC Capital Markets.

James Keating – RBC Capital Markets – Analyst

Hello again, Dan. You just hit on one of my questions here. In the pro forma capital structure, is there room or indeed flexibility for some securitization or other balance sheet management to further work on your capital ratios?

Dan Marinangeli – TD Bank – EVP & CFO

I think the bank has been giving out Ph.D.'s in that over the last couple years. As you know we haven't modeled any new programs. We haven't modeled any creative or other things. It is really pretty well steady state, maintaining our current arrangements and taking into account some fairly minor impacts of the new accounting rules next year.

James Keating – RBC Capital Markets – Analyst

One possible follow-up question for Andrea. The PCLs unsecured -- what proportion of the portfolio or dollar quantity of the portfolio does that currently represent approximately?

Andrea Rosen – TD Canada Trust – President

I'm sorry, I didn't hear you. Could you repeat the question, Jamie?

James Keating – RBC Capital Markets – Analyst

I'm hoping to get a breakout of secured versus unsecured lines of credit. I apologize -- actually I think I said PCLs -- I meant lines of credit at any juncture, particularly now. I just want know what the leverage or impact on the whole is? I was looking for a baseline number on what the quantity of unsecured line of credit is in your loan portfolio.

Andrea Rosen – TD Canada Trust – President

I have to get back to you on that number. I don't have it here, Jamie.

James Keating – RBC Capital Markets – Analyst

Shall I follow-up with you off-line?

Andrea Rosen – TD Canada Trust – President

Yes. Call Scott.

Ed Clark – TD Bank – President & CEO

Michael Goldberg.

Michael Goldberg – Desjardins Securities – Analyst

You again this quarter had a high level of cured sales and repayments in your impaired loans. What amount of that might have been sales and were there gains on sale, which I guess get included in other income?

Bharat Masrani – TD Bank – EVP of Risk Management

I don't have the exact breakdown on repayments and sales. On the other income line, in previous quarters we had recognized losses on certain swaps in the non-core bank. So when those get recovered, they come back in the other income line. As far as recoveries and reversals, they go to the sectoral account. It does not go through the other income line.

Michael Goldberg – Desjardins Securities – Analyst

Was there anything in other income this quarter related to gains on sale or offset by swaps?

Dan Marinangeli – TD Bank – EVP & CFO

Looking at page 3, line 19 of the income statement shows \$40 million, and that is the sum of loan sales in the non-core that were not impaired and the reversal on the derivative write-offs in previous periods. The vast majority of that \$40 million relates to derivatives, not loan sale gains.

Michael Goldberg – Desjardins Securities – Analyst

Okay.

Operator

There are no questions on the phone, sir.

Ed Clark – TD Bank – President & CEO

Any more questions on the floor? Quentin?

Quentin Broad – CIBC World Markets – Analyst

Just to Bob in terms of expense flow in the wholesale bank and whether -- it looks a little elevated, obviously a challenging quarter on the revenue side. Is it simply a revenue issue, or are there other things going on? Obviously the non-core looks like expenses are nicely down, in keeping with what is happening with the portfolio, so some thought there?

Bob Dorrance – TD Securities – Chairman and CEO

I think it is partly a revenue issue and as well as Dan mentioned in his presentation, we've had a reasonably strong spend on the infrastructure side in TD Securities as it relates to both systems, regulatory issues and building for future growth in '05 in that platform. We would look to get some of the efficiencies out of that spend that we're doing this year for next year. So we have actually increased -- to be more specific -- we have increased our spending in the support area in '04 not only looking to improve what we're doing but also to fund future growth in future areas where we want to be involved in.

Ed Clark – TD Bank – President & CEO

Last question to Michael.

Michael Goldberg – Desjardins Securities – Analyst

Okay, as we continue through the rehabilitation phase of the credit cycle, you will at some point have chewed through most of the fixable credits that you have and your cured sales and repayments will go down. How far would you say we are along in that process and could you give us any thought as to when that might happen, all other things being equal?

Bharat Masrani – TD Bank – EVP of Risk Management

We stated that the non-core bank when we started would be a one to two year process and we're comfortable where we are. The portfolio continues to move in a predictable manner. I think we adequately provided and we have a model. We have described how that model works on how the losses get recognized. As far as the cycle goes, yes, this is a cyclical business. I don't we should fool ourselves that credit is not a cyclical business, so -- but I feel comfortable where we are in the cycle with respect to our provisions and our loan book.

Michael Goldberg – Desjardins Securities – Analyst

Just to summarize what you said, does that mean that sometime in the next few quarters you've probably run through pretty much all of the cured sales and recoveries that you're likely to have?

Bharat Masrani – TD Bank – EVP of Risk Management

We said that we're not in a fire sale in the non-core bank. We will do it in a shareholder friendly manner and we are following that program. We're not trying to sell these loans when it is not economically viable. So that is a process that continues. You see the progress we've made and I expect that to continue over the next few quarters.

Ed Clark – TD Bank – President & CEO

Thank you very much.